Your Green®

Did you know?

Changes are coming to employer retirement plan "CATCH-UP" contributions for those ages 50+.

Beginning in 2026, for ***highly paid employees***, any type of catch-up contribution must be made into an **after-tax Roth** 401k/403b/govt 457b account.

> **"If the plan does not allow Roth contributions (although most do), then these highly paid employees cannot make any catch-up contributions — pre-tax or Roth."**
> ***-Ed Slott & Co.***

For 2026, a "highly paid employee" is defined as making $145K+ in FICA wages for 2025.

2026 contribution maximums have not yet been released, however, to illustrate this further using 2025 figures: $23,500 is the base contribution amount. Those 50+ can add a $7,500 catch-up amount. Those 60-63 can add a $3,750 "super catch-up" amount (**max total of $11,250 in catch-up amounts**) – for *up to $34,750 in allowed 401k/403b/457b total contributions*. All of these can currently be made into pre-tax or Roth accounts. **However, in 2026, the total of all catch-up contributions will only be allowed in an after-tax Roth account.**

Roger's thoughts:
Now is a great time to ask your HR department about adding Roth capability to their 401(k) plan, if the plan does not currently allow Roth contributions.

Note: *This change does not apply to non-governmental 457(b) plans (which do not allow Roth contributions) or to SIMPLE IRA plans (which do allow them). The Roth mandate applies to both "regular" catch-up contributions for employees who turn age 50 or over and the new "super catch-up" for employees who turn ages 60, 61, 62, or 63 during the year. The maximum regular/catch-up/super catch-up contribution limits for 2026 have not yet been released by the IRS. They are expected to be released by early November 2025.*

GREEN FINANCIAL