MissionSquare

SECURE 2.0 – Section 603

Roth Catch-Up Mandate

Elective Deferrals Generally Limited to Regular Contribution Limits

Overview:

- Mandatory.
- Age-based catch-ups in plans with elective deferrals 457(b), 403(b), and 401(k), must be made on a Roth basis beginning Jan. 1, 2026, for employees who earned over $150,000 in Social Security wages the previous year (with their current employer).
- To continue offering age-based catch-up contributions 457(b), 403(b), and 401(k) plans should add designated Roth account features.

Benefits of Roth to Employee:

- Eligible at all income levels.
- Maintaining the age-based catch-up allows for continued higher contribution limits and after-tax savings.
- Tax-free withdrawals.
- Flexibility when managing tax liabilities during retirement.
- Required minimum distribution calculations exclude Roth assets.

Considerations for Plan Sponsor:

- For plans to continue offering age-based catch-up contributions, this provision is mandatory.
- Review payroll systems to determine changes needed.
- Plan sponsors will be required to track compensation for their employees.
- Determine changes needed to human resource practices.
- Establish operational requirements for tracking and reviewing compensation from the previous year.

Action Steps:

To add Roth contributions, start by completing the Request for SECURE Plan Changes Checklist via Secure Messaging to the MissionSquare Plan Services team to get the process started. Required documentation will be sent to you for execution. To learn more about the process, view our Changing Plan Provisions Guide.

Additional resources available to support your needs:

- SECURE 2.0 Webpage
- Employer Guide
- Roth Contributions Adoption Guide

Questions? Contact MissionSquare Plan Services at (800) 326-7272 or log in to your account to use Secure Messaging.

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