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IRS Releases SECURE 2.0 Final Roth Catch-Up Regulations

The guidance confirms that, starting January 1, 2026, participants whose prior-year Federal Insurance Contributions Act (FICA) wages exceed $150,000 must make catch-up contributions on a Roth basis.

While other provisions in the regulations apply to tax years beginning after December 31, 2026, the IRS did not delay the effective date for the mandatory Roth catch-up contribution requirement. Plan sponsors should prepare to implement this change by the start of 2026.

While the final regulations span 94 pages, here are some key highlights:

- Employers from an organization that has multiple subsidiaries may combine employee compensation across entities to determine if Roth catch-up contributions are required.
- Clarified rules regarding the correction needed for failing to comply with the mandatory Roth catch-up requirement.
- Plan administrators may use the in-plan Roth conversion correction method until the last day of the plan year following the year in which the excess contribution was made.

To comply with regulations, we suggest plan sponsors complete the following:

- Ensure plan documents allow high-wage earners to make catch-up contributions on a Roth basis.
- Contact your payroll provider to coordinate implementation of these changes on January 1, 2026.
- Understand your recordkeeperâ??s process for administering these new rules.
- Educate employees aged 50 and older who earned more than $150,000 in FICA wages in 2025 that catch-up contributions made in 2026 must be Roth elective deferrals.

For more information, please contact your CAPTRUST advisor.

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