SECURE 2.0 (§109) – Higher Catch-Up Limits for Ages 60 – 63

Overview

Effective January 1, 2025, Section 109 of the SECURE 2.0 Act of 2022 increases the catch-up contribution limit for participants in 401(k), 403(b), and governmental 457(b) plans who turn 60, 61, 62, or 63 before the end of the taxable year.

Currently, those over 50 are allowed $7,500 in catch-up contributions. (Amounts are indexed for inflation after 2025.)

In 2025, those turning 60-63 may contribute $10,000 **or** 150% of the age 50+ limit if higher.

Plan sponsors must comply with this provision if the plan allows age 50 catch-up contributions.

Who may be impacted?

Impacted parties include participants aged 60-63, plan sponsors, payroll providers, and Third Party Administrators (TPAs).

What should I do as a Plan Sponsor?

Plan sponsors should assess current monitoring processes, update payroll systems for the new limits, and plan for transitioning participants back to the age 50+ limit in the calendar year those participants reach age 64 and beyond.

Example[1]

Assume an age 50+ catch-up limit of $7,500 and standard DC contribution limit of $23,000 when this provision takes effect:

Participant Age	Total allowable annual contribution limit	Standard contribution limit	Allowable catch-up limit
Age 50 up to 59 through all of 2025	$30,500	$23,000	$7,500
Ages 60, 61, 62, 63 at any point in 2025	$34,250	$23,000	$11,250(2) (150% of $7,500)
Age 64 or older at any point in 2025	$30,500	$23,000	$7,500

[1] Example is for illustrative purposes only. The IRS releases contribution limits annually.

[2] In this scenario, Section 109 allows for $11, 250 because it is the greater of $10,000 of 150% of the regular age 50 catch-up contribution limit, so the 150% takes effect

Enza® FINANCIAL