
Rothification of Catch-Up Contributions for High-Income Earners

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SECURE 2.0 made rothification of catch-up contributions for high-income earners effective in 2024. However, the Treasury Department administratively postponed the Roth catch-up allocation until 2026.

What to Know About the Rothification of Catch-Up Contributions

Effective January 1, 2026, participants who are at least 50 years old and whose prior year Social Security wages (like salaries, bonuses, commissions) from an employer sponsoring the plan (i.e., 401(k), 403(b) and 457(b)) exceeded \$150,000 (for 2025) can make catch up contributions only to a Roth account.

The Treasury Regulations provide, among other things, that if a plan complies with the following qualifications, then the plan can recharacterize deferrals as Roth catch-up in case the plan administrator incorrectly determined compensation for a prior year. The plan must:

- have “deemed” Roth catch up provisions,
- have policies and procedures in place that enforce correct catch-up elections,
- allow employees to opt out of the deemed Roth catch-up prior to making elective deferrals, and
- provide for in-plan Roth rollovers.

As a plan sponsor, you may want to:

- Review your plan and, if necessary, have your professional advisors draft the necessary plan amendments by including “deemed” rothification and in plan Roth roll overs.
- Review your plan documents to confirm that your plan allows for Roth contributions (to begin with) to accommodate the mandatory requirement for high earners. If not, have your plan updated to provide so.
- Make sure that your payroll systems track employee compensation to identify those exceeding the \$150,000 threshold for 2025 and adjust contribution limits based on age and eligibility.
- Verify that your plan allows for Roth recharacterization to correct potential testing failures.
- Inform your employees about changes, especially those age 50+ and high earners.

If you have questions about this topic or other employee benefit or retirement-related matters, please contact [Nadia Havard](#) or call our office at 814-459-2800.

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