Designated Roth

What you need to know before 2026

If you've heard the term Roth but haven't paid much attention to it, now's the time to take a closer look. Starting in 2026, a new federal rule may shift how a portion of your retirement contributions are handled.

What's changing in 2026?

Starting January 1, 2026, if you are age 50 or older, and you earned more than $150,000 in prior year Social Security FICA wages from your employer sponsoring your retirement plan (amount indexed to inflation each year), and if permitted in your plan, all age-based catch-up contributions made to your applicable workplace retirement plan [401(k), 403(b), or governmental 457(b)] must be made as a designated Roth contribution.

If catch-up contributions are permitted in your plan, this change is not optional. It's required.

What is a designated Roth contribution?

Designated Roth contributions are employee elective deferrals made with after-tax dollars to a special designated Roth account within an employer-sponsored retirement plan, such as a 401(k), 403(b), or governmental 457(b).

Unlike pre-tax salary deferrals, which are not taxed when you contribute them to the plan, the tax advantage for designated Roth contributions comes when qualified withdrawals of both contributions and earnings are tax-free[1].

What's an age-based catch-up contribution?

An age-based catch-up contribution is an additional, extra amount that employees aged 50 or over at the end of the calendar year (or those aged 60–63 for a "super catch-up") can contribute to their retirement plan, beyond the normal annual contribution limits set by the IRS. Visit our website to review the most recent **contribution limits**.

Starting in 2026, if you meet the income threshold, catch-up contribution must be designated Roth contributions, not pre-tax.

What should you do now?

1. **Check your 2025 wages:**
   If you are age 50+ and earned more than $150,000 Social Security FICA wages from your employer, this rule generally applies to you in 2026.
2. **Learn about Roth:**
   Understanding the potential tax benefits (and differences) helps you make informed choices. Learn more **HERE**.
3. **Talk to your plan administrator or HR team:**
   They can tell you whether your plan offers designated Roth options now and how to update your elections.
4. **Consider the long-term benefit:**
   Designated Roth contributions may be helpful if you expect to be in a higher tax bracket in retirement, or if you value tax-free withdrawals later in life.

Why is this a big deal?

Designated Roth contributions change the tax timing of your retirement savings.

Here's how that impacts you

	Pre-tax contribution	Designated Roth contribution
Contributions taxed	No	Yes
Grows tax-free	Yes	Yes
Withdrawals taxed	Yes	No (if qualified withdrawals[1])

You will pay taxes now in exchange for tax-free withdrawals in retirement if certain conditions are met.

[1] Withdrawals of Roth earnings are not includible in gross income if they are qualified distributions. To be qualified, the withdrawal must occur at least five years after your first designated Roth contribution and after you reach age 59½, become disabled, or die. Withdrawals of earnings that do not meet these requirements may be subject to income tax and, if under age 59½, an additional 10% early-withdrawal penalty. The portion of a nonqualified distribution attributable to contributions is not included in taxable gross income.

Reach out. Your financial professional can help you determine how adding a designated Roth account fits into your overall financial plan.

corebridgefinancial.com/retire 1.800.448.2542

We're here to help you take action

You can reach out directly to your financial professional.

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