

# Understanding the New Roth Catch-Up Mandate

In 2026, a new IRS rule will change how certain individuals make catch-up contributions within their workplace retirement plans. Below is a simple breakdown of what you need to know as a participant.

## Rule Overview

As of January 2026, catch-up contributions for some individuals must be made as Roth (after-tax) contributions rather than pre-tax.

## You are impacted if all the following apply:

- You participate in a 401(k), 403(b), or eligible governmental 457(b) plan
- You are age 50 or older and make catch-up contributions
- You earned more than \$150,000 in Federal Insurance Contributions Act (FICA) wages from your employer in the prior year
- This \$150,000 threshold will be adjusted annually for inflation

## How Your Eligibility Is Determined

- The rule looks only at your prior-year compensation from your current employer
- Compensation from unrelated employers is excluded
- If your employer is part of a controlled or affiliated service group, certain wages may be combined

## What This Means for Your Contributions

- If you exceed the \$150,000 threshold, all catch-up contributions will automatically be Roth starting in 2026
- Your regular contributions (up to the standard IRS limit) can still be split between pre-tax and Roth
- Only the catch-up portion is required to be Roth

## How Your Plan May Process This Change

Plans are allowed to use a “deemed Roth election,” meaning:

- If you are required to make Roth catch-up contributions, the plan may automatically convert your catch-up elections to Roth
- You must still be allowed to change or opt out of your elections

For plans where catch-up contributions are made after reaching the annual limit (\$24,500 for 2026), the Roth requirement applies once that limit is reached.

## Potential Benefits

- More savings that have the potential to grow tax-free
- May be helpful if you expect to be in a higher tax bracket at retirement
- Adds tax diversification for retirement

## Next Steps for Individuals

- Review whether you currently make catch-up contributions
- Check if your prior-year wages put you above the Roth threshold
- Consider whether Roth contributions fit your long-term tax strategy
- Check with your HR department or plan administrator to confirm your eligibility and how this rule will be applied within your specific plan
- Reach out to your financial advisor for help in evaluating your personal situation

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