

# SECURE ACT 2.0 UPDATE

AUGUST 2023



## SECURE Act 2.0 Roth Catch-Up Update

On August 25, 2023, the IRS published [Notice 2023-62](#) to provide initial guidance on, and a two-year delay of, the SECURE 2.0 Act requirement related to Roth catch-up contributions for high earners. **This delays the rule until January 1, 2026.**

Section 603 of the SECURE 2.0 Act required plans to comply with the following to continue offering catch-up contributions on and after January 1, 2024:

1. Any catch-up contributions made by a participant whose wages (for FICA tax purposes) from the employer sponsoring the plan exceed \$145,000 (as adjusted for inflation) in the preceding calendar year must be made on a Roth basis.
2. If the preceding rule applies to any participant for a plan year, the plan must allow (but does not need to require) all other participants to elect to make catch-up contributions on a Roth basis.

### Implementation Questions

There were many open questions regarding the implementation of this rule. As part of this provision, Congress inadvertently eliminated the section of the Tax Code that permits catch-up contributions in the first place. These issues were identified by various industry participants who pushed Congress and the Department of the Treasury/IRS for either priority guidance or a two-year implementation delay.

### Notice 2023-62

In Notice 2023-62, the IRS announced there will be a two-year “administrative transition period” with respect to the rule during which it will not be enforced. In other words, the IRS granted the two-year delay that was requested. The Notice also confirms that participants will continue to be able to make catch-up contributions in 2024 and beyond.

### More Guidance

The IRS announced that it intends to issue further, more detailed, guidance about this rule during the next two years. However, this two-year delay is a big win for plan sponsors and participants because it prevents sponsors from having to make a choice between eliminating catch-up contributions effective January 1, 2024, or trying to implement a rule with so many unknowns.

### Highlights

- The IRS announced guidance on two-year delay of the SECURE 2.0 Act requirement related to Roth catch-up contributions for high earners.
- The SECURE 2.0 Act is delayed until January 1, 2026.
- Section 603 of the SECURE 2.0 Act requires plans to comply with regulations on and after January 1, 2024.

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the IRS announced there  
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