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WEALTH PARTNERS

2025 401(K) GUIDE

WHAT YOU NEED TO KNOW BASED ON YOUR AGE AND STAGE

Your 401(k) Guide for 2025

Understanding how your 401(k) contributions and distribution options change based on your age can make a significant difference in maximizing your retirement savings. The IRS adjusts annual contribution limits to help prepare for a secure future, but with new rules for 2025 and beyond, it's easy to lose track of what applies to your stage of life.

Below, we've broken down the most relevant 401(k) limits and considerations by age group. Whether you're in the prime of your career or approaching retirement, this guide ensures you're up to speed—and making the most of every opportunity.

2025 CONTRIBUTION LIMITS

If You're Under Age 50

Maximum Contribution
In 2025, you can contribute up to **$23,500** to your 401(k) plan, an increase from $23,000 in 2024. **Source IRS*

Key Opportunity
Early and consistent contributions leverage **compound interest**, significantly enhancing your retirement savings over time.

Key Considerations
Evaluate whether **pre-tax (traditional)** or **Roth 401(k)** contributions align with your current income and anticipated future tax situation.

ENHANCED CATCH-UP CONTRIBUTIONS

If You're Age 60–63

What's New for 2025
The SECURE 2.0 Act introduces a "super catch-up" provision, allowing individuals aged 60 to 63 to contribute an additional **$11,250**.

Total Contribution Potential
This adjustment elevates your total annual contribution limit to **$34,750.**

Why This Matters
This provision offers a significant opportunity to accelerate your retirement savings as you approach retirement.

STANDARD CATCH-UP CONTRIBUTIONS

If You're Age 50–59

Standard Contribution
$23,500 in 2025.

Catch-Up Contribution
Individuals aged 50 and over can contribute an additional **$7,500**, maintaining the total allowable contribution at **$31,000** annually.

Why This Matters
These catch-up contributions offer a strategic advantage to bolster your retirement savings during your peak earning years.

REQUIRED MINIMUM DISTRIBUTIONS

If You're Over Age 73

RMD Age
As per the SECURE 2.0 Act, the age for Required Minimum Distributions (RMDs) has increased to **73**.

What This Means
You must commence RMDs by April 1 of the year following the year you turn 73.

Contact Us To Strategize
Strategically plan your withdrawals to manage tax implications and coordinate with other income sources.

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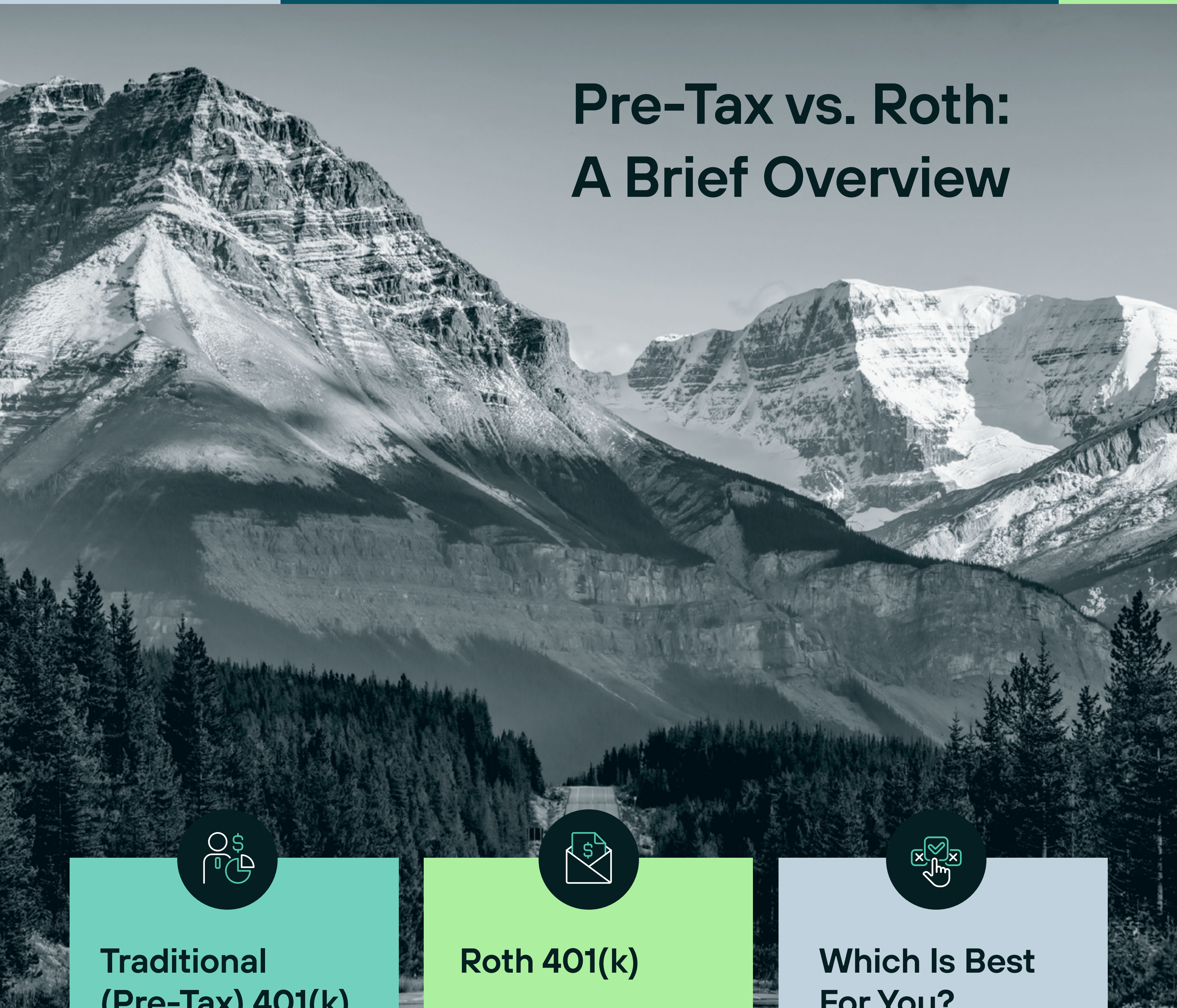

Pre-Tax vs. Roth: A Brief Overview

Traditional (Pre-Tax) 401(k)

Contributions reduce your taxable income today, but withdrawals in retirement are taxed as ordinary income.

Roth 401(k)

Contributions are made with after-tax dollars, but withdrawals in retirement (including earnings) are tax-free, provided certain conditions are met.

Which Is Best For You?

If you expect to be in a **higher tax bracket** in retirement, a Roth 401(k) may be advantageous.

If you're in a **high tax bracket today**, pre-tax contributions may reduce your current tax bill.

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Ready To Make The Most Of Your 401(k) In 2025?

We know retirement planning isn't, "one size fits all." That's why we tailor our approach to meet your unique needs at every stage of life. Whether it's maximizing your contributions, understanding new IRS rules, or creating a distribution strategy that works for you, we're here to guide you every step of the way.

REACH OUT TO US FOR A PERSONALIZED REVIEW

This guide is designed to provide clear, actionable information tailored to your age and retirement stage, empowering you to make the most of the 2025 401(k) updates.

Sources

1. https://www.irs.gov/newsroom/401k-limit-increases-to-23500-for-2025-ira-limit-remains-7000
2. https://www.kiplinger.com/taxes/super-catch-up-contribution-for-age-60-63
3. https://www.irs.gov/retirement-plans/retirement-plan-and-ira-required-minimum-distributions-faqs

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