

# HOW WORKERS NEARING RETIREMENT CAN SUPERCHARGE SAVINGS IN 2025



RETIRE WISE

Thanks to a “super catch-up” option under the Secure 2.0 Act, effective January 1, 2025, workers ages 60 to 63 have a chance to contribute an additional \$3,750 to their employer-sponsored retirement accounts, for a total catch-up contribution of \$11,250. That can make a significant difference in the amount of money individuals can invest on a tax-deferred basis as they near retirement, as shown in the chart below.

## 2025 Enhanced Catch-up Contribution<sup>1</sup>

Participant Age in 2025	2025 Standard Annual Deferral Limit	Total 2025 Catch-up Contribution Amount	Total 2025 Annual Contribution Limit
50 – 59, or 64 and older	\$23,500	\$7,500	\$31,000
60-63	\$23,500	\$11,250	\$34,750

For plan participants seeking to take advantage of the new higher catch-up contribution limits this year, there are a few things to keep in mind:

- Before any catch-up contributions can be made, participants must first contribute the maximum annual amount of \$23,500 for 2025 to their employer plans.
- You must be age 60, 61, 62, or 63 by the end of the calendar year to be eligible to make the additional \$3,750 catch-up contribution. (Once participants turn 64, they revert to the standard limit for age 50 – 59, or 64 and older.)
- Enhanced catch-up contribution amounts apply to 401(k), 403(b), and governmental 457(b) plans, as well as the federal government’s Thrift Savings Plan. (They do not apply to individual retirement accounts (IRAs) where the catch-up contribution remains at \$1,000 for those age 50 and over in 2025).
- This change is optional for employers, so you’ll want to check to see if your employer plans to implement this feature in their retirement plan.

While not everyone may be in a position to make catch-up contributions, try to contribute at match level or above if your employer offers matching contributions, so you’re not leaving money on the table. Keep in mind that any amount saved through qualified retirement accounts can help move you closer to your important goals since earnings in these accounts grow on a tax-deferred basis.

To learn more about structuring a lifetime income in retirement, contact the office now to schedule a time to talk.

1)“401(k) limit increases to \$23,500 for 2025, IRA limit remains \$7,000.” IRS.gov, Nov. 1, 2024, <http://www.irs.gov/newsroom/401k-limit-increases-to-23500-for-2025-ira-limit-remains-7000>.

## How Today’s Workout May Improve Tomorrow’s Memory

Health experts have long believed that exercise may help slow the progression of cognitive decline in older adults. However, until recently, little was known about how quickly these benefits may be seen.

A recent study conducted on adults ages 50-83 years old without evidence of cognitive impairment or dementia found that doing moderate to vigorous exercise for even a short period of time could lead to improved memory—as soon as the next day. Specifically, when older adults engaged in more vigorous activity than usual on a given day, they performed better on memory tests the following day.<sup>1</sup>

The best part? Taking steps to improve memory through exercise doesn’t mean you have to lift your weight in iron or run a marathon. According to the study authors, as little as 30 minutes a day engaged in moderate-to-vigorous activity such as brisk walking, dancing, cycling, or swimming can provide significant benefits. Researchers also found that moving more throughout the day and getting at least six hours of sleep further enhanced mental performance.<sup>2</sup>

A separate study that looked at the benefits of walking among older adults supports these results. That study found that even 4,000 steps a day may be enough to decrease dementia risk by one-quarter, and that accruing more steps per day was associated with steady declines in dementia incidence risk.<sup>3</sup>

1)Bloomberg M., Brocklebank L., Doherty A., Hamer M., Steptoe A., “Associations of accelerometer-measured physical activity, sedentary behaviour, and sleep with next-day cognitive performance in older adults: a micro-longitudinal study.”

[ijbnpa.biomedcentral.com](http://ijbnpa.biomedcentral.com), 10 DEC 2024,

<http://ijbnpa.biomedcentral.com/articles/10.1186/s12966-024-01683-7>.

2)Ibid.

3)Del Pozo Cruz, Borja, PhD1; Ahmadi, Matthew, PhD2; Naismith, Sharon L., PhD3; et al, “Association of Daily Step Count and Intensity With Incident Dementia in 78 430 Adults Living in the UK.” [Jamanetwork.com](http://jamanetwork.com), 6 SEP 2022,

<http://jamanetwork.com/journals/jamaneurology/fullarticle/2795819>



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