



SECURE 2.0 – Increased Catch-Up Contributions Starting in 2025

Employers sponsoring a 401(k), 403(b), or governmental 457(b) plan have long been permitted to offer participants who will be age 50 or older by the end of the calendar year the opportunity to make additional, “catch-up” contributions in order to bolster their retirement savings. Although employers are not required to offer catch-up contributions, if they do, all catch-up eligible participants must be provided the opportunity to make such contributions. In 2024, the maximum annual catch-up contribution for such plans is \$7,500.

Starting in 2025, the SECURE 2.0 Act of 2022 increases the catch-up contribution limit for certain participants. Those who will be ages 60, 61, 62, or 63 by the end of the calendar year are eligible for the larger limit. For such participants, the maximum annual catch-up contribution will be the greater of \$10,000 (indexed for inflation) or 50% more than the 2024 catch-up contribution limit. The catch-up contribution limit for participants ages 64 and older is the lower age 50 limit.

It is not clear whether employers who offer catch-up contributions must allow participants who are ages 60 to 63 to make the increased catch-up contributions. Because employers are not required to offer catch-up contributions in the first place, and the catch-up contribution limit sets the maximum contribution amount, a reasonable argument can be made that the increased catch-up contribution is not mandatory. Nevertheless, guidance to confirm that the change is optional for employers would be helpful.

If an employer wants to continue to apply the age 50 catch-up limit for all participants, and not implement the increased catch-up under SECURE 2.0, it should confirm with its plan service provider that such an option is available, particularly if

the plan uses the service provider's preapproved plan document.

This blog post was drafted by [Beth Miller](#), an attorney in the Overland Park, Kansas, office of Spencer Fane. For more information, visit spencerfane.com.

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