



SECURE 2.0

Section #603 - Roth Catch-Up Requirement



Background

On December 29, 2022, SECURE 2.0 Act was signed into law by the White House. The retirement legislation includes significant changes that could help strengthen the retirement system and improve Americans' financial readiness for retirement. One key change is Roth Catch-up.



What is Roth Catch-up?

Starting in 2026, employees turning age 50 or older earning more than \$150,000* in FICA wages in the previous year must make any catch-up contributions permitted under a plan as after-tax Roth contributions. If a plan does not offer a Roth option, those participants may not make catch-up contributions to the plan.



What does this mean for me?

If your 2025 FICA wages over \$150,000* with your current employer, you *must* make your catch-up contributions on a Roth basis. If you are subject to the requirement and currently only have pre-tax contributions election, you must make an affirmative Roth contribution election to make catch-up contributions.

If your 2025 FICA wages \$150,000* or *less* with your current employer, you *can* make your catch-up contributions as either pre-tax or Roth.



What are FICA wages?

FICA wages refer to the portion of your earnings that are subject to the Federal Insurance Contributions Act (FICA) taxes, which fund Social Security programs. These wages are those as defined in Section 3121(a) of the Internal Revenue Code, which are wages subject to FICA.



Where can I find my FICA wages?

You'll need review your 2025 W-2 to check your FICA¹ wages to see if you crossed the \$150,000* threshold.



What are Roth contributions?

Roth contributions are after tax deductions, which means: You pay taxes on the money you contribute now, but when you take a qualified distribution[‡], you will not owe taxes on that money or any attributable earnings.

Because Roth contributions do **not lower your taxable wages**, you may see a **decrease in your take-home pay** compared to previous years when catch-up contributions were pre-tax.



What action do I need to take?

Learn more about Roth contributions [here](#).

Talk to your financial or tax consultant about how Roth Catch-up can impact your retirement investing plan.

- If you are subject to the Roth catch-up requirement and currently only have pre-tax contributions elected, you must make an affirmative Roth contribution election to make catch-up contributions.

You can view or make changes to your contributions at any time by logging on to netbenefits.com. From the Quick Links drop-down menu, select Contribution Amount.

*Indexed annually

¹ For this purpose, wages are those as defined in Section 3121(a) of the Internal Revenue Code, which are wages subject to FICA (Form W-2 Box 3 wages for Social Security taxation purposes).

[‡] A distribution from a Roth 401(k), Roth 403 (b) and Roth 457 (b) is federally tax free and penalty free, provided the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, or death.

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