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Two-Year Delay for Changes to Catch-up Contribution Rules

BY SCOTT C. CASHMAN • AUGUST 29, 2023

On August 25, 2023, the Internal Revenue Service announced a two-year delay in implementing changes to the catch-up retirement contributions of certain taxpayers.

As we discussed on August 10 in our blog post “[Big Changes to Retirement Plans Including 401K Catch-up Contributions](#),” one of the changes brought about by the Secure Act 2.0 was requiring that catch-up 401K contributions made by taxpayers who are age 50 and older and earned more than \$145,000 in the prior year be designated as Roth contributions effective in 2024. The result would be a higher current income tax consequence for the high earners because Roth contributions are made post-tax, but plan administrators cannot realistically implement the change in time.

The two-year delay will give human resources departments, payroll companies and plan custodians time to devise procedures to implement these new rules. There was concern among plan administrators that there was no practical way for many plans to implement the changes effective for 2024. On July 14, 2023, approximately [200 organizations wrote a letter to Congress](#) urgently asking for a delay.