



Wyoming Retirement System

Partnering to Build Financial Security for Members and their Families

Mark Gordon
Governor

David Swindell
Executive Director

Dear Payroll/HR Teams,

Upcoming changes to [Section 603 of the SECURE 2.0 Act](#) mandate that 457(b) deferred compensation participants whose prior-year FICA wages were \$150,000 or more must have their age-based catch-up contributions submitted as Roth. The calculation is based on FICA wages that are subject to Social Security taxes – Box 3 on the W-2 form. This regulation does not apply to participants who did not receive FICA wages. Employers are only responsible for tracking wages they pay to employees.

Beginning January 1, 2026, payroll departments should run reports at the start of each year to identify employees who earned \$150,000 or more in prior-year FICA wages. These employees should be flagged, and their 457(b) deferred compensation contributions should be monitored. If an employee reaches the regular under age 50 [IRS annual contribution limit](#), the additional age 50+ catch-up deferrals must be changed from pre-tax to Roth. Impacted employees may opt to have pre-tax contributions up to the IRS limit and Roth contributions for age catch-up contributions. Payroll offices should notify employees aged 50 and over of this regulatory guidance.

Please note: This change only impacts age-related catch-up options, not Special Catch-Up contributions.

If an employee exceeds the regular IRS limit contributing pre-tax and is a high earner contributing age 50 and over catch-up contributions, there are two ways to correct the issue:

- The employee may request that the funds be converted from pre-tax to Roth.
- The employee may work with their payroll office to complete a W-2 correction prior to the W-2 filing.

Please reach out to the Wyoming Retirement System Deferred Compensation team at wrs.457pln@wyo.gov with any questions.

Sincerely,

WRS Deferred Compensation Team