



Midyear Checkup: Can You Contribute More to Your Retirement Plan?

With traditional pensions in decline, other work-based plans that are driven primarily by employee contributions — such as 401(k), 403(b), and 457(b) plans — are the bedrock of the U.S. retirement system. This means it's up to you to build retirement savings.

The good news is that the contribution limits for these plans are generous, much higher than the limits for IRAs. However, unlike IRAs — which allow contributions up to the April tax deadline of the following year — you generally must make annual contributions to an employer-sponsored plan by December 31.

The middle of the year is a good time to make sure you are on track to meet your annual contribution goal. Employers will typically allow you to change your contribution levels at any time during the year.

Beyond the match

If your employer offers matching contributions, make sure you are at least contributing enough to receive the full employer match. If not, you are leaving money on the table.

However, employers typically match contributions only up to a small percentage of your salary. Increasing your contributions could make a big difference in boosting your retirement savings. Keep in mind that traditional contributions to an employer plan are usually made with pre-tax dollars, so the decrease in your take-home pay will generally be less than the increase in your contributions.

The earlier you start contributing, the longer your savings have to pursue potential growth. But any time is a good time to increase your contributions — and special catch-up contributions provide an extra opportunity for older employees to boost their savings.

Contribution limits

The standard 2026 contribution limit for 401(k), 403(b), and 457(b) plans is \$24,500.

Employees who are age 50 to 59 or 64 and older can contribute an additional \$8,000 in catch-up contributions for a total of \$32,500. Employees who reach age 60 to 63 in 2026 can contribute an additional \$11,250 for a total of \$35,750.

Beginning in 2026, an employee who earned more than \$150,000 in Social Security wages the previous year must make age-based catch-up contributions as Roth contributions. You can find your Social Security wages in box 3 of your W-2 form. Not all employers offer the option to make Roth contributions.

Some 403(b) and 457(b) plans may offer an additional catch-up opportunity that is not subject to the new Roth provision for high earners. These apply to 403(b) participants with 15 or more years of service or 457(b) participants within three years of the plan's normal retirement age. Ask your employer for more information.

Need some help with preparing your future financial plan or retirement? Contact First Financial's Investment & Retirement Center by calling or texting 732.312.1534. You can also email maureen.mcgreevy@lpl.com.

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