

the SGROI LAWLEY

NEWSLETTER

Anyone who wants to maximize their retirement savings and save on taxes in 2025 is in luck, as the contribution limits and tax deductions have increased for the year. In 2025, you'll be able to save more money for retirement and pay less in taxes. Here are some important changes for year:

Employer Sponsored Retirement Plans:

If you participate in an employer sponsored plan such as a 401K, 403B, TSP or Deferred Compensation plan, you'll be able to contribute a maximum of \$23,500 for the year, a \$500 increase from last year. If you'll be 50 to 59 by the end of the year, you'll be able to contribute an additional catch-up contribution of \$7,500, bringing your total maximum contribution to \$31,000. Starting in 2025, under a change made in SECURE 2.0, a higher catch-up contribution limit applies for employees who reach age 60, 61, 62 and 63 by the end of the year. They'll be able to contribute \$11,250 as a catch contribution instead of \$7,500, bringing their total maximum contribution to \$34,750.

Traditional and Roth IRAs:

The contribution limit remains the same at \$7,000, and if you're 50 or older, you'll be able to contribute the additional catch-up contribu-



tion of \$1,000, making your total maximum contribution \$8,000.

SIMPLE IRA:

If you're covered by a SIMPLE IRA through your employer, the contribution limits have increased to \$16,500, and if you're 50 or older, you're allowed to do a \$3,500 catch-up contribution, bringing your total contribution to \$20,000. Under a change made in SECURE 2.0, a higher catch-up contribution limit applies for employees aged 60, 61, 62 and 63 by the end of the year who participate in SIMPLE plans. For 2025, this higher catch-up contribution limit is \$5,250, bringing their total contribution amount to \$21,750.

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