



FINANCIAL PERSPECTIVES



IRS published Notice 2023-62-Secure Act Delay August 25, 2023

On August 25, 2023, the IRS published Notice 2023-62 to provide initial guidance on, and a two-year delay of, the SECURE 2.0 Act requirement related to Roth catch-up contributions for high earners. This delays the rule until January 1, 2026.

Section 603 of the SECURE 2.0 Act required plans to comply with the following to continue offering catch-up contributions on and after January 1, 2024:

1. Any catch-up contributions made by a participant whose wages (for FICA tax purposes) from the employer sponsoring the plan exceed \$145,000 (as adjusted for inflation) in the preceding calendar year must be made on a Roth basis.
2. If the preceding rule applies to any participant for a plan year, the plan must allow (but does not need to require) all other participants to elect to make catch-up contributions on a Roth basis.

IMPLEMENTATION QUESTIONS

There were many open questions regarding the implementation of this rule. As part of this provision, Congress inadvertently eliminated the section of the Tax Code that permits catch-up contributions in the first place. These issues were identified by various industry participants who pushed Congress and the Department of the Treasury/IRS for either priority guidance or a two-year implementation delay.

NOTICE 2023-62

In Notice 2023-62, the IRS announced there will be a two-year “administrative transition period” with respect to the rule during which it will not be enforced. **In other words, the IRS granted the two-year delay that was requested.** The Notice also confirms that participants will continue to be able to make catch-up contributions in 2024 and beyond.

MORE GUIDANCE

The IRS announced that it intends to issue further, more detailed, guidance about this rule during the next two years. However, this two-year delay is a big win for plan sponsors and participants because it prevents sponsors from having to make a choice between eliminating catch-up contributions effective January 1, 2024, or trying to implement a rule with so many unknowns.

[Full text of Notice 2023-62 can be found on the IRS website.](#)



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