

This year you will turn 59 ½ which is an important financial milestone. Although no one I know celebrates this event, it's important that you realize what this means to you and your ability to access your retirement accounts.

The year a person attains the age of 59 ½, he or she may withdraw funds from their Qualified Plans, IRAs and non-qualified deferred annuities without the IRA assessing a 10% early withdrawal penalty. This applies to retirement accounts such as Traditional IRAs, Simple IRAs, Roth IRAs and 401(k)s and 403(b)s. Funds in deferred annuities also become available at age 59 ½ without an early distribution penalty.

Keep in mind that you may owe taxes on your withdrawals from such accounts and that insurance companies may impose a surrender charge on an annuity withdrawal depending on the policy provisions.

Many 401(k) plans allow for an in service distribution at age 59 ½ which will permit you to roll some of your plan assets into a personal IRA. This can give you greater investment flexibility since you could have many more investment options than exist in your qualified plan. The same goes for participants in government and not-for-profit plans similar to 401(k)s.

Do not take this information to suggest that an early distribution is the correct course of action. There are a number of factors to consider before taking money from a retirement account. The decision should carefully analyze the consequences from both a tax and a retirement savings standpoint.

Please feel free to call me if you have any questions on how this may affect you and your personal situation.