More than half of Vanguard investors who contribute to an IRA save the maximum amount allowable. Even investors as young as age 25 contribute at about this level, and the percentage generally rises with age. The slight dip at age 50 seems to indicate that contributors are not taking full advantage of the catch-up provision the year they become eligible. However, contributions do trend upward again as investors near retirement.

Catch-up contributions have caught on with many investors. Investors age 50 and older have the opportunity to contribute an extra $1,000 annually. The majority of eligible investors are taking advantage of this provision. However, investors age 55-plus are more likely to make a catch-up contribution than those age 50—the first year of eligibility. Some investors newly eligible for the catch-up might not realize that they have a higher limit.

Historical data suggest that some investors miss contribution increases. The contribution limit last increased in 2008, and many investors failed to take advantage of the additional contribution opportunity. For the 2013 tax year, the contribution limit has increased to $5,500 ($6,500 for investors 50 and over). Investors have until April 15, 2014, to make contributions for the 2013 tax year.
Over time, the benefits of taking your contribution to the limit can add up.

Even a one-time additional $1,500 contribution can make a difference. A 50-year old investor who takes advantage of the 2013 $1,000 catch-up and $500 increased maximum contribution limit could see that more than triple in value in 30 years.

![Graph showing projected value of IRA contributions over investor age]

An extra $1,500 contributed at age 50 can more than triple in 30 years

Note: Amounts are in today’s dollars and assume a 4% annual return after inflation. Source: Vanguard.

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