

You can put More Money in Your 401(k) if Age 60-63

SECURE Act 2.0 added the ability to put more money into your 401(k) plan if you are age 60-63



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Starting in 2024, any person aged 60-63 has the ability to put more money into their 401(k) plan.

The normal rules for anyone 50 or older are that they can put an extra \$7,500 into their 401(k) plan. This is referred to as the catch-up provision.

SECURE Act 2.0 passed at the end of 2022 added a provision that allows anyone aged 60-63 to have a larger catch-up contribution starting in 2025.

The larger amount is the greater of:

- \$10,000 (indexed to inflation), or
- 150% of the regular catch-up amount.

The regular catch-up amount for 2025 remains at \$7,500. 150% of this number is \$11,250 which is greater than \$10,000.

Therefore, for those participants who reach age 60, 61, 62 or 63 in 2025, they will be able to contribute up to \$11,250 instead of \$7,500.

Why is this not available for someone age 64 is not known. Likely it had to do with the amount of budget cost under the CBO scoring system.

Also, if you are age 63 during 2025 but turn age 64 at any time during the year you will be stuck with the \$7,500 limit, not \$11,250.

The normal amount that anyone can put into a Section 401(k) plan starting in 2025 has been boosted an additional \$500 to \$23,500.

Therefore, the maximum amount that can be contributed by an employee to a 401(k) plan in 2025 is as follows:

- Under age 50 - \$23,500
- Ages 50-59 and 64+ - \$31,000
- Ages 60-63 - \$34,750

Farmers who participate in a SIMPLE plan also have additional catch-up amounts. The normal catch-up amount for 2025 is \$3,850, but those age 60-63 can put in \$5,250 instead.