



IRS Announces Roth Catch-up Rule Delay

In a welcome surprise, last Friday, August 25, the IRS announced a [two-year delay](#) in the implementation of SECURE 2.0's mandatory Roth catch-up rule. This rule mandates that catch-up contributions to 401(k), 403(b), or governmental 457(b) plans must be designated as after-tax Roth contributions for those with prior-year Social Security wages exceeding \$145,000.

The rule was scheduled to take effect on January 1, 2024. However, with new IRS guidance in the form of Notice 2023-62, it will not take effect until January 1, 2026.

In addition, the notice also addressed a drafting error in SECURE 2.0 that would have eliminated all age-50 catch-up contributions beginning in 2024, by clarifying that such catch-up contributions would indeed be permitted after 2023.

Although plan sponsors have expressed concern that this new rule will require significant preparation, until last week, it seemed any delay in the effective date of the provision was unlikely. Now, sponsors can breathe a sigh of relief as they continue preparing to make this transition.

Plan sponsors who have questions about this and other SECURE 2.0 provisions should reach out to their financial advisor for advice or visit CAPTRUST's dedicated [SECURE Act 2.0](#) web page. The complete IRS notice is available [here](#).

Should you have immediate questions, or for more information, please contact your CAPTRUST financial advisor at 1.800.216.0645.