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Insights

IRS Extends Effective Date for Roth Treatment of Catch-Up Contributions to 2026

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Welcome news was delivered by the Internal Revenue Service last Friday afternoon, under IRS Notice 2023-62. The IRS has extended the January 1, 2024 deadline for employer-sponsored retirement plans to implement Section 603 of SECURE 2.0 ("Section 603") which would require an employer to treat all pre-tax catch-up contributions as Roth contributions for any participant whose compensation in the prior calendar year exceeded $145,000 (adjusted annually).

The IRS extended the effective date for Section 603 to January 1, 2026 to allow for more comments and input from the public.

Following the public commentary period, the Treasury Department and IRS (the "Departments") intend to issue more guidance on Section 603, including (i) clarifying which employees and what compensation will be subject to the new provision; (ii) permitting the employer to designate an employee-elected pre-tax contribution as a Roth contribution; and (iii) clarifying the administration of Section 603 for multiple employer plans.

We will update you as more guidance is issued by the Departments on this provision of SECURE 2.0. If you have any questions or would like to discuss any of these provisions in more detail, please contact Lisa Durham or another member of Krieg DeVault's Employee Benefits & Executive Compensation Practice Group.

If you have any questions or would like to discuss this latest article in more detail, please contact Lisa A. Durham or another member of Krieg DeVault's Employee Benefits & Executive Compensation Practice.

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