

A woman with short dark hair, wearing a white high-collared blouse and a maroon vest, is sitting at a desk in an office. She is smiling and looking at a laptop. The desk has a small potted plant, a white cup, and a yellow folder. The background shows a large window with a view of a city skyline.

**Vanguard**

# **Roth catch-up playbook:**

## **A toolkit for plan sponsors**

November 2025

For institutional use only. Not for distribution to retail investors.

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\* Or that intend to add it for January 1, 2026.

# What plan sponsors can expect from Vanguard

Vanguard is here to help plan sponsors navigate the complexities of the Roth catch-up contribution provision. Throughout the rest of 2025, we will continue to update this document, share additional resources, and provide timely updates to ensure that plan sponsors, participants, and payroll providers are well prepared for the changes taking effect on January 1, 2026.



## Roth catch-up requirements at a glance

Effective January 1, 2026, participants age 50 and older who earned more than \$150,000\* in FICA wages\*\* in the previous calendar year (Roth catch-up required participants) may only make catch-up contributions as Roth contributions. This means plans that offer catch-up contributions without a Roth contribution option will need to ensure that Roth catch-up required participants do not make any catch-up contributions at all.\*\*\*



The new requirement affects 401(k), 403(b), and governmental 457(b) plans.



Plans that add a Roth contribution option will require a plan amendment.



Participants who earned \$150,000 or less in FICA wages may continue to make pre-tax catch-up contributions after January 1, 2026.



The provision is effective for tax years on or after January 1, 2026, regardless of the plan's year end. The FICA wage limit is calculated on a calendar year basis.



Plans that currently offer catch-up contributions without a Roth contribution feature may continue to do so; however, Roth catch-up required participants will not be eligible to make any catch-up contributions. Plan sponsors will still be required to track Roth catch-up required participants.\*\*\*



The FICA wage limit of over \$150,000 for the previous calendar year only applies to wages from the employer sponsoring the plan. Wages paid by other employers in the previous calendar year are not included when determining eligibility for Roth catch-up contributions.

\* On November 13, the Internal Revenue Service (IRS) released Notice 2025-67, which updated the Roth catch-up contribution FICA wage limit from \$145,000 to \$150,000.

\*\* Wages, for the purpose of this provision, are defined in the Internal Revenue Code (IRC) Section 3121(a) as wages subject to FICA (Social Security wages in box 3 of the W-2). The \$150,000 limit is subject to cost of living adjustments.

\*\*\* The final catch-up regulation issued in September 2025 confirms that plans currently offering catch-up contributions without a Roth contribution feature may continue to do so. However, plans that allow catch-up contributions without a Roth contribution option must ensure that Roth catch-up required participants do not make any catch-up contributions at all after January 1, 2026. These plans will not violate the universal availability rules or nondiscrimination testing.

# Final catch-up regulation: Key takeaways for Roth catch-up

## What is staying the same

**Effective date:** Generally, the Roth catch-up provision remains effective as of January 1, 2026. Key exceptions to this timeline include:

- Collectively bargained plans
- Multiemployer plans

**Plans are not required to offer Roth contributions:** However, plans that allow catch-up contributions without a Roth contribution option must ensure that Roth catch-up required participants do not make any catch-up contributions at all after January 1, 2026. These plans will not violate the universal availability rules or nondiscrimination testing.

**Plans cannot require all catch-up contributions to be Roth:** A plan cannot avoid the required Roth catch-up contribution provision by requiring that all catch-up contributions be made as Roth contributions.

For more detail on the final catch-up regulation, read our paper [From proposal to policy: IRS finalizes awaited SECURE 2.0 catch-up regulations.](#)

On September 16, 2025, the Department of the Treasury and the Internal Revenue Service (IRS) published the long-awaited final regulation impacting the required Roth catch-up contribution provision of the SECURE 2.0 Act.

## What is changing

**FICA wage definition:** The final regulation offers flexibility in aggregating wages across affiliated employers or when a common paymaster is used, allowing plan sponsors to tailor their approach based on organizational structure.

**Deemed Roth election:** Plans remain permitted to implement a “deemed” Roth election, with the final regulation providing significantly more detail on implementation.

**Correction methods for Roth catch-up failures:** Unlike the proposed regulation, which required uniform correction methods for all participants, the final regulation allows sponsors to apply corrections to similarly situated participants.

**Dual qualified Puerto Rico plans:** Dual-qualified Puerto Rico plans are no longer required to comply with the Roth catch-up mandate at this time.

**Roth in-plan conversions:** Roth in-plan conversions do not count toward the Roth catch-up contribution limit.

**403(b) plan catch-up rules:** Special catch-up rules for 403(b) plans are not subject to the Roth catch-up requirement.

**Midyear changes to safe harbor plans:** A plan amendment made pursuant to the required Roth catch-up provision is not a prohibited midyear change to a safe harbor plan.

# What's changing for plan sponsors and payroll providers

**1**

**Plans offering catch-up contributions, with or without a Roth option, will be required to monitor contribution amounts for Roth catch-up required participants.\***

- The final catch-up regulation clarified that plans offering catch-up contributions are not required to add a Roth contribution option to their plan.
- Plans without a Roth contribution option will still be required to track the Roth catch-up required participant population to ensure that these participants do not make any catch-up contributions at all.

**2**

**Roth catch-up required participants will need to be identified by payroll providers and plan sponsors on an annual basis.**

- The Roth catch-up required participant population will need to be identified via a new FICA wage indicator.
- Payroll providers will be required to generate annual reports to capture all Roth catch-up required participants as soon as possible after the last payroll for 2025 and before the first pay period in 2026.

**3**

**Vanguard will introduce a new Roth catch-up required participant tracking template to plan sponsors.**

- In December 2025, Vanguard will provide plan sponsors with a template to report all Roth catch-up required participants on an annual basis.
- Plan sponsors may begin transmitting the population to Vanguard through My Plan Manager™ as early as December 2025 if the population is known in advance of January 1, 2026.
- This participant population will need to be shared with Vanguard on an annual basis after the last payroll of the calendar year has been processed.

\* Participants age 50 and older who earned more than \$150,000 in FICA wages in the previous calendar year.

# Key steps for plan sponsors and their payroll providers

How do you and your payroll provider intend to track, identify, and manage the catch-up elections for Roth catch-up required participants?

## Identify

Plan sponsors and payroll providers will need to identify Roth catch-up required participants on an annual basis.

Payroll providers must generate annual reports to capture all Roth catch-up required participants as soon as possible after the last payroll of the prior year and before the first payroll of the new year.

Plan sponsors are responsible for sharing this information with Vanguard annually, following the completion of the last payroll of the calendar year.

## Track

Plan sponsors and payroll providers will be required to track contribution amounts for all Roth catch-up required participants in plans offering catch-up contributions, regardless of whether the plan has a Roth option.

Roth catch-up required participants in plans without a Roth option cannot make catch-up contributions at all.

Roth catch-up required participants in plans with a Roth option will have to make sure all their catch-up contributions are made as Roth contributions.

## Decide

Plan sponsors with a Roth option were required to choose between the participant election or payroll deeming options in order to be compliant with the Roth catch-up provision by January 1, 2026.

In the participant election option, neither Vanguard nor the payroll provider will automatically convert the participant's deferral election to Roth.

In the payroll deeming option, the payroll provider will automatically convert the participant's deferral election to Roth and send that information to Vanguard.

**Your Vanguard team is available to review your current plan setup and talk through any changes required before the Roth catch-up contribution takes effect on January 1, 2026.**

# Key questions to ask your payroll provider

Consider asking your payroll provider the following questions to encourage a smooth adoption and implementation process for changes required by the Roth catch-up contribution provision.

## How to identify and track Roth catch-up required participants in your plan

When will your payroll provider be prepared to share the newly required annual report that captures all Roth catch-up required participants\* in your plan?

- *Note: Payroll providers must generate the first annual report after the last payroll for 2025 has been run and before the first pay period in 2026.*

How does your payroll provider plan to address changes to participant eligibility data or FICA wage adjustments throughout the plan year?

For plan sponsors who intend to add a Roth contribution option before January 1, 2026, what steps does your payroll provider need to take to be prepared to support Roth catch-up contributions?

Can your payroll provider support the deemed Roth election, if you chose the payroll deeming option to comply with the Roth catch-up contribution provision beginning on January 1, 2026?

For payroll providers that cannot support the deemed Roth election, how do they plan to correct pre-tax contributions above the pre-tax 402(g) limit for Roth catch-up required participants?

## How to manage pre-tax deferrals for Roth catch-up required participants

Have you and your payroll provider discussed which option (participant election or payroll deeming) you chose to comply with the Roth catch-up contribution provision taking effect on January 1, 2026?

Will your payroll provider ensure that Roth catch-up required participants can maximize their pre-tax contributions to the plan before stopping pre-tax contributions?

For plans without Vanguard's reinstatement service, have you and your payroll provider determined how to set participant elections for the next calendar year?

## Additional questions for plan sponsors adopting deemed election

Does your payroll provider need to implement any configuration changes or project requests to support deemed election prior to January 1, 2026?

Is your payroll provider prepared to switch any excess pre-tax contribution amount to Roth in the same pay period that the participant reaches the pre-tax 402(g) contribution limit?

How does your payroll provider plan to address participants who decide to opt out of additional Roth contributions after the payroll provider has deemed contributions to Roth?

\* Participants age 50 and older who earned more than \$150,000 in FICA wages while employed by you in the previous calendar year.

# Vanguard's approach to Roth catch-up

Vanguard seeks to minimize the impact to plan sponsors by enhancing the current contribution processing structure and limiting the need for payroll file and plan design changes for most clients.\*

## What's new

### Eligibility

Roth catch-up required participants\*\* will be identified through a new FICA wage indicator.

### Contribution processing

For plans using contribution monitoring rejection management, Vanguard will flag any pre-tax contributions received from Roth catch-up required participants if the payroll provider fails to shut off their pre-tax source once they have met the IRC Section 402(g) limit, creating a rejection for the excess contribution.

The client will instruct Vanguard on how to reallocate or adjust the contribution amounts over the 402(g) limit.

### Plan sponsor experience

A template will be available for plan sponsors to send their Roth catch-up required participant population to Vanguard via My Plan Manager.

Plan sponsors will be able to run a report of their Roth catch-up required participant population.

### Participant experience

Vanguard's participant website will allow Roth catch-up required participants to modify deferral elections to ensure catch-up limits can be achieved.

Vanguard will offer resources to enhance participants' knowledge of Roth catch-up contributions through insights, education, and targeted communications.

## What's staying the same

### Enrollment

Enrollments will be processed in the same manner as they are today. Participants will be able to make deferral elections as permitted under their plan's rules.

### Distributions

Distributions will be processed in the same manner as they are today. Participants will continue to have the ability to specify when distribution amounts are taken from Roth or non-Roth sources, including Roth catch-up.

\* Some features of this solution will require plans to adopt an enhanced reinstatement service in the future.

\*\* Participants age 50 and older who earned more than \$150,000 in FICA wages while employed by you in the previous calendar year.

# New plan-specific features

Certain features of Vanguard's approach to Roth catch-up will depend on your individual plan setup. Enhancements to our suspension service, as well as our contribution monitoring feature and reinstatement service, could impact how Roth catch-up implementation impacts your plan(s).

## Suspension

### Enhancements to the suspension determination service

For single source (or spillover) plans that currently use the suspension determination service, Vanguard will enhance your plan setup to recognize when contributions to pre-tax source(s) hit the 402(g) limit for the calendar year for Roth catch-up required participants\* and apply a new suspension to the participant's account for the pre-tax source(s).

### Payroll provider action

Payroll providers should shut off pre-tax deductions when the pre-tax 402(g) limit is met.

This will align with Vanguard's website which will disable the pre-tax source(s) for the remainder of the calendar year.

### Vanguard action

Vanguard will send a media out file with 0% or \$0 to payroll to reflect the suspension for the remainder of the calendar year.

Payroll providers should be prepared to receive these changes on the existing media out file.

### Participant experience

Participants will receive a confirmation informing them of the pre-tax suspension, which is intended to also provide a reminder opportunity to elect Roth for catch-up purposes, if the participant chooses to do so.

Participant deferral elections will be reinstated the following year, if the plan utilizes this service.

### Contribution monitoring

A new contribution-monitoring feature will be available to enforce the pre-tax 402(g) limit for Roth catch-up required participants for plans already using this service.

### Enhanced reinstatement

An enhanced reinstatement service will be available for plans already using reinstatement.

\* Participants age 50 and older who earned more than \$150,000 in FICA wages while employed by you in the previous calendar year.

# Plans without a Roth option

## Key takeaways

Starting **January 1, 2026**, Roth catch-up required participants\* in plans that offer catch-up contributions without a Roth contribution option will no longer be able to make any catch-up contributions.

- Participants whose FICA wages\*\* do not exceed \$150,000 in the previous calendar year can continue to make catch-up contributions.
- Plan sponsors are not required to offer a Roth contribution option. However, if a plan sponsor wants to allow participants whose FICA wages exceeded \$150,000 in the previous calendar year to make catch-up contributions, a Roth option will be required.
- Starting at the end of 2025, all plan sponsors, regardless of whether they offer a Roth contribution option, must send their Roth catch-up required participant population to Vanguard as soon as administratively feasible after the last payroll for the calendar year is processed.
- Plans can either choose to offer a Roth option to all participants or ensure that Roth catch-up required participants do not make catch-up contributions once the 402(g) limit is reached.

\* Participants age 50 and older who earned more than \$150,000 in FICA wages while employed by you in the previous calendar year.

\*\* Wages, for the purpose of this provision, are defined in the Internal Revenue Code (IRC) Section 3121(a) as wages subject to FICA (Social Security wages in box 3 of the W-2). The \$150,000 limit is subject to cost of living adjustments.

## Plan sponsor actions and considerations

### Roth contribution benefits

Vanguard strongly encourages plan sponsors who offer catch-up contributions without a Roth contribution option to add one.

Adding Roth contributions allows a tax diversification opportunity for all participants and ensures that Roth catch-up required participants can continue making catch-up contributions after January 1, 2026.

### Roth contribution adoption process

The deadline to request a Roth contribution option for January 1, 2026, was **September 1, 2025**.

Vanguard cannot guarantee that requests received after this date will be completed for January 1, 2026.

A plan amendment will be required for plan sponsors choosing to add a Roth contribution option by the end of the calendar year in which it is added.

# Plans with a Roth option\*

## Key takeaways

- Participants age 50 or older who earned more than \$150,000 in FICA wages\*\* in the previous calendar year will be required to make catch-up contributions as Roth.
- Participants who earned \$150,000 or less in FICA wages\*\* in the previous calendar year may continue making catch-up contributions as pre-tax and are not subject to the Roth requirement.
- Strong collaboration among plan sponsors, payroll providers, and Vanguard is recommended to discuss the unique impacts to each plan.
- Starting at the end of 2025, plan sponsors must send the Roth catch-up required participant population to Vanguard as soon as administratively feasible after the last payroll for the year is processed. Vanguard will provide a new reporting template to plan sponsors in December of 2025.

## Plan sponsor actions and considerations

- Hold regular discussions with your payroll provider to ensure compliance with the Roth requirements and to align on roles and responsibilities.
- Examine your employee base early to determine the potential population of impacted participants.
- Ensure that your payroll provider is prepared for the Roth requirements beginning January 1, 2026.
- Develop a strategy for communicating the upcoming catch-up requirements to your employees.

\* Or that intend to add it for January 1, 2026.

\*\* Wages, for the purpose of this provision, are defined in the Internal Revenue Code (IRC) Section 3121(a) as wages subject to FICA (Social Security wages in box 3 of the W-2). The \$150,000 limit is subject to cost of living adjustments.

# Payroll roles and responsibilities

Payroll providers play a critical part in identifying, monitoring, and transmitting data to plan sponsors. Your payroll provider will be responsible for the following actions to ensure compliance with the new Roth requirements.



## Plans with catch-up contributions and a Roth feature

- Collaborate with plan sponsors and Vanguard to discuss tailored implementation for each plan.
- Identify Roth catch-up required participants and generate a report that captures this population.
- Enhance contribution monitoring for the Roth catch-up required participant population to ensure pre-tax contribution amounts do not exceed the 402(g) limit over the course of the calendar year.
- Be prepared to continue receiving pre-tax catch-up source deferral elections from Vanguard for the Roth catch-up required participant population.\*
- Payroll providers should be prepared to receive suspensions for pre-tax contribution deferral elections when the pre-tax limit is maximized (which could now be separate from the Roth suspension) for plans using this service.



## Plans with catch-up contributions without a Roth feature

- Identify Roth catch-up required participants and generate a report that captures this population.
- Stop pre-tax contributions for Roth catch-up required participants to ensure that no catch-up contributions are made.

**Vanguard is continuously working and collaborating with payroll providers to define roles and responsibilities to achieve the best outcomes for plan sponsors.**

\* Participants age 50 and older who earned more than \$150,000 in FICA wages while employed by you in the previous calendar year.

# Deemed election approach for plans with Roth

Plan sponsors were required to choose one of the two following pathways to comply with the Roth requirements by January 1, 2026.

## Pathways

### Option 1: Plans without a deemed election option

- Pre-tax contributions will not be treated as Roth catch-up contributions unless the participant makes an affirmative Roth deferral election.
- Participants will self-manage their own transition from pre-tax to Roth catch-up elections.\*

### Option 2: Plans with a deemed election option

- Pre-tax elections can be automatically converted to Roth for catch-up contributions without additional action from the participant.
- Payroll providers will be responsible for converting pre-tax catch-up contributions to Roth.\*
- It is a best practice for plan sponsors to notify their participants as soon as possible each year that they are using a deemed election approach.
- A participant must be given the opportunity to make a new deferral election that is different from the deemed election.

\* See the following slides for additional information about this option.

\*\* Separate source plans that choose to disable their pre-tax catch-up source must ensure that their Roth catch-up required participants are still able to maximize their pre-tax contributions up to the 402(g) limit if they choose to do so. In order to maximize their pre-tax contributions, Roth catch-up required participants in these plans should not make any Roth basic contributions at all. All Roth contributions should be made solely as Roth catch-up.

### Plan sponsor decision deadline

Plan sponsors were required to notify Vanguard of their election preference by **October 31, 2025**.

Plan sponsors received emails from Vanguard throughout September and October to begin this process.

### Separate source plans

There is a growing industry consensus to prevent pre-tax catch-up elections from being transmitted to payroll providers for Roth catch-up required participants. As a result, Vanguard does not recommend the deemed election option for separate source plans that do not have access to the pre-tax catch-up source.\*\*

# Option 1: Plans without a deemed election option

## Participant manages Roth catch-up election

Available January 1, 2026

- Participants are responsible for self-managing deferral elections, including the transition from pre-tax to Roth.
- Neither Vanguard nor the payroll provider will automatically convert the participant's deferral election.
- Deemed election is not required.

### Benefits

- Participants will be able to dictate when and how much to defer to their catch-up contributions.
- Plan sponsors with a Roth contribution option do not need to adopt any additional services by January 1, 2026.
- Plan sponsors will be able to run a report of their Roth catch-up required participant population through My Plan Manager.

### Challenges

- Participants will need to monitor when their 402(g) contributions are maximized and potentially reset their catch-up elections each calendar year.
- There will be limited flexibility for correction because plans will not be able to take advantage of correction methods, which are available only to plans that have a deemed election.
- Additional coordination may be required between payroll providers and plan sponsors on participant catch-up elections.

#### *Vanguard's recommended approach*

Vanguard recommends this approach ahead of our future service enhancement, which will introduce automatic conversions from pre-tax to Roth.

Plan sponsors who choose this option will minimize the amount of work required to adopt Vanguard's automatic conversion solution for 2027.

## Option 2: Plans with a deemed election option

### Payroll initiates automatic conversion

Available January 1, 2026

- Payroll providers will automatically convert a participant's deferral election to Roth within the payroll system.
- Payroll providers will redirect contributions to Roth and send them to Vanguard.
- Deemed election is required; plan sponsors were required to inform Vanguard of this decision in writing.

#### Benefits

- Allows for the seamless continuation of Roth catch-up contributions.
- Permits correction flexibility as outlined in the final guidance issued in September 2025.
- Requires no additional services and will need very few changes to plan setups.

#### Challenges

- Once the payroll provider automatically converts a participant's election to Roth, the participant may no longer be able to reduce their Roth deferral elections on Vanguard's website.
- Payroll provider contributions and participant deferral elections on Vanguard's website will not be aligned.
- Inconsistent information could lead to a negative client experience and higher rates of participant outreach.

# Future service enhancement

## Vanguard will initiate automatic conversion from pre-tax to Roth

### Considerations

- Vanguard will automatically convert participants' deferral elections from pre-tax to Roth for catch-up contributions when the pre-tax 402(g) limit is met for the calendar year.
- The benefits of this service will include a seamless continuation of catch-up contributions for participants, a synchronized experience between contributions and deferral elections, and the ability for participants to decide whether or not to opt out of Roth catch-up contributions.
- Plan sponsors will be required to adopt the deemed election option in writing.
- The estimated availability for this service is mid-2026 and subject to change. Your client success executive will begin working with you in the second quarter of 2026 to determine if your plan is a good fit for the new service. Note that some prerequisite services will be required.



# New required Roth catch-up reporting template

## What plan sponsors can expect

In December 2025, Vanguard will provide plan sponsors with:

- A pre-formatted Excel template to report Roth catch-up required participants\* subject to the new requirements effective January 1, 2026.
- Detailed instructions for uploading the Roth catch-up required participant tracking template, along with information about future My Plan Manager reporting.

## New requirements for plan sponsors and payroll providers

**Payroll providers** must generate reports after the final payroll of the year and before the first payroll of the new year to identify Roth catch-up required participants.

**Plan sponsors** are required to submit this information to Vanguard through My Plan Manager using the designated template after the final payroll of the year.

**Plan sponsors** will also need to upload a template for each of their plans on an annual basis.

Plans that do not offer Roth will still need to upload the template to ensure that Roth catch-up required participants do not make any catch-up contributions at all.

## Template information

The template will require the following information except where noted as optional:

- Plan name (optional)
- Plan number
- FICA compensation year
- Participant name (optional)
- Social Security number
- "Y" (Yes) or "N" (No) indicator that a participant exceeded \$150,000 in FICA wages

For 2026, all Roth catch-up required participants should be included as FICA = Y. For future years, plans will need to assess the FICA population and include new "Y"s and also include "N"s that fell below the FICA threshold.

## Plan sponsor next steps

**Q4 2025:** Partner with your payroll provider to evaluate which participants in your plan(s) will be subject to the Roth catch-up contribution requirement.

**Q4 2025/Early Q1 2026:** Upload your Roth catch-up required participant file via My Plan Manager.

- Plan sponsors can transmit the file starting in December 2025 if the population is known in advance of January 1, 2026.
- The template should be submitted as soon as administratively feasible.

\* Participants age 50 and older who earned more than \$150,000 in FICA wages while employed by you in the previous calendar year.

# Future My Plan Manager reporting

Plan sponsors will be able to run two types of reporting for their Roth catch-up populations: standard and custom.

**Standard:** Once your Roth catch-up required participant tracking template has been uploaded, a standard report identifying required Roth catch-up participants\* will be available to run.

**Custom:** Plan sponsors will also be able to run custom reports for their Roth catch-up required populations from the Reporting Center on My Plan Manager.

Custom reports can filter Roth catch-up required participants by:

- Current active participants
- Participants who will be active next year
- Current inactive participants
- Participants who will be inactive next year

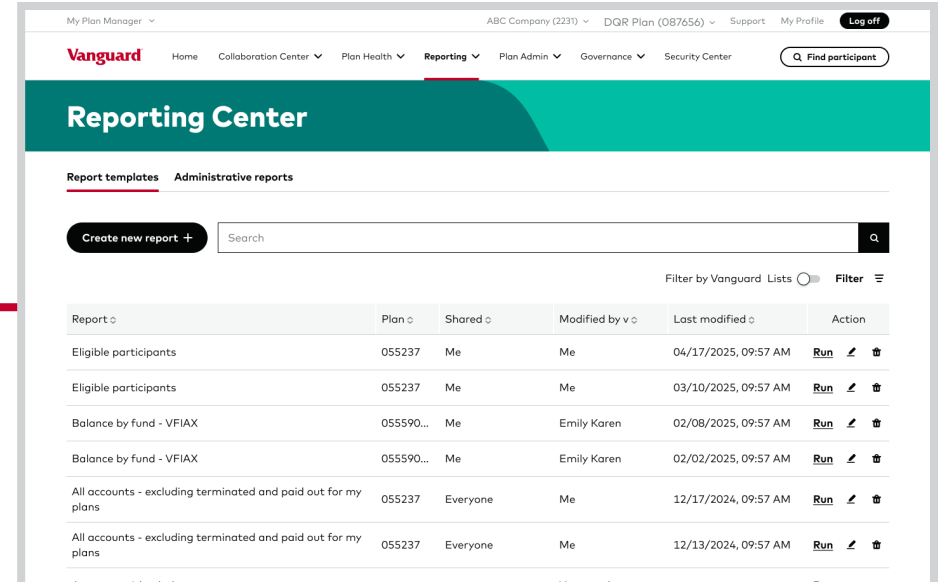
The tooltip provides additional context for the custom filters.

**Vanguard will provide plan sponsors additional information about Roth catch-up reporting later in Q4 2025.**

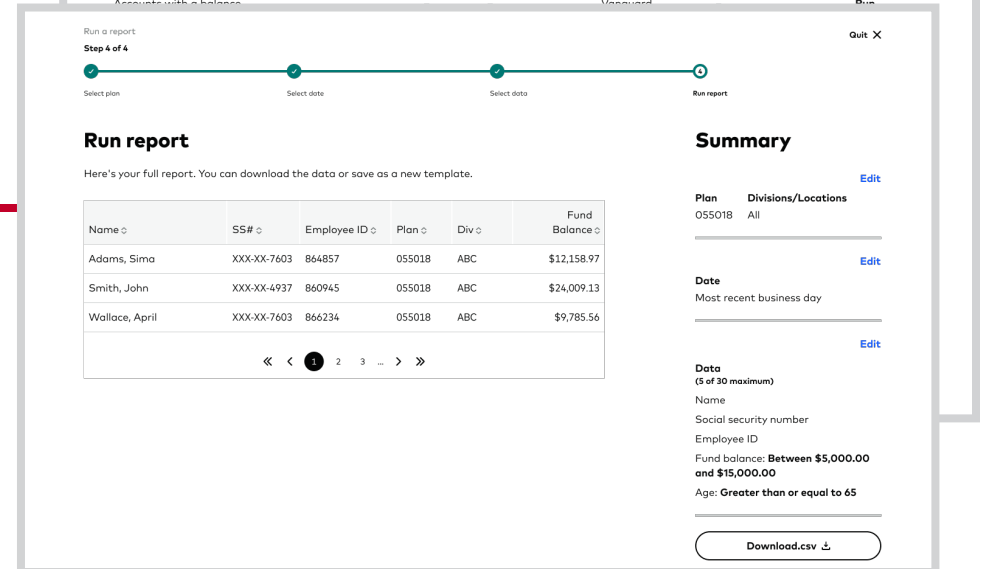
\* Participants age 50 and older who earned more than \$150,000 in FICA wages while employed by you in the previous calendar year.

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## Standard



## Custom



# How Vanguard will educate participants

Participants will need to understand how the new Roth requirements impact their catch-up contributions starting in 2026 and beyond. Vanguard will offer new and updated resources to enhance participants' knowledge of Roth catch-up contributions through insights, plan sponsor resources, and targeted communications.

**Participant insights** will educate employees about catch-up contribution requirements starting in 2026 with articles and educational materials such as plan highlights, flyers, and retirement plan quick guides.

**Targeted communications\*** to catch-up eligible participants will raise awareness about Roth-related changes and remind participants about important actions they may need to take.

*\*Notices, plan-specific Roth scenarios (e.g., deemed election or participant election, separate source plans)*

**Intranet text** will help plan sponsors communicate important updates about Roth catch-up internally via communication channels such as company email and intranet.



# Participant communications road map



## Participant insights

**July 2025:** Educational [article](#) about what’s changing in 2026, how high-earning participants are impacted, and some frequently asked questions.

**October 2025:** Participant educational flyer and FAQs available to plan sponsors.



## Targeted participant communications\*

**October 2025:** Templated communications will be available and can be tailored to each plan’s configuration—including deemed election, participant election, separate source plans, and plans without Roth. Vanguard will partner with plan sponsors to determine the appropriate content for their plan(s).

**November 2025:** Awareness communication to actively contributing participants who are catch-up eligible (or will be in 2026) about upcoming changes and required actions.

**February 2026:** Communication to catch-up eligible participants will be tailored using available data to outline required actions or provide notice of changes.

**Throughout 2026:** Periodic reminder communications to participants who reach or exceed \$150,000 in FICA wages\*\* and have not yet reached the 402(g) limit.



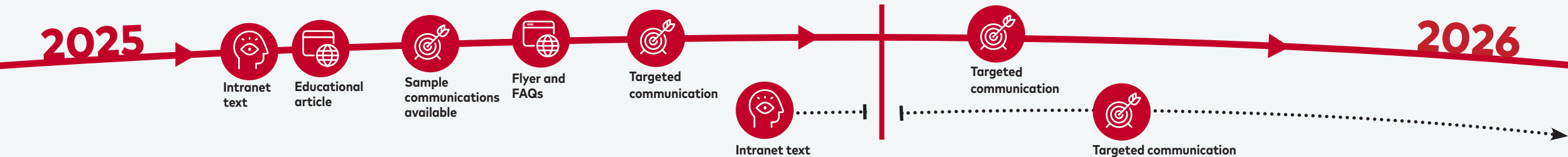
## Intranet text for plan sponsors

**June 2025:** Awareness communication about the Roth requirements effective in 2026.

**Later Q4 2025:** Readiness text that provides information about the upcoming Roth catch-up requirements and outlines clear, actionable steps for both deemed and participant election scenarios.




\* Communications will be sent based on a participant’s e-delivery preference (email or print mail).

\*\* Wages, for the purpose of this provision, are defined in the Internal Revenue Code (IRC) Section 3121(a) as wages subject to FICA (Social Security wages in box 3 of the W-2). The \$150,000 limit is subject to cost of living adjustments.



# Key plan sponsor, payroll provider, and Vanguard actions

Vanguard will continue to make updates to this road map and share additional insights and information with plan sponsors throughout 2025. Please note that actions and time frames could change.

	Q2 2025	Q3 2025	Q4 2025	Q1 2026
 <b>Vanguard action</b>	<ul style="list-style-type: none"> <li>Share Roth catch-up plan sponsor playbook</li> <li>Share plan sponsor intranet text to help educate participants about the upcoming changes in 2026</li> </ul>	<ul style="list-style-type: none"> <li>Share drafts of upcoming participant communications</li> <li>Remind plan sponsors to add Roth prior to September 1, 2025, deadline</li> <li>Publish educational and thought leadership articles about Roth catch-up contributions requirement</li> </ul>	<ul style="list-style-type: none"> <li>Provide new Roth catch-up reporting template to plan sponsors along with My Plan Manager transmission instructions</li> <li>Begin targeted communications to catch-up eligible participants</li> </ul>	<p><b>January 1, 2026:</b> Effective date for Roth catch-up contributions requirement</p>
 <b>Plan sponsor action</b>	<ul style="list-style-type: none"> <li>Begin regular dialogue with payroll providers about the Roth catch-up requirement and any necessary project work</li> <li>Assess current employee base to determine potential Roth catch-up required participant population</li> <li>Consider adding Roth to your plan if you do not currently offer it today</li> </ul>	<ul style="list-style-type: none"> <li>Confirm with your provider that required payroll changes will be in place by January 1, 2026</li> </ul> <div style="background-color: #e0e0e0; padding: 5px; margin-top: 10px;"> <p><b>September 1:</b> Deadline to submit request to add Roth to your plan for <b>January 1, 2026</b>, effective date</p> </div>	<ul style="list-style-type: none"> <li>Prepare to send Vanguard the Roth catch-up required participant population after the last payroll of 2025 via My Plan Manager</li> </ul> <div style="background-color: #e0e0e0; padding: 5px; margin-top: 10px;"> <p><b>October 31:</b> Deadline for plans with Roth (or who plan to add it by <b>January 1, 2026</b>) to notify Vanguard about their deferral election decision</p> </div>	<ul style="list-style-type: none"> <li>January: Send Vanguard your completed Roth catch-up reporting template as soon as administratively feasible*</li> </ul>
 <b>Payroll action</b>	<ul style="list-style-type: none"> <li>Begin regular touchpoints with plan sponsor to discuss payroll implications</li> </ul>		<ul style="list-style-type: none"> <li>Provide plan sponsor with Roth catch-up required participant population</li> </ul>	

\* Plan sponsors may encounter new contribution rejects on My Plan Manager during the payroll reconciliation process if Roth catch-up required participants exceed the 402(g) pre-tax limit for 2026.

# Frequently asked questions

## Compliance and definitions

### 1. What is the Roth catch-up contribution provision of SECURE 2.0?

Effective January 1, 2026, participants age 50 and older who earned more than \$150,000 in FICA wages in the previous calendar year (Roth catch-up required participants) from the employer sponsoring the plan may only make catch-up contributions as Roth contributions. Consistent with the proposed regulation, the final catch-up regulation from September 2025 confirms that a plan can continue to offer catch-up contributions even if it does not allow Roth contributions. However, these plans must ensure that Roth catch-up required participants do not make any catch-up contributions at all after January 1, 2026.

### 2. Does the final catch-up regulation change the effective date of the required Roth catch-up contribution provision?

No. Generally, the Roth catch-up contribution provision remains effective as of January 1, 2026, and the issuance of the final catch-up regulation does not affect this deadline. Plan sponsors must ensure compliance with the Roth catch-up requirement by this date. While the final regulation formally takes effect in 2027, plan sponsors may rely on a reasonable, good-faith interpretation of the regulation throughout 2026.

There are two exceptions to the general effective date of Roth catch-up:

**Collectively bargained plans:** The effective date is the later of (1) the first taxable year beginning after December 31, 2026, or (2) the first taxable year beginning after the expiration of the collective bargaining agreement in effect as of December 31, 2025.

**Multiemployer plans:** For these plans, the Roth catch-up requirement becomes effective in the first taxable year following the expiration of the collective bargaining agreement.

### 3. How does the Roth catch-up contribution provision define FICA wages?

Wages, for the purpose of this provision, are defined in the Internal Revenue Code Section 3121(a) as wages subject to FICA (Social Security wages in box 3 of a W-2). The \$150,000 limit is subject to cost of living adjustments. To determine whether a participant exceeds the wage threshold, the final regulation offers flexibility in aggregating wages across affiliated employers or when a common paymaster is used, allowing plan sponsors to tailor their approach based on organizational structure.

### 4. Will the FICA wage limit always be \$150,000 or could it increase over time?

The FICA wage limit is indexed for inflation in increments of \$5,000 beginning in 2025.

# Frequently asked questions

## Compliance and definitions (continued)

### 5. How will this provision affect plans without a Roth contribution option as of January 1, 2026?

Plans that offer catch-up contributions without a Roth contribution option can continue to do so. However, participants who are required to make Roth catch-up contributions will not be eligible to make any catch-up contributions. Plan sponsors must still track these participants who are required to make Roth catch-up contributions, even if they cannot actually make the contributions. Vanguard strongly recommends that plan sponsors add a Roth contribution option. This will allow all participants to benefit from tax diversification and ensure that those required to make Roth catch-up contributions can continue doing so after January 1, 2026.

### 6. What are the impacts of this provision for plans that do not currently offer catch-up contributions?

Plans that do not offer catch-up contributions are not impacted by this provision and do not need to take any action. Vanguard strongly encourages plan sponsors who do not offer catch-up contributions to add them. The deadline to add catch-up contributions with a Roth contribution option was September 1, 2025. Vanguard cannot guarantee that requests received after this date will be completed for January 1, 2026.

### 7. What are the impacts of this provision for plans that don't have any Roth catch-up required participants (i.e., participants who earned over \$150,000 in FICA wages\* in the previous calendar year)?

Plans that do not have any Roth catch-up required participants who earned over \$150,000 in FICA wages in the previous calendar year are not impacted by this provision.

### 8. How does the Roth catch-up contribution provision affect dual-qualified Puerto Rico plans?

Under the proposed regulations, dual-qualified Puerto Rico plans would have been required to offer after-tax contributions to Puerto Rico Roth-required participants because Roth contributions are unavailable under the Puerto Rico tax code.

The final regulation reversed this position and confirmed that **dual-qualified Puerto Rico plans are not required to comply with the Roth catch-up mandate at this time**. Participants in these plans will not be subject to the Roth catch-up requirement until the Puerto Rico tax code is amended to permit Roth contributions.

### 9. Do plans that offer Roth contributions have to make this option available to every participant in the plan?

Plans can either offer a Roth contribution option to all participants in the plan or can choose to not offer a Roth contribution option at all. Plans cannot choose to offer a Roth contribution option to specific subpopulations.

### 10. Can plans make employees who earned more than \$150,000 in FICA wages\* in the previous year ineligible for catch-up contributions?

No. Plan sponsors must offer catch-up contributions to all participants in the plan.

\* Wages, for the purpose of this provision, are defined in the Internal Revenue Code (IRC) Section 3121(a) as wages subject to FICA (Social Security wages in box 3 of the W-2). The \$150,000 limit is subject to cost of living adjustments.

# Frequently asked questions

## Compliance and definitions (continued)

### 11. Can an employer require all catch-up contributions, regardless of FICA wages, to be Roth?

The final catch-up regulation issued by the Treasury Department and IRS in September 2025 confirm that a sponsor cannot avoid the Roth catch-up contribution provision by requiring that all catch-up contributions be made as Roth, regardless of the FICA wages earned in the previous year.

### 12. How does the \$150,000 FICA wage\* limit affect employees who changed employers in the previous calendar year?

Beginning January 1, 2026, the FICA wage limit will apply to participants age 50 and older who made over \$150,000 in FICA wages in the previous calendar year from the employer sponsoring the plan.

- Newly hired employees would not have earned any FICA wages in the previous year from the employer sponsoring the plan and thus would not be subject to the \$150,000 FICA wage limit in their first year of employment.
- Wages earned at a prior employer would also not count toward the \$150,000 FICA wage limit.
- If an employee is rehired by the same company in the same year, wages earned during the employee's previous tenure would count toward the \$150,000 FICA wage limit.

### 13. How does the \$150,000 FICA wage\* limit apply if an employer has multiple companies under an umbrella company?

The FICA wage limit applies only to wages paid by the employer sponsoring the plan. If an employer is a member of a controlled group but that employer is not participating in the plan, the compensation paid by that employer is not included for purposes of determining the FICA wage limit. The final catch-up regulation offers flexibility in aggregating wages across affiliated employers or when a common paymaster is used, allowing plan sponsors to tailor their approach based on organizational structure.

### 14. For plans that choose to add a Roth contribution option, are plan amendments required by the end of the calendar year in which the option is added?

Qualified plans that choose to add a Roth contribution option will require a plan amendment by the end of the calendar year in which it is added.

- For qualified plans using Vanguard's preapproved document, Vanguard's document provider will provide the amendment.
- Plan sponsors using custom plan documents are responsible for drafting their own amendments.

\* Wages, for the purpose of this provision, are defined in the Internal Revenue Code (IRC) Section 3121(a) as wages subject to FICA (Social Security wages in box 3 of the W-2). The \$150,000 limit is subject to cost of living adjustments.

# Frequently asked questions

## Vanguard's solution and plan structure

### 15. What is Vanguard's implementation plan for this provision prior to January 1, 2026?

Vanguard is offering plan sponsors two paths to ensure compliance with the Roth catch-up contribution provision in 2026:

**Participant election:** Once a Roth catch-up required participant reaches the pre-tax 402(g) limit, the plan sponsor or payroll provider will be responsible for managing their own elections, including any changes from pre-tax to Roth, through the process by which they make deferral changes today.

**Payroll deeming:** Once a Roth catch-up required participant reaches the pre-tax 402(g) limit, the plan sponsor or payroll provider will automatically convert their pre-tax deferral election(s) within the payroll system to Roth deferral election(s). Electing this option requires participants to be given an effective opportunity to modify or decline future Roth catch-up contributions for the remainder of the year after payroll deems the election(s).

**FICA wage indicator:** Roth catch-up required participants will be identified using a new FICA wage indicator. In December 2025, Vanguard will provide a template for reporting all Roth catch-up required participants. Plan sponsors can start transmitting this annual population to Vanguard through My Plan Manager as early as December 2025. Additionally, Vanguard is enhancing its current contribution monitoring service, which is used by most plan sponsors, to ensure that Roth catch-up required participants do not exceed the 402(g) limit on pre-tax contributions for the calendar year.

### 16. Does the final catch-up regulation impact Vanguard's implementation plan for the Roth catch-up contribution provision?

The final regulation is largely consistent with the proposed regulation, but does provide key clarifications on how plans can implement the deemed Roth election option. For detailed information on these clarifications, read our paper "From proposal to policy: IRS Finalizes Awaited SECURE 2.0 Catch-up Regulations."

### 17. How is Vanguard tracking the pre-tax total for Roth catch-up required participants?

For plans using the contribution monitoring service, Vanguard will ensure that a participant's overall pre-tax contribution amounts for the calendar year do not exceed the 402(g) limit. These amounts may include sources designated as pre-tax 402(g) and/or pre-tax catch-up.

### 18. What is the impact to clients that intend to consolidate a catch-up source by January 1, 2026?

Vanguard's solution to the Roth catch-up contributions provision will not impact a plan sponsor's transition from separate-source to single-source. Separate-source plans can, if desired, move into a single-source without the consolidation affecting their ability to administer the Roth catch-up contributions provision of SECURE 2.0, subject to implementation time frames.

# Frequently asked questions

## Participant experience

### 19. What changes will Vanguard make regarding the participant experience?

Vanguard will ensure that your participants are prepared for these changes. Throughout 2025 and 2026, we will share materials such as thought leadership content and examples of participant-specific savings journeys so that your Roth catch-up required participants feel prepared to maximize their catch-up contributions. Intranet text is now available for you to share with your participants.

### 20. Can participants opt out of Roth catch-up deferral elections?

Catch-up contributions are voluntary. Roth catch-up required participants have the option to make catch-up contributions as Roth contributions or not make any catch-up contributions at all.

### 21. For plans that use a separate-source administrative arrangement, what will the participant experience look like in plans that choose to keep the pre-tax catch-up source available, as well as plans that choose to disable the pre-tax catch-up source?

For separate source plans that choose to keep their pre-tax catch-up source available, any contributions applied to this source as a result of deferral elections will be factored into the overall year-to-date pre-tax 402(g) amount (both noncatch-up and catch-up combined) to ensure compliance with the 402(g) limit. Separate source plans that choose to disable their pre-tax catch-up source must ensure that their Roth catch-up required participants know how to maximize their pre-tax contributions up to the 402(g) limit if they choose to do so. In these plans, Roth catch-up required participants who want to maximize their pre-tax contributions should not make any Roth basic catch-up contributions at all. All Roth contributions should be made solely as Roth catch-up. It is the participant's responsibility to understand how separate catch-up source deferral elections impact their contributions.

**Reach out to your Vanguard client team with questions. We are here to help.**

**Vanguard<sup>®</sup>**