

What's changing

Roth Catch-up

If a participant's prior year FICA wages from the employer sponsoring the plan exceeded \$145,000, then a participant's Age 50+ Catch-up deferrals can only be made as a Roth contribution. The \$145,000 threshold is subject to IRS annual cost of living adjustments in \$5,000 increments.

What it means

Impact: Mandatory (for plans that allow Age 50+ Catch-up Contributions)

If the plan allows Age 50+ Catch up contributions, it will also need to allow for Roth contributions.

Effective date: Tax years after December 31, 2023*

*For the 2024 and 2025 tax years, the IRS will deem participants and plans as satisfying the Roth Age 50+ Catch-up contribution requirements, even if those catch-up contributions are not designated as Roth contributions

Applicable plans: 401(k), 403(b) and governmental 457(b) plans