



**BLACK WALNUT**  
WEALTH MANAGEMENT



## Put Catch-Up Contributions to Work

Say you've reached your 50s or 60s and wish you'd saved more for retirement. Those work-free years that were once a distant fantasy have almost arrived, and while you're looking forward to them, you're also feeling a little nervous.

Why? Well, you don't want to rely too heavily on Social Security, which probably won't pay enough for a comfortable retirement. But your retirement account balance doesn't end in enough zeroes.

Is there anything you can do?

## Catch-Up Contributions

It's not too late to maximize your savings. While the IRS does cap how much you can set aside in tax-advantaged retirement accounts each year, it raises the ceiling once you turn 50. You're then allowed to make catch-up contributions.

Here's how much you can currently tack on:

- 401(k) or 403(b): \$6,000 in catch-up contributions plus \$19,000 for everyone equals \$25,000 per year. Start at age 50 and max out through age 65 and you'll have a whopping \$400,000.
- Traditional IRA or Roth IRA: \$1,000 in catch-up contributions plus \$6,000 for everyone equals \$7,000 per year. This means a potential savings of \$112,000 over 16 years.

These projections are calculated before investment returns or further increases in contribution limits, so it might be possible to save even more.

### But Where Will the Money Come From?

It's a fair question. The biggest barrier to making catch-up contributions is finding the room in your budget to do so.

For parents, this can mean asking adult children to shoulder their own college expenses. Or, if they're living at home, to start paying their share of rent, utilities and groceries.

And for everyone, it can mean trimming expenses big and small -- sacrificing today to provide for the future.

Do you need help strategizing for retirement? Reach out today to discuss your options.



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*Thank you for reading our newsletter!*



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