

# 2025 Retirement Plan Updates

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Stay ahead in your retirement planning with the latest updates for 2025. Notable changes, including increased contribution limits and unique opportunities for those in their early 60s, can significantly impact your strategy. Regularly reviewing your retirement accounts is essential for optimizing your financial picture.

- **401(k) and 403(b)**
  - Annual contribution limit increases to **\$23,500**.
  - Catch-up contribution for those aged 50+ remains at **\$7,500**.
  - For ages 60–63, an enhanced catch-up contribution allows for **\$11,250** instead of \$7,500.
- **Traditional IRA and Roth IRA**
  - Annual contribution limit remains at **\$7,000**, with a \$1,000 catch-up contribution for ages 50+.
  - 2024 contributions can be made until **April 15, 2025**.
  - 2025 contributions are accepted from **January 1, 2025**, to **April 15, 2026**.
- **SEP IRA**: Contribution limits increase to **\$70,000**.
- **SIMPLE IRA**: Contribution limits rise to **\$16,500**, with a \$3,500 catch-up contribution for ages 50+.
- **Health Savings Accounts (HSA)**: Limits increase to **\$4,300** for individuals and **\$8,550** for families.
  
- **Traditional IRA Income Phase-Out**
  - **Single taxpayers covered by a workplace plan**: \$79,000–\$89,000.
  - **Married Filing Jointly**:
    - Covered spouse: \$126,000–\$146,000.
    - Non-covered spouse: \$236,000–\$246,000.
- **Roth IRA Income Phase-Out**
  - **Single/Head of Household**: \$150,000–\$165,000.
  - **Married Filing Jointly**: \$236,000–\$246,000.
- **Backdoor Roth IRA**: No income phase-out restrictions.

- **Review Beneficiaries:** Ensure beneficiaries and contingent beneficiaries are current.
  - **Optimize Asset Allocation:** Adjust retirement account allocations as needed, since changes within tax-deferred or tax-free accounts do not generate capital gains taxes.
  - **Evaluate Pre-Tax vs. Roth Contributions:** Consider the long-term impact of these account types in your overall financial plan.
  - **Mega Backdoor Roth Contributions:** If available, contribute after-tax funds beyond the \$23,500 limit, for a total contribution of up to **\$70,000**.
  - **In-Service Required Minimum Distributions (RMDs):**
    - If over age 73 and employed, check with your plan administrator about RMD requirements. Some plans allow active employees to defer RMDs.
  - **Automatic 401(k) Enrollment:** Starting in 2025, newly established 401(k) plans must automatically enroll eligible employees unless they opt out. Contributions start at 3% but cannot exceed 10%.
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For further details or guidance, refer to the [IRS announcement](#).

Source: <https://www.irs.gov/newsroom/401k-limit-increases-to-23500-for-2025-ira-limit-remains-7000>

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