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Retirement Planning

"Super" Catch-Up Contributions in 2025: What Retirement Investors Need to Know

Under a provision of Secure Act 2.0, plan participants in a specific age group can now boost their contributions to 401(k) and similar plans. Here's how it works.

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Catching up just got easier for some retirement investors. Starting in 2025, a subset of older 401(k) plan participants can make even higher catch-up contributions. Secure Act 2.0 (Section 603) increases the catch-up contribution limit for those participants who are age 60, 61, 62, or 63 (but not age 64).

This new "super" catch-up contribution will now require an employer or their plan recordkeeper to not only track participants that are age 50-plus (i.e., the age 50 catch-up contribution limit) but also those participants that will attain ages 60, 61, 62, or 63 during the calendar year to ensure that the new increased deferral limit is applied as well.

Furthermore, plans will also need to track those participants who reach age 64, and therefore are no longer eligible for the super catch-up, and who will, once again, be subject to the age 50 catch-up limit. In other words, the increased catch-up limit will revert to the generally applicable "age 50" limits beginning with the taxable year in which the eligible participant attains age 64. Therefore, determining the eligible participants' maximum catch-up contribution limit adds layers of complexity for plans and eligible participants come 2025.

Keep in mind that workplace retirement plans and SIMPLE IRAs don't have to offer age 50 catch-ups. If yours doesn't, then the new special catch-up for ages 60-63 won't be available.

How much is the Super catch-up for 2025?

Currently, a participant in a 401(k), 403(b), governmental 457(b) plan, or SIMPLE IRA who attains age 50 by the end of a calendar year can make catch-up contributions in excess of the regular deferral limit. Starting in 2025, participants who turn age 60, 61, 62, or 63 (not age 64) by the end of a year will be able to make an additional contribution for that year.

For example, George, age 59, is due to turn 60 on December 31, 2025. George is eligible for the increased catch-up in 2025—*even though he is "only" age 59 when making such deferrals.*

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401(k), 403(b) and Governmental 457(b) plans

- The 401(k), 403(b), and governmental 457(b) super catch-up applies to eligible plan participants who are between the ages of 60 and 63. The deferral limit is the greater of $5,000 or 150% of the normal “age 50” catch-up contribution limit for 2025 ($7,500). Thus the 2025 “super” catch-up equals $11,250 (150% x $7,500). This limit will be indexed for inflation starting in 2026.

SIMPLE IRAs

- The SIMPLE IRA super catch-up applies to eligible account owners who are between the ages of 60 and 63. The deferral limit is the greater of $5,000 or 150% of the 2025 regular “age 50” catch-up limit for SIMPLE IRAs ($3,500). Thus the 2025 “SIMPLE IRA “super” catch-up equals $5,250 (150% x $3,500). This limit be indexed for inflation starting in 2026.

Example: Tony is employed by Life’s a Dream Inc. where he is a participant in the 401(k) plan. Tony’s 60th birthday is December 15, 2025. Tony can elect to make the increased catch-up contribution (in 2025) up to $11,250. When considering the “normal” salary deferral contribution limit for 2025 of $23,500, Tony can defer a total of $34,750 ($23,000 + $11,250).

Catching Up on Catch-Up Contribution Limits

Retirement Plan	Participant Age in 2025	2025 Annual Salary Deferral Contribution Limit	Catch-up Contribution for 2025	Total 2025 Annual Salary Deferral Contribution Limit
401(k), 403(b), governmental 457(b)	≤49	$23,500	N/A	N/A
401(k), 403(b), governmental 457(b)	50-59 OR 64 or older	$23,500	$7,500	$31,000
401(k), 403(b), governmental 457(b)	60-63	$23,500	$11,250	$34,750
SIMPLE IRA*	≤49	$16,500	N/A	N/A
SIMPLE IRA*	50-59 OR 64 or older	$16,500	$3,500	$20,000
SIMPLE IRA*	60-63	$16,500	$5,250	$21,750

*An employee participating in a SIMPLE IRA may have a higher deferral limit. See this article for more information.
Source: Internal Revenue Service.

What else do I need to know about the super catch-up contribution?

- The super catch-up contribution is effective for taxable years beginning after December 31, 2024, and applies to 401(k), 403(b), governmental 457(b) plans, and SIMPLE IRAs.

- The 401(k), 403(b), and governmental 457(b) 2025 enhanced catch-up contribution limit for those age 60-63 will be $11,250, while the SIMPLE IRA limit is $5,250.

- To qualify for the enhanced catch-up contributions, an otherwise eligible participant must meet specific criteria: attain age 60, 61, 62, or 63 by the end of the calendar year and generally, have already contributed the maximum salary deferral amount.

- Once a participant turns age 64, they revert (back) to the age 50 catch-up contribution limit in effect for that year.

Questions? Please contact your Lord Abbett representative at 888-522-2388.

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A 401(k) plan is a qualified plan that includes a feature allowing an employee to elect to have the employer contribute a portion of the employee's wages to an individual account under the plan. The underlying plan can be a profit-sharing, stock bonus, pre-ERISA money purchase pension, or a rural cooperative plan. Generally, deferred wages (elective deferrals) are not subject to federal income tax withholding at the time of deferral, and they are not reported as taxable income on the employee's individual income tax return.

A 403(b) plan, also known as a tax-sheltered annuity plan, is a retirement plan for certain employees of public schools, employees of certain Code Section 501(c)(3) tax-exempt organizations and certain ministers. A 403(b) plan allows employees to contribute some of their salary to the plan. The employer may also contribute to the plan for employees.

Plans of deferred compensation described in IRC section 457 are available for certain state and local governments and non-governmental entities tax exempt under IRC Section 501. They can be either eligible plans under IRC 457(b) or ineligible plans under IRC 457(f). Plans eligible under 457(b) allow employees of sponsoring organizations to defer income taxation on retirement savings into future years.

A SIMPLE IRA is a retirement plan that may be established by employers, including self-employed individuals. The employer is allowed a tax deduction for contributions made to the SIMPLE. The employer makes either matching or nonelective contributions to each eligible employee's SIMPLE IRA, and employees may make salary deferral contributions.

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