

Frequently asked questions pertaining to Roth 401(k)/403(b) contributions and Roth in-plan conversions

Are Roth contributions right for you? The following frequently asked questions help explain Roth contributions and how they differ from other retirement plan contributions.

Under changes made in the SECURE 2.0 Act of 2022, participants who are turning age 50 or older in 2026 and who earned more than $150,000* in FICA wages[1] with their current employer in 2025 must make all catch-up contributions on a Roth basis. A higher catch-up contribution limit applies for employees who are ages 60 to 63 and who participate in eligible plans.

Section 1

1. What are Roth contributions?

You may designate a percentage of your paycheck to be contributed to your workplace retirement plan as a Roth contribution. Roth contributions are considered optional and are made on an **after-tax basis.** Roth accounts were designed to combine the benefits of saving in your tax-deferred workplace savings plan with the advantage of avoiding taxes on your money when you make withdrawals in retirement.

How Roth contributions work

Think of contributions to your workplace retirement plan as having 3 separate buckets: pre-tax, Roth, and after-tax.

When you retire or leave your employer, earnings on your Roth contributions can be **withdrawn tax-free** as long as:

- It has been ***5 tax years*** since your first Roth contribution; and
- You are at least ***59½ years old.***

In the event of your death, beneficiaries may be able to receive distributions tax-free if you had started making Roth contributions earlier than 5 tax years prior to the first distribution. In the event of disability, your earnings can be withdrawn tax-free if the date of withdrawal has been at least 5 tax years from your first Roth contribution.

There are limits for Roth contributions

Roth contributions fall under the same IRS limits as pre-tax contributions to your plan, so each dollar of a Roth contribution reduces the amount that can be contributed pre-tax (and vice versa).

- In 2026, the total combined IRS contribution limit for Roth and/or traditional pre-tax contributions is $24,500.
- Effective January 1, 2026, the SECURE 2.0 Act includes Section 603, a mandatory provision requiring that if a participant earns more than **$150,000* in FICA** wages[1] with their current employer in the 2025 calendar year, all catch-up contributions at **age 50 and older** must be on a Roth basis.
- If you are age 50 or older in the calendar year, you may make an additional ***catch-up contribution*** of $8,000 in 2026, bringing your Roth and/or traditional pre-tax contribution limit to $32,500 for the year.
- If you are age 60 to 63 and participate in an eligible plan, for 2026, the catch-up contribution limit is $11,250 instead of $8,000, bringing your Roth and/or traditional pre-tax contribution limit to $35,750.

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2. What are the similarities and differences between Roth contributions and traditional pre-tax contributions?

Roth contributions are similar to traditional pre-tax contributions in the following ways:

- You elect how much of your salary you wish to contribute.
- Your Roth and traditional pre-tax contributions cannot exceed IRS limits.
- Your contributions are based on your eligible compensation.

But, unlike traditional pre-tax contributions, Roth contributions allow you to withdraw your money tax-free when you retire.[2] And income taxes will be withheld from your after-tax Roth contributions, so your take-home pay may be less than it would be if you made an equal traditional pre-tax contribution.

3. How are Roth contributions to a workplace retirement plan different from Roth IRA contributions?

A Roth individual retirement account (IRA) is an account that is outside your workplace retirement savings plan, whereas Roth contributions exist within your workplace retirement savings plan. You may contribute to a Roth IRA only if your adjusted gross income falls below a certain amount. There are no adjusted gross income limits for Roth contributions to your workplace retirement plan.

Contributions to both your workplace retirement plan and your Roth IRA have annual contribution limits.

- The 2026 contribution limit for a Roth IRA is $7,500 per year, or $8,600 if you are age 50 or older and eligible to make catch-up contributions.
- The combined IRS contribution limit for both Roth and traditional pre-tax contributions to a workplace retirement plan if you are under age 50 is $24,500. If you are over age 50 and eligible to make a $8,000 catch-up contribution, the combined limit is $32,500. If you are age 60 to 63 and eligible to make a $11,250 catch-up contribution, the combined limit is $35,750.
- With a Roth IRA or Roth contributions to your workplace retirement plan, you do not have to take a required minimum distribution (RMD) during your lifetime. Please speak with your tax advisor regarding the impact of the SECURE 2.0 Act on future RMDs.

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4. If I am already contributing $7,500 per year to a Roth IRA, am I still allowed to make pre-tax and Roth deferral contributions up to the $24,500 annual limit for 2026?

Yes. You may make pre-tax and Roth deferral contributions up to the annual limit ($24,500 for 2026, or more if you are catch-up-eligible), even if you have already contributed the annual maximum amount to a Roth IRA.



The table below summarizes the different types of workplace retirement plan contributions and the tax implications of each.

	PRE-TAX CONTRIBUTIONS	ROTH CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS
Are contributions taxed when made?	No	Yes	No
Are contributions taxed when distributed?	Yes	No[2]	Yes
Are earnings taxed when distributed?	Yes	No[2]	Yes
What are the IRS annual limits?	$24,500 for 2026 for employee pre-tax and Roth contributions		$72,000 for 2026, including employee pre-tax, Roth, and employer contributions
What is the catch-up contribution‡ for a person age 50 or older?	An additional $8,000 employee pre-tax/Roth contributions, up to $32,500 for 2026. For those ages 60 to 63, an additional $11,250 employee pre-tax/Roth contributions, up to $35,750 for 2026.		

‡ A catch-up contribution may be made on a pre-tax or Roth basis and is in addition to the combined pre-tax and Roth $24,500 annual limit as well as the $72,000 annual additions limit, which applies to the total contributions made to your 401(k) across pre-tax, Roth, after-tax, and employer contributions. Effective January 1, 2026, catch-up contributions are required to be made on a Roth basis for employees whose FICA wages (from the same employer) were greater than $150,000 in 2025. For this purpose, wages are those as defined in Internal Revenue Code Section 3121(a), wages subject to 2025 FICA (Form W-2, Box 3 wages for Social Security taxation purposes). The IRS permits employers the flexibility to also use FICA wages (Form W-2, Box 5 wages for Medicare) in determining the Roth catch-up requirement for the 2026 tax year.

5. How can I maximize my contributions using a combination of pre-tax, Roth, and, if age 50 or older and eligible, catch-up contributions?

	AGE 49 OR YOUNGER	AGE 50 OR OLDER	AGE 60–63
1. Contribute the maximum amount on a pre-tax and/or Roth basis.	$24,500	$24,500	$24,500
2. Take advantage of the catch-up contribution‖ if age 50–59 and 64 or older.	N/A	$8,000	N/A
4. Take advantage of the additional catch-up contribution‖ if age 60, 61, 62, or 63.	N/A	N/A	$11,250¶
Total contribution	$24,500	$32,500	$35,750

‖Effective January 1, 2026, catch-up contributions are required to be made on a Roth basis for employees whose FICA wages (from the same employer) were greater than $150,000 in 2025. For this purpose, wages are those as defined in Internal Revenue Code Section 3121(a), wages subject to FICA (Form W-2, Box 3 wages for Social Security taxation purposes). The IRS permits employers the flexibility to also use FICA wages (Form W-2, Box 5 wages for Medicare) for the 2026 tax year.

¶Plan must allow for higher catch-up.

Section 2

1. What is a Roth in-plan conversion?

A Roth in-plan conversion allows you to move money that you have saved in an eligible workplace retirement plan into a designated Roth account within that plan. The following are 2 types of in-plan conversions that are offered, provided that certain conditions are met and conversions are allowed by your plan:

- **A Roth in-plan conversion** involves taking a rollover-eligible distribution from your workplace savings plan and directly rolling it over to a Roth account within the same plan.

Examples of eligible assets may include your own contributions, contributions from your employer, or assets rolled over from a former employer.

- **An expanded in-plan conversion** allows eligible vested plan balances to be rolled over to a designated Roth account within your workplace savings plan, even if those amounts are not currently available for withdrawal.

2. Will the converted assets in the Roth account be eligible for withdrawal?

It depends on your individual situation. If you convert money that was already immediately available for withdrawal, this money will still be immediately available. However, if you convert money that was not available for a withdrawal, those assets will remain unavailable for withdrawal, just as before the conversion. Refer to **Section 1, question 1,** for withdrawal eligibility requirements.

Even if you are eligible for a withdrawal, please note that certain criteria must be met to receive tax-free Roth withdrawals.

3. How do I convert my money to a Roth account within my plan?

Because the conversion of non-Roth money to a Roth account within your plan is a complex decision, all transactions are conducted through our highly trained telephone representatives.

If you wish to request a transaction or simply speak with a representative about your options, please call your plan's toll-free number. The representative will review your account with you and provide you with available options for completing a Roth in-plan conversion.

You must call Fidelity to request a Roth in-plan conversion each time you want to convert eligible contributions.

4. Does Fidelity charge a fee to convert to a Roth account?

No. Fidelity does not charge a fee to convert eligible contributions to an in-plan Roth account.

5. Do I have to pay taxes on pre-tax contributions that I convert to a Roth account?

Yes. You have to pay taxes on both the base contribution and any associated earnings if you convert pre-tax contributions to a Roth account.

6. When am I responsible for paying applicable taxes incurred as a result of a Roth in-plan conversion?

You must pay all applicable taxes incurred as result of a Roth in-plan conversion for the income tax year in which you made the conversion. Taxes incurred as a a result of an in-plan conversion are not withheld from your payroll or converted contributions, and you are responsible for the tax liability.

7. Will I receive a tax form if I move money to a Roth account?

Yes. You will receive an IRS Form 1099-R at the end of the calendar year, which will include consolidated tax information on all your applicable conversions for the year.

8. What are the benefits of a Roth in-plan conversion?

The following benefits may help you decide whether a Roth in-plan conversion is right for you:

- Roth provides you with additional savings flexibility within your plan. It allows you to diversify your retirement assets between pre-tax and after-tax accounts.
- You can grow tax-free earnings on your retirement savings, provided that you meet appropriate qualification rules (a distribution from a Roth plan is tax-free and penalty-free if the 5-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, or death).
- Roth can also potentially reduce future income taxes and keep more of what you earn on your investments in your workplace savings plan.

9. What should I consider before making my decision to convert?

Please review the following questions to consider before completing a Roth in-plan conversion. The decision to convert needs to be made carefully and should include a consultation with your tax advisor.

- Do you expect to pay higher taxes in the future? If you think that you will be in a higher tax bracket after you retire, or if you plan to leave a substantial amount of your retirement assets to your heirs, you may want to consider a Roth in-plan conversion. This is because you may pay lower taxes now than if you wait until retirement to begin taking taxable withdrawals.
- Do you have a long investment time frame? The relative benefits of a Roth in-plan conversion will increase the longer your money remains in the Roth account. Generally, a Roth in-plan conversion may not make sense if your time horizon is less than 5 years, as amounts withdrawn may be subject to a 10% penalty.[2]
- Do I have the ability to pay the taxes on the applicable Roth in-plan conversion? You will be responsible for taxes owed on the conversion, and you will need to provide for the payment of taxes outside the plan.

*Indexed annually.

1. For this purpose, wages are those as defined in Section 3121(a) of the Internal Revenue Code, which are wages subject to FICA (Form W-2, Box 3 wages for Social Security taxation purposes).

2. distribution from a qualified retirement plan (other than an IRA) made to you after you separate from service with your employer may be penalty-free if the separation occurs in or after the year you reach age 55. Note that while penalty-free, earnings on Roth contributions are taxable if you are under the age of 59.5 at the time of distribution. Fidelity does not provide legal or tax advice. The information herein is general in nature and should not be considered legal or tax advice. Consult an attorney or tax professional regarding your specific situation.

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