



Northwest Cedar

FINANCIAL

Now that we are in a new tax year, we wanted to keep you informed of recent changes that could affect you for the tax year 2025.

The IRS has announced increased contribution limits for 401(k) and 403(b) retirement plans to help individuals save more. These adjustments could have a significant impact on your retirement planning and savings strategies.

SECURE 2.0 legislation changed the amount you can contribute to your 401(k)/403(b) in the years you turn ages 60 -63.

The IRS dictates the amount that you can save into your 401(k)/403(b) on an annual basis, but if you are over age 50, you can contribute more through “catch-up contributions”. Catch-up contributions are an additional amount over the standard contribution limit.

Enhanced Catch-Up: Starting January 1, 2025, if you turn 60, 61, 62, or 63 during the calendar year, you can contribute an additional amount to your 401(k)/403(b) beyond the standard catch-up limit. This is a great opportunity to boost your retirement savings during these pivotal years.

Standard Limit Resumes at age 64: The year you turn 64, the standard catch-up contribution limits will apply again. Your eligibility will be determined based on your age as of 12/31 of a given year.

The 2025 contribution plan limits are as follows:

401(k)/403(b) Elective Deferrals for all individuals: \$23,500.00

Catch-up Contributions:

- Ages 50 – 59: +\$7,500.00
- Ages 60 – 63: +11,250.00
- Ages 64+: +\$7,500.00

If you have any questions, we recommend that you reach out to us or your accountant.

A Very Happy New Year,

Northwest Cedar Financial

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