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Changes to Catch-Up Contributions for High Earners Starting in 2026

Everything you need to know.

If you're 50 or older and earn over a certain amount, you need to prepare for a change in how catch-up contributions are made.

WHAT ARE THE CHANGES?

Generally, plan participants with more than $145,000 in wages in the prior tax year from their current employer must make their catch-up contributions as after-tax Roth contributions.

WHEN DO THEY TAKE EFFECT?

The new rule takes effect January 1, 2026. How much you make in 2025 (and each year after) will determine whether you must make catch-up contributions as Roth, or are still eligible to choose between pre-tax and Roth catch-up contributions the following year.

HOW ARE ROTH CONTRIBUTIONS DIFFERENT?

When you make a Roth contribution, the money is taken out of your paycheck after you've paid income taxes, so you don't receive an immediate tax deduction.

However, withdrawals you make from Roth contributions will be tax-free* as long as:

- You are at least age 59 and a half.
- You made your first Roth contribution at least five calendar years before the withdrawal.

HOW WILL IT AFFECT ME?

If you're age 50 or older in 2026 and make over $145,000 in FICA wages in 2025 (and in any year after that), any catch-up contributions you make must be made as Roth contributions.

WHAT IF I'M CLERGY AND RECEIVE SECA WAGES?

The new rule applies to FICA wages only. If, like many clergy, you earn SECA wages, this regulation doesn't apply to you at this time. If you're unsure about your FICA/SECA wage status, speak to your employer or a tax advisor.

HOW WILL MY PRIOR YEAR'S WAGES BE CALCULATED?

For taxpayers with FICA wages, the FICA wages shown on the W2 form from your current employer for the prior year will determine whether or not you can make catch-up contributions using pre-tax dollars for the current calendar year.

It's important to emphasize that the prior year's wages—used to determine how you make your catch-up contribution—**are only based on wages from your current employer.**

Examples

Tim is 52 years old, and his FICA wages with his current employer were $160,000 in 2025.

Since Tim's FICA wages were over the $145,000 threshold in 2025, if he makes catch-up contributions to his retirement account in 2026, **he must make those catch-up contributions as Roth contributions.**

Sarah is 54 and was hired by Congregation ABC on July 1, 2026, with an annual salary of $180,000.

Since Sarah had no wages from Congregation ABC in 2025, **she would still be able to make her catch-up contributions with pre-tax dollars** in 2026. She would also be able to make pre-tax catch-up contributions the following year, since she only worked a half year at Congregation ABC and will have made less than the $145,000 FICA wage threshold in 2026.

SHOULD I BE MAKING ROTH CONTRIBUTIONS NOW?

Remember, you must be at least 59.5 and wait five calendar years after your first Roth contribution before you can make tax-free withdrawals.*

If you're nearing retirement and you want to be able to withdraw Roth assets tax-free, you might choose to make a Roth contribution now—even if it's only a few dollars. This will get your five year clock running and give you access to tax-free withdrawals as soon as possible when you retire.

Questions?

Everyone's situation is unique and changing regulations and requirements can be complicated. Our team is here to help.

Chase Bouchie
Senior Employer
Account Associate

646.884.9897

cbouchie@rpb.org

Robert Perry
Director of Participant
and Employer Services

646.884.9890

rperry@rpb.org

* Earnings on Roth contributions are federal-tax free if 1) you've held your account for five years beginning January 1 of the year that you made your first Roth contribution, and 2) you're at least age 59.5 (or disabled or deceased). If withdrawn before 5 years, your earnings will be taxed. Depending on where you live, you may have to pay state income tax on Roth earnings when you withdraw the money.