Flourish Wealth Management

3rd Quarter | 2025

Quarterly Newsletter

OCTOBER 2025

As summer fades and the first signs of autumn appear, it's a natural time to pause and reflect on both personal and financial growth. The change of seasons reminds us that progress often comes from consistency, small steps that build over time into meaningful achievements. At Flourish, we're celebrating this season of reflection and gratitude, recognizing the milestones that shape our team and the clients we serve.

We're delighted to share some special updates from within the Flourish community:

Congratulations to **Grant Shaffer** and his fiancée, Allison, on their engagement! We're all very happy for them and can't wait to celebrate this exciting milestone.

We're also proud to announce that **Joey Fenwick** has become a Partner at Flourish Wealth Management. Joey's leadership, strategic insight, and commitment to client care have made a lasting impact over the years, and this next chapter is a meaningful step forward for both him and the firm.

In this quarter's newsletter, you'll find two insightful pieces. Our **feature article** explores how individuals can take advantage of expanded contribution opportunities to strengthen their retirement strategies. The piece highlights

recent updates from the SECURE Act 2.0, including new "Super Catch-Up" rules for those in their early 60s, and offers practical ways to make the most of this valuable savings window. Whether you're approaching retirement or simply want to stay informed about the latest planning opportunities, this article provides actionable insights for building financial confidence in the years ahead.

And in our **Quarterly Market Commentary**, Jay Pluimer shares his latest insights on economic trends and how we're positioning client portfolios as we move into the final stretch of 2025.

As always, thank you for being part of the Flourish community. We hope this issue provides you with timely insights and inspiration as you plan for the months ahead.

Sincerely,

Kathy Longo, CFP®, CAP®, CDFA®

QUARTERLY ARTICLE

Navigating Catch-Up Contributions: Retirement Savings After Age 50

By: Kathy Longo, CFP®, CAP®, CDFA®
President and Founder

Planning for retirement often feels like a marathon, not a sprint. For many people, the years leading up to age 50 are filled with juggling career growth, family responsibilities, and everyday expenses. It's easy to feel like your retirement savings haven't grown as much as you'd hoped. The good news is that once you turn 50, the IRS gives you a chance to "catch up" by contributing extra money into

your retirement accounts. Understanding and navigating catch-up contributions—including new rules and expanded opportunities—can help you take meaningful steps toward strengthening your retirement strategy.

What Are Catch-Up Contributions?

Catch-up contributions are additional amounts you can contribute to certain retirement accounts, like 401(k)s, 403(b)s, and IRAs, once you reach age 50. For 2025, the standard contribution limit for a 401(k) or 403(b) is $23,500, but those age 50 and older can contribute an extra $7,500, bringing the total to $31,000. With IRAs, the standard limit is $7,000, and the catch-up provision allows an additional $1,000, making the total $8,000.

New Rules to Know

Starting in 2026, highly compensated employees (those earning more than $145,000 from the same employer sponsoring the plan) must make their 401(k) or 403(b) catch-up contributions ($7,500) into a Roth account, if the plan permits Roth contributions. This shift could affect tax planning for individuals who previously made traditional (pre-tax) catch-up contributions. If you fall into this category, it's important to revisit your strategy. As a note, this rule was originally slated to begin in 2025. However, the enforcement was delayed until 2026 to give plan sponsors (employers) more time to permit Roth contributions to their plan. If the plan doesn't permit Roth contributions and fails to add the option, high-earning employees will effectively lose the ability to make catch-up contributions to their plan.

In addition, for years 2025-2027, individuals aged 60 to 63 are eligible for a special "Super Catch-Up" provision, allowing even higher contributions than the standard catch-up amount. These rules were part of the SECURE Act 2.0 and are designed to give people in the final stretch before retirement an extra boost in savings power. The limit for this contribution in 2025 is $11,250, and it is indexed for inflation moving forward.

While these numbers may seem modest on their own, the ability to contribute more money each year—especially with the new super catch-up window—can have a powerful impact over time. These provisions recognize that many people are in their peak earning years later in life and may finally have the financial flexibility to prioritize retirement savings.

📌 *Note: Roth IRAs do not currently have added complexities for catch-up contributions beyond the $1,000 additional amount for those over 50. However, IRA contributions – including the catch-up – require earned income and are subject to income limits* for Roth IRAs and deductibility limits for traditional IRAs*, which should be reviewed annually.*

Why They Matter

Life rarely goes according to plan. Some people may have paused saving during earlier years to raise children, pay off debt, or manage unexpected expenses. Others may be focused on retirement for the first time after building careers or small businesses. Catch-up contributions give you the chance to make up for lost time and boost your nest egg in the years before you stop working.

Even if you've been consistently saving, the extra contributions help strengthen your financial foundation during the final stretch toward retirement. It's not about playing catch-up in a negative sense; it's about leveraging every tool available to prepare for what's ahead.

Strategies for Navigating Catch-Up Contributions

When it comes to making the most of catch-up contributions, a thoughtful approach can make the difference between simply adding more and creating an intentional plan for retirement. Here are a few strategies to keep in mind:

- **Prioritize tax-advantaged accounts**
  Employer-sponsored plans like a 401(k) or 403(b) provide a higher contribution limit than IRAs, so making the most of those accounts first may be a smart move.
- **Don't overlook IRAs**
  If you qualify, contributing the extra $1,000 catch-up allowance to an IRA can further diversify your retirement savings and give you added flexibility.
- **Use the Super Catch-Up window (ages 60–63)**
  If you're in this age range, take full advantage of the enhanced contribution limits to accelerate your retirement savings.
- **Balance competing goals**
  Many people in their 50s are still juggling mortgage payments, supporting children, or caring for aging parents. Your financial plan should reflect both short-term responsibilities and long-term retirement goals.

- **Stay consistent**
  It's tempting to think of catch-up contributions as optional, but making them part of your financial routine helps you stay disciplined. Automating contributions through payroll can simplify the process.
- **Review your investment mix**
  Adding more to your accounts is important—but so is making sure your portfolio reflects your time horizon, risk tolerance, and retirement objectives.

Common Mistakes to Avoid

While catch-up contributions can be a valuable opportunity, there are a few pitfalls to watch for:

- **Waiting too long**
  The closer you are to retirement, the fewer years you have for contributions to grow. Starting as soon as you're eligible gives your savings the most time to compound.
- **Overlooking Roth implications**
  Starting in 2026, high earners must direct their catch-up contributions to Roth 401(k)/403(b) accounts. This change may impact your tax strategy, so be sure to consult a financial professional before adjusting contributions.
- **Forgetting annual reviews**
  Contribution limits and rules can change over time. Staying up to date with IRS guidelines helps you take advantage of the full amount available each year and avoid compliance issues.

Beyond Age 50: Looking Ahead

The years between 50 and retirement can be transformative for your finances. You may be in your highest earning years, and with fewer household expenses, you may finally have room to focus more intentionally on yourself. Using catch-up contributions effectively—including the new Super Catch-Up opportunity—can help you step into retirement with greater confidence in the plan you've built.

But remember: these opportunities aren't automatic. They require action and consistency. The sooner you take advantage of them, the more impact they can have on your retirement picture.

Taking the Next Step

Navigating catch-up contributions doesn't have to be overwhelming. With thoughtful planning and professional guidance, you can better understand how these opportunities fit into your overall retirement strategy. Whether you're just starting to think seriously about retirement or looking for ways to strengthen the progress you've already made, now is the time to act.

At Flourish Wealth Management, we work with clients to create financial plans that reflect their priorities, values, and life stage. If you're approaching or over 50 and wondering how to put catch-up contributions to work for you—including planning for new IRS requirements—we'd love to help.

Schedule a conversation with us today, and let's talk about building a retirement plan designed to support the future you envision.

MARKET COMMENTARY

Quarter 3 | 2025

By: Jay E. Pluimer, AIF®, CIMA®
Director of Investments

Stock and Bond markets continued their upward trend throughout the third quarter. U.S. stocks are trailing International Stocks for returns on a year-to-date basis despite posting over 30 new all-time highs. The Magnificent 7 (Apple, Amazon, Alphabet (Google), Meta (Facebook), Microsoft, Nvidia, and Tesla) have driven market returns since the tariff pause was announced in mid-April, supported by large investments in AI (Artificial Intelligence) technology. Economic growth is expected to exceed 3.5% in the second quarter, followed by 3%+ in the third quarter despite the US government shutdown. This is an environment where it's important to balance risk and reward with a focus on long-term investment returns, so we continue to proactively rebalance client portfolios to moderate market exposure.

Despite the strong returns, there are concerns that the US market is getting top-heavy with the Top 10 stocks representing 40% of the S&P 500 Index while also representing over 50% market returns. The Federal Reserve stepped in with its

first interest rate cut of the year in September while providing guidance for one or two more cuts before year-end. Rate cuts are intended to support business leaders and owners to invest in their businesses by hiring new workers as unemployment continues to trend upward toward 4.5%. The Fed is walking a tightrope with rising inflation as trade tariff increases begin to impact the economy, particularly in Core Goods (new and used cars, electronics, furniture, and apparel). We remain cautiously optimistic about the market outlook while monitoring risks associated with inflation, unemployment, Fed rate policy, and falling consumer confidence, leading to a patient approach to portfolio positioning with an emphasis on diversification.

For more information on investments and the markets, you can reference our Quarterly Market Review.

Conclusion

As we head into fall, we're reminded that financial planning, like the changing seasons, is an ongoing process of growth, reflection, and renewal. We're grateful to share these updates and insights with you and hope they inspire a fresh perspective as you plan for the months ahead.

At Flourish, our mission remains the same: to help you align your financial choices with your values and vision for the future. If something in this issue sparked questions or ideas, our team is here and ready to connect.

Wishing you a gratifying and thankful Autumn!

Sincerely,

Kathy Longo, CFP®, CAP®, CDFA®
and the Flourish Team