FAQs: Increased Catch-Up Contribution Limit for Participants Ages 60-63 (SECURE Act 2.0 Section 109)

The following Q&As are for general informational purposes only and do not address specific situations or fact patterns. Plan sponsors are advised to consult their tax and/or legal advisor for specific guidance.

Q: What is the new rule on increased catch-up contributions for participants ages 60-63?

A: Section 109 of SECURE 2.0 increases the catch-up limit for participants ages 60-63.

The catch-up limit is increased to the greater of (1) $10,000 or (2) 150% of the regular annual catch-up limit. The limit for SIMPLE plans is the greater of (1) $5,000 or (2) 150% of the regular catch-up annual limit for SIMPLE plans.

The increased amounts are indexed for inflation for tax years beginning after December 31, 2025.

Q: Is this change optional or mandatory?

A: If a plan currently permits age-50 catch-up contributions, there is no additional plan election required. Empower will automatically apply the increased contributions effective 1/1/25 to those plans.

Q: When is a participant's age determined?

A: For purposes of the increased catch-up contributions, a participant's age is determined at the close of the taxable year. The increase applies to eligible participants who would attain age 60 but would not attain age 64 by the close of the taxable year.

Q: When are the new limits effective?

A: The new limits are effective for taxable years beginning after December 31, 2024.

Q: How does this affect non-calendar year plan years?

A: The limit on catch-up contributions is calculated on a calendar year basis. If the plan has a non-calendar year plan year and a participant's elective deferrals exceed a limit that is calculated on a plan

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year basis (e.g., ADP excess contributions), the excess amounts that are recharacterized as catch-up contributions are counted against the catch-up limit for the calendar year in which the plan year ends.

Q: What types of plans are affected by this change?

A: Defined contribution plans with elective deferrals such as 401(k) plans, 403(b) plans, governmental 457(b) plans, and SIMPLE plans that allow for age-50 catch-up contributions. (Note: The special catch-up provisions available to 403(b) and 457(b) plans are not impacted by this change.)

Q: How does this change impact the SECURE 2.0 mandatory Roth catch-up provision for high earners?

A: For individuals who earned more than $145,000 in FICA compensation in the prior year, any catch-up contributions, including these increased amounts, will be required to be made as Roth contributions effective January 1, 2026.

Q: Are there any steps that plan sponsors need to take to implement this change?

A: No plan election is needed for this change to apply. However, if Empower does not provide deferral recordkeeping services, or plans (or their TPAs) monitor their own deferral limits, plans will need to take these increased catch-up limits into account for these purposes.

Payroll departments and/or payroll vendors will need to account for increased limits for ages 60-63 and return to standard limits at age 64.

Q: What will the participant experience be?

A: Participants will see the higher catch-up limits available via applicable participant touchpoints. Participants may consider adjusting their contribution elections:

- During years in which they attain ages 60-63 to take advantage of the higher limits, and
- In the year in which they attain age 64, when standard catch-up limits will resume.

Q: Is there a sample participant communication available?

A: Yes. A sample participant communication is available here. The plan may customize this and use as appropriate to notify participants of the availability of this provision.

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