Mercer Wise

Mandatory Roth catch-up contributions are coming in 2026

A new requirement of the SECURE 2.0 Act may impact certain high-earning participants age 50 or older who make catch-up contributions to their 401(k) plan.



Refresher: Catch-up contributions can help older individuals save more as they near retirement. Participants who are age 50 and older can elect to contribute an additional amount to their retirement account, known as a catch-up contribution.

Beginning in 2026, catch-up contributions made by certain high-earning participants must be made on a Roth basis instead of pre-tax.

This rule will apply if you:

- Are 50 years of age or older in 2026
- Have FICA wages that exceed **$150,000** from your employer in 2025

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Roth catch-up mandate for High-Earners

What else you should know*

- **Identifying High-Earners.** The FICA wage threshold for high-earners will be subject to annual indexing.
- **No proration for partial year.** The FICA wage threshold is NOT prorated if you worked only part of 2025 with your current employer.
- If you qualify as a higher-earner, your catch-up contributions will automatically be deemed Roth unless you make an alternative election that avoids catch-up contributions.

<u>2026 Contribution limits:</u> For the 2026 plan year, the pre-tax contribution limit into a 401(k) plan is $24,500, with a catch-up contribution limit of $8,000 for employees over 50 years of age, and a super catch-up limit of $11,250 for employees turning ages 60-63 in 2026.



Where to go for more information

Please call us at **(833) 637-2379 (MERCER-W)** or visit our website at **mercerwise.com**.

*Certain exceptions may apply

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