

# Catch-up contributions

If you are over age 50 or approaching normal retirement age, you might feel a little behind on your retirement savings. Fortunately, the federal government has made it easier to catch up on your savings at a faster rate by providing catch-up provisions: the age 50+, three-year catch-up and super catch-up provisions.. Taking advantage of a catch-up option allows you to save at an accelerated rate and could lower your taxable income — which means more money that could work for you.

## Age 50+ catch-up

- ▶ In 2025, retirement plan participants can contribute a maximum of 100% of includible compensation to their plan, not to exceed the IRS limit of \$23,500. However, if you are age 50 or older during the 2025 calendar year, you can take advantage of the age 50+ catch-up provision and contribute an additional \$7,500. Your date of birth will determine whether you qualify to use this option.

## Three-year catch-up

- ▶ If you are in the three years prior to the year in which you reach your normal retirement age and have undercontributed in prior years, you may use the three-year catch-up provision. This allows you to contribute up to an additional \$23,500 in 2025, amounting to a total possible maximum contribution of \$47,000. In order to qualify for the three-year catch-up provision, you must have underutilized contributions with the same employer from previous years.

## Super catch-up

- ▶ In 2025, retirement plan participants can contribute a maximum of 100% of includible compensation to their plan, not to exceed the IRS limit of \$23,500. However, if you are age 60, 61, 62, or 63 during the 2025 calendar year, you can take advantage of the super catch-up provision and contribute an additional \$11,250. Your date of birth will determine whether you qualify to use this option. The standard limit will resume the year that you turn 64.

## Three-year catch-up contributions

To take advantage of the three-year catch-up in any calendar year, remember to consider:

**Irrevocable election** – The three-year catch-up is a once-in-a-lifetime opportunity and can be used up to a maximum of three consecutive years before the year in which you reach your normal retirement age. You are not required to contribute the maximum amount each year and you are not required to use it for all three years, but once you begin, you have three consecutive years to complete your catch-up contributions.

▶ **Example:** You make your first catch-up contributions in year one. You decide to skip year two. You can resume in year three. Once the three-year period ends, you lose the ability to make three-year catch-up contributions for any remaining underutilized contributions.

**Underutilized amounts** – In order to qualify for the three-year catch-up provision, you must have underutilized contributions with the same employer from previous years. Underutilized contributions occur when you defer less than the maximum allowable limit in a given tax year.

▶ **Example:** If you were eligible to contribute \$22,500 in 2023 and \$23,000 in 2024 but only contributed \$10,000 each year, you would be eligible to catch up on \$25,500 in underutilized contributions.

**Normal retirement age (NRA)** – The three-year catch-up contribution option is based on your NRA. Your NRA is either set by your plan or the plan document will state that you can select your NRA. If your plan allows you to select your NRA, you may choose any age that is (1) not earlier than the earliest age at which you are eligible to retire and receive full benefits from your employer's governmental, defined benefit, or money purchase plan and (2) not later than the date that you reach age 70 ½.

*Participants are not required to retire on their NRA date.*

**Catch-up contributions** – You are allowed to make catch-up contributions in the three calendar years prior to your NRA.

▶ **Example:** If your NRA is 62, then you may make catch-up contributions in the years when you are age 59, 60, and 61. You cannot make catch-up contributions in the calendar year in which you reach your NRA.

**Accrued sick and vacation pay** – If you have underutilized contributions, you may be able to contribute all or a portion of your accrued sick and vacation pay to your retirement plan when you sever employment. Your NRA must be at least one year later than the year in which the accrued sick and vacation pay will be contributed to your account.

▶ **Example:** If you plan to sever employment at age 66 and your accrued sick and vacation pay will be paid in January when you are 67, then your NRA year must be the year you turn 68 or older but no later than the year you turn 70 ½.

### Required minimum distribution (RMD)

As of January 1, 2023, the IRS generally requires you to start taking a RMD at age 73. If you turned 73 in 2024 and postponed your first-time RMD until April 1, 2025, you must take your 2024 RMD by April 1, 2025, and your 2025 RMD by December 31, 2025.

## Are you eligible for the three-year catch-up?

### Is this your first time using the three-year catch-up?

If you have used this provision in the past with any employer, you are ineligible to use it again.

### Do you have underutilized contributions within your deferral history?

You need underutilized contributions from previous years to make additional contributions in the three years prior to your NRA. In order to contribute the maximum contribution of \$47,000 in each of the three years prior to your NRA (assuming the contribution limit remains at \$23,500 for each year), you would need \$70,500 of underutilized contributions with the same employer from previous years.

## May I use multiple catch-up options in the same year?

No. The age 50+, three-year catch-up and super catch-up provisions cannot be used in the same calendar year. If you are eligible for multiple catch-up options, you may use the one offering the higher benefit. In addition, you may not use the three-year catch-up option in the year in which you reach your NRA.

### Reminder

Your contribution limit will not automatically increase if the maximum allowable amount is increased. You must elect to increase your contribution into your retirement plan.

## 2025 catch-up options

| Age 50+ catch-up  | Three-year catch-up  | Super catch-up  |
|---|--|---|
| For participants age 50 and older during the 2025 calendar year | For participants within three years prior to normal retirement age | For participants age 60, 61, 62, or 63 during the calendar year |
| Allows you to contribute an additional \$7,500                  | Allows you to contribute up to an additional \$23,500              | Allows you to contribute an additional \$11,250                 |
| No application required   | Complete a 457(b) application for catch-up form                    | No application required   |
| Maximum total: \$31,000   | Maximum total: \$47,000  | Maximum total: \$34,750   |

*Note: You cannot use multiple options in the same year.*

Beginning January 1, 2026, if you earn over \$145,000 in the previous year, all catch-up contributions must be made to a Roth account in after-tax dollars.



► Questions? Contact us at [empowermyretirement.com](https://empowermyretirement.com) or call **855-756-4738**



---

Investing involves risk, including loss of principal.

**Securities, when presented, are offered and/or distributed by EmpowerFinancial Services, Inc. (EFSI), Member FINRA/SIPC.** EFSI is an affiliate of Empower Retirement, LLC; Empower Funds, Inc.; and registered investment adviser Empower Advisory Group, LLC. This material is for informational purposes only and is not intended to provide investment, legal, or tax recommendations or advice.

"EMPOWER" and all associated logos and product names are trademarks of Empower Annuity Insurance Company of America.

©2025 Empower Annuity Insurance Company of America. All rights reserved. WPM-FLY-WF-2251245-1224(3782764) RO4047984-1224