

SECURE 2.0: Roth Catch-Up Contribution Delay

Article By:

Cassandra Labbees

David Diaz

Mason Gardner

Section 603 of the SECURE 2.0 Act of 2022 (“Section 603”) implements changes to catch-up contributions and is applicable to employers who maintain a 401(k), 403(b), or 457(b) plan with participants who are age 50 and older and whose income from the prior year exceeded \$145,000. Section 603 requires that catch-up contributions must be made as Roth contributions (i.e., after tax basis) for those earning more than \$145,000. Originally, Section 603 was set to become effective starting in 2024. However, on August 25th, 2023, in response to many industry groups urging for an extension, the IRS released [Notice 2023-62](#) (the “Notice”) granting a two-year delay in the effective date. This relief means employers don’t need to add Roth as an option to retirement plans for those earning \$145,000 before 2026 to comply with Section 603. During the transition period, catch-up contributions can continue on a pre-tax or Roth basis (if plan terms permit Roth contributions) until 2026 regardless of a plan participant’s income.

Additionally, the Notice addressed a technical error that would have effectively eliminated all catch-up contributions – Roth and pre-tax – beginning in 2024. The Notice corrects such error and makes clear that going forward, Roth and pre-tax catch-up contributions can continue to be made by plan participants who are age 50 and older.

While the Treasury Department and the Internal Revenue Service intend to issue future guidance regarding Section 603, the Notice provides welcome relief to plan sponsors, recordkeepers and other parties with regard to implementation of Section 603.

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