



ED SLOTT'S IRA ADVISOR

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Tax & Estate Planning for Your Retirement Savings

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GUEST IRA EXPERT: Jerry S. Blakely, CFP® Oceanside, CA

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Congress Complicates Catch-Up Contributions

The original concept of catch-up contributions was straightforward: Older people could boost their retirement savings by making extra contributions over and above the regular deferral limits. But leave it to Congress to make a mess of things. As a result of changes made by the 2022 [SECURE 2.0](#) legislation, the catch-up rules for workplace savings plans, especially SIMPLE IRAs, are now very complicated. On January 10, 2025, the IRS issued [proposed catch-up regulations](#) which help clarify some of the knotty issues. Here is what retirement savers need to know.

Traditional and Roth IRAs

Since 2002, IRA and Roth IRA account owners age 50 or older have been able to make catch-up contributions. The catch-up limit was raised from \$500 to \$1,000 in 2006. SECURE 2.0 provided that the catch-up limit would be indexed for inflation starting in 2024, but the limit remains \$1,000 for 2025. So, eligible individuals who will be age 50 or older on December 31, 2025, can make a 2025 IRA or Roth IRA contribution up to \$8,000 (\$7,000 of regular contributions + \$1,000 catch-up).

Company Savings Plans

For 401(k), 403(b) and governmental 457(b) plans, catch-up contributions

for age-50-or-older participants are optional, but most plans allow them. For 2025, the regular deferral limit (for combined pre-tax and Roth employee contributions) is \$23,500. On top of that, participants who turn age 50 or older during the year can contribute an additional \$7,500, for a total of \$31,000 for 2025.

Starting in 2025, employees in 401(k), 403(b) and governmental 457(b) plans who turn age 60, 61, 62 or 63 during a calendar year will be able to make even higher catch-up contributions for that year. (It is not clear why Congress chose this age group.) The IRS proposed regulations clarify that this "super catch-up" is optional, not mandatory.

For 2025, the super catch-up limit is \$11,250 instead of the regular catch-up limit of \$7,500. The \$11,250 figure was derived by multiplying \$7,500 (the 2024 regular catch-up limit) by 150%. So, an age 60-63 employee can defer up to a total of \$34,750 (\$23,500 + \$11,250) for 2025.

Keep in mind that the super catch-up contribution for 2025 is only available for those who turn ages 60-63 anytime during 2025 (i.e., those who are age 60-63 on December 31, 2025). For anyone turning age 60 in a year, the full catch-up is available for that year; it is not pro-rated for the part

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