The SECURE 2.0 Act and Fidelity Advantage 401(k)℠

Prepare for provisions impacting your 401(k)

Roth Catch-up provision

UPCOMING: Effective 01/01/2026

What is it?

It's a mandatory provision that states that as of January 1, 2026, employees whose wages (defined as Social Security FICA wages) from the same employer exceed $145,000* in the preceding calendar year can only make catch-up contributions on a Roth basis.

Who's impacted?

Your participating employees that are **catch-up-eligible** (50 years old or older) and made $145,000* or more in FICA wages in the previous year. If these participants wish to make catch-up contributions, they will need to be **Roth rather than pre-tax**.

What will you need to do?

- Provide data to Fidelity to help identify which of your participating employees are Roth Catch-up-required. We'll provide more information and reach out when we need data from you.
- Fidelity will communicate with your impacted employees directly.

Looking for more? Find more details on Roth Catch-up here.

*Amount indexed annually and subject to change annually

Refresher: Contribution limits + catch-up

The **employee contribution limit**, also called the 402(g) limit, is the total dollar amount of employee contributions that a participant can defer to a 401(k) in a calendar year.

Catch-up contributions are contributions above the 402(g) limit that are allowed for participants ages 50+.

These amounts are updated annually by the IRS.

Refresher: Pre-tax vs. Roth contributions

Pre-tax contributions are made before taxes are deducted from your paycheck, which lowers your taxable income in the current year. You'll pay taxes when you take a distribution.

Roth contributions are made with after-tax dollars, meaning you pay taxes upfront, but qualified withdrawals[1] in retirement are tax-free.

Automatic Enrollment provision

In effect as of 01/01/2025

Auto Enrollment video

What is it?

Starting in 2025, eligible employees who do not either enroll in the plan or opt out of the plan will be automatically enrolled with a 3% pre-tax contribution.

What do you need to do?

Be sure to check your Election Change Report in PSW® each Wednesday, and use the information there when you run payroll.

Can my employees opt out?

Participants can visit Fidelity NetBenefits® or call Fidelity at 800-835-5097 to opt out or unenroll by changing their deferral to 0%.

Up next: Automatic Increase Program takes effect

Participants who are automatically enrolled are also enrolled in an **automatic 1% increase to their deferral each new plan year**. This can be turned off or changed at any time on Fidelity NetBenefits®. Impacted employees who want to turn this off before 2026 will need to do so by late 2025.

Higher Catch-up provision

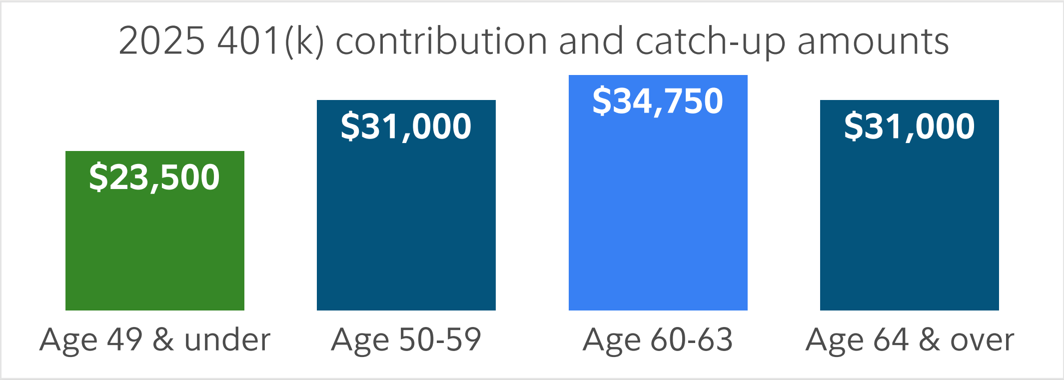
In effect as of 01/01/2025

What is it?

Starting in 2025, participants turning ages 60-63 are able to contribute even more in 40(k) catch-up contributions than the regular age 50+ catch-up amount.

What do you need to do?

Ensure that your payroll provider, or those responsible for payroll at your business, continue to monitor the deferral limits for all participants, including these Higher Catch-up limits. Contributions should continue until participants reach their limit based on their age.



[1] A distribution from a Roth plan is federally tax-free and penalty-free, provided the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, or death.

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