

ELIGIBILITY FOR 401(K) ENHANCED CATCH-UP

Clarification on 401(k) Enhanced Catch-Up Eligibility (Ages 60-63)

The Secure Act 2.0 Legislation approved an Enhanced catch-up starting in 2025 for those participants ages 60-63. While the standard catch-up limit for participants aged 50 and older remains \$7,500 in 2025, those aged 60-63 can contribute up to \$11,250.¹

There is some confusion regarding eligibility – likely since this is the first catch-up provision that sunsets prior to participant retirement.

The eligibility rules are as follows:

- You can make enhanced catch-up contributions starting the calendar year you turn 60 and continuing through the calendar year you turn 63.
- Starting the calendar year you turn 64, you are no longer eligible for the enhanced catch-up contributions.

By better understanding these rules, you can plan your contributions and maximize your retirement savings during the eligible years.

Here are some specific examples to clarify eligibility:

YOU TURN AGE 60 IN 2025

If you were born on December 15, 1965, you turn 60 in 2025. This means **you are eligible to make an Enhanced catch-up contribution** starting on January 1, 2025, even though your 60th birthday is at the end of the year.

TURN AGE 63 IN 2025

If you were born on December 15, 1962, you turn 63 in 2025. That means **you are eligible to make the higher catch-up contribution throughout 2025**. However, because you turn 64 on December 15, 2026, **you will no longer be eligible for the Enhanced catch-up contributions starting in 2026**, as the eligibility ends the year you turn 63.

YOU ARE CURRENTLY AGE 63

If you were born in 1961, you turn 64 in 2025; **you are not eligible for the Enhanced catch-up contributions** since the eligibility window ends the year you turn 63. Anyone born in 1961 or earlier is not eligible for the Enhanced catch-up.

MAKE SMART DECISIONS ABOUT YOUR RETIREMENT



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¹Source: www.irs.gov

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