Secure 2.0 communication

This communication is to inform all participants eligible to use age based catch up provision for defined contribution plans of the Secure 2.0 Roth mandate effective 1/1/2026.

This Roth mandate requires that “Age-based” catch-up contributions under 457(b), 401(k), and 403(b) retirement plans must be made on a Roth basis for employees whose compensation in the prior calendar year (2025) was $150,000 or more.

Therefore,

- Any employee in the same plan who is age 50 or older must be permitted (but not required) to have catch-up contributions. Those contributions are made on a roth basis (after-tax).
- Roth IRAs won’t satisfy the mandate.

What this means for participants affected by this provision is that all contributions which exceed the normal contribution limits for 2026 of $24,500 must be contributed on a roth basis (after-tax), if using an age-base catch-up provision.

Therefore, once the participant has contributed $24,500 of pre-taxed contributions, the remaining contributions for 2026 will be contributed on a roth basis (457 roth) up to $8,000.

To help you with your plan in maximizing your contributions for 2026 the following worksheet has been created as a tool to assist you in determining your bi-weekly contributions for each 457 component (Hybrid 457 (VRS); Pre-tax 457 (City); and Roth 457 (City). You would need to:

- Enter the date of your last paycheck
- Enter the percentage you are contributing to the Hybrid 457 (if applicable)
- Enter your current annual base salary
- Enter the total current contributions already contributed in 2026 for Hybrid 457 (VRS 457 DC EE)
- Enter the total current contributions already contributed in 2026 for City Pre-taxed 457 (M SQ 457)
- Enter the total current contributions already contributed in 2026 for City Roth 457 (MS ROTH 457)
- The Allowable amounts are divided by the remaining pay periods to provide bi-weekly contribution amounts.

Calculation for Age Based Catch-Up Contributions for Roth Mandate Provision				
Calculation to determine you get the maximum matching contributions for your 457 Hybrid contributions:				
			pay periods remainning for the year	bi-weekly contribution
Enter the date of your last paycheck	8/21/2026			
Enter the percent you are contributing to the VRS Hybrid 457 plan:	4.00%			
Enter your annual base salary	$ 150,000.00			
Total Annual VRS Hybrid 457 plan contributions (pre-tax):		$ 6,000.00		
Enter total current contributions already contributed in 2026 (Hybrid 457: VRS 457 DC EE)		$3,923.07		
Total Allowable VRS Hybrid 457 plan contributions (pre-tax):		$ 2,076.93	9	$230.77
Total normal 457 limit for 2026 (pre-tax):	$ 24,500.00			
Minus total annual VRS Hybrid 457 plan contributions (pre-tax):	$ 6,000.00			
Enter total current contributions already contributed in 2026 (City 457: M SQ 457)		$10,000.00		
Allowable City 457 plan contributions (pre-tax)		$ 8,500.00	9	$944.44
Roth Mandate in 2026	$8,000.00			
Enter total current contributions already contributed in 2026 (City Roth 457: MS ROTH 457)		$600.00		
Allowable Catch-Up portion for Roth Mandate in 2026 (after-tax)		$7,400.00	9	$822.22
Total Age 50 Catch-Up limit for 2026 is $32,500		$32,500.00		
Last paycheck of the year	12/23/2026			