

SECURE Act 2.0: Catch-Up Contributions for High Income Earners

Important Update on Catch-Up Contributions: What You Need to Know

Starting in 2026, Highly Paid Individuals Must Make Their Catch-Up Contributions as Roth Contributions.

The IRS recently issued regulations under the SECURE 2.0 Act that impact how catch-up contributions work for retirement plans like 401(k), 403(b), and 457(b) plans. The changes take effect on **January 1, 2026**, and may affect how you save for retirement if you are 50 or older.

What's Changing?

If you earned more than **\$145,000 in FICA wages** in the previous year, you **must** make any **catch-up contributions** in the subsequent year as **Roth** (after-tax) **contributions**. For example, if you earned more than \$145,000 in 2025, catch-up contributions in 2026 must be Roth.

The IRS refers to these participants as "Highly Paid Individuals." The **\$145,000 threshold** is subject to change annually.



Key Points to Know

- **Catch-up contributions are still available**, but highly Paid Individuals must make them as Roth.
- **No action is needed now**. But consider how this affects your retirement savings strategy.

- **You can still make regular pre-tax contributions.** Only catch-up contributions for Highly Paid Individuals are subject to the Roth mandate.
- **If your plan does not offer a Roth option**, you cannot make catch-up contributions at all if you are a Highly Paid Individual.
- **This provision also impacts the enhanced catch-up.** If your Plan has adopted the enhanced catch-up provision with the higher contribution limit for those ages 60 to 63, those contributions must also be made as Roth contributions if you are considered a Highly Paid Individual.



What You Should Do Next

- **Check if your employer offers a Roth option.** Most plans do. Check your Summary Plan Description, available online.
- **Review your retirement strategy.** Roth contributions grow tax-free, which may impact your long-term savings goals.
- **Stay informed.** More details and guidance will be provided as we get closer to 2026.

TRI-AD is Here to Help

If you have any questions, please reach out to our Participant Service Center at 401kmail@tri-ad.com, or 877-690-4015, from 5 AM to 6 PM Pacific.

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