

Section 603.

(last updated 8/10/2026)

Title: Roth Catch-up Contributions

Effective Date: Effective for taxable years beginning after Dec. 31, 2025. For governmental plans, the final regulations apply beginning after the later of (1) Dec. 31, 2026, or (2) the end of the first regular legislative session of the governing body beginning after Dec. 31, 2025, with a reasonable, good faith compliance standard during this period.

Mandatory or Optional: Mandatory (if catch-up contributions offered)

Plans Affected: Section 401(k), 403(b), and governmental 457(b) plans

Previous Law: Catch-up contributions to Section 401(k), 403(b), and governmental 457(b) plans (if age 50 or older) may be made on either a pre-tax or Roth basis.

SECURE 2.0 Law: Catch up contributions to Section 401(k), 403(b), and governmental 457(b) plans must be made to on a Roth basis, except for eligible participants whose prior year wages do not exceed \$150,000 (for 2026, indexed for inflation). This requirement does not apply to SIMPLE IRAs or SEP plans.

Guidance and/or Correction Bills:

- [IRS Final Regulations \(09/15/25\)](#)
 - Proposed Treasury Regulation 1.414(v)-2 (effective 1/1/2027; incorporated into the final regulations)
- [IRS Proposed Regulations \(01/10/25\)](#)
- [IRS Notice 2023-62: Guidance on Section 603 of the SECURE 2.0 Act with Respect to Catch-Up Contributions \(08/25/23\)](#)

NAGDCA Action:

- [8/18/25 NAGDCA Again Requests Extension](#)
- [10/24/23 NAGDCA Comment Letter](#)
- [6/29/23 Joint Action Letter](#)
- [6/7/23 American Benefits Council Letter Requesting Delayed Effective Date](#)
- [5/23/23 Letter from the Four Corners on SECURE 2.0 Technical Corrections](#)
- [5/15/23 NAGDCA Catch-Up Letter to House and Senate Committee Members](#)
- [3/23/23 Letter to IRS and Treasury](#)

Question & Answer (last updated 6/24/2026)

Tax Treatment

Why was \$150,000 picked for the limit to determine whether catch-up contributions would be Roth or Pre-Tax?

- *Unclear.*

If a participant is over the \$150,000 income threshold the previous year, must all their current contribution dollars be treated as Roth, or only those falling under the 50+ or new 60-63 catch-up provision?

- *Section 603 only affects these participant's catch-up contributions. Participants making more than \$150,000 in the preceding year could still choose to make their regular contributions pre-tax.*

Is the \$150,000 gross income or taxable income?

- *Income is FICA Social Security wages (Box 3 of W-2). Government employees not covered by Social Security are exempt.*

Can we require that all age-based catch-up provisions be made as Roth, regardless of previous year's salary?

- *No. Final regulations do not permit requiring all participants' catch-up contributions to be Roth. Only participants with prior-year FICA wages above the threshold must make Roth catch-up contributions.*

Can we restrict all age-based catch-up contributions to employees whose previous year's salary was \$150,000 or less?

- *Beginning in 2026, plans must add Roth in order to continue offering catch-up contributions to all participants, or, if no Roth program, can otherwise limit catch-up contributions to only those participants with prior year FICA wages of \$150,000 or less.*

Timeline

When must plans adopt these changes?

- *The new rules apply for taxable years beginning after **December 31, 2025**. For **governmental plans**, applicability of the final regulations is delayed until the later of (1) taxable years beginning after December 31, 2026, or (2) the end of the first regular legislative session of the governing body beginning after December 31, 2025.*

*Plan amendments must be adopted by **December 31, 2029** (or later date prescribed by IRS for governmental plans).*

Income Verification

Is the plan sponsor responsible for verifying participant salary relative to the \$150,000 threshold if they did not work for an employer in the plan the previous year?

- *No. Section 603 states that the employer, not the plan sponsor is responsible for verifying income from the employer. For state plans with multiple state and local employers, although no clear guidance, generally look to a participant's prior year Box 3 FICA wages on Form W-2 from an employer participating in the plan.*

If a participant works for more than one participating employer simultaneously and contributes to the plan under both, who is responsible for coordinating the compensation totals among those employers to ensure the plan tracks the total compensation?

- *Final regulations clarify the calculation is based on **FICA wages from the sponsoring employer**. For multi-employer arrangements, the plan sponsor is not required to aggregate across employers (aggregation across controlled group members and common paymaster arrangements is permitted).*

Who is responsible for income verification in multi-employer plans?

- *The employer. Section 603 states that the employer, not the plan sponsor is responsible for verifying income from the employer. For state plans with multiple state and local employers, although no clear guidance, generally look to a participant's prior year Box 3 FICA wages on Form W-2 from an employer participating in the plan.*

Multi-employer plans may need to update their existing joinder or other participation agreements with political subdivisions to require income verification by the employer.

Would it be acceptable to ask the participant prior to making their election if they made over \$150,000 in the prior year?

- *No. SECURE 2.0 does not allow for self-certification in this instance.*

Special Catch-up Provisions

Does Section 603 affect the 457 special catch-up provision?

- *No, special catch-up contributions may always be pre-tax.*

Does Section 603 affect the 403b 15-year catch-up?

- *No, special catch-up contributions may always be pre-tax.*

Statutory Plans

Does this federal law preempt state laws and automatically allow a plan to add Roth if the state statute does not?

- *No. This Section of SECURE 2.0 does not preempt state law. If a plan is created by statute, and does not allow Roth contributions, catch-up contributions are allowed for only those participants that do not exceed the \$150,000 FICA limit.*

Plans without Roth

If we currently do not offer Roth, are we required to suspend or terminate age 50+ catch-up contributions for all employees regardless of income until we add the Roth options for our plans?

- *No. As noted above, plans can limit catch-ups to only those participants earning no more than \$150,000 (for 2026, indexed for inflation) in the prior year.*

Elections

Can this be a one-time election instead of every year?

- *Yes.*

Can a participant subject to the mandatory Roth catch-up requirement choose to make Roth contributions before reaching the regular deferral limit and still satisfy Section 603?

- *Yes, but there are often practical and systems limitations that can limit the options available to sponsors and participants.*

Final regulations provide that a participant subject to the mandatory Roth catch-up requirement may effectively allocate contributions between pre-tax and Roth throughout the year. Roth contributions made before reaching the regular deferral limit count toward satisfying the participant's mandatory Roth catch-up requirement.

As a result, a participant may make some regular contributions on a Roth basis and some on a pre-tax basis. Once total deferrals exceed the annual regular deferral limit, contributions treated as catch-up contributions are required to be Roth only to the extent that the participant has not already made Roth contributions during the year equal to the applicable catch-up limit.

However, some payroll and recordkeeping systems may have operational limitations that require all catch-up contributions for affected participants to be Roth, regardless of whether Roth contributions were made earlier in the year. Plans should confirm with payroll providers and recordkeepers that their systems can properly track Roth contributions made before the regular deferral limit is reached.

Must plans require participants to stop contributions at the regular deferral limit and separately re-enroll to begin Roth catch-up contributions?

- *No. Final regulations do not require this approach. If supported by payroll and recordkeeping systems, participants may maintain a single election and allocate contributions between pre-tax and Roth contributions throughout the year.*

Can excess deferrals for employees over the age of 50 be automatically treated as catch-up contributions and made into Roth deferrals if the participant is over the income threshold?

- *For 401(k) and 403(b) plans, final regulations allow a **deemed Roth catch-up election**—automatically treating catch-up contributions as Roth when a participant exceeds the threshold.*
- *The regulations for governmental 457(b) plans have not yet been updated to expressly provide for deemed Roth catch-up elections (although an update is in the works), but the 2025 regulations that implement the Roth catch-up rule, and the IRS's associated explanations, make clear that 457(b) plans can have a deemed Roth catch-up election. As noted in the next question, use of the special correction methods requires the plan to adopt a deemed Roth catch-up election.*
- *Participants subject to the Roth catch-up requirement are not required to make all catch-up contributions as Roth. Roth contributions made before reaching the regular deferral limit are taken into account in determining whether the mandatory Roth requirement has been satisfied. Accordingly, catch-up contributions are required to be Roth only to the extent the participant has not already made designated Roth contributions during the year equal to the applicable catch-up limit.*

What is the correction mechanism if a participant making more than \$150,000 in the preceding year has pre-tax contributions treated as catch-up contributions?

- *Before applying any correction, plans should determine whether correction is necessary. Final regulations provide that Roth contributions made earlier in the year are taken into account in*

determining whether the mandatory Roth catch-up requirement has been satisfied. Accordingly, catch-up contributions treated as pre-tax may not require correction if the participant has already made sufficient Roth contributions during the year.

- *If correction is required, final regulations allow two correction methods.*
 - **Form W-2 correction method:** *Before Form W-2 is issued, reclassify the pre-tax catch-up as Roth and report on Form W-2.*
 - **Form 1099-R rollover method:** *After Form W-2 is issued, perform an in-plan Roth rollover of the erroneous pre-tax catch-up contributions (plus earnings) and report on Form 1099-R.*
- *Both methods require that the plan adopt a deemed Roth catch-up election.*

Additional Resources:

- [NAGDCA Mid-Year Update: Legislative Insights & Association News \(05/27/26\)](#)
- [NAGDCA Final Catch-Up Contribution Regulations for Government Plans \(09/22/25\)](#)
- [NAGDCA SECURE Implementation Webinar \(01/16/25\)](#)
- [NAGDCA Roth Catch-Up Guidance Webinar \(09/30/23\)](#)