Planning for Retirement

This lesson includes a list of publications and interactive tools to help in your planning. It is important to start early and be well informed so you can make timely decisions and, if necessary, make changes while you still have time before retirement.

Retirement Saving Plans

Your employer’s retirement savings plan is an essential part of your future financial security. If you have a 401(k) or other retirement savings plan at work, sign up and contribute all you can. If your employer also contributes to the plan, sometimes as a matching contribution, find out how much the employer match is and how much you need to contribute to get all of it. As noted in the timeline, at age 50, you can begin making catch-up contributions to save even more for retirement. Don’t touch your retirement savings. The longer you leave the money there, the more time it has to grow. If you take money out too early, before age 59½, not only do you lose principal and interest but you may have to pay a tax penalty. At age 70½, you will need to start taking a certain amount out, called a minimum required distribution, or risk paying a penalty.

It is also important to understand how your plan works and what benefits you will receive. Learn about the different features or provisions of your plan. Ask your plan administrator, human resource office, or employer for information. Also learn about the rights and responsibilities you have under the federal law that governs your plan, the Employee Retirement Income Security Act (ERISA).

While you are working, take a look at how much you have saved for retirement, how much you might receive in Social Security benefits, and what other assets you have. Also, look at your current expenses and think about what they will be in retirement. For instance, your work-related costs will likely go down, while health care costs likely will increase. Starting now can help you make changes while there is time before you retire to make up any savings gap or adjust your goals. Also remember to check your plans at least once a year to see if you need to make changes to stay on track to a secure retirement.

Social Security

Choosing when to begin receiving Social Security benefits is an important part of deciding when to retire. If you choose to start receiving benefits when you reach full retirement age, you will
receive your full benefit. If you delay claiming benefits beyond full retirement age, you can earn credits that increase your monthly benefit by about eight percent for each year you delay claiming, up to age 70. If you start collecting Social Security benefits before you reach full retirement age, your benefits will be reduced by up to 30 percent, depending on when your benefits start.

Social Security's full retirement age depends on the year in which you were born. If you were born in 1942 or earlier, you are already eligible for your full Social Security benefit. If you were born between 1943 and 1954, your full retirement age is 66. If you were born between 1955 and 1959, your full retirement age increases gradually until it reaches age 67 for those born in 1960 or later.

If you claim benefits before your full retirement age and continue to work, your income will be subject to the retirement earnings test and your benefits could be reduced if your earnings exceed a certain limit. However, once you reach full retirement age, your monthly benefit will be increased permanently to account for any months in which benefits were reduced. The retirement earnings test no longer applies after you attain your full retirement age and your benefit will not be reduced no matter how much you earn. Once you claim benefits, your benefits will be adjusted annually to reflect the increase, if any, in the cost-of-living.

**Medicare**

**Parts A & B**

If you’re already getting Social Security benefits, you’ll automatically get Medicare Part A (Hospital Insurance) and Medicare Part B (Medical Insurance) starting the first day of the month you turn 65. If your 65th birthday is on the first day of the month, Part A and Part B will start the first day of the prior month. Medicare will mail you a Medicare card and general information before the date you become eligible.

In most cases, you usually don’t pay a monthly premium for Part A coverage if you or your spouse paid Medicare taxes while working. However, Medicare Part B is a voluntary program that will normally require you to pay a monthly premium. If you don’t want to keep Part B, you must follow the directions when you get your Medicare card to let Medicare know you don’t want it. Otherwise, keep your card and you’ll be charged the Part B premium.

If you aren’t receiving Social Security benefits by age 65, and you want to enroll in Medicare, you should contact Social Security and sign up during your Initial Enrollment Period. In most cases, this is the seven month period that starts three months before the month you turn 65, includes the month you turn 65, and ends three months after the month you turn 65.
Important: In most cases, if you don’t sign up for Medicare Part B when you’re first eligible, you may have to pay a late enrollment penalty for as long as you have Medicare coverage.

If you’re covered under a group health plan based on your or your spouse’s current employment, you should contact your employer benefits administrator to see if it might be best to postpone Part B enrollment until you or your spouse retires. This decision will depend on how your insurance works with Medicare. Once your employment ends, you’ll have an eight-month Special Enrollment Period in which to sign up for Part B. You won’t have to pay a penalty if you sign up during this period.

Note: These eligibility rules are general and apply to people who are nearing their 65th birthday. Visit www.medicare.gov to learn about eligibility rules for other situations.

Parts C & D
You must have Medicare Parts A and B to join a Medicare Advantage Plan (Part C). You must have Part A or B to get Medicare prescription drug coverage (Part D). (In most cases, if you have End-Stage Renal Disease (ESRD), you can’t join a Medicare Advantage Plan.)

There are specific times when you can sign up for Medicare Advantage (Part C) and Medicare prescription drug coverage (Part D), or make changes to coverage you already have:

1. When you first become eligible for Medicare.
2. Between October 15–December 7 each year.
3. Under certain circumstances that qualify you for a Special Enrollment Period, such as the following:
   • You move.
   • You’re eligible for Medicaid.
   • You qualify for Extra Help with Medicare prescription drug costs.
   • You’re getting care in an institution, such as a skilled nursing facility or long-term care hospital.

Important: To avoid paying a Part D late enrollment penalty, you’ll need to sign up for Part D when you first become eligible for Medicare or you’ll need to show proof of creditable drug coverage if you join the plan later. Creditable prescription drug coverage is coverage that’s expected to pay, on average, at least as much as Medicare’s standard prescription drug coverage. Your current employer health plan tells you each year if your drug coverage is creditable coverage.
Elder Rights and Protection against Fraud and Abuse
Elder abuse, including financial exploitation and fraud, is a growing problem. Financial exploitation can take many forms, including cashing checks without permission; misusing or stealing money or possessions; coercing or deceiving an older person into signing a legal document; and the improper use of conservatorship, guardianship, or power of attorney. Concerned individuals who spot the warning signs of a possible problem can call state and local agencies for help.

Additional Information:

Retirement savings plans, pensions, and health plans
Taking the Mystery Out Of Retirement Planning – This publication is designed to assist individuals who are within 10 years of retirement calculate their income, savings and likely expenses in retirement in order to understand how much more they need to save.

http://www.dol.gov/ebsa/publications/nearretirement.html

Savings Fitness: A Guide to Your Money and Your Financial Future – This financial planning tool provides an easy-to-follow process for setting goals and priorities, as well as how to include a secure retirement as part of an overall financial plan.


Top 10 Ways to Prepare for Retirement – This publication provides ten steps to help you get started preparing for retirement.

http://www.dol.gov/ebsa/Publications/10_ways_to_prepare.html

Women and Retirement Savings – This publication gives helpful tips for women.


Filing a Claim for Your Retirement Benefits – This publication describes the plan’s obligations and briefly explains the procedures and timelines for filing a claim for retirement benefits.

http://www.dol.gov/ebsa/publications/FilingRetirementClaim.html

What You Should Know About Your Retirement Plan – This booklet helps you understand your retirement plan and explains what information you should review periodically and where to go for help with questions.
Can the Retiree Health Benefits Provided by Your Employer Be Cut? – This publication explains how some employer-provided health care plans can carry over to retirement. It is important to understand how secure those benefits are. See also:


http://www.consumerfinance.gov/retirement/before-you-claim/

Video webinar:
Link: https://www.youtube.com/watch?v=y_7GpiRtoJw

See also: https://myra.gov/?utm_expid=112154954-9.nz5h8ogBQpaO0c770moe0g.0

Additional resources: http://www.mymoney.gov/mymoneyfive/Pages/mymoneyfive.aspx

Find a USDVA Facility
Use the facility locator or call 1-877-222-VETS (8387).

Contact Your County Veterans Service Office
The County Veterans Service Offices (CVSO) are locally-funded agencies established to assist veterans and their families in obtaining benefits and services accrued through military service. These County Veteran Service Offices promote the interest and welfare of veterans, their dependents, and their survivors by enhancing their quality of life through counseling, education, benefits assistance, and advocacy. They connect Veterans to their benefits by assisting in their interactions with the USDVA.

- Visit the CalVet website for more information, OR
- Find the CVSO closest to you, OR

CalVet strongly recommends you to work with the CVSO nearest you. Your CVSO can guide you through the benefits and services available as well as help connect you with other local resources.

eBenefits
Apply for compensation, pension, housing, education and training, healthcare, insurance, and burial benefits through www.ebenefits.va.gov.

Questions/Comments
Email us at CalTAP@calvet.ca.gov