



RETIREMENT SERVICES DIVISION MEMORANDUM 2026-01

January 8, 2026

ATTENTION: Human Resource and Payroll Officers

**SUBJECT: SECURE 2.0 Section 603: Roth Catch-Up Requirement for 457
and 403(b) Plans**

I. Introduction

The purpose of this memorandum is to notify agency personnel of a new provision effective January 1, 2026. Section 603 of the SECURE 2.0 Act requires employees whose prior-year FICA wages exceed \$150,000 (as indexed for inflation) to make age-based 457 and 403(b) catch-up contributions on a Roth (after-tax) basis. When an employee's combined pre-tax and Roth contributions reach the standard annual limit, any additional age-based catch-up contributions will be treated as a "deemed election" and automatically designated as Roth.

This requirement does not apply to employees who are not subject to FICA or to catch-up contributions made under the 457 Special Three-Year Catch-Up Provision. Eligible employees whose 2025 FICA wages are \$150,000 or below are not subject to this requirement and may continue to make catch-up contributions as pre-tax in 2026.

To implement the Roth catch-up requirement, administrative changes are required.

II. Oracle PeopleSoft Update

Oracle released an initial PeopleSoft patch addressing Section 603 on November 28, 2025. The PeopleSoft update will allow Core-CT to automatically convert an employee's contributions to Roth when their combined pre-tax and Roth contributions reach the standard annual limit.

The Office of the State Comptroller is working to implement the patch and ensure Core-CT is updated as quickly as possible to allow for proper administration of the new Roth requirement. Additional details on the new functionality will be provided once the patch is fully implemented.

III. Interim Administration

Due to Oracle's delayed release of the patch, Core-CT does not have the necessary functionality to administer the requirement as of January 1, 2026. In the interim, Core-CT will permit all catch-up contributions to be made according to the employee's election. As a result, some catch-up contributions required to be Roth will temporarily be made as pre-tax.

The Internal Revenue Service permits the correction of erroneous pre-tax catch-up contributions through in-plan Roth rollovers. Any pre-tax catch-up contributions that should have been made as Roth will be converted to Roth within the employee's account. Empower will perform the conversion and issue Form 1099-R to the employee for tax filing purposes. No action is required by the employee to initiate the correction; our office will coordinate with Empower to ensure contributions are corrected in compliance with federal law.

IV. Employee Notification

Empower has notified all employees participating in the 457 and 403(b) Plans of the Roth requirement, including additional communication to those eligible for the Age 50+ and Ages 60-63 catch-up. Employees subject to the Roth catch-up requirement will receive a third notice from Empower and receive multiple pop-up messages on their online accounts.

The Office of the State Comptroller will also notify identified active employees age 50 and above whose 2025 FICA wages exceed \$150,000. These employees will receive notification via mailed letter.

V. Contribution Election Changes

Employees are responsible for making any desired changes to their contribution election.

- If an impacted employee wishes to avoid making the required Roth contributions, they must update their contribution election to zero.
- If an employee is required to make Roth catch-up contributions, elected pre-tax contributions will automatically resume the following year.
- Employees should note that if contributions are reduced to zero, a new election will be required to restart contributions in a subsequent year.

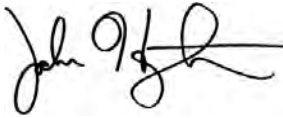
All contribution elections must be made through Empower by calling 844-505-7283 or online at www.ctdcp.com. Contribution election changes take effect according to the payroll cutoff schedule posted online at www.ctdcp.com.

VI. Conclusion

Payroll and Human Resources Personnel are encouraged to provide this information to all employees. For questions regarding Section 603 of the SECURE 2.0 Act, agencies may contact the Retirement Services Division at DeferredCompPlans@ct.gov.

Employees who may be impacted by this change or wish to discuss other aspects of their defined contribution plans are encouraged to schedule a meeting with an Empower retirement counselor by visiting www.ctdcp.com and clicking “Schedule a meeting” at the bottom of the page.

Very truly yours,

A handwritten signature in black ink, appearing to read "John W. Herrington", with a stylized flourish at the end.

John W. Herrington
Director