

SECURE 2.0 Act of 2022

What plan sponsors need to know about the
Section 603 Roth catch-up contribution provision

November 2025



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Payroll provider requirements for contribution submission



Roth catch-up contribution provision overview

What's changing and who's affected



Catch-up contributions for certain participants must be Roth

As of January 1, 2026, employees whose wages (as defined for Social Security FICA wages)¹ from the same employer **exceed \$150,000*** in the preceding calendar year can only make catch-up contributions on a Roth basis.



What it means for your plan

Participants subject to the Roth catch-up requirement are not eligible to make pre-tax catch-up contributions.

Plan sponsors must engage with payroll providers as soon as possible to review and update their payroll procedures for catch-up-eligible employees whose wages will exceed \$150,000* in 2025.

*Indexed annually.

1. For this purpose, wages are those as defined in Section 3121(a) of the Internal Revenue Code, which are wages subject to FICA (Form W-2 Box 3 wages for Social Security taxation purposes). The final regulations allow employers the flexibility to also use FICA (Form W-2 Box 5 wages for Medicare) for the 2026 tax year.

Roth catch-up requirement

Recent regulatory guidance and plan sponsor considerations for plans **with** a Roth feature

Plans **with** a deemed Roth catch-up election



If your plan adopts the deemed election, pre-tax catch-up elections will be treated as Roth elections when a participant is subject to the requirement, even if they only make pre-tax deferral contributions.

A participant must be given the opportunity to make a new deferral election that is different from the deemed election.

Important considerations:

Consult with your payroll provider to confirm their ability to support a deemed Roth catch-up election.

Plans with a deemed Roth catch-up election can utilize the 2 new correction methods (Form W-2 and Form 1099-R) described in the guidance, in addition to the current corrective options.

Plans **without** a deemed Roth catch-up election



If your plan does not adopt the deemed election, pre-tax deferrals will not be treated as Roth catch-up contributions when a participant is subject to the requirement unless the participant makes an affirmative Roth deferral election.

Important considerations:

Plans without a deemed Roth catch-up election **cannot** utilize the 2 new correction methods described in the guidance and must follow current corrective options that include distributing excess contributions and methods under the Employee Plans Compliance Resolution System.



Applicable limits will vary based on plan design.

[Learn more](#) about the final regulations including information on applicable plan limits.

Roth catch-up requirement

Regulatory guidance and plan sponsor considerations for plans **without** a Roth feature

No Roth feature in the plan



If your plan allows catch-up contributions and does not offer a Roth feature, participants subject to the requirement cannot make **any** catch-up contributions.

Participants not subject to the requirement may continue to make pre-tax catch-up contributions.

Important considerations:

This plan design prevents participants subject to the requirement from making **any** catch-up contributions beginning January 1, 2026.

This plan design may subject the plan to additional nondiscrimination testing.

Plan sponsors can add a Roth feature to allow participants subject to the requirement to make catch-up contributions on a Roth basis.



Applicable limits will vary based on plan design.

[Learn more](#) about the final regulations including information on applicable plan limits.

Roth catch-up requirement

The impact on plan administration

It's important that all stakeholders involved—plan sponsors, payroll providers, and Fidelity—collaborate so that:

Catch-up-eligible participants are identified

Contributions are managed accurately

Corrections are minimized



Plans **with** a Roth feature

Make sure the payroll provider sends catch-up contributions for participants subject to the requirement to the Roth source.[^]




Plans **without** a Roth feature

If your plan offers catch-up contributions, ensure that participants subject to the requirement do not make any catch-up contributions.




Key payroll information

Payroll manages wage information, tracks catch-up eligibility (age 50 and older), and monitors contribution limits.

Plan sponsors should ensure that payroll providers extend their monitoring to review participant eligibility for Roth catch-up contributions—namely, if their wages for the previous year are above \$150,000.* 

Contributions must be directed by the payroll provider to the appropriate source on Fidelity's recordkeeping system, based on your plan's inclusion of a Roth feature.

If your plan is adding a Roth feature, consult with your Fidelity service team and payroll provider regarding any configuration changes needed to capture Roth deferrals and make Roth contributions. 

[^]Plans currently without a Roth feature will need to add one in order to offer catch-up contributions to impacted participants .

*Indexed annually.

The Fidelity solution

The Roth Catch-up Required (RCR) indicator

The RCR indicator identifies participants above and below the \$150,000* FICA wage threshold in the preceding calendar year (participants above are subject to the requirement).



What is it?

The RCR indicator is a new participant-level data element that identifies which participants are subject to the Roth catch-up requirement.

RCR indicator values include **Y or N** and the effective year for all catch-up-eligible participants.¹

Y = Participants who are catch-up-eligible and above the \$150,000* FICA wage threshold and therefore subject to the Roth catch-up requirement

N = Participants at or below the \$150,000* FICA threshold who are **not** subject to the Roth catch-up requirement



Why do I need to submit it?

Payroll information determines the RCR indicator values Fidelity will use to assist plan sponsors in complying with the Roth catch-up requirement. If submitted, benefits may include:

- **Enhanced NetBenefits® experience**
- **Personalized participant communication**
- **Custom PSW reporting**
- **Contribution error reporting**

Fidelity's nondiscrimination testing service and corrections process require submission of the RCR indicator.



When is it submitted?

The RCR indicator needs to be **submitted annually** after compensation has been finalized for the applicable year.

Fidelity will start accepting the RCR indicator in **late Q4 2025** for the 2026 plan year via Plan Sponsor Webstation® (PSW®) file upload.



How is it submitted?

Plan sponsors will submit the RCR indicator value for all catch-up-eligible participants¹ via **PSW file upload**.

PSW will have the flexibility to accommodate updates on the participant record level.

More information about the PSW file upload process and RCR indicator data requirements will be provided in Q4 2025.

*Indexed annually.

1. Fidelity's best practice is for plan sponsors to provide the RCR indicator value for all catch-up-eligible participants.

Plans **with or adding** a Roth feature – **with** deemed Roth

Payroll provider requirements for contribution submission



Identify catch-up-eligible employees and their FICA wages¹ for the preceding calendar year.

Participants **under/at** the \$150,000* threshold

CONTINUE sending catch-up contributions to the pre-tax source or designated catch-up (pre-tax or Roth) source (based on plan configuration) for participants.

Participants **over** the \$150,000 threshold **with an existing Roth source in the plan**

STOP sending catch-up contributions to the pre-tax source or pre-tax catch-up source (based on plan configuration) once the participants reach a plan limit or the \$24,500* pre-tax contribution limit.

START sending catch-up contributions to the Roth source or Roth catch-up source (based on plan configuration) once the participants reach the applicable plan limit.

Participants **over** the \$150,000 threshold, and a Roth source **needs to be added to the plan**

PREPARE payroll to support file feeds (both to and from) for the Roth source(s) being added to the plan. The Fidelity data specifications must be updated for the added source(s).

STOP sending catch-up contributions to the pre-tax source or pre-tax catch-up source (based on plan configuration) once the participants reach the applicable plan limit.

START sending catch-up contributions to the Roth source or Roth catch-up source (based on plan configuration) once the participants reach the applicable plan limit.

Information provided is general and may differ based on payroll provider capabilities. Please consult with your payroll provider to determine the required system updates specific to your plan.
*Indexed annually.

1. 2025 FICA wages will be submitted for the 2026 calendar year.

Plans **with or adding** a Roth feature – **without** deemed Roth



Payroll provider requirements for contribution submission

Identify catch-up-eligible employees and their FICA wages¹ for the preceding calendar year.

Participants **under/at** the \$150,000* threshold

CONTINUE sending catch-up contributions to the pre-tax source or designated catch-up (pre-tax or Roth) source (based on plan configuration) for participants.

Participants **over** the \$150,000 threshold **with an existing Roth source in the plan**

STOP sending catch-up contributions to the pre-tax source or pre-tax catch-up source (based on plan configuration) once the participants reach the applicable plan limit.

Participants **over** the \$150,000 threshold, and a Roth source **needs to be added to the plan**

PREPARE payroll to support file feeds (both to and from) for the Roth source(s) being added to the plan. The Fidelity data specifications must be updated for the added source(s).

STOP sending catch-up contributions to the pre-tax source or pre-tax catch-up source (based on plan configuration) once the participants reach the applicable plan limit.

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Plans **without** a Roth feature

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Identify catch-up-eligible employees and their FICA wages¹ for the preceding calendar year.

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CONTINUE sending catch-up contributions to the pre-tax source or designated catch-up (pre-tax or Roth) source (based on plan configuration) for participants.

Participants **over** the \$150,000 threshold **with an existing Roth source in the plan**

STOP sending catch-up contributions to the pre-tax source or pre-tax catch-up source (based on plan configuration) once the participants reach the applicable plan limit.

Information provided is general and may differ based on payroll provider capabilities. Please consult with your payroll provider to determine the required system updates specific to your plan.

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1. 2025 FICA wages will be submitted for the 2026 calendar year

Disclosures

For additional information, please visit the [Roth Catch-up Resource Center](#) or contact your Fidelity representative.

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