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Complete Guide

# 401k Maximizer: Contribute the Full \$23,500 and Build Wealth Faster

Maxing a 401(k) is not just a goal; it is a payroll math problem. In 2025 the employee deferral limit is \$23,500, and hitting it cleanly requires the right per-paycheck amount, an understanding of how your employer match is calculated, and a check on whether your plan offers extra after-tax features such as a mega backdoor Roth. Done correctly, maxing the plan turns your workplace retirement account into the backbone of your wealth-building system without accidentally missing match dollars or creating year-end overcontribution headaches.

## 1. Foundation

The first question is whether the 401(k) should be funded to the max before other goals. For most employees, the answer becomes yes after three things are true: the household has enough emergency cash to avoid raiding credit cards, double-digit debt is under control, and the rest of the savings hierarchy has been reviewed. The tax benefit is real. Traditional contributions reduce taxable income today, while Roth 401(k) contributions lock in tax-free qualified withdrawals later. Either way, the money grows tax-deferred while it stays in the plan. That annual shelter compounds into a very large advantage over decades.

Maxing the plan requires exact payroll math. In 2025, \$23,500 divided by 26 biweekly paychecks is about \$903.85 per check. On a semimonthly schedule with 24 paychecks, it is roughly \$979.17. Weekly payroll needs about \$451.92. Monthly payroll needs about \$1,958.33. If your employer requires a percentage instead of a flat dollar amount, divide the target per paycheck by your gross pay per check. Someone earning \$130,000 biweekly receives about \$5,000 gross per check, so a deferral around 18.1% reaches the annual limit before any bonus adjustments. That percentage must be revisited if bonuses or commissions are paid separately.

Employer match timing matters more than most savers realize. Some plans match each paycheck separately and do not true up at year-end. In those plans, front-loading the first half of the year can cause you to miss match dollars in later pay periods once your own deferrals stop. Example: if the match is 50% of the first 6% of pay and you hit the annual limit by October, you may receive no match on November and December paychecks unless the plan has a true-up provision. That means the right strategy may be to spread contributions across the entire year instead of maxing as fast as possible.

Beyond the regular salary deferral, some plans allow after-tax contributions above the \$23,500 employee limit up to the annual additions limit, then permit in-plan Roth conversion or in-service rollover. That is the mega backdoor Roth. In 2025 the overall additions limit is \$70,000 before catch-up contributions, so high savers with generous plans can shelter far more than the regular employee deferral. But the feature is highly plan-specific. You need three pieces: after-tax contributions, a way to convert or roll them promptly, and an understanding of how employer contributions consume part of the total limit.

In practical terms, the highest-leverage inputs are 2025 deferral target, per-paycheck amount, and required percentage. If those are guessed from memory, the rest of the plan turns into opinion instead of execution. Pull them from current statements, quotes, payroll records, or plan documents before making changes. That groundwork is what turns the rest of the guide from good advice into a usable operating plan.

## 2. Step-by-Step System

Run these steps in sequence. The early work on calculate the exact per-paycheck amount needed for your payroll schedule, check the employer match formula before you change anything, and set the payroll election and verify the first two pay stubs determines the quality of the later execution. Skipping ahead usually creates rework because the answer depends on information gathered earlier in the process.

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## Calculate the exact per-paycheck amount needed for your payroll schedule

Start with the 2025 employee deferral limit of \$23,500 and divide by the number of regular paychecks you expect to receive. Weekly payroll: about \$451.92. Biweekly: \$903.85. Semimonthly: \$979.17. Monthly: \$1,958.33. If you are age 50 or older and using the standard catch-up, repeat the math with \$31,000 instead. Write the number down before you log into payroll so the change is mechanical, not emotional.

If the system asks for a percentage, divide the target dollars per paycheck by your gross pay per paycheck. When bonus pay is included or excluded from the election, run the math on the actual pay categories. Overcontribution mistakes usually happen because savers use one average paycheck number while their compensation is not average.

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## Check the employer match formula before you change anything

Read the summary plan description and confirm whether the employer match is calculated per pay period or with a year-end true-up. If the plan has no true-up, your contribution schedule must be spread across the whole year so you never stop contributing before the last paycheck. Example: a dollar amount that maxes by pay period 20 out of 26 could cost you six pay periods of match. That loss can outweigh the benefit of investing slightly earlier in the year.

Also confirm whether bonuses receive a match and whether the plan caps matching contributions differently for highly compensated employees. The goal is not simply to reach \$23,500; it is to capture every employer dollar available while doing it.

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### **Set the payroll election and verify the first two pay stubs**

Make the deferral change in the HR or recordkeeper portal and note the effective date. Then review the next two pay stubs to make sure the election was implemented as intended. Payroll systems occasionally round percentages, skip the first eligible bonus check, or delay changes by one cycle. A maxing strategy built on exact math can be knocked off course by one unnoticed implementation error.

Use the first quarter to catch problems early. If your annual raise hits midyear, rerun the percentage math. If your bonus is paid separately, decide whether part of it should be contributed so you can lower the regular-pay percentage without missing the annual target.

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### **Choose traditional versus Roth 401(k) deliberately**

Traditional contributions usually make sense when you are in a relatively high marginal bracket today and expect a lower bracket in retirement or during Roth-conversion years. Roth 401(k) contributions are more compelling when your current bracket is modest, your income is likely to rise, or you want more tax diversification later. There is no universal winner. The practical approach is to compare your current federal and state marginal rate with the rate you realistically expect to pay on withdrawals.

Some households split contributions between traditional and Roth for diversification, but the split should still reflect a tax view, not indecision. Maxing a 401(k) is too valuable to treat the tax election as an afterthought.

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### **Evaluate whether your plan supports a mega backdoor Roth**

Ask three specific questions. First, does the plan allow after-tax employee contributions beyond the regular salary deferral? Second, does it allow in-plan Roth conversion or in-service rollover of those after-tax dollars? Third, what employer contributions already count toward the annual additions limit? If the answers line up, the mega backdoor Roth can shelter a substantial additional amount after you hit the \$23,500 limit.

Example: if your employer adds \$8,000 of match and profit sharing, you may still have room up to the overall annual additions limit for after-tax contributions. But if the plan lacks timely conversion mechanics, earnings can start building in the wrong tax bucket. Verify the process before you rely on it.

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### **Monitor progress midyear so you finish precisely, not accidentally**

Check your year-to-date deferrals around the middle of the year and again in early fall. Compare the actual total with the amount you should have contributed by that point if you are pacing evenly. If you are behind, raise the percentage. If you are ahead in a plan without true-up, lower it enough to keep some contribution on each remaining paycheck. This is especially important if you changed jobs during the year because the new employer will not automatically know what you deferred at the prior employer.

At year-end, confirm the W-2 reflects the right amount and keep records if you contributed to more than one employer plan. Overcontributions can often be corrected, but only if you catch them promptly.

## **3. Key Worksheets & Checklists**

Use these worksheets to turn the annual limit into payroll instructions you can actually implement. The key is matching the paycheck math to the employer match formula and then checking progress before the calendar makes the mistake permanent.

Work the cards in order. Start with 2025 deferral target, per-paycheck amount, and required percentage while the relevant documents are open. Then move through the execution checklist from top to bottom so the highest-value actions happen before lower-value cleanup work. Finally, put the first action windows—January, February, and June—on your calendar so the guide becomes dated follow-through instead of something you read once and forget.

### 401(k) Maxing Worksheet

<b>2025 deferral target</b>	Record \$23,500 for regular employee deferrals, or \$31,000 if age 50+ using the standard catch-up contribution.
<b>Per-paycheck amount</b>	Write the required dollars for your payroll cycle: weekly, biweekly, semimonthly, or monthly.
<b>Required percentage</b>	Convert the target dollars to a payroll percentage based on gross pay per regular check and note any special treatment for bonuses.
<b>Employer match rule</b>	Document the match formula and whether the plan performs a year-end true-up.
<b>Tax election</b>	Choose traditional, Roth, or a deliberate split and note the reason based on current versus expected future tax rates.
<b>After-tax feature review</b>	Record whether after-tax contributions and mega backdoor Roth conversions are available and how employer dollars affect the total limit.

## Execution Checklist

- Calculate the exact per-paycheck contribution instead of guessing with a round percentage.
- Confirm whether employer matching is per paycheck or includes a true-up at year-end.
- Verify the first two pay stubs after changing the election.
- Recheck the math after raises, bonuses, or a job change.
- Choose Roth versus traditional based on tax brackets, not trendiness.
- Investigate a mega backdoor Roth only if the plan clearly supports the after-tax and conversion steps.

### 30-60-90 Day Tracker

Window	Action	Evidence Complete
January	Set the new deferral election and save the match rules.	Payroll percentage or dollar election confirmed
February	Review the first two pay stubs for correct withholding and match credit.	No implementation errors on pay statement
June	Compare year-to-date deferrals with the even pacing target.	On-pace or adjusted contribution rate
September	Run a second pacing check, especially if bonuses or raises changed pay.	No risk of underfunding or missing match
December	Confirm the final deferral amount and retain records if contributions were made at multiple employers.	Correct W-2 and no unresolved excess deferral

## 4. Common Mistakes

The expensive errors in this topic usually come from some combination of maxing too early in a plan with no true-up, using the wrong paycheck count, and ignoring compensation changes. Read these before implementing so you know where otherwise-solid plans most often break down.

**Maxing too early in a plan with no true-up**

Hitting the annual limit by October can cost you employer match dollars on later paychecks if the plan matches each pay period separately.

**Using the wrong paycheck count**

Semimonthly is 24 checks, biweekly is usually 26, and weekly is 52. Confusing the schedules throws off the whole contribution plan.

**Ignoring compensation changes**

Raises, commissions, and bonus elections alter the percentage needed to finish cleanly. The correct January election can become the wrong September election.

**Assuming the mega backdoor Roth exists everywhere**

The feature is powerful, but many plans simply do not support after-tax contributions or prompt conversions. Hope is not a plan document.

## 5. Next Steps

After you set the payroll election, put two calendar reminders in place right away: one midyear pacing check and one early-fall pacing check. Those ten-minute reviews are what separate a clean maxing strategy from an avoidable year-end scramble. If your plan offers a match true-up or a mega backdoor Roth, document the rule in plain English so you do not have to relearn it every open-enrollment season.

If you only implement a short list in the next month, use the four checklist items below as your operating plan. They move the biggest lever first and create momentum before smaller cleanup work crowds the calendar.

- Calculate the exact per-paycheck contribution instead of guessing with a round percentage.
- Confirm whether employer matching is per paycheck or includes a true-up at year-end.
- Verify the first two pay stubs after changing the election.
- Recheck the math after raises, bonuses, or a job change.

After those first actions are in motion, use the tracker checkpoints—January, February, and June—to confirm the change actually stuck. Most financial systems fail in follow-through, not in first-day enthusiasm. A dated review catches billing reversals, allocation drift, paperwork delays, or missed implementation details while they are still easy to fix.

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