Higher Catch-up Contribution Limit

Background

On December 29, 2022, The Setting Every Community Up for Retirement Enhancement Act of 2022 (SECURE Act 2.0) was signed into law by the White House. The retirement legislation includes significant changes that could help strengthen the retirement system and improve Americans' financial readiness for retirement. One key change aims to enhance retirement readiness through workplace savings plans—the higher catch-up contribution.

What is a higher catch-up contribution?

Starting January 1, 2025, individuals turning age 60 to 63 will be able to make catch-up contributions totaling the higher of $10,000 or 150% of that year's regular catch-up amount annually to their 403(b) plan. This amount may be adjusted annually by the IRS.

What does this mean for me?

If you turn 60, 61, 62 or 63 at any point during the 2025 tax year and beyond, you can contribute a higher catch-up amount to your 403(b). The below chart uses numbers from the 2025 tax year to show how workplace savings contributions work. Each year the limits may be adjusted for cost of living by the IRS.

Participants ages 60-63 are eligible for higher catch-up

Age	Eligibility	Deferral Limit	Catch-Up	Total Limit
Up to 49	Elective deferral	$23,500	--	$23,500
50-59	Catch-up	$23,500	$7,500	$31,000
60-63	Higher catch-up	$23,500	$11,250 ($7,500 x 150%)	$34,750
64 and up	Catch-up	$23,500	$7,500	$31,000

What action do I need to take?

If you would like to increase your retirement contribution with the University you may do so in Workday. See the link to the job aide here.

To calculate the percentage of your salary that you need to contribute to reach the maximum retirement contribution limit, you simply divide the contribution limit by your annual salary and then multiply the result by 100 to get the percentage. For example, if the contribution limit is $34,750 and your salary is $100,000, you would need to contribute 35% of your salary to reach the maximum limit. Calculation: (Contribution Limit / Annual Salary) x 100 = Percentage to Contribute.

The annual limits are programmed in payroll to stop your contributions once the annual limit is met.

You may also want to reach out to our TIAA consultant Rich Carroll or your own financial or tax advisor about how higher catch-up contributions can become part of your retirement investing plan.