SAVING & INVESTING

CATCHING UP ON YOUR RETIREMENT SAVINGS

SAVINGS OPTIONS FOR THOSE AGE 50 AND OVER

If you're in your 50s, 60s or older, you may wish you had started saving for retirement sooner than you did. While we can't turn back the hands of time, fortunately there is some good news for taxpayers who are age 50 or over and looking to sock away a little extra.

This good news comes in the form of special "catch-up contribution" options that are only available to retirement savers age 50 or older.

HOW DOES IT WORK?

Federal tax laws place limits on the amount of tax-sheltered retirement savings you can set aside each year through IRAs and employer-sponsored retirement plans such as 401(k) plans. These funding limits are set by Congress and, from time to time, increased for inflation. Recognizing that many retirement savers find themselves trying to play "catch-up" as they get closer to retirement age, Congress provides increased funding limits for individuals who are age 50 or older.

TIME TO TAKE CONTROL

If you're 50 or older and feel like you have a little catching up to do with your retirement savings, you're not alone. Many retirement savers share your concerns. Fortunately, whether you save through a workplace retirement plan, an IRA, or both, the special catch-up contribution rules provide you with the added funding flexibility you need to take control of your financial future.

EMPLOYER-SPONSORED RETIREMENT PLANS

The maximum amount that you may contribute as employee salary reduction contributions depends on both your age and the type of plan your employer sponsors.

If you are age 50 or older and participating in a 401(k) or 403(b) plan, your catch-up deferrals are generally subject to the standard catch-up contribution limit. However, beginning in 2025, if you will be age 60-63 at the end of the plan year, you are eligible for an increased catch-up deferral limit.

Tax Year	401(k) and 403(b) Maximum Salary Deferral[1]		
	Standard Deferral (Under age 50)	Standard Catch-Up (Age 50 or older)	Age 60-63 Catch-Up
2025	$23,500	+ $7,500	+ $11,250
2024	$23,000	+ $7,500	Not Applicable

If you age 50 or older and participating in a SIMPLE IRA plan, your catch-up deferrals are generally limited to that standard catch-up limit.[2] However, beginning in 2025, if you will be age 60-63 at the end of the plan year, you are eligible for the Age 60-63 catch-up deferral limit.

Tax Year	SIMPLE IRA Maximum Salary Deferral[2]		
	Standard Deferral (Under age 50)	Standard Catch-Up (Age 50 or older)	Age 60-63 Catch-Up
2025	$16,500/$17,600[2]	+ $3,500/$3,850[2]	+ $5,250
2024	$16,000/$17,600[2]	+ $3,500/$3,850[2]	Not Applicable

IRA CATCH-UP CONTRIBUTIONS

For 2025, the standard funding limit for Traditional and Roth IRAs is $7,000. However, if you will be age 50 or older by year end, you may be eligible to contribute an additional $1,000 catch-up contribution, bringing your maximum 2025 IRA contribution up to $8,000. While standard catch-up contributions are available for both Traditional and Roth IRA owners who are age 50 or older, the special catch-up contribution limits available under certain employer-sponsored plans (for individuals age 60-63) are not available for Traditional and Roth IRAs.

Tax Year	Traditional and Roth IRA Maximum Contribution	
	Standard Contribution (Under age 50)	Standard Catch-Up (Age 50 or older)
2025	$7,000	+$1,000
2024	$7,000	+$1,000

[1]Under certain circumstances, 403(b) plan participants may be eligible for other special contribution options in addition to (or, in lieu of) the catch-up contribution option for participants age 50 or older.

[2]If your employer employs less than 25 employees or elects an increased standard deferral amount you may be eligible for an increased standard deferral limit and increased standard catch-up deferral limit.