



Understanding the New Catch-Up Contribution Rule for High Wage Earners

Beginning January 1, 2026, employees age 50 or older who earned over \$145,000 in the previous year will be required to make any 401(k) or 403(b) catch-up contributions as Roth (after-tax) contributions. Catch-up contributions are the additional amounts individuals age 50+ can contribute beyond the standard annual plan limit.

If you are under age 50, or if your wages were \$145,000 or less in the prior year, this new requirement will not apply to you.

This change is not an employer decision. It comes from federal legislation known as the SECURE 2.0 Act, which all companies must follow.

Importantly, this Roth requirement only applies to catch-up contributions. It does not affect your regular 401(k) or 403(b) contributions up to the normal annual limit. If you are impacted by this new rule on catch-up contributions, you can continue to make your regular contributions on a pre-tax or Roth basis as usual.

Example:

Suppose you are 52 years old and earned \$160,000 in 2025. In 2026, you want to contribute an extra \$7,500 to your 401(k) as a catch-up contribution. Under the new rule, that \$7,500 catch-up must be contributed as Roth (after-tax) – you cannot make that catch-up amount as a pre-tax contribution.

Remember, this change doesn't affect *how much* you can contribute – it only changes the tax treatment of your catch-up contributions if you meet the income threshold.

Questions?

If you have any questions about saving or about your workplace retirement plan, please don't hesitate to contact us. We're here to help you make the most of your retirement benefits.

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<https://www.irs.gov/newsroom/treasury-irs-issue-final-regulations-on-new-roth-catch-up-rule-other-secure-2point0-act-provisions>

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