Catch Up Contributions

Catch-up contributions are salary deferrals (also referred to as “elective deferrals”) that employees age **50 or older** can make in addition to their regular retirement plan contributions. Like regular elective deferrals, catch-up contributions can be pre-tax elective deferrals or designated Roth contributions, as chosen by the employee.

The maximum amount of additional elective deferrals that you can contribute **at age 50** is equal to the smaller of the following amounts:

- For 401(k) (not SIMPLE), 403(b), governmental 457(b) and SARSEP plans: $7,500 in 2025.
- Your annual compensation minus your salary deferrals that are not catch-up contributions

Beginning in 2025, for **years in which you turn 60, 61, 62 or 63** you can boost your salary deferrals (traditional or Roth) to your 401(k) or 403(b) plan with an increased catch-up contribution limit of 150% of the regular catch-up amount. This is a total of $11,250 - an additional $3,750 above the standard $7,500 age 50 catch up limit.

Note: 457(b) plans for non-profit employers may not take advantage of the benefit.

For **the year in which you turn 64 or older** your limit will revert to the age 50 catch up limits ($7,500 for 2025 and indexed each year for cost of living adjustments).

The chart below highlights examples of maximum catch-up contributions based on your age on December 31st of each calendar year from 2025-2027. If you were born in 1962-1965 you will be eligible to contribute the extra catch up for 2025. If you were born in 1963-1966 you will be eligible to contribute extra catch up in 2026, and so on.

Birth Year	2025	2026	2027
1961	$7,500 (age 64)	$7,500 (age 65)	$7,500 (age 66)
1962	$11,250 (age 63)	$7,500 (age 64)	$7,500 (age 65)
1963	$11,250 (age 62)	$11,250 (age 63)	$7,500 (age 64)
1964	$11,250 (age 61)	$11,250 (age 62)	$11,250 (age 63)
1965	$11,250 (age 60)	$11,250 (age 61)	$11,250 (age 62)
1966	$7,500 (age 59)	$11,250 (age 60)	$11,250 (age 61)
1967	$7,500 (age 58)	$7,500 (age 59)	$11,250 (age 60)

**Dollar amounts are for representation only, actual catch-up amounts are subject to cost of living adjustments each year.*

Elective deferrals are counted for both the regular annual deferral limit and the catch-up contribution limit on the basis of the calendar year. A deferral is counted for a calendar year only if the wages subject to the deferral election would otherwise have been paid or made available to the employee during the year.

To calculate the contribution amount you'll need to make from each paycheck to max out by the end of the year, simply subtract your current annual contribution total from the total contribution limit, including your catch-up limit, and divide it by the remaining number of paychecks for the rest of the year.

For instance, if you've contributed $2,000 so far for 2025, and your contribution limit is $34,250. You'd have to contribute another $32,250 for the year to max out. If there are 24 paychecks left this year, you'd need to contribute $1,343.75 per pay. The calculation is: ($34,250-$2,000) ÷ 24.

To calculate the percentage per pay, simply divide the per pay dollar amount by your gross per pay period income. For example if your per pay period income is $4,479.17 you would elect 30%. The calculation is

$1,343.75 ÷ $4,479.17. Percentage elections are required to be in increments of 1%, therefore it is best to round up or calculate to maximize a payroll before the end of the year. Sentinel's system will safeguard you from going over the maximum allowable contribution for the year.

To take advantage of these new limits, log in to your online account and update your elections. For assistance with making this update, contact our Service Center at (888) 762-6088 or **view our contribution change overview.**

IMPORTANT UPDATES BEGINNING IN 2026

Starting in 2026, individuals earning more than $145,000 in prior year FICA wages must make 401(k) and 403(b) catch-up contributions as Roth rather than pre-tax.

Who is subject to the mandatory Roth catch-up rule?

- Individuals earning more than $145,000 in FICA wages (W-2, Box 3) from their current employer in the prior year.
- Not affected:
  - Self-employed individuals with no FICA wages.
  - New hires who did not have prior-year wages from the employer.

Higher earners may wish to start planning now for the transition since Roth contributions are after-tax, meaning they won't reduce taxable income but will allow for tax-free withdrawals in retirement.

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