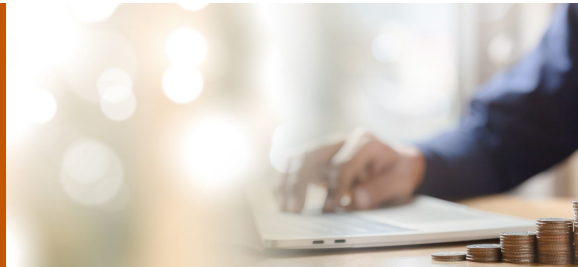


Beginning In 2026, 401(K) Catch-Up Contributions For High Earners Must Be Roth

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As we welcome 2026, there are new rules for retirement plans. As of January 1, 2026, certain employees are now required to make their 401(k) catch-up contributions on a Roth (after-tax) basis.

This change impacts both employees and employers, requiring updates to payroll, plan administration, and participant communications.

What Is the New Roth Catch-Up Rule?

Under the new rules, employees age 50 or older who earned more than \$150,000 in FICA wages from their employer in 2025 must make any catch-up contributions to their 401(k), 403(b), or governmental 457(b) plan as Roth contributions in 2026.

Employees who earned \$150,000 or less in 2025 may continue to choose either pre-tax or Roth catch-up contributions in 2026.

What Should You Do Next?

Employers should take action now to ensure the new rule is applied correctly by:

- Coordinate with payroll providers to update systems for 2026. Payroll systems must track 401(k) deduction thresholds and designate catch-up contributions correctly. If you use a payroll service we suggest having confirmation in writing how they will implement this new requirement and what your responsibilities will be.
- Communicate with employees, especially those over the \$150,000 threshold, about how this change will affect their retirement savings strategy.
- Consult your advisor to develop a compliance and communication plan.

Contact Us for Guidance

If you have questions about the mandatory Roth catch-up rule, its impact on your retirement plan, or other SECURE Act 2.0 provisions, we're here to help.

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