Want to save more for retirement?

Catch-up contributions may be the answer.

Not sure you saved what you needed while you were younger?
It's okay. You still have a chance to catch up.

If you're age 50 or over:

The IRS says this is how much you can contribute to the employer-sponsored retirement plan in 2023.[1]

$22,500 (2023 401(k) contribution limit[2]) + $7,500 (2023 catch-up contribution limit) = $30,000 Total allowed contributions

And here's how much you can contribute to a traditional or Roth individual retirement account (IRA).

$6,500 (2023 IRA contribution limit[3]) + $1,000 (2023 catch-up contribution limit) = $7,500 Total allowed contributions

How do I know if I should make catch-up contributions?

You may need to save 10% plus any additional contributions in order to replace about 80% of your pre-retirement income.[4]

If you've been saving less than 10%, you might want to consider catching up—and making up for lost time.

Log in to **principal.com** if you want to start catching up.

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[1] Internal Revenue Service limits as indexed for the 2023 calendar year. For IRS contribution limits in future years, go to IRS.gov. Catch-up contributions are not allowed in all retirement plans.

[2] Some retirement plans cap the limit at a lower amount, so make sure you look into the plan's details.

[3] Deductibility of contributions to an IRA may be limited by participation in other retirement plans.

[4] Based on analysis conducted by the Principal Financial Group®, November 2019. The estimate assumes a 40-year span of accumulating savings and the following facts: retirement at age 65; 10-15% individual plus employer contributions; Social Security providing 40% replacement of income: 4.5% withdrawal of retirement savings; 6% annual market returns; 2% annual inflation; and 3% annual wage growth over 40 years in the workforce. This estimate is based on a goal of replacing about 80% of salary. The assumed rate of return for the analysis is hypothetical and does not guarantee any future returns nor represent the return of any particular investment. Contributions do not take into account the impact of taxes on pre-tax distributions. Individual results will vary. Participants should regularly review their savings progress and post-retirement needs.

80% assumption
Based on our industry experience and GAO Retirement Security Report to Congressional requestors. The estimated average total spending for post-retirement households was about 77% of the spending levels for pre-retirement households. GAO, 2013 CE Data; 16-242, Retirement Replacement Rates.

This document is intended to be educational in nature and is not intended to be taken as a recommendation.

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