FINANCIAL EDUCATION

Roth Catch-Up Provision for High Earners

A new rule starting in 2026 changes how high earners can contribute catch-up dollars to their 401(k).

If you're age 50 or older and contributing to a 401(k), a new rule may affect how you make catch-up contributions, especially if you earn over a certain amount. Here's what you need to know to stay informed and prepared.

What is the new Roth catch-up rule?

Beginning in 2026, certain 401(k) catch-up contributions must be made as Roth (after-tax) contributions instead of pre-tax. This change applies only to higher-earning individuals and is part of the broader SECURE 2.0 Act of 2022.

Here's a breakdown of the key changes:

Roth Required for High Earners: If your wages from your employer in 2025 are more than $145,000 (based on FICA income), your catch-up contributions starting in 2026 must go into a Roth account.

No Pre-Tax Option: You won't be able to make catch-up contributions on a pre-tax basis if you're over that wage threshold.

Applies Only to Catch-Up Contributions: Standard contributions are not affected, only the additional amounts for those age 50+.

Does this new rule apply to you?

This new requirement applies to higher-earning employees who are nearing retirement and eligible to make catch-up contributions. If all three of the following apply to you, the Roth requirement will go into effect for your future catch-up contributions:

AGE 50 OR OLDER

EARN MORE THAN $145,000

MAX OUT YOUR 401(K)

If you earned less than $145,000 in the previous year, you can continue to choose between pre-tax or Roth for your catch-up contributions (if your plan offers both options).

Considerations for Employees

Here are a few things to keep in mind as you prepare for this change:

Check if your plan has a Roth option

Not all 401(k) plans offer a Roth option. Check with your employer to confirm.

Impact on your paycheck

Because Roth catch-up dollars are made after-tax, you may notice a change in take-home pay and tax treatment later.

Actions may or may not be needed

You won't need to do anything right away unless your employer or plan provider notifies you.

If you have questions about how this rule may affect your retirement savings strategy, reach out to your plan administrator or contact us for more information.

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