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New Roth 401(k) catch-up rules launching in 2026: What high earners age 50 or older need to know.

Beginning on January 1, 2026, if you're age 50 or older by December 31 and earned more than $145,000 (indexed) in Social Security (FICA) wages in the previous year, any catch-up contributions you make to your retirement plan account must be made on a Roth basis. This change is required by the SECURE 2.0 Act of 2022 ("SECURE 2.0").

What's new in Roth 401(k) catch-up rules?

The IRS limits how much employees can contribute to their employer-sponsored retirement plan each year. For 2025, the combined pre-tax and Roth contribution limit for individuals under age 50 is $23,500. Employees who are 50 or older are allowed to contribute additional money, known as a catch-up contribution. For 2025, the catch-up contribution is an extra $7,500, for a total of $31,000. And for those between the ages of 60 and 63 by December 31, the catch-up contribution jumps from $7,500 to $11,250, if your plan allows.

Starting in 2026, savers who are 50 or older will fall into one of two groups, based on annual income:

- Participants who made $145,000 or less in the previous year can continue to make pre-tax and/or Roth catch-up contributions to their retirement plan account. Roth contributions are made with after-tax dollars, and qualified withdrawals of both contributions and earnings are tax-free. However, if Roth earnings are withdrawn before age 59½ or before meeting the five-year holding requirement, they may be subject to income tax and a 10% early withdrawal penalty.
- Participants who made more than $145,000 in the previous year can only make Roth 401(k) catch-up contributions. At retirement, withdrawals of this money will be tax-free, provided certain qualifications are met.[1]

What works for you?

Let's review the following hypothetical examples of Mike, Christina, and Sam, who are all close to or older than 50 years old.

Mike

Mike is older than 50 and will make less than $145,000 in 2025. In 2026, he can make pre-tax and/or Roth catch-up contributions up to the IRS limit. If his wages exceed $145,000 in 2026, any catch-up contributions he makes in 2027 must be Roth 401(k) contributions.

Christina

Christina is older than 50, will make more than $145,000 in 2025, and is currently making pre-tax catch-up contributions. Starting in 2026, her catch-up contributions must be made on a Roth basis.

Sam

Sam will turn 50 in 2026 and will make more than $145,000 in 2025. He'll be eligible to start making catch-up contributions in 2026, and his contributions must be made on a Roth basis.

For illustrative purposes only. Individual situations will vary.

What you need to do if you're age 50 or older.

In 2026, when you receive your 2025 Form W-2 (employers are required to send these by January 31 each year), review Box 3 to see if your FICA wages exceeded $145,000. If you're younger than 50, you're not eligible to make catch-up contributions. This doesn't impact you.

If you're 50 or older and made $145,000 or less in 2025, you don't have to take any action. Any catch-up contributions you make can continue on a pre-tax and/or Roth basis, based on your elections. If you're 50 or older, made more than $145,000, and want to make a catch-up contribution once you meet the $23,500 pre-tax and/or Roth limit, your catch-up contribution will automatically be made on a Roth basis.

Log in to your account at **workplace.schwab.com** to review your retirement plan contributions.

Questions? Call Participant Services at **1-800-724-7526**, Monday through Friday, 8 a.m. to 10 p.m. ET.
En español: **1-877-905-2553**.

Frequently asked questions.

What is a Roth catch-up contribution?

A Roth catch-up contribution is an after-tax contribution to your employer-sponsored retirement plan. Unlike traditional pre-tax contributions, Roth contributions are taxed up front—and both the contributions and any earnings on them can be withdrawn tax-free in retirement, provided certain requirements are met.[1]

Are all catch-up contributions now required to be Roth contributions?

Beginning in 2026, if you're age 50 or older by December 31 and earned more than $145,000 in Social Security (FICA) wages from your employer in the previous year, any catch-up contributions you make must be made as Roth (after-tax) contributions.

What types of plans are impacted?

This rule applies to 401(k) plans, 403(b) plans, and governmental 457(b) plans.

Can I still choose to make pre-tax catch-up contributions?

You can make pre-tax catch-up contributions only if your Social Security (FICA) wages were $145,000 or less in the previous calendar year. Otherwise, any catch-up contributions you make must be Roth based, regardless of your preference.

How do I know if I earned more than the threshold?

The $145,000 limit (indexed) is based only on wages from the previous year that are subject to Social Security (FICA) taxes—not total income or investment earnings. This figure will be shown in Box 3 ("Social Security wages") of your Form W-2, which your employer is required to send by January 31 each year.

How will this impact my taxes?

Because Roth contributions are made with after-tax dollars, you won't receive a tax deduction for them. This may result in a higher income tax bill in the year you contribute.

However, when you retire, both the contributions and their earnings can be withdrawn tax-free as long as you're over age 59½, have become disabled, or have died and have held the Roth account for at least five years.

[1]Earnings on Roth 401(k) contributions are eligible for tax-free treatment as long as the distribution occurs at least five years after the year you made your first Roth 401(k) contribution and you have reached age 59½, have become disabled, or have died.

This information is for educational purposes only and is not intended to be a substitute for specific individualized tax, legal, or investment planning advice. Where specific advice is necessary or appropriate, you should consult with a qualified tax advisor, CPA, financial planner, or investment manager.

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