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December 2024

Reminder: Age 60-63 Super Catch-Ups Begin January 1st

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The gift that keeps giving: SECURE 2.0! Effective January 1, 2025, plans may permit participants aged 60-63 to make catch-up contributions over the regular catch-up limit.

The rule: Plans have long been permitted to offer participants age 50 and older the opportunity to make catch-up contributions that exceed the general statutory limit on elective deferrals. For 2024, for example, a participant aged 50 or older could make an annual catch-up contribution of up to $7,500 over the general annual deferral limit of $23,000.

Beginning January 1, 2025 — and thanks to SECURE 2.0 — participants ages 60 to 63 may now be given the option to make *additional* catch-up contributions of up to $3,750 per year (meaning that they could make total catch-up contributions of up to $11,250 over the general annual deferral limit).

Optional or mandatory?: There's been some discussion in the industry about whether this new "super" 60-63 catch-up limit is optional for those plans that already permit the general age 50 catch-up option. Regulations written before SECURE 2.0 seem to suggest that if a plan offers catch-up contributions, it must permit the maximum catch-up limit to all participants. Some practitioners have pointed to this to mean that plans that offer age 50 catch-ups must also offer age 60-63 catch-ups. Others, though, disagree — after all, the regulations were written before SECURE 2.0. Furthermore, language in the IRS's 2024 List of Required Modifications can be reasonably interpreted as suggesting that plan sponsors can choose to offer one form of catch-up contributions and not the other. Because there are arguments on both sides, plan sponsors electing to offer only the age-50 catch-up (and not the super catch-up) should consult with ERISA counsel to ensure they are comfortable with that position.

Plan sponsors interested in adding this super catch-up provision should consult with their TPA to ensure a smooth implementation. Plan sponsors also may need to communicate with their payroll vendor to confirm that implementation is feasible. Familiarity with this new rule and the implementation hurdles will be a great value-add for clients who are curious about the new contribution limit. Now is a great time to bring this new plan option to clients with your TPA partner.

Reminders

- **December 31, 2024:** Deadline to provide RMDs to participants age 73 and older prior to January 1, 2023.
- **December 31, 2024:** Deadline for correcting failed ADP/ACP test.
- **December 31, 2024:** Deadline to adopt permitted discretionary amendments for operational changes made during the year.