



SECURE 2.0

Section #603 - Roth Catch-Up Requirement



Background

On December 29, 2022, The Setting Every Community Up for Retirement Act of 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.



What does this mean for me?

Participants with FICA wages over \$150,000* in the prior year *must* make their catch-up contribution on a Roth basis.

Participants with FICA wages \$150,000* or *less* in the prior year *can* make their catch-up contributions as either pre-tax or Roth.

*Indexed annually



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 to check your Form W-2 Box 3 wages from the prior year to see if you crossed the \$145,000* threshold.



What action do I need to take?

Since the Roth Catch-up provision does not go into effect until 2026, now is a great time to talk to a financial or tax advisor about how Roth Catch-up can impact your retirement investing plan.

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

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