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December 2025

ACTION ITEMS

- ☐ View the Cost-of-Living Adjustments for 2026
- ☐ Address Forfeitures by December 31
- ☐ Register for the 2026 Quarterly Administration Webinars
- ☐ Review Mandatory Roth Catch-up Requirement in 2026

Cost-of-Living Adjustments for 2026

The table to the right shows the cost-of-living adjustments for benefits and contributions for 2026 announced by the IRS.

| 2026 COST OF LIVING ADJUSTMENTS | | | |
|---|-----------|-----------|-----------|
| <small>The table below outlines the key Internal Revenue Service (IRS) annual cost of living adjustments affecting dollar limitations for qualified retirement plans and other benefit-related items for tax year 2026. These limits are effective January 1, 2026.</small> | | | |
| AREAS OF IMPACT | 2026 | 2025 | 2024 |
| Employee Election Deferral Limits – 401(k), 403(b) & 457 | \$24,500 | \$23,500 | \$23,000 |
| Defined Contribution Maximum | \$72,000 | \$70,000 | \$69,000 |
| Annual Compensation Maximum | \$360,000 | \$350,000 | \$345,000 |
| Highly Compensated Employee | \$160,000 | \$160,000 | \$155,000 |
| Social Security Taxable Wage Base | \$184,500 | \$176,100 | \$168,600 |
| Catch-Up Contributions Limit* | \$8,000 | \$7,500 | \$7,500 |
| Key Employee | \$235,000 | \$230,000 | \$220,000 |
| Defined Benefit Maximum | \$290,000 | \$280,000 | \$275,000 |

Address Forfeitures by December 31

IRS regulations require that plan administrators use forfeitures no later than 12 months after the close of the plan year in which the forfeitures are incurred. Therefore, forfeitures incurred in 2024 must be used by December 31, 2025. Plan administrators have received reminders from Voya to address any outstanding forfeiture balances, so please take action before year-end.

Forfeitures arising in a defined contribution plan may be used to (i) pay plan administrative expenses, (ii) reduce employer contributions, or (iii) allocate to participants as an additional contribution. Your Adoption Agreement indicates your election with respect to the use of forfeitures (Section 9.4, page 40), and that election must be followed.

2026 Quarterly Administration Webinars

Please go ahead and register for our 2026 Quarterly Administrator webinars with Voya for 2026. As a reminder, we provide updates and address any questions that you might have on the 401(k) plan:

- [Q1: Wednesday, March 18, 2026](#)

- [Q2: Friday, June 17, 2026](#)
- [Q3: Wednesday, September 16, 2026](#)
- [Q4: Wednesday, December 9, 2026](#)

Mandatory Roth Catch-up Requirement in 2026

Effective January 1, 2026, employees who earned more than \$150,000 in FICA wages in 2025 (as reported in Box 3 of the W-2) must designate any catch-up contributions as Roth contributions. Please note: When the IRS announced the 2026 contribution limits, they also increased the FICA wage threshold from \$145,000 to \$150,000 for determining mandatory Roth catch-up contributions. Catch-up contributions are additional elective deferrals available to participants age 50 or older that exceed the standard IRS employee contribution limit for the year, which is \$24,500 for 2026.

**SECURE 2.0 Act
Roth Catch-up (Section 603)**
Mandatory Roth Catch-up Indicator
Tutorial



Voya has provided information on creating a payroll code (the “Mandatory Roth Catch-up Indicator”) that employers must use to identify the employees who earned more than \$150,000. If the employee is correctly coded on the Voya website, Voya will “turn off” the pre-tax contributions when the participant’s deferrals reach \$24,500, but Voy will *not designate* remaining deferrals as Roth catch-up contributions. Your payroll provider also should be guiding you on this rule change. If you need additional instruction, you can contact your Voya plan manager – [Terri Ireland](#) or [Johnnie Battle](#).

Participant Education Sessions - Recordings of SageView Programs in 2025

Feel free to share or post the following links to the recordings of the participant education programs that SageView conducted for SBA plan sponsors this year. We will announce next year’s participant education program in late January or early February. We welcome your input if there are topics that you think your participants would like to learn more about. Please e-mail [Claire Pollock](#) with any suggestions.

- [February 27: Retirement Contributions - Pre-Tax vs Roth, and Catch-up Contributions](#)
- [April 10: 5 Key Risks in Retirement](#)
- [July 15: Deep Dive into Social Security](#)
- [October 15: 401\(k\) Plan Investments](#)
- [October 28: 401\(k\) Plan Overview](#)

SageView Quarterly Newsletter

View [SageView’s Quarterly Viewpoint](#) for a comprehensive newsletter published by SageView, our 401(k) Plan Investment Manager. This quarter’s issue contains the following articles:



Viewpoint December 2025

- Gen Z and Millennial Women Face a Confidence Gap Around Money
- Gen Z Workers are Tapping Retirement Savings to Pay Off Debt
- Emergency Savings Help Protect Retirement Readiness
- The Link Between Financial Health and Employee Performance
- Insights from SageView’s Research Team

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Questions?

Please reach out to the [Benefits Team](#) at any time!



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