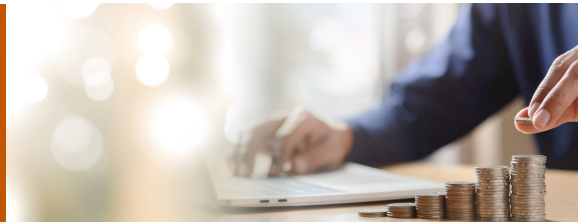


SECURE Act. 2.0 Update

AUGUST 31, 2023 | BY: THE RETIREMENT PLAN ADMINISTRATION TEAM



Along with the start-up tax credits for new plans, effective this year, and required automatic enrollment for new plans effective 2025, another significant change in SECURE Act 2.0 was that 401(k) catch-up contributions for those earning \$145,000 or more were going to be required to be Roth, starting in 2024.

On August 25, 2023, [the IRS granted a 2-year delay to the Roth catch-up requirement to 2026](#). Therefore 401(k) catch-up contributions can continue to be pre-tax and/or Roth at the participant's discretion for 2024 and 2025.

Major organizations, including the American Retirement Association (ARA) had requested the delay in the Roth catch-up rule to allow plan sponsors more time to amend their plans to comply with the new rule. Many industry experts had speculated a delay was unlikely to be granted because the tax revenue generated by the 'Rothification' of catch-up contributions was intended to fund the generous start-up tax credits implemented in the SECURE Act 2.0. The IRS heard the concerns of the ARA and others, and a delay has been granted on this provision until 2026.

For any questions regarding this matter or any retirement-related inquiries, please feel free to contact Johnson O'Connor Retirement Plan Services.

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