



Section 603 Overview

For employers utilizing the Minnesota Deferred Compensation 457(b) Plan

Agenda

- Overview of SECURE 2.0 Section 603 Provision
- Examples
- Compliance
- Key Takeaways and Action Items
- Resources
- Q&A

SECURE 2.0 - Section 603 Provision

Age-based catch-up contributions must be Roth for some participants

- SECURE 2.0 requires age-based catch-up contributions be made as Roth if a participant's prior calendar year 3121(a)/FICA wages earned with the employer sponsoring the plan exceeded \$150k (subject to annual cost of living adjustments).
- The provision is effective 1-1-2026 for 401(k), 403(b) and governmental 457(b) plans.



Provision brings change



- Changes to age-based catch-up contributions effective January 2026
 - Primary impact is on participant contributions to the MNDCP
- Applies to:
 - Participants with FICA wages greater than \$150,000 in the previous calendar year. FICA wages for purposes of the Roth age-based catch-up contributions are wages subject to Social Security tax (i.e., Box 3 of Form W-2)
 - Age-based contributions over the normal contribution limit:
 - 50+
 - 60-63

Note: This does not apply to approved contributions under the 3-year Catch-up provision

About age-based contributions

Age-Based Catch-Up Contribution Limits

Eligibility is based on the participant's age at end of the calendar year

Standard Contribution Limit	Age 50+ Contribution Limit	Age 60-63 Contribution Limit	3-year Special Catch-Up Provision
<ul style="list-style-type: none">• Maximum \$24,500	<ul style="list-style-type: none">• Additional \$8,000*• Maximum \$32,500	<ul style="list-style-type: none">• Additional \$11,250*• Maximum \$35,750	<ul style="list-style-type: none">• Must be applied for and approved• Up to an additional \$24,500 (not to exceed the participant's approved catch-up credit)• Maximum \$49,000

3-year catch-up provision may not be combined with age-based limits

Note that stated limits are based on 2026 contribution limits and may change for future years

*For participants with wages above \$150,000 in the previous year, these amounts must be made as after-tax Roth contributions

Contribution limit examples

Participant A - age 55 earned \$160,000 in the previous year

MNDCP Contributions

- Up to \$24,500 = can be made pre-tax and/or Roth after-tax
- Between \$24,501 and \$32,500 = must be Roth after-tax

Participant B - age 62 earned \$175,000 in the previous year

MNDCP Contributions

- Up to \$24,500 = can be made pre-tax and/or Roth after-tax
- Between \$24,501 and \$35,750 = must be Roth after-tax

Participant C is age 67 and earned \$180,000 in the previous year

MNDCP Contributions

- Approved to contribute the maximum-3-year Special catch-up provision
- May contribute up to \$49,000 pre-tax and/or Roth after-tax

Note that stated limits are based on 2026 contribution limits and may change for future years

Supporting Roth catch-up compliance

Employers should provide a Mandatory Roth Catch-up (MRC) indicator to Voya annually for those employees that meet the requirements

- Provide a MRC indicator in Voya PayCloud (VPC) within the SponsorWeb portal (starting January 2026)
 - Provide a “Y” if the eligible employee is an MRC participant due to having FICA wages greater than \$150,000 in the previous calendar year
- MRC Indicators should be provided annually, by January 31
- Updates will be accepted throughout the year
- MRC Indicators remain on file until the employer provides a new or a mid-year update

MRC Indicator

Voya will use an MRC indicator to prevent or correct pre-tax contributions in excess of the under age 50 limit

About the MRC indicator

Employers who remit via Voya PayCloud (VPC) within the SponsorWeb portal

- Employers will receive real-time edits and will not be allowed to submit a pre-tax contribution for a participant with an MRC indicator and has reached the standard contribution limit for the year.
 - Real-time edit:
When the employer enters contribution amounts, VPC edits the batch to see if there are any errors. If there are errors the batch will not say “*Ready to Post*”, it will say “*Contains Errors*” and the employer will not be able to submit the file until they correct the error.

Important Note

If an employer does **not** submit MRC indicators, catch-up contribution processes remain unchanged.

Voya will be unable to prevent pre-tax contributions going into participant accounts in error.

About the MRC indicator

Employers who remit SFTP contribution files

- **Employers that submit SFTP contribution files** - Either provide a MRC indicator in Voya PayCloud (VPC) within the SponsorWeb portal or provide Voya with a MRC file. An MRC Indicator file template is available and will be sent to employer contacts via gov-delivery email.
- Employers that submit a contribution for a participant with an MRC indicator that has exceeded the standard contribution limit for the year, will be notified before the payroll can post.
 - The Voya payroll team will work these employers to return the funds, and the employer will need to correct the contribution in payroll to ensure accurate W-2 reporting.

Important Note

If an employer does **not** submit MRC indicators, catch-up contribution processes remain unchanged.

Voya will be unable to prevent pre-tax contributions going into participant accounts in error.





Employer reporting responsibility



- It is the employers responsibility to remit Roth age-based catch-up contributions to affected employees MNDCP account
- Employer is not required to aggregate salary across employers (e.g., employee contributes to MNDCP with the City and the County)
- Employer is required to aggregate salary and coordinate Roth age-based catch-up contributions if an employee contributes to multiple 457(b) plans offered by an employer (e.g., employee contributes to MNDCP 457(b) and another 457(b) Plan offered by the employer)

There is no requirement to aggregate salary if an employee contributes to a 457(b) and 403(b) plan offered by an employer

Key Takeaways and Action Items

Action Item	Timing
 Incorporate contribution limit monitoring for MRC participants to avoid corrections later	Ongoing after January 1, 2026
 Finalize prior year's wages to identify MRC participants	January 2026
 Provide MRC Indicator to Voya for impacted participants	By January 31, 2026
 Engage payroll vendor & TPA early How are they accommodating the requirement?	As soon as possible

Resources

- User Guide for how to add the MRC Indicator flag for affected participants within VPC in SponsorWeb at <https://employers.mnretire.gov> (under the *Payroll* tab)
- The MRC Indicator file format will be sent to SFTP employer contacts via gov-delivery email
 - Instructions for submitting the file will be provided closer to the due date of January 31, 2026
- Additional employer reminders will be sent via gov-delivery
- Employer summary of Provision 603, visit <https://employers.mnretire.gov/secure2.0> (Provisions Effective January 1, 2026)
- For more information about the mandatory Roth provision of the SECURE 2.0 Act, visit <https://employers.mnretire.gov/secure2.0> (Provisions Effective January 1, 2026)

Contact Us

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