Newsletter update for SECURE 2.0 Provision 603 Roth Catch-Up for High Income Earners

Important update for participants who will earn more than $150,000 this year

Starting January 1, 2026, if you earned more than $150,000 in FICA wages from your current employer in the previous year, any age-based catch-up contributions you make to the Plan must be made as Roth (after-tax) contributions.

A provision of the SECURE Act 2.0, enacted in December 2022, mandates that certain higher-income individuals making catch-up contributions to qualified retirement plans such as the Plan must make those contributions as Roth after-tax contributions. If your FICA earnings in 2025 will exceed $150,000, age 50 and age 60-63 catch-up contributions must be made to a Roth account or designated as Roth contributions. FICA wages are the types of pay that count toward Social Security taxes. This includes salary, tips, bonuses, commissions, and some extra benefits an employee might receive (such as a company car or gym membership). You can find this total in Box 3 of your W-2 form.[1]

This provision goes into effect starting January 1, 2026, meaning that if you are planning to make catch-up contributions in 2026 or later, you must make arrangements to comply with it. Here's how:

- **Check your earnings.** Confirm whether your FICA wages will exceed $150,000 this year (2025).
- **Ensure that your plan offers Roth contributions.** If your plan doesn't, contact your plan sponsor to discuss your options.
- **Update your contribution elections.** Log in to your retirement plan account or speak with your local Retirement Specialist to adjust your catch-up contributions to Roth, if required or desired.
- **Consult a tax advisor.** Since Roth contributions are made with after-tax dollars, this change could impact your take-home pay and tax planning.
- **Stay informed.** The IRS may issue further guidance. If it does, we will share that information in future newsletters, on our website and via other communications.

To discuss whether this requirement applies to you and how to comply, contact your local Retirement Specialist.

[1] Under current proposed regulations, a participant who is eligible for Special 457(b) and 403(b) catch-ups may make such contributions on a pre-tax or Roth basis and are not required to make such contributions as Roth. Additionally, Section 603 has made changes to the Catch-Up coordination rules that may allow participants to utilize both Special Catch-Ups Contributions and Age 50+ Catch-Ups Contributions in the same year under certain circumstances. However, final guidance on this aspect of Section 603 is needed.

NRM-23362AO (11/25)