

Maryland CFP® Professional Warns: New Rule Changes Catch-Up Contributions for High Earners

Starting January 1, 2026, professionals earning over \$145,000 must make catch-up contributions to Roth accounts, creating unexpected tax implications.

FOREST HILL, MD, UNITED STATES, January 9, 2026 /EINPresswire.com/ -- A little-known provision of the SECURE 2.0 Act took effect on January 1, 2026, requiring high-earning professionals to make all [catch-up](#) contributions to Roth 401(k) accounts rather than traditional pre-tax accounts. The change affects workers age 50 and older who earn \$145,000 or more, yet financial advisors report that most affected individuals remain unaware of the new requirement.

[Jeff Judge](#), CFP®, CLU®, ChFC®, founder of [Chesapeake Financial Planners](#) in Forest Hill, Maryland, is alerting clients and the broader Baltimore-Washington metro community about the implications of this mandatory shift.

"We're already seeing confusion and surprise," Judge said. "Professionals who have been making pre-tax catch-up contributions for years suddenly face a different tax equation. Many payroll systems haven't been updated, and HR departments are still catching up. The result is that people may be making the wrong elections without realizing it."



Jeff Judge, Managing Partner of Chesapeake Financial Planners



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What Changed and Who Is Affected

Under previous rules, workers age 50 and older could contribute an additional \$7,500 to their 401(k) plans in 2026 as "catch-up" contributions, choosing whether to make those contributions on a pre-tax or Roth basis. The new mandate eliminates that choice for high earners.

The \$145,000 income threshold is based on wages from the prior calendar year. For 2026, it applies to anyone whose 2025 W-2 wages exceeded \$145,000. The threshold will be adjusted annually for inflation in future years.

According to data from the U.S. Census Bureau, the

Baltimore-Washington metro area has one of the highest concentrations of high-income households in the country, with median household incomes in several counties exceeding \$100,000. Financial planners estimate that tens of thousands of local professionals fall into the affected income bracket.

The Tax Implications

The shift from pre-tax to Roth contributions has immediate tax consequences. Traditional pre-tax catch-up contributions reduce current-year taxable income, while Roth contributions are made with after-tax dollars and do not provide an upfront tax deduction.

For a professional in the 35 percent marginal tax bracket contributing the full \$7,500 catch-up amount, the difference amounts to approximately \$2,625 in additional federal income tax owed in the year of contribution.

"The trade-off is between tax savings now versus tax-free withdrawals later," Judge explained. "For some people, especially those expecting to be in a lower tax bracket in retirement or those who need the current-year deduction, this mandatory Roth requirement creates a dilemma."

Judge notes that the rule may prompt some high earners to reconsider whether to make catch-up contributions at all, or to redirect savings to other tax-advantaged vehicles such as Health Savings Accounts, taxable brokerage accounts, or other retirement savings strategies.

Why the Confusion?

Several factors have contributed to widespread lack of awareness about the new rule:

First, the provision was buried within the broader SECURE 2.0 Act, which contained dozens of

retirement-related changes. Many of those provisions received more attention in financial media.

Second, the rule's effective date was delayed multiple times, leading to uncertainty about when it would actually take effect. The IRS issued proposed regulations in early 2025, but final guidance came late in the year.

Third, many employer 401(k) systems and payroll platforms were not fully updated by January 1, 2026, creating potential for administrative errors or incorrect default elections.

"We're advising clients to log into their 401(k) accounts and verify their contribution elections," Judge said. "If the system defaults to a pre-tax catch-up contribution and you're a high earner, that election may not be valid, and you could face corrections later."

Strategic Considerations

Judge emphasizes that the mandatory Roth catch-up rule is not inherently good or bad; its impact depends on individual circumstances.

Roth contributions may be advantageous for professionals who:

- Expect to be in the same or higher tax bracket in retirement
- Have sufficient cash flow to absorb the higher current-year tax bill
- Want to maximize tax-free assets for estate planning purposes
- Are building tax diversification across traditional and Roth accounts

Conversely, professionals who are managing high current tax burdens, facing near-term cash flow constraints, or expecting significantly lower retirement income may find the mandatory Roth requirement less beneficial.

"This is a situation where one-size-fits-all rules don't serve everyone equally well," Judge noted. "It underscores the importance of personalized financial planning rather than relying on default settings or general advice."

What High Earners Should Do Now

Chesapeake Financial Planners recommends that affected professionals take the following steps:

1. Verify 401(k) elections: Log into your employer's retirement plan portal and confirm that catch-up contributions are correctly designated as Roth if you earn over \$145,000.
2. Review tax withholding: Since Roth contributions do not reduce taxable income, ensure your paycheck withholding is sufficient to avoid an underpayment penalty or large tax bill in April.

3. Evaluate the trade-offs: Determine whether Roth catch-up contributions align with your overall tax and retirement strategy, or whether alternative savings approaches make more sense.
4. Consult a financial advisor: Work with a Certified Financial Planner™ professional to integrate this change into your comprehensive financial plan.

About Chesapeake Financial Planners

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