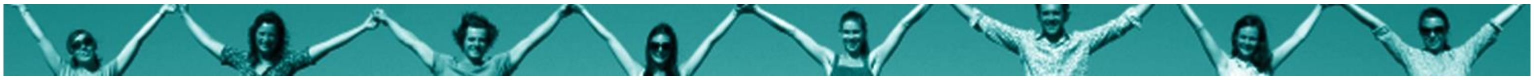


What are catch-up contributions?

If you are 50 or older, or you will reach age 50 by the end of the year, you may be able to make contributions to your IRA or employer-sponsored retirement plan above the normal contribution limit. Catch-up contributions are designed to help you make up any retirement savings shortfall by bumping up the amount you can save in the years leading up to retirement. Catch-up contributions can be made to traditional and Roth IRAs, as well as to 401(k) plans and certain other employer-sponsored retirement plans. But if you participate in an employer-sponsored retirement plan, check plan rules — not all plans allow catch-up contributions.

How much can you contribute as a catch-up contribution? It depends on the type of retirement plan you have and the tax year for which you are making the contribution.

401(k), 403(b), governmental 457(b) plans:*

- $23,500 regular annual contribution limit; for those age 50 to 59 and 64 and older the catch-up contribution limit is $7,500 in 2025; for those who reach age 60 to 63 in 2025, the catch-up contribution is $11,250

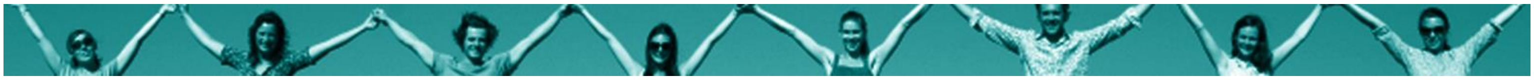
Traditional and Roth IRAs:

- $7,000 regular annual contribution limit and $1,000 catch-up contribution limit for those age 50 and older in 2025

*403(b) and 457(b) plans also have special catch-up rules that may apply.

New for 2026: Highly Paid Individuals & Catchup Contributions

If you earned more than $145,000 (Indexed) in FICA wages in 2025, you are considered a Highly Paid Individual (HPI) for 2026. As an HPI, your catchup contribution MUST be made in the form of a Roth Deferral contribution. If your plan does NOT permit Roth Deferrals, you are not permitted to make catch up contributions to the plan.



Retirement: Proceed With Caution Before Relying on General Rules

All investing involves risk, including the possible loss of principal, and there can be no assurance that any investment strategy will be successful.

Investments offering the potential for higher rates of return also involve higher risk.

When investing for retirement, you're likely to hear a lot of well-meaning guidance from family, friends, and others offering advice — even the media. As you weigh the potential benefits of any commonly cited investment rules, consider that most are designed for the average situation, which means they may be wrong as often as they're right. Although such guidance is usually based on sound principles and may indeed be a good starting point, be sure to think carefully about your own personal situation before taking any tips at face value.

Following are several general retirement investing rules and related points to consider.

Pay yourself first

It's hard to argue with this conventional wisdom, which helps make saving a habit. To determine how much you may be able to save and invest, develop a written budget. In this way, you can assess how much discretionary income is available after other necessary obligations are met.

If finding extra money to save is difficult, track every dollar you spend for a week or two to see where your money goes. You may surprise yourself by identifying several areas where you can cut spending.

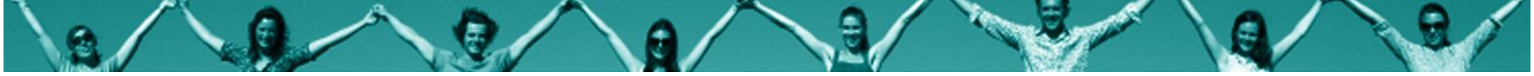
Better yet, most work-based retirement savings plans help you pay yourself first through payroll deductions. This is perhaps the easiest way to save money. Having the money automatically deducted from your paycheck and invested in your plan eliminates the temptation to spend before you save.

Your stock allocation should equal 100 (or 120) minus your age

A widely accepted retirement savings principle states that the younger you are, the more money you should put in stocks. Though past performance is no guarantee of future results, stocks have typically provided higher returns over the long term than other commonly held securities. As you age, you have less time to recover from downturns in the stock market; therefore, the principle states, as you approach and enter retirement, you should invest some of your more volatile growth-oriented investments in fixed-income securities such as bonds.

A commonly cited guideline for determining an appropriate allocation of stocks in your retirement portfolio is to subtract your age from 100 (some iterations of this rule use 120). For example, if you followed this rule at age 40, you would invest 60% to 80% (100 or 120 minus 40) of your portfolio in stocks. However, a more thorough approach would likely account for a host of other factors, including your tolerance for risk, long-term savings goals, family situation, any assets you have already accumulated, whether you have access to a pension or other type of retirement income, and your overall health (and your spouse's, if married).

When it comes to investing, a "one formula fits all" strategy may be a good place to start but be sure to also consider it in light of your own unique circumstances.



You will need 70% to 100% of your pre-retirement income

You've probably heard this many times before: that you should calculate a goal based on replacing at least 70% of your pre-retirement income each year during retirement. But this may not be very helpful because it doesn't take into consideration your individual needs, expectations, and goals.

Instead of basing an estimate of your annual income needs on a percentage of your current income, focus instead on your actual expenses today and think about whether they'll stay the same, increase, decrease, or even disappear by the time you retire.

While some expenses may disappear, others, such as health care, travel, and hobbies, may rise. You may also want to hire help for yard care, snow removal, or other home maintenance that you previously did yourself.

Focusing on your projected expenses can help you determine a more realistic picture of how much annual income you'll need and help you hone in on a target accumulation amount.

Save 10%, 12%, or 15% of your current income for retirement

While the advice to contribute a certain percentage of your income to your retirement savings plan probably falls into the "smart rule" camp — particularly if the target rate is 10% or higher — it may not be appropriate for everyone.

For example, if you start saving for retirement in your 40s or 50s, you may need to shoot for the absolute maximum allowable amount (including catch-up contributions if you're age 50 or older) to make up for lost time. On the other hand, if you are in your 20s and facing a mountain of school loans, you may want to start at a lower percentage of pay — say 5% or 6% and increase your contribution amount gradually as your income rises and your overall debt level decreases. Many work-based plans offer auto-escalation features that increase your contribution amount automatically over time.

Try to accumulate 20 times your current annual income

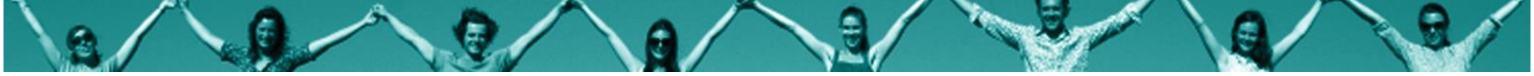
This alternative accumulation rule also doesn't take into account your age and personal circumstances. Although it be may helpful to keep a large ballpark total in mind, many other factors weigh into the equation. And let's face it: If all goes well, your annual income will likely rise through the years, so a total accumulation goal based on "current income" would therefore continue to be a moving target.

Contribute enough to receive the full employer match

Regardless of your age or financial situation, this tip has benefits that are hard to deny: If your work-based plan offers a match, contribute at least enough to receive the full amount. This is essentially free money that your employer gives you for your future. Don't neglect this potentially valuable opportunity to help build your retirement savings. (Note: Employer contributions are often subject to a vesting schedule, which means you earn rights to the contributions and any earnings on them over time.)

A "smart" withdrawal rate is 4%

If you're approaching retirement, an important consideration is how much you can withdraw from your account each year. The sustainability of your savings depends not only on your asset allocation and investment choices, but also on how quickly you draw down the account(s). Basically, you want to withdraw at least enough to provide the income you need, but not so much that you run out of money quickly, leaving nothing for later retirement years. The percentage you withdraw annually from your savings and investments is called your withdrawal rate. The maximum percentage that you can withdraw each year and still reasonably expect not to deplete your savings is referred to as your "sustainable withdrawal rate."



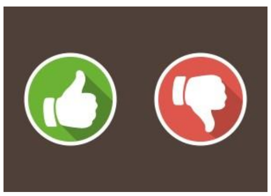
A common rule states that a withdrawal amount equal to 4% if your savings each year in retirement (adjusted for inflation) will be sustainable. However, this method has critics, and other strategies and models are used to calculate sustainable withdrawal rates. For example, alternatives include:

- withdrawing a lower or higher fixed percentage each year;
- using a rate based on your investment performance each year; or
- choosing a rate based on age.

Factors to consider include the value of your savings, the amount of income you need, your life expectancy, the expected rate of return on your investments, inflation, and taxes.

Determine which is right for you

The bottom line? Although all of these tips offer varying levels of retirement savings wisdom, think carefully about how they might apply to your personal needs, goals, and circumstances before making any decisions.



Because work-based retirement savings plans benefit from tax deferral and are designated for retirement, certain rules apply. Distributions of tax-deferred contributions and earnings prior to age 59½ (55, or even younger, in some cases) will be subject to a 10% penalty tax, in addition to regular income taxes, unless an exception applies.

Asset allocation and diversification do not guarantee a profit or protect against investment loss. They are methods used to help manage investment risk.

Have You Checked Your Retirement Plan Lately?

It's generally a good idea to review your employer-sponsored retirement savings plan at least once each year and when major life changes occur. If you haven't given your plan a thorough review within the last 12 months, now may be a good time to do so.

Have you experienced any life changes?

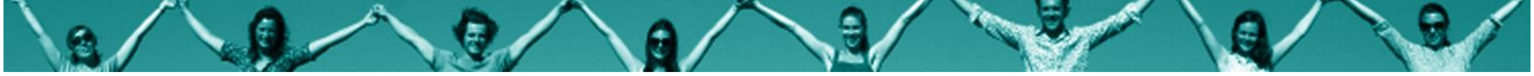
Since your last retirement plan review, have you experienced any major life changes?

For example, did you get married or divorced, buy or sell a house, have a baby, or send a child to college? Perhaps you or your spouse changed jobs, received a promotion, or left the workforce entirely. Has someone in your family experienced a change in health? Or maybe you inherited a sum of money that has had a material impact on your net worth. Any of these situations can affect both your current and future financial situation and should be considered as you review your retirement savings needs.

In addition, your annual review is a good time to examine the beneficiary designations on your plan account to make sure they reflect your current wishes. This is particularly true if your marital situation has changed. With most work-based plans, your spouse is automatically your plan beneficiary unless he or she waives that right in writing.

Say, ***for example, you remarried and you would like your children to remain as primary beneficiaries on your retirement plan. In that case, your spouse would need to waive his or her right to the assets in writing.***

You can designate your beneficiary(s) online. If you are married and you do not want to name your spouse as your beneficiary, please contact AMI for a form that your spouse will need to sign to waive their rights. This form will need to be witnessed by a notary or a Plan representative.



Reassess your retirement income needs

After you consider any life changes, you may want to take another look at your future and evaluate whether your anticipated retirement income needs have changed.

Have your dreams for retirement changed? And if so, will those changes affect how much money you will need to live on? Maybe you've reconsidered plans to relocate or travel extensively, or now plan to start a business or work part-time during retirement. Or maybe your health or your spouse's health has changed and you need to adjust your estimates for health-care costs down the road.

All of these factors can affect your retirement income needs, which in turn affects how much you need to save and how you invest today. Double-check your total accumulation goal and determine whether you will need to adjust your savings or investment plan to strive for different amounts.

Re-examine your risk tolerance

In any long-term investment plan, you can generally expect that there will be times of uncertainty that will cause you to question your investment decisions. Following periods of prolonged increases in the markets, it's not unusual to experience corrections or even bear markets.

The classic definition of a correction is a decline of 10% or more in a stock index. A bear market is a downturn of 20% or more in several broad market indexes, typically over a period of several months or longer.

When you hear media reports about stock market volatility, is your immediate reaction to consider selling some or all of the stock investments in your plan account? If that's the case, you might want to revisit your risk tolerance.

Risk tolerance refers to how well you can ride out fluctuations in the value of your investments while pursuing your long-term goals. An assessment of your risk tolerance considers, among other factors, your investment time horizon, your accumulation goal, and assets you may have outside of your plan.

If your time horizon is decades or you have a lot of assets outside of your plan, your investment risk tolerance might be higher than someone who is less than 10 years from retirement or has little other savings.

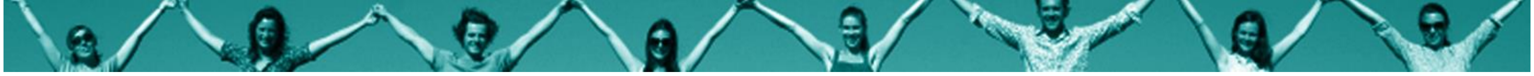
There are many tools available to help you evaluate your risk tolerance. These are typically questionnaires that ask about your personal financial situation and your opinions on various investing scenarios. After answering the questions, you will likely be assigned a risk-tolerance ranking, such as conservative, moderate, or aggressive. In addition, suggested asset allocations are often provided for consideration.

Is your asset allocation still on track?

Once you have assessed your current situation related to life changes, retirement income needs, and your risk tolerance, a good next step is to revisit your asset allocation.

Is your investment mix still appropriate? Should you aim for a higher or lower percentage of aggressive investments, such as stocks? For example, if you've determined that you will probably need to accumulate more than you originally estimated, you can strive for this new goal by increasing your contribution dollars, striving for a higher return, or both.

To strive for a higher return, you might consider investing a larger portion of your money in stocks. Alternatively, if you determined that you do indeed have a hard time sleeping at night when the stock market is volatile, you may want to consider investing a larger portion of your portfolio in less-risky asset classes, such as bonds and cash.



Regaining your balance

On the other hand, maybe you've concluded through your review that your original asset allocation is still appropriate for your needs, but your portfolio has strayed off track due to market performance. In this case, there are two ways to rebalance your portfolio.

The quickest way is to sell investments in which you are overweighted and invest the proceeds in underweighted assets until you hit your target. For example, if your target allocation is 75% stocks, 20% bonds, and 5% cash but your current allocation is 80% stocks, 15% bonds, and 5% cash, then you'd likely sell some stock investments and invest the proceeds in bonds.

Another way to rebalance is to direct new investments into the underweighted asset classes until the target is achieved. Using the example above, you would direct new contribution dollars into bond investments until you reach your 75/20/5 target allocation. Then you would adjust your allocation for future contributions back to that original allocation. This process may take a little longer, helping you ease back to your original target, but the same result will be achieved.

Asset allocation does not guarantee a profit or protect against a loss; it is a method used to help manage investment risk.

All investing involves risk, including the possible loss of principal, and there can be no assurance that any investment strategy will be successful.

Investments offering a higher potential rate of return also involved a higher level of risk.

Revisit your plan rules and features

Finally, an annual review would not be complete without a fresh look at your work-based plan documents. Check those documents to make sure you fully understand how your plan works and to see if there are any additional plan features that can help you better pursue your retirement savings goal.

For example, if your plan offers a Roth account and you haven't investigated its potential benefits, you might consider whether directing a portion of your contributions into it might be a good idea. Roth accounts do not offer a tax benefit at the time you contribute, but qualified withdrawals are tax-free.[1]

Also consider how much you're contributing in relation to plan maximums. Could you add a little more each pay period? If you increase your contribution by just a percentage point or two, you may not even notice the difference in your paycheck. But over time, that small amount can potentially add up through the magic of compounding.

If you're 50 or older, you might also review the rules for catch-up contributions, which allow those approaching retirement to contribute more than younger employees. [Special rules apply to 403(b) and 457(b) plans.]

A little maintenance goes a long way

Although it's generally not a good idea to monitor your work-based retirement plan on a daily or even monthly basis, it's important to take a look at least once a year to account for any changes in your life, your retirement income needs, or your risk tolerance and make any necessary changes to your asset allocation. You'll also want to make sure you're taking full advantage of the opportunities offered with your plan, if they make sense for you. With a little annual maintenance, you can help keep your plan on track.

[1]A qualified withdrawal from a Roth account is one that is made after a five-year holding period and you either die, become disabled, or reach age 59½.

Nonqualified withdrawals from Roth accounts are subject to regular income tax and a 10% tax penalty (to the extent the withdrawal represents earnings).

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