

RLC Direct Benefits Brief

December 2025

Here Comes A “Good Faith” Roll Out of Roth Catch-Ups in 2026

Beginning in 2026, for 401(k), 403(b), and governmental 457(b) plans that offer catch-up contributions, participants age 50 or older with prior-year FICA wages above \$150,000 in 2025 must make any catch-up contributions as designated Roth contributions. Final regulations are applicable in 2027. For 2026, the IRS will deem plans that operate using a reasonable, good-faith interpretation of IRC Sec. 414(v) regarding catch-ups as compliant. Below are the key takeaways and action steps to help plan sponsors and participants prepare.

Key Details

- The wage threshold is determined per employer and uses Box 3 wages from [Form W-2](#). For 2026, apply \$150,000 as the threshold. However, plans may elect to aggregate wages from different entities in certain situations.
- Deemed election: A plan may provide that a participant subject to the Roth catch-up requirement is deemed to have irrevocably designated any catch-up contributions as designated Roth contributions. The plan must treat these contributions as includible in gross income, maintain them in a separate Roth account, and the employee must have an effective opportunity to elect out of such treatment.

Inside This Issue

Notice 2025-68 Provides Detail on Trump Accounts; More to Come

[IRS Notice 2025-68](#) outlines how new “Trump accounts” will operate under IRC §530A and related provisions. [Read more.](#)

Daniel Aronowitz Confirmed to Lead EBSA

The Senate confirmed Daniel Aronowitz as Assistant Secretary of Labor overseeing the Employee Benefits Security Administration (EBSA) of the Department of Labor. [Read more.](#)

Paper Benefit Statements Mandatory in 2026

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Dismissal of DOL’s Fiduciary Rule Appeals

The U.S. Court of Appeals for the Fifth Circuit granted the DOL’s motion to dismiss its appeal of the 2024 investment-advice fiduciary rule and related prohibited transaction exemption (PTE) amendments. [Read more.](#)

IRS PLR Grants 60-Day Rollover Waiver in Wake of Fraud

[Private Letter Ruling \(PLR\) 202535015](#) addresses an IRA owner who missed the 60-day rollover deadline because of a fraud scheme but later recovered the stolen funds and sought a waiver. [Read more.](#)

Restoring Integrity in Fiduciary Duty Act

The [Restoring Integrity in Fiduciary Duty Act \(S. 3086, 119th Congress\)](#) is a federal bill that seeks to clarify and strengthen fiduciary duty standards, especially around the consideration of nonfinancial factors in investment decisions. [Read more.](#)

- Where a participant makes pre-tax catch-up contributions that should have been designated Roth contributions, if the deemed election provision is in place, the plan can take advantage of two new correction options. Both methods must be applied consistently for similarly situated participants, and the general deadline for correction is by the end of the following year for the affected contribution, unless an earlier correction deadline applies (e.g., for excess deferrals).
 1. Change the Form W-2 (allowed only if the employer has not already filed the form). This involves transferring the contributions and earnings to the designated Roth contribution account and reporting only the amount contributed as a designated Roth contribution on the participant's Form W-2.
 2. Roll over the contributions and earnings to the designated Roth contribution account. Report the full amount as an in-plan conversion on Form 1099-R. The participant includes the amount in taxable income.

Key Plan Design and Operational Considerations

- Plans are not required to offer catch-up contributions (although nearly all plans do.)
- Plans are not required to have a designated Roth contribution feature (although nearly all plans do.)
- If a plan offers catch-up contributions and not designated Roth contributions, participants above the wage threshold cannot make catch-up contributions at all in that year. Those under the threshold could continue to make pre-tax catch-ups.
- Plans may not mandate Roth catch-ups for all. Therefore, tracking who hits the wage threshold is mandatory unless all catch-ups are eliminated.
- If a plan intends to implement a deemed Roth election, the terms of the plan document must reflect it.
- Plan sponsors must confirm that payroll and recordkeeping providers can accurately administer both the Roth catch-up mandate and super catch-up limits (for ages 60-63)—especially when tracking FICA wages, managing multiple entities, and reporting corrections.

Upcoming webinars

Register now for these complimentary CE credit webinars in Q4.

January 28, 2026: [SECURE 2.0: Updates, Amendments, and Next Steps](#), hosted by TRA

February 25, 2026: [State-Sponsored Retirement Plans: An Overview](#), hosted by TRA

March 25, 2026: [3\(16\) Fiduciary Outsourcing](#), hosted by TRA



Action Steps

- Review with clients whether their plans offer a designated Roth feature. If not, discuss with them whether they should consider adopting one or be prepared to limit catch-up contributions for those with FICA wages over \$150,000.
- Help clients audit payroll and recordkeeping systems to ensure they can accurately track the FICA wage threshold and super catch-up eligibility.
- Assist with updating procedures and plan documents by the amendment deadline (generally December 31, 2026) to reflect final regulation requirements.
- Help coordinate training for HR and payroll staff, especially regarding how Roth catch-up contributions affect taxable income and distributions.
- Help clients coordinate with service providers to implement corrections and ensure plan compliance.

Notice 2025-68 Provides Detail on Trump Accounts; More to Come

[IRS Notice 2025-68](#), released on December 2, outlines how new “Trump accounts” will operate under IRC §530A and related provisions. The notice also launches a pilot program that “seeds” accounts for U.S. citizens born from 2025 through 2028 with federal contributions. Contributions from parents, employers, or others, and other account operations, cannot begin until July 4, 2026. Notice 2025-68 represents initial guidance and requests public comments by February 20, 2026. The IRS expects to issue more detailed proposed regulations. Unresolved issues remain, including the coordination with cafeteria plans, formal designation of trustees, rollover procedures, and how the account converts to a traditional IRA at age 18.

[Trump Accounts](#) are a new type of IRA-like savings vehicle, intended for children under 18 (eligible individuals are those “who have not attained age 18 before the close of the calendar year in which the election is made,” and who have a Social Security number). To open an account, an authorized individual (parent, guardian, or other eligible adult) must make an election using new [IRS Form 4547, Trump Account Election\(s\)](#), or via a future online tool/application.

Case of the week corner

Every day our senior consultants at the Retirement Learning Center encounter interesting advisor questions and cases. Each week, one unique case is selected and highlighted as our Case of the Week. In this quarterly newsletter, we highlight two of these cases.

- [Roth Catchups and HCEs](#)
- [State Sponsored Plans & M&As](#)



Establishment and Pilot Program Contribution

The notice provides instructions for establishing an initial Trump Account and electing into a “pilot program.” For U.S. children born between January 1, 2025, and December 31, 2028, the government will make a one-time “seed” contribution of \$1,000 to their Trump Account, if elected. That seed contribution is statutorily treated as a “payment against the income tax imposed” and does not count toward the annual contribution limit.

Contribution Rules

While the beneficiary is under age 18 (i.e., the growth period), Trump Accounts operate under unique contribution rules as summarized next. No deduction is allowed by an individual for any contribution to a Trump account.

Contributor Type	Annual Limit/Treatment
Private/family contributions (e.g., parents, guardians, others)	Up to \$5,000 per year (aggregate max)
Employer contributions (to employees’ or dependents’ Trump Accounts)	Up to \$2,500 per year, and included in the \$5,000 aggregate limit
\$1,000 Government “seed” contribution	One-time; does <i>not</i> count toward the \$5,000 limit
Contributions by qualifying governments/charities (“general funding contributions”)	Permitted, and not subject to the \$5,000 limit
Qualified rollover contributions	Transfers to a rollover Trump Account of the entire amount of the child’s prior Trump Account

Unlike a typical IRA, the child does not need earned income to accept contributions during the growth period. Contributions made for a given year must be made by December 31 of that year (i.e., no carry-back contribution option as there is for standard IRAs).

Investment Options

During the growth period (i.e., until the child turns 18):

- Funds must be invested in “eligible investments,” which are mutual funds or exchange-traded funds (ETFs) that track a “qualified index,” generally a broad U.S. equity index (e.g., the S&P 500), or a similar index of U.S. companies.
- Special basis rules apply for qualified rollover contributions and contributions from certain other sources.

Distribution/Rollover Rules Before Age 18

During the growth period:

- Withdrawals are limited to rollovers to another Trump Account, or certain ABLE-type accounts, distributions of excess contributions, or upon the death of the beneficiary.
- The account cannot be closed and distributed for normal use.
- For the calendar year in which the child turns 18, the growth period ends. At that point, the account generally becomes subject to standard traditional IRA rules under IRC §408.

Key Takeaway

Notice 2025-68 is only initial guidance. More detailed rules — especially around employer contribution plans, trustee selection, and rollover/distribution procedures — are forthcoming.



Paper Benefit Statements Mandatory in 2026

For plan years beginning after December 31, 2025, SECURE Act 2.0 will require most ERISA-covered defined contribution (DC) and defined benefit (DB) plans to deliver paper benefit statements. For DC plans, participants must receive at least one paper benefit statement each year, unless they have affirmatively consented to receive statements electronically under the older 2002 e-delivery standard (not merely the “notice-and-access” rule). This means most plans that currently rely solely on electronic posting will need to either 1) obtain affirmative e-consents from participants or 2) budget for and operationalize annual paper mailings. The content of the statement does not change—only the delivery method requirement is affected.

DB plans, generally, must provide a paper benefit statement once every three years, with an annual funding or status notice in the off years (which may be delivered electronically under DOL rules). Participants may request a paper copy at any time without charge.

Practically, this means DC plans face annual printing and mailing obligations starting in 2026 unless affirmative consent is in place, while DB plans face a periodic but recurring paper obligation. Plan sponsors should begin vendor coordination and participant consent campaigns in 2025 to manage cost, logistics, and fiduciary documentation.

Key Takeaways

- Alert plan sponsor clients that printing and mailing costs, as well as vendor contracts and address quality controls, will need to be reviewed before the 2026 plan year.
- Use the required paper statement as a touchpoint to drive engagement—coordinate statement design with educational inserts, QR codes, and calls to schedule advice sessions.
- Confirm that participant communication policies and election processes clearly document when an individual has opted out of paper statements.

IRS Increases Most IRA and Plan Limits for 2026

A November 1, 2025, [IRS Notice 2025-67](#) includes the 2026 cost-of-living adjustments (COLAs) for IRA and retirement plan related dollar limits. Key numbers are shown in the tables.

2026 IRA Limits

IRA Limits	2026	2025	2024
IRA Contribution Limit	\$7,500	\$7,000	\$7,000
IRA Catch-Up Contributions	\$1,100	\$1,000	\$1,000
Joint Return covered by workplace retirement plan	\$129,000–\$149,000	\$126,000–\$146,000	\$123,000–\$143,000
Single or Head of Household covered by workplace retirement plan	\$81,000–\$91,000	\$79,000–\$89,000	\$77,000–\$87,000
Joint Return spouse not covered by workplace retirement plan	\$242,000–\$252,000	\$236,000–\$246,000	\$230,000–\$240,000
Married filing separately covered by workplace plan	\$0–\$10,000	\$0–\$10,000	\$0–\$10,000
Roth IRA Joint Return	\$242,000–\$252,000	\$236,000–\$246,000	\$230,000–\$240,000
Roth IRA Single or Head of Household	\$153,000–\$168,000	\$150,000–\$165,000	\$146,000–\$161,000
Roth IRA Married filing separately	\$0–\$10,000	\$0–\$10,000	\$0–\$10,000

2026 Retirement Plan Limits

Employer Plan Limits	2026	2025	2024
Elective Deferral Limit (401(k), 403(b), 457(b) and SARSEP)	\$24,500	\$23,500	\$23,000
Age 50 Catch-Up Contribution Limit	\$8,000	\$7,500	\$7,500
Roth Catch-Up Threshold (NOTE: Reflects FICA wages paid in 2025)	\$150,000	N/A	N/A
Ages 60-63 Catch-Up Limit	\$11,250	\$11,250	N/A
Annual Defined Benefit Limit	\$290,000	\$280,000	\$275,000
Annual Defined Contribution Limit	\$72,000	\$70,000	\$69,000
Annual Compensation Limit	\$360,000	\$350,000	\$345,000
Highly Compensated Employee Dollar Threshold	\$160,000	\$160,000	\$155,000
SIMPLE Standard Contribution Limit	\$17,000	\$16,500	\$16,000
SIMPLE Small Employer Special Contribution Limit	\$18,100 ¹	\$17,600 ¹	\$17,600
SIMPLE Standard Age-50 Catch-Up Contribution Limit	\$4,000	\$3,500	\$3,500
SIMPLE Small Employer Special Age-50 Catch-Up Contribution Limit	\$3,850 ²	\$3,850 ²	\$3,850
SIMPLE Age 60-63 Catch-Up Contribution Limit	\$5,250	\$5,250	N/A
SEP Coverage Minimum Comp.	\$800	\$750	\$750
SEP Compensation Limit	\$360,000	\$350,000	\$345,000
Top-Heavy Key Employee Comp.	\$235,000	\$230,000	\$220,000
Social Security Taxable Wage Base	\$184,500	\$176,100	\$168,600
ESOP maximum amount subject to a 5-year distribution period	\$1,455,000	\$1,415,000	\$1,380,000
ESOP maximum amount for lengthening of the 5-year period	\$290,000	\$280,000	\$275,000

Source: [IRS Notice 2025-67](#)

¹For SIMPLE plans with 25 or fewer employees and SIMPLE plans with 26-100 participants if 4% match or 3% nonelective employer contribution provided

²For SIMPLE plans with 25 or fewer employees and SIMPLE plans with 26-100 participants if 4% match or 3% nonelective employer contribution provided

Dismissal of DOL's Fiduciary Rule Appeals

The U.S. Court of Appeals for the Fifth Circuit granted the DOL's motion to dismiss its appeal of the 2024 investment-advice fiduciary rule and related prohibited transaction exemption (PTE) amendments. The dismissal effectively leaves in place district court stays that blocked those rules from taking effect. As a result, the prior "five-part fiduciary test" and existing PTEs, including un-amended PTE 2020-02, continue to govern retirement advice for the present. More detail at ["Fiduciary Rule Update."](#)

Key takeaways for advisors

- Existing ERISA, securities law, and state standards still apply and remain enforceable.
- Preserve and refine documentation procedures developed for the 2024 rule (e.g., rollover analysis forms, conflict mitigation policies), using them as de facto best practices.
- Watch Congress and the DOL for alternative fiduciary initiatives, including statutory approaches such as the [Restoring Integrity in Fiduciary Duty Act](#).



Daniel Aronowitz Confirmed to Lead EBSA

On September 18, 2025, the Senate confirmed Daniel Aronowitz as Assistant Secretary of Labor overseeing the Employee Benefits Security Administration (EBSA) of the Department of Labor. Aronowitz has a long background in fiduciary law, insurance underwriting, and ESOP matters. He has publicly emphasized improving the fairness and predictability of EBSA enforcement, including ending perceived bias against ESOPs and overly long investigations.

Key takeaways

- Expect continued emphasis on fiduciary process, but with a greater focus on clear enforcement standards and timely resolution of investigations.
- Use the leadership change as a prompt to revisit governance practices, documentation standards, and committee training agendas.
- Expect additional EBSA guidance.



IRS PLR Grants 60-Day Rollover Waiver in Wake of Fraud

[Private Letter Ruling \(PLR\) 202535015](#) addresses an IRA owner who missed the 60-day rollover deadline because of a fraud scheme but later recovered the stolen funds and sought a waiver. The IRS granted relief, explaining that its discretionary waiver authority under IRC §408(d)(3)(I) can apply where failure to complete a rollover on time results from events beyond the taxpayer's reasonable control and where equity and good conscience favor relief.

PLR 202535015 involves “Taxpayer A” who withdrew money from a traditional IRA and, because of a fraud scheme, failed to roll that amount into another IRA within the usual 60-day window. According to the facts submitted, the taxpayer was tricked by individuals impersonating their financial institution; the impersonators convinced the taxpayer to wire funds — including the IRA distribution — into a cryptocurrency account. After the taxpayer realized the fraud and reported it, the funds were recovered and returned. Taxpayer A then asked the IRS for a waiver of the 60-day rollover requirement, arguing that the failure to timely rollover was caused by the fraudulent scheme and beyond their control.

IRS’s Ruling and Implications

The IRS agreed and granted the waiver. Under IRC §408(d)(3)(I), the Secretary has discretionary authority to waive the 60-day rule when failing to rollover in time would be “against equity or good conscience,” such as when the failure results from events beyond the taxpayer’s control (e.g., fraud). Given the documented fraud and recovery of the funds, the IRS concluded that it was appropriate to treat the recovered amount as eligible for rollover. The taxpayer was given a new 60-day period (starting upon issuance of the ruling) to deposit the recovered amount into a rollover IRA — assuming all other rollover requirements are satisfied.

Key takeaways for advisors

- When clients miss the 60-day rollover window due to fraud, disaster, or similar circumstances, consider whether a formal IRS waiver request is appropriate.
- Emphasize meticulous documentation of the fraud, recovery of funds, and timeline; these facts are central to the IRS’s analysis in PLR 202535015.
- Remind clients that a PLR applies only to a particular taxpayer’s specific facts and cannot be cited as precedent for others. PLRS do, however, offer insight into how the IRS applies its equitable relief standards in compelling cases.



Restoring Integrity in Fiduciary Duty Act

The [Restoring Integrity in Fiduciary Duty Act \(S.3086, 119th Congress\)](#) is a federal bill that seeks to clarify and strengthen fiduciary duty standards, especially around the consideration of nonfinancial factors in investment decisions. Debate in congressional hearings has tied the bill to broader disputes over ERISA litigation, ESG investing, and the appropriate balance between return focused and collateral objectives in fiduciary decision making.

Key takeaways for advisors

- Track the bill's progress and any companion House proposals, as enacted legislation could change how ERISA and other fiduciary regimes treat ESG and mission related factors.
- Help plan fiduciaries and wealth clients articulate their investment policy language so that consideration of nonfinancial factors is clearly framed and subordinated to prudent, loyalty-based standards.
- Revisit client expectations about fiduciary duties associated with investment selection and monitoring.



Happy Holidays From Retirement Learning Center



Warmest wishes from all of us at Retirement Learning Center. As we look back on the year, we're grateful for the trust you place in us and the opportunity to support your work. May your holiday season be peaceful, joyful, and filled with well-deserved rest. We look forward to learning and growing together in the new year.

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