

PAYROLL READINESS CHECKLIST FOR ROTH CATCH-UP CONTRIBUTIONS

Plan Sponsors can use this checklist to ensure payroll is prepared to implement the new Roth catch-up contribution rules.

Compliance target: January 1, 2026

- ☐ Ensure payroll has a system to identify employees whose prior-year FICA wages exceed \$145,000 (as indexed annually by the IRS).
- ☐ Ensure payroll can generate a list of these employees by the first payroll of each year.
- ☐ Ensure payroll can automatically switch those employees' pre-tax catch-up contributions to Roth once they reach the IRS limit.
- ☐ For purposes of deemed Roth catch-up, determine whether the contribution limit is tracked on a pre-tax or combined (pre-tax + Roth) basis.
- ☐ Recommend that the payroll system automatically revert to an employee's original election (in place at the time of the Roth switch) on January 1 of each year if the employee hasn't made changes.
- ☐ Ensure payroll uses best practices such as SPARK Institute industry-standard file formats for identifying participants subject to Roth catch-up.

We strongly recommend coordinating with your payroll provider and recordkeeper now to ensure all systems and processes are updated ahead of the 01/01/2026 deadline.