



Women & Retirement

Retirement catch-up

Catching up: There's no time like now

When you're young, retirement seems so distant. But, as you get older, matters come into focus.

For many women, planning for retirement is significant because the reality is they tend to live longer than men. With women living 80.2 years (compared to 74.5 years for men), consider the possibility you are going to need your retirement income to last. For 65-year-old women, the expected lifespan average is 85.8 years, according to the U.S. Administration on Aging's latest figures.

In addition, women average less than two-thirds of what men have saved for their retirement (\$62,000 to \$98,000), according to a Bank of America survey.

Gender pay equality still has a way to go, with most women at a disadvantage creating their retirement nest egg.

The bottom line is *you* must save and plan more to enjoy a comfortable and financially sound retirement.

That's where catch-up contributions are an impactful option. If you're age 50 or older by the end of the calendar year, you may make additional contributions above normal annual Internal Revenue Service (IRS) limits to your retirement accounts to ensure you finish strong.

You can make catch-up contributions starting *now*, even if your 50th birthday isn't until Dec. 31.

What are catch-up contributions?

Starting at age 50, under IRS rules, you are eligible to take advantage of catch-up contributions to your State of Michigan 457 Plan.

For 2021, you can stash up to \$19,500 a year pre-tax into the State of Michigan 457 Plan. The catch-up provision means you can put away up to another \$6,500. The bottom line is it's an opportunity for you to shield up to \$26,000 from income taxes until after you retire.

For next year in 2022, you can put aside up to \$20,500 a year pre-tax into the State of Michigan 457 Plan. And, with the \$6,500 catch-up provision, you can protect up to \$27,000 from income taxes until retirement.

There is an additional option on the 457 Plan. If you have not made the maximum contribution in prior years, you may be eligible for the Traditional 457 Catch-Up. This allows you to contribute up to twice the annual limit — up to \$39,000 in 2021 and up to \$41,000 in 2022 — to your 457 account in the three calendar years prior to the year you reach normal retirement age.

(The normal retirement age under the State of Michigan 457 Plan is as early as age 50, depending on your career field. See [Appendix A](#) of the 457 Plan for more details.)

You may not use the Age 50+ Catch-up and the Traditional Catch-up in the same year.

Consider increasing your retirement contributions

As a participant in State of Michigan 457 or 401(k) Plans, log in to your Voya Financial account to set up a retirement scenario. If you are saving below the IRS' 2021 limit of \$19,500 in the 457 Plan, consider an increase in your retirement contributions.

ORS and Voya are here to help you plan toward a successful retirement, regardless of what age you want to work to.

The concept of retirement is changing. The way you prepare for retirement must also change. Be engaged and do your homework. Your journey toward retirement is important. To make big plans, you must take small steps. Starting your financial planning is a step toward retiring.

Follow us on [Facebook](#) and [Twitter](#); and please share this impactful information with others who may benefit.

What have you missed?

November's topic, Deciding your retirement age, has plenty of resources to help you decide as a woman in the workforce what the best age is for your retirement.

- A [blog](#) by Voya Financial on deciding when to retire
- What are the [top risks](#) of retirement?

Bookmark the [Women & Retirement website](#) for more information and keep an eye on it for future topics in 2022.