



## Important Notice: 2026 Changes to 457(b) Contributions

Mandated by Section 603 of the SECURE 2.0 Act

### Overview of the Change

Pursuant to federal law, the IRS now mandates a change in how "Catch-Up" contributions are processed for high-income earners.

### Who is affected?

Participants whose prior year FICA wages (Box 3 of your W-2) were \$150,000 or more and who are age 50 or older.

### The Requirement:

If you meet the income threshold above, you must now submit any age-based catch-up contributions as Roth (after-tax) contributions.

### 2026 Contribution Limits

- **Regular Pre-Tax Limit:** You may contribute up to **\$24,500** pre-tax.
- **Age 50+ Catch-Up:** The additional **\$8,000** must be contributed as **Roth**.  
Total annual contribution potential: \$32,500.
- **Age 60-63 Catch-Up:** The additional \$11,250 must be contributed as **Roth**.  
Total annual contribution potential: \$35,750.
- **Special Pre-Retirement Catch up is exempt.**

### How to Update Your Account

To ensure you maximize your contributions for 2026, follow these steps to adjust your split:

1. **Log In:** Access your 457(b) account at [wrsdcp.com](http://wrsdcp.com).
2. **Navigate:** Click on **Account Overview**, then select "**My Contributions**" under the "**Paycheck Contributions**" menu on the left.
3. **Enter Total:** In the main contribution screen, input your **full monthly total** (e.g., **\$2,688** to max out both. In this example, the employer contributes \$240 annually).
4. **Determine the Split:** On the next screen, allocate the funds:
  - **Before Tax Box:** Enter **\$2,021.66** (Calculated as \$24,500/12, less the \$240 annual employer contribution, if applicable. Employer contributions will vary).
  - **Roth Box:** The system will automatically add the remainder to the Roth category.

## Frequently Asked Questions (FAQ)

### **Q: Why is this change happening?**

A: This is a federal requirement under the SECURE 2.0 Act. The law requires high-income participants to make catch-up contributions on an after-tax (Roth) basis.

### **Q: Does this affect my regular \$24,500 contribution?**

A: No. You can still contribute up to the regular limit on a pre-tax basis regardless of your income. Only the "Age Catch-Up" portion is impacted.

### **Q: What is the benefit of a Roth contribution?**

A: While you pay taxes on the contribution now, the money grows tax-free. Qualified withdrawals in retirement will not be subject to federal income tax.

### **Q: Does the employer contribution count toward my limit?**

A: Yes. The employer contribution is pre-tax, which is why the personal pre-tax contribution should be adjusted to avoid exceeding the \$24,500 limit.

### **Q: What if I don't make the change?**

A: If you exceed the \$24,500 pre-tax limit and meet the income threshold, the funds that exceed the regular IRS limit will be non-compliant and corrections will have to be made. Updating your split now ensures your savings continue smoothly.