

# Your 65<sup>th</sup> birthday retirement checklist



With so many critical decisions coming up, this list can help you plan for the next steps in your financial journey.

**If you're still working, make sure you're taking advantage of "catch up" contribution opportunities.**

Now's the time to make a final push to save more in the various retirement accounts you'll soon turn to for income. Anyone 50 or older can add an extra \$7,500 annually to their employer-sponsored retirement plan.

Thanks to legislation taking effect in 2024, there are also several new ways to take advantage of tax incentives and add to your nest egg. Among them: The catch-up contribution limit for traditional and Roth IRAs for people 50 and older has been stuck at \$1,000. Starting in 2024, the limit is indexed for inflation.

**Tip:** Our retirement income planning worksheet can help you plan for how much you'll need to live the life you want in retirement.

**Visit [SocialSecurity.gov](https://www.socialsecurity.gov) to find your full retirement age and calculate how much your benefit would be, based on your current earnings record.**

Knowing that figure can help you decide how much longer you may want to work and when to begin claiming benefits. Keep in mind, *you don't have to begin claiming benefits as soon as you retire*. Waiting until your full retirement age will give you a bigger benefit to help cover essential expenses.

**Tip:** While you're on [SocialSecurity.gov](https://www.socialsecurity.gov), take the time to ensure your income record is accurate and up to date.

**Create a monthly retirement budget — and a plan for how you'll cover those expenses.**

Your financial advisor can help you project essential, important and aspirational expenses in retirement, review potential sources of income, adjust your investment strategies and create a realistic, sustainable retirement income plan.

**Tip:** Ask your advisor about the most tax-efficient way to tap your retirement accounts.

**To help fill any gaps, research other potential income sources.**

If your guaranteed income sources (such as Social Security and pension) aren't enough to cover essential living expenses, including medical care and taxes, you may want to explore annuities, dividend stocks and bond ladders as potential solutions to help augment your income. Or perhaps consider the possibility of working part-time or consulting after you retire.

**Tip:** Once you reach age 65, a higher income can also affect your Medicare premiums. And if you are already claiming Social Security, as much as 85% of your Social Security income could be subject to federal (and possibly state) income taxes.

**Don't forget to sign up for Medicare — or risk paying higher premiums later.**

Your initial enrollment period begins three months before you turn 65 and ends three months after you turn 65. What's at risk if you forget? If you're retired and you don't sign up during that window, your premiums may be higher as a result. For those still working, there's an 8-month sign-up window that begins the day you stop working (or lose your employer coverage).

**Tip:** Start exploring all the pros and cons of choosing Medigap and Medicare Advantage plans so you can [get a better handle on healthcare costs in retirement](#).

**Got an HSA? You'll have to stop making contributions once you sign up for Medicare.**

Money in your [health savings account, or HSA](#), can now be withdrawn for any reason — not just for qualified medical expenses — without incurring any penalties. But remember you'll need to pay ordinary income taxes on withdrawals not used for qualified medical expenses.

**Tip:** Medicare and long-term care premiums are both considered qualified medical expenses by a health savings account.

**Talk to your family about long-term care needs.**

People turning 65 today have almost a 70% chance of requiring some type of long-term care,<sup>1</sup> so now's the time to have a conversation with your family about how you'd like to manage that care should you need it. Research your long-term healthcare options and share your decisions and wishes with family members. Select someone as your healthcare proxy (to make medical decisions on your behalf if you're unable to) and let them know where to find important documents such as your living will. Fill them in on any [financial arrangements you've made for long-term care](#) if needed.

**Tip:** Medicare won't cover most of the costs, but there are other potential solutions, including purchasing a long-term care insurance policy or adding a life insurance policy rider to help cover the cost of long-term care. You could also use any accumulated savings in an HSA or set aside additional savings to cover the potential costs. The risk of relying on additional savings is that your long-term care expenses may deplete the assets you have earmarked for other living expenses or for your heirs.

**Start crafting your legacy.**

Don't have a [will or trust](#) set up yet? Now's the time to do that, as well as appointing a durable power of attorney. Also be sure to review the beneficiary designations on all your accounts, annuities and insurance policies to [help see that your assets go where you want them to go](#) and to bypass the probate process when possible.

**Tip:** [Merrill's Family Album](#) is a convenient place to document all of the important components of your financial life for your heirs and loved ones.

**Thinking about relocating? Plan a vacation to check out potential new zip codes.**

Before you go, do some [research on the tax regulations](#) in each locale. You might be surprised by how the tax laws differ state by state. In states with no income tax, for instance, other types of taxes may need to be considered.

**Tip:** Take the time to talk to the locals to see how they like living there. And be sure to check out the healthcare facilities, entertainment options and other lifestyle amenities in the area you're considering.

**Celebrate yourself — and pay the good vibes forward.**

Consider marking your special day by [giving back to a cause](#) of your choosing or finding a way to [make someone else's day](#).

**Tip:** With the [gift tax exemption](#) scheduled to be downsized at the end of 2025, this year might be a good time to make some significant contributions.

Visit [ml.com/retirement](https://ml.com/retirement) for more retirement-planning tips and insights.

**Important disclosures**

<sup>1</sup> U.S. Department of Health and Human Services, "How Much Care Will You Need?" February 2020.

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