CATCH UP FOR RETIREMENT WITH ROTH

MAKING AGE 50+ CATCH-UP CONTRIBUTIONS ON A ROTH BASIS

Effective January 1, 2026, catch-up contributions for certain higher-income participants in the UT System Voluntary Retirement Programs must be made as Roth after-tax contributions. Specifically, if your FICA wages (box 3 of your W-2) earned with your University of Texas System employer in 2025 exceeded $150,000, any catch-up contributions you make to the Plan must be designated as Roth. This change is required by Section 603 of the SECURE 2.0 Act of 2022.

What's changing?

If you fall into this higher-income category, here's how it will impact your UT System Voluntary Retirement Program contributions in 2026.

Annual Deferral Limit: Participants aged 49 and under by the end of 2026 can contribute up to $24,500 on a pre-tax and/or Roth after-tax basis.

Catch-Up Contribution Limit (Ages 50-59 or 64+): Participants aged 50-59 and 64+ by the end of 2026 can contribute up to $32,500. The first $24,500 can be contributed on a pre-tax and/or Roth after-tax basis. The $8,000 catch-up contribution can only be made on a Roth basis.

Catch-Up Contribution Limit (Ages 60-63): If you are aged 60-63 by the end of 2026, you can contribute up to $35,750. The first $24,500 can be contributed on a pre-tax and/or Roth after-tax basis. The $11,250 catch-up contribution can only be made on a Roth basis.

IMPORTANT: If your FICA wages earned for your UT System employer in 2025 do not exceed $150,000, or your wages from your employer are not subject to FICA, this new rule will not apply to you. You will continue to have the choice of making pre-tax and/or Roth after-tax catch-up contributions in 2026.

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How should you prepare for this change?

If you are aged 50 or older in 2026 and meet the criteria of a higher-income participant, we encourage you to review and consider your unique situation in preparation for this change.

- **Review your retirement saving strategy.** How much did you contribute to the UT System Voluntary Retirement Program in 2025? Did you make catch-up contributions? Were they made on a pre-tax or Roth after-tax basis? Evaluate how your contributions are set up for 2026 and consider how the new Roth catch-up requirement may impact the money you intend to save for retirement.
- **Consult a financial professional.** If it's appropriate for your specific situation, schedule an appointment to meet with a financial professional to understand the tax implications of making Roth catch-up contributions and how they fit into your overall retirement and tax planning strategy.
- **Adjust your contributions.** If Roth catch-up contributions are right for your retirement planning goals, work with your HR or payroll office to help ensure that your contribution sources are aligned with the new requirements.

Though the taxability of your catch-up contributions may be impacted by the SECURE 2.0 Act, catch-up contributions are still a great way for you to maximize the amount you save for retirement during your remaining working years. Your future self thanks you. When you're ready to update your contributions for 2026, log into **UTRetirement Manager**.

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