



A financial advisory practice of Ameriprise Financial Services, LLC

2026 Change to Retirement Catch-Up Contribution Rule

The year is already rapidly coming to a close, making it peak season for assessing (and, in many cases, reassessing) contribution options related to retirement savings accounts. A major factor worth considering heading into the new year is changes to the SECURE 2.0 Act's catch-up contribution rule. The changes begin, January 1, 2026, and could have a significant impact on individuals 50 years of age and older who earned more than \$145,000* in 2025. If you are part of this group of investors, read more to learn about what catch-up contributions are and what the new rules mean for your retirement savings.

What is a catch-up contribution?

If you're age 50 or older and have any variety of qualifying retirement savings accounts — including 401(k)s, 403(b)s, 457(b)s — you have the option of contributing additional pre-tax funds beyond the standard contribution limits set by the Internal Revenue Service.¹ These catch-up contributions are designed to help people nearing retirement give their investments an extra boost, which is especially beneficial for individuals who weren't able to contribute as much during their younger years. Catch-up contributions give soon-to-be-retirees an opportunity to accelerate their savings to match their expected income needs in retirement.

How did Secure 2.0 Act impact investors?

Passed in December 2022, the SECURE 2.0 Act was created to encourage greater use of retirement plans that allow Americans to prepare for their golden years. The legislation included a variety of tax credits and other provisions, such as opportunities for long-term and part-time employees to participate and save more for retirement. The act increased the age at which individuals must begin making required minimum distributions (RMDs) to accommodate employees who stay in the workforce longer. The catch-up contribution limit for participants aged 60 to 63 was raised in 2025 to \$11,250 under this legislation, dubbed a "super catch-up" contribution.² This allows individuals within this age group to contribute well above the standard catch-up amount and take advantage of their peak earning years.

What is the new catch-up contribution rule?

Beginning in the new year, individuals with employer-sponsored 401(k), 403(b), and 457(b) government retirement plans who are 50 years of age or older and who earned more than \$145,000* in FICA wages the previous taxable year, must put their catch-up contributions into a designated Roth account *after* taxes.³ Simply put, this means any catch-up or super catch-up contributions for these high-income earners will be subject to tax deductions. This change does *not* impact a participant's standard contributions to their employer-sponsored retirement savings, which will continue to be able to be contributed pre-tax, and will not impact individuals who made less than \$145,000 in FICA wages the prior year.

How can I prepare for this change? For individuals nearing retirement, it's important to regularly reassess your contributions and make sure they're aligned with upcoming regulatory changes, shifts in

late-career professional plans, and your personal income needs and financial goals. This shift to the catch-up contribution rule presents new strategic opportunities for high-income earners. A financial advisor can help navigate these decisions and diversify investments to set you up for success in retirement.

* In Federal Insurance Contributions Act (FICA) wages and adjusted for inflation.

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