

Changes to age-based catch-up contributions effective January 2026

Provision 603 of the SECURE 2.0 Act requires age-based catch-up contributions be made as Roth after-tax contributions if an employee's prior calendar year 3121(a) FICA wages earned with the employer sponsoring the plan exceeded \$150,000 (adjusted annually for inflation).

The provision is effective January 1, 2026 for 401(k), 403(b) and governmental 457(b) plans. This impacts the Minnesota Deferred Compensation 457(b) Plan (MNDCP), administered by MSRS.

Other 457(b) or 403(b) plans administered by covered employers are also impacted. Employers that administer other 457(b) or 403(b) plans should consult with those plan providers for information on how this provision impacts those plans.

Employers should also engage with their payroll vendor and TPA's to inquire how they intend to accommodate this requirement.

Employee Deferral Limits*

- For 457(b) plans, the IRS sets annual limits on the amount employees can defer from their pay. For 2026, the standard limit maximum is \$24,500.
- Employees over certain ages are eligible for catch-up contributions, which allow for additional contributions beyond the standard limit. These additional amounts must be remitted as Roth contributions.
 - Age 50+ - May defer an additional \$8,000 (annual limit maximum: \$32,500)
 - Age 60-63 - May defer an additional \$11,250 (annual limit maximum: \$35,750)
- *Every year, typically in late fall, the IRS announces the latest contribution limits for retirement savings accounts.*

What you need to do

To prepare for these changes, Voya is providing employers with *instructions* to supply a new Mandatory Roth Catch-up (MRC) indicator for affected employees. The initial MRC indicator should be input by January 31, 2026. Voya will accept updates throughout the year. MRC indicators remain on file for employees until the employer provides updated information.

For each affected employee, employers should provide:

- A "Y" if the employee had FICA wages greater than \$150,000 in the previous calendar year.

For employees with a "Y", Voya will either return age-based pre-tax contributions that have posted or prevent pre-tax contributions in excess of the standard contribution limit from posting to MNDCP accounts.



Employers that upload or manually submit contribution files via Voya PayCloud (VPC)

- You will receive real-time edits and will not be allowed to submit a pre-tax contribution for an employee who has an MRC indicator and has reached the standard contribution limit for the year.

Employers that remit SFTP contribution files

- You can either provide a MRC indicator in Voya PayCloud (VPC) within the Sponsor Web portal or provide Voya with a csv or comma delimited MRC file. [View MRC Indicator file template](#)
- If you submit a contribution for an employee with an MRC indicator who has exceeded the standard contribution limit for the year, you will be notified before the payroll can post.
- The Voya payroll team will coordinate with you to return any excess pre-tax contributions. You will then be responsible for adjusting the payroll records to ensure accurate W-2 reporting and compliance with IRS regulations.

Important Note:

If an employer does not submit MRC indicators, Voya will be unable to prevent pre-tax contributions from depositing into employee accounts in error. Should this occur, a formal correction will need to occur at a later date.

Refer to page three for contribution limit examples.

Participant Communications

Communications will be targeted to potentially impacted employees notifying them of these changes and encouraging them to plan appropriately to avoid missing deferrals and, if applicable, employer matching contributions.

Questions?

If you have any questions, please email MSRS Payroll Support at payroll.support@mnretire.gov or call **651-284-7729**, weekdays from 8:00 a.m. to 4:30 p.m.

Additional resources will be posted at employers.mnretire.gov



MNDCP Contribution Limit Examples

Employee 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

Employee 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

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

MNDCP Contributions

- Approved to contribute the maximum-3-year 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



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