VLF*Alert*

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Dear Fellow Shareholder,

Thank you for choosing Value Line Funds as a part of your diversified investment portfolio. For over half a century, Value Line Funds has championed sound investment principles and helped thousands of investors accomplish their financial goals with our actively managed family of mutual funds.

We hope you enjoy this edition of the VLFAlert and thank you for your continued support.

Do You Know About These Important Retirement Plan Changes for 2025?: A Round-Up of New Rules That Could Boost Your Savings

If you're still saving for retirement or already a retiree, you are likely focused on how shifting policy under a new administration in Washington, D.C. could affect your nest egg going forward. But some changes were already enacted for 2025. Here's what you need to know to help save more money for retirement, boost your retirement security and avoid penalties, including key updates easily missed.

Higher Retirement Plan Contribution Limits For 2025, you will be able to increase your annual contribution to your employer-sponsored retirement plan, including 401(k), 403(b) and most 457 plans as well as the federal government's Thrift Savings Plan, from $23,000 up to $23,500. Also, starting in 2025, 401(k) and 403(b) plans established after December 29, 2022 must automatically enroll all eligible employees at a default deferral rate of between 3% and 10% of their salary, and the rate must increase every year by 1% until the participant hits at least 10% and no more than 15%. Though automatically enrolled, workers can change the rate or opt out.

A Super-Sized Catch-Up Bonus for Those Aged 60 through 63 The catch-up contribution limit, for those 50 or older, remains the same at $7,500, meaning a total of $31,000 can be contributed into 401(k)s, 403(b)s, 457s, etc. But, thanks to the Secure 2.0 Act, if you are aged 60, 61, 62 or 63 any time in 2025 and participate in these plans, the catch-up contribution limit increases to $11,250, meaning you can contribute a maximum of $34,750 this year. If you are finished paying for your children's college and/or enjoying their financial independence or if you are otherwise in a position to make the maximum contribution, this catch-up bonus is an opportunity to be a super-saver this year.

Increased SIMPLE IRA Contribution Opportunities SIMPLE IRAs are retirement plans that allow employees and employers to contribute to traditional IRAs, often used in small businesses. In 2025, annual employee deferrals to SIMPLE IRAs increased to $16,500 from $16,000 in 2024—with an additional catch-up contribution opportunity of $3,500 for those 50 and over. Also, beginning in 2025, there is a "bonus" catch-up opportunity for participants who have reached age 60 through 63 by calendar year end of $5,250, or a maximum of $21,750.

Revised IRA Income Phase-Out Ranges The contribution limit for traditional and Roth IRAs—combined—remains unchanged from last year at $7,000 in 2025, and the catch-up limit for IRAs also is unchanged at $1,000, so individuals age 50 and older can contribute a maximum of $8,000 in 2025. This is the first time in three years that traditional and Roth IRA contribution limits will not rise. But, the IRS has increased the modified adjusted gross income (MAGI) phase-out ranges for traditional IRA contribution deductibility and Roth IRA contribution eligibility.

A Nudge Up for HSAs The new 2025 annual limit for individual contributions to your health savings account, or HSA, is $4,300, up from $4,150 in 2024. For family coverage, the HSA contribution limit

IRA Limits	2024		2025	
Traditional IRA Deductibility	*Single Filer's MAGI*	*Married Filing Jointly MAGI*	*Single Filer's MAGI*	*Married Filing Jointly MAGI*
Full Deduction	Less Than $77,000	Less Than $123,000	Less Than $79,000	Less Than $126,000
Partial Deduction	$77,000-$87,000	$123,000-$143,000	$79,000-$89,000	$126,000-$146,000
No Deduction	More Than $87,000	More Than $143,000	More Than 89,000	More Than $146,000
If one spouse is covered by an employer-sponsored plan, the MAGI phase-out range for deductible contribution by non-covered spouse in 2025 is $236,000-$246,000 vs. $230,000-$240,000 in 2024.				
Roth IRA Eligibility	*Single Filer's MAGI*	*Married Filing Jointly MAGI*	*Single Filer's MAGI*	*Married Filing Jointly MAGI*
Full Contribution	Less Than $146,000	Less Than $230,000	Less Than $150,000	Less Than $236,000
Partial Contribution	$146,000-$161,000	$230,000-$240,000	$150,000-$165,000	$236,000-$246,000
Not Eligible	More Than $161,000	More Than $240,000	More Than $165,000	More Than $246,000
Saver's Credit	$38,250	$76,500	$39,500	$79,000

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rises to $8,550 in 2025, up from $8,300 in 2024. HSA savers who are 55 and older can contribute an additional $1,000.

More Favorable Charity Giving Limits People over the age of 70½ who have IRAs can contribute $108,000 to charity via the qualified charitable distribution, or QCD, in 2025, up from $105,000 in 2024. Given that nearly 90% of taxpayers do not itemize their deductions, the QCD is a way to both avoid income taxes on contributed amounts and also satisfy required minimum distributions for those age 73 or older.

Changed Inherited IRA Rules Starting in 2025, if you inherit an IRA from someone who died on or after January 1, 2020, you must take required withdrawals each year until the account is depleted no later than December 31 of the 10th year after the original account owner's death. The rule applies to most non-spousal beneficiaries—including adult children and trusts—if the original account owner had reached their required minimum distribution (RMD) age prior to their death. Before now, the beneficiary could spread the inherited IRA withdrawals over their lifetime. For original account owners who passed away after their RMD age, the beneficiary must take RMDs each year plus liquidate the account within 10 years. If you miss yearly required withdrawals or don't take enough, starting in 2025, there is a 25% penalty on the amount you should have withdrawn. This new rule does not apply to spouses, minor children, a beneficiary who is not more than 10 years younger than the decedent, or disabled or chronically ill beneficiaries. These new 10-year withdrawal rules for inherited traditional IRAs apply to inherited Roth IRAs as well but differ slightly in terms of taxes owed on the withdrawals. Check with your tax advisor for details.

Shifted Social Security FRA In 2025, the age at which you become eligible to claim 100% of your Social Security retirement benefit calculated from your lifetime earnings—your Full Retirement Age, or FRA, arrives for people born May 2, 1958 through February 28, 1959. Under current law, it will settle at 67 for people born in 1960 and after. You can start collecting retirement benefits at age 62, but your monthly check will be permanently reduced, by as much as 30%. If you can wait until age 70, you'll earn approximately an 8% annual increase in your benefit for each year you delayed past FRA, up to age 70, with those higher Social Security payments coming for the rest of your life.

A Few More Timely Reminders

It's Not Too Late to Make IRA Contributions for 2024

If you didn't yet max out your traditional or Roth IRA in 2024, you have until April 15, 2025 to make contributions for the 2024 tax year! The deadline to fund your IRA for 2025 isn't until April 15, 2026, but the sooner you do, the more time your monies will grow tax-deferred. And remember, even if you earn above the threshold to qualify for a deduction for contributing to a traditional IRA, you can still contribute—it just won't be deductible. Don't miss out on the opportunity to maximize your retirement savings.

Don't Miss Your Traditional IRA Required Minimum Distribution (RMD) Deadlines

If you turn 73 in 2025, you don't need to take your first RMD until April 1, 2026. If you opt to delay your first RMD until the year after you turn 73, you will need to take two RMDs that year—which could push your income into a higher tax bracket. If you turned 73 in 2024, your first RMD was due by April 1, 2025. Contact your tax advisor right away if you missed that deadline.

There's A Retirement Savings "Lost and Found"

According to the Bureau of Labor Statistics, older Americans have held more than 12 jobs in their lifetime.[1] So, it is understandable that some may lose track of their retirement accounts—which can add up. The Secure 2.0 Act created a searchable database, housed at the Department of Labor and managed by the Employee Benefits Security Administration, to help people find those lost retirement accounts. If you think this might apply to you, check out the Retirement Savings Lost and Found Database to establish your log-in.

Value Line Funds Offer Opportunities for Your IRA

The Value Line Funds offer you the opportunity to buy shares in a well diversified family of mutual funds, providing a wide range of solutions for your individual or group retirement plan, including your traditional, Roth or SEP IRA. As you know, investors can select one or a combination of equity, taxable fixed income or multiple asset class hybrid Value Line Funds designed to satisfy nearly any objective. Be sure one of those objectives is your own comfortable retirement.

[1]Bureau of Labor Statistics, August 22, 2023.

Diversification does not ensure a profit or guarantee against a loss. Past performance is no guarantee of future results. You should carefully consider investment objectives, risks, charges and expenses of Value Line Mutual Funds before investing. This and other information can be found in the fund's prospectus, which can be obtained from your investment representative or by calling 800.243.2729. Please read it carefully before you invest or send money.

Check out our News & Commentary at vlfunds.com for the latest on the Value Line Funds.

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