

Dear Plan Participant,

Recent federal legislation now requires that any age-based catch-up contributions under the [Minnesota Deferred Compensation 457\(b\) Plan \(MNDCP\)](#) be made as Roth after-tax contributions.

What's changing?

The SECURE 2.0 Act modified the age-based catch-up rules, requiring 457(b) plan participants with prior year's FICA wages greater than \$150,000 from their governmental employer be made as Roth after-tax contributions. Under current IRS guidance, 2026 is the first year that this SECURE 2.0 provision is enforceable.

What is an age-based catch-up contribution?

At certain ages, you are allowed contribute additional amounts to your MNDCP account beyond the standard contribution maximum of \$24,500 in 2026:

- Age 50+ You may contribute an additional \$8,000 for an annual maximum of \$32,500
- Age 60-63 You may contribute an additional \$11,250 for an annual maximum of \$35,750

These additional amounts must be contributed as Roth after-tax, regardless whether you elected to contribute on a pre-tax basis. For purposes of determining your limit, use the age that you have attained at the end of the calendar year.

Does this change affect me?

This affects you if your prior calendar year FICA wages (Box 3 of form W-2) from your employer sponsoring the MNDCP are over \$150,000. You are prohibited from making pre-tax age-based catch-up contributions. Any additional age-based catch-up contributions (\$8,000 if age 50+ and \$11,250 if ages 60-63) will be made as Roth after-tax.

If your wages are not subject to FICA: The SECURE 2.0 change does *not* impact you at all. You may choose whether to make any age-based catch-up contributions as pre-tax and/or Roth contributions.

What else do I need to know?

- If your prior year calendar year FICA wages are over \$150,000 and you do not plan to contribute to the MNDCP beyond the standard \$24,500 maximum contribution limit, you are not affected and do not need to take any action.
- If your prior year calendar year FICA wages are over \$150,000 and you plan to contribute age-based contributions (beyond the standard \$24,500 maximum contribution limit) **AND** you have elected to only make Roth after-tax contributions, you are not affected and do not need to take any action.
- If your employer is a public school district that also offers a 403(b) plan and you are contributing to the MNDCP and a 403(b), the requirement that age-based contributions be made as Roth applies separately to a 403(b) plan and a governmental 457(b) plan. You may contribute the maximum pre-tax contribution permitted under the annual IRS limit to each of those plans before making age-based catch-up contributions as Roth.

If you have any questions regarding this new federal regulation, contact MSRS at 1.800.657.5757 or visit www.mnretire.gov/Roth-Age-Based-Contribution-Requirement.