Massachusetts Deferred Compensation SMART Plan

Catch-up Contributions

Why catch up?

If you are getting close to normal retirement age, you might feel a little behind on your retirement savings. Fortunately, the federal government makes it easier to catch up on your savings at a faster rate by providing three catch-up provisions. Taking advantage of a catch-up option not only allows you to save at an accelerated rate, it also could lower your taxable income.

Age 50+ catch-up and age 60-63 catch-up

In 2025, all SMART Plan participants can contribute a maximum of 100% of eligible compensation to the SMART Plan, not to exceed the IRS limit of $23,500. However, if you are age 50 or older during the 2025 calendar year, you can take advantage of the age 50+ catch-up provision and contribute an additional $7,500 to the SMART Plan. Moreover, if you turn age 60, 61, 62 or 63 in 2025, you can contribute up to an additional $11,250. Your date of birth will determine whether you qualify for either option.

Three-year catch-up

If you are in the three years prior to the year in which you reach your normal retirement age and have under-contributed in prior years, you may use the three-year catch-up provision. This allows you to contribute up to an additional $23,500 in 2025, amounting to a total possible maximum contribution of $47,000.

2025 catch-up contributions

Age 50+ catch-up	Three-year catch-up
For participants age 50 and older during the 2025 calendar year	For participants within three years prior to normal retirement age
Allows you to contribute an additional $7,500 (or $11,250 if you turn age 60, 61, 62 or 63)	Allows you to contribute up to an additional $23,500
No application required	Complete a 457(b) Application for Catch-Up form
Maximum total: $31,000 (or $34,750 if you turn age 60, 61, 62 or 63)	**Maximum total: $47,000**

Note: You cannot use more than one option in the same year.

To take advantage of the three-year catch-up option in any calendar year, remember these important considerations:

Irrevocable election—The three-year catch-up is a once-in-a-lifetime opportunity and can be used up to a maximum of three consecutive years before the year in which you reach your normal retirement age. Once you begin, you have three consecutive years to complete your catch-up contributions. *Example: You make your first catch-up contributions in year one. You decide to skip year two. You can resume in year three. Once the three-year period ends, you lose the ability to make three-year catch-up contributions for remaining underutilized amounts.*

1. **Underutilized amounts**—In order to qualify for the three-year catch-up provision, you must have underutilized contributions with the same employer from previous years. *Example: If you were eligible to contribute $22,500 in 2023 and $23,000 in 2024 but only contributed $10,000 each year, you would be eligible to catch up on $25,500 in underutilized contributions (e.g., $23,500 in 2025 and $2,000 in 2026).*
2. **Normal retirement age (NRA)**—For purposes of the three-year catch-up limitation, the NRA shall be age 70½ or such earlier age as selected by the participant. In selecting an alternate NRA, you may choose any age that is: (1) not earlier than the earliest age at which you have the right to retire and receive unreduced retirement benefits from your employer's basic pension plan; and (2) not later than the date that you reach age 70½.
3. **Catch-up contributions**—You are allowed to make catch-up contributions in the three calendar years prior to your NRA. *Example: If your NRA is 62, then you may make catch-up contributions in the years when you are age 59, 60 and 61. You cannot make catch-up contributions in the calendar year in which you reach your NRA.*
4. **Deferring accrued sick and vacation pay using the three-year catch-up**—Your NRA must be at least one year later than the year in which the accrued sick and vacation pay will be paid. *Example: If you plan to sever employment at age 66 and your accrued sick and vacation pay will be paid in January when you are 67, then your NRA year must be the year you turn 68 or older, but no later than age 70½.*

May I use more than one option at the same time?

No. If you are eligible for more than one option, you may use the one offering the highest benefit.

Find out if you are eligible for the three-year catch-up option:

- Will you be eligible to retire at the end of the third year of the three-year catch-up? For public employees in Massachusetts, this typically means that you have reached 20 years of public service or 10 years of public service and are at least 55 years old (this rule applies only to employees hired before April 1, 2012).
- The three-year catch-up provision must be used before the year in which you reach age 70½.
- If you have used this provision in the past with any employer, you are ineligible to use it again.
- Underutilized contributions occur when you defer less than the maximum allowable limit in a given tax year. Contact your local SMART Plan Retirement Plan Advisor at **877-457-1900** for assistance with determining your catch-up limits.
- Your contribution limit will not automatically increase if the maximum allowable amount is increased. Additional paperwork must be submitted to the local SMART Plan office in order to increase your contribution to the Plan.
- Have you submitted your completed 457(b) Application for Catch-Up form to the local SMART Plan office? Please write the new PER PAYCHECK amount you would like deducted from your pay on this form, and the SMART Plan office will notify your payroll office. Your payroll contributions will not be adjusted without this direction from you.