Publications

IRS Grants Much-Needed Two-Year Grace Period to Get Roth Catch-Ups All Caught Up

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PUBLISHED

11/08/2023

SOURCE

TAXES - The Tax Magazine

SERVICES

Employers & Sponsors

Retirement Programs

On January 1, 2024, Section 603 of Setting Every Community Up for Retirement Enhancement (SECURE) 2.0 becomes effective, which mandates plan sponsors to provide Roth catch-ups for defined contribution plans that offer catch-ups and have at least one participant who earned $145,000 of Federal Insurance Contributions Act (FICA) wages in the prior year. This new mandate had plan sponsors and recordkeepers alike scrambling to understand the new rule and how to implement this new plan qualification requirement by yearend. This new rule raises a number of open questions, including if employers that do not offer Roth contributions in their plans have to comply with this new rule in order to retain catch-up contributions (which are a very popular plan design feature to help older Americans save for retirement). In addition, there was some confusion with the SECURE 2.0 Act technical conforming changes that caused concern that no catch-up contributions (regardless of pre-tax or Roth) would be permitted at all, beginning as of January 1, 2024.

In this *TAXES—The Tax Magazine* article, “IRS Grants Much-Needed Two-Year Grace Period to Get Roth Catch-Ups All Caught Up,” Groom principals Elizabeth Dold and David Levine explore IRS Notice 2023-63, which provides guidance for Section 603 of SECURE 2.0.

To read the article, click here.