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Mandatory Roth Catch-Up Contributions Begin in 2026

Contribution limits and the mandatory Roth catch-up income threshold are adjusted for inflation on a periodic basis.

For nearly a quarter century, employers have been able to offer their retirement savings plan participants age 50 and older a valuable opportunity — the chance to make additional catch-up contributions to their plan.[1] Thanks to the SECURE 2.0 Act passed in 2022, that opportunity became even more valuable: Employers may now allow plan participants age 60 to 63 to contribute even more than their other catch-up eligible peers through "super catch-ups." In 2025, the standard plan contribution limit is $23,500. Participants who turn age 50 to 59 and 64 and older in 2025 can contribute an additional $7,500, while those who reach age 60 to 63 can contribute an additional $11,250.

However, SECURE 2.0 also included a provision requiring catch-up contributions to be made on a Roth basis for certain high-earning employees. In September 2025, the IRS issued final regulations related to these mandatory Roth catch-ups, which will begin to take effect in 2026.

The big picture

In most work-based savings plans, employees have the opportunity to make catch-up contributions and contribute on both a pre-tax and Roth after-tax basis.[2] While pre-tax contributions reduce the proportion of a participant's paycheck that is subject to current income taxes, Roth contributions allow participants to potentially build a tax-free nest egg for the future. (Withdrawals from Roth accounts made after the account owner reaches age 59½ are tax-free, provided the account has been held for at least five years. Other exceptions apply.) Pre-tax contributions can be especially appealing to high earners, who may contribute as much as possible (up to plan limits) to take maximum advantage of the opportunity to reduce current taxable income.

However, pre-tax contributions also reduce tax revenue for the federal government. That may be why legislators included a provision in SECURE 2.0 requiring catch-up contributions for those earning more than $145,000 to be made on a Roth, rather than pre-tax, basis. Initially slated to take effect in 2024, that provision was delayed until 2026 to allow the IRS to finalize rules and employers to modify their systems and plan documentation accordingly.[3]

The details

In September 2025, the IRS issued final regulations stating that the new requirements generally apply to contributions in taxable years beginning after Dec. 31, 2026. The IRS further stated, "The final regulations also permit plans to implement the Roth catch-up requirement for taxable years beginning before 2027 using a reasonable, good faith interpretation of statutory provisions."[4] Many industry observers interpret this language to mean that employers will be expected to begin implementing the new provisions in 2026.[5-7]

To determine whether an employee exceeds the $145,000 threshold, employers will use Federal Insurance Contributions Act (FICA) wages listed in box 3 of the employee's W-2 form from the previous year. In other words, to comply in 2026, employers will use 2025 W-2 forms. The rule does not apply to those who do not have prior-year W-2 wages, such as the self-employed.[8-9]

The new rule applies to standard and super catch-ups in 401(k), 403(b), and 457(b) plans; however, the new Roth mandate does not apply to SIMPLE plans or the special catch-up contributions permitted in 403(b) and 457(b) plans. Plans that do not offer Roth contributions either must add a Roth feature or cannot allow high earners to make catch-up contributions.[10-11]

Tax and retirement-savings impacts

High earners who may be subject to the new rule might want to review their tax-planning and retirement-savings strategies soon. Although Roth contributions can potentially provide substantial tax benefits in the future, the elimination of the pre-tax catch-up benefit could have a surprising impact on income taxes during the 2026 tax-filing season.

1) CNBC, January 4, 2017

2) PLANADVISER, October 1, 2025

3) IRS Notice 2023-62

4) IRS, September 15, 2025

5) Society for Human Resource Management, accessed October 2, 2025

6, 8) Plan Sponsor Council of America, September 30, 2025

7, 9, 10) Slott Report, September 22, 2025

11) ADP SPARK blog, accessed October 2, 2025
