

Making Catch-Up Contributions

This playbook describes the process for individuals over 50 to make catch-up contributions to their 401(k)s and IRAs. It outlines the steps required to take advantage of these higher contribution limits to enhance retirement savings.

Step 1: **Verify Eligibility**

Ensure you are eligible for catch-up contributions by confirming that you are age 50 or older in the year for which you want to make the catch-up contributions.

Step 2: **Review Limits**

Familiarize yourself with the current year's contribution limits for 401(k)s and IRAs from IRS guidelines. Note that these limits can change annually.

Step 3: **Check Plan Rules**

Contact your 401(k) plan administrator or IRA custodian to verify that your plan allows for catch-up contributions and understand any specific rules or procedures they may have.

Step 4: **Determine Amount**

Decide on the amount you want to contribute as a catch-up. Remember it should be within the legal limits set by the IRS and what you can financially manage.

Step 5: **Adjust Payroll**

If making catch-up contributions to a 401(k), coordinate with your employer to adjust your payroll deductions accordingly to account for the higher contribution amount.

Step 6: **Make Contributions**

Proceed to make the additional catch-up contributions either through payroll deductions for a 401(k) or by funding your IRA through your chosen financial institution.

Step 7: **Monitor Contributions**

Keep track of your contributions throughout the year to ensure you are on target and do not exceed the annual catch-up contribution limit.

General Notes

Tax Considerations

Consult with a tax advisor to understand how catch-up contributions may affect your tax situation, particularly if you're making non-deductible IRA contributions.

Timing

Be aware of the deadline for making contributions for the tax year, which is usually April 15th of the following year, but always check current year deadlines.