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RETIREMENT PLAN CONTRIBUTION REQUIRED CHANGE TO AGE BASED CATCH-UP CONTRIBUTIONS FOR CERTAIN EMPLOYEES WITH PRIOR YEAR W2 BOX 3 WAGES GREATER THAN $150,000.

Dear NMSU Employees,

Currently, New Mexico State University provides for active employees who are age 50 or older to make age-based catch-up contributions. This is an important savings opportunity for employees to reach their retirement goals.

Change to Catch-up Contributions

Based on a new IRS rule, effective January 1, 2026, you may be required to contribute age-based catch-up contributions as Roth after tax if you earned more than $150,000 in the prior calendar year.

What this can mean for you

Effective January 1, 2026, if you earned more than $150,000 in the prior calendar year, age-based catch-up contribution must be made as designated Roth contributions. This means taxes will be taken out of the catch-up amount before it is contributed to the plan. That contribution grows tax deferred, and any eligible withdrawal, once the account has been open for five years and you've met certain plan distribution requirements, will be tax-free, including earnings. If your salary is $150,000 or less, you may have the option, but not the requirement, of designating catch-up contributions as Roth.

Deemed Election. Consistent with Notice 2023-62, the proposed regulations allow your plan to have a rule under which a participant who is subject to the Roth catch-up mandate is deemed to have irrevocably designated any catch-up contributions as designated Roth contributions. This is true even if the plan requires separate elections for elective deferrals that are not catch-up contributions and for additional elective deferrals that are catch-up contributions. However, you the plan participant must be given an effective opportunity to make a different election, such as ceasing age based catch-up contributions.

Here's what the new rule can mean to employees ages 50 and older:

Active employee in the plan	**Annual catch-up contribution limit**	**Prior Year FICA Wages greater than $150,000**	**Prior Year FICA Wages less than or equal to $150,000**
Age 50-59	$8,000	Roth Contribution	Roth and/or Pre-tax Contribution – Based on plan design
Age 60-63	$11,250 for 2026	Roth Contribution	Roth and/or Pre-tax Contribution
Age 64 or older	$8,000	Roth Contribution	Roth and/or Pre-tax Contribution

Age-based catch-up contribution limits are indexed annually.

1. Contributions limits are subject to change based on annual indexing
2. Earned wages are calculated based on prior years wages from the employer sponsoring the retirement plan for which you are making active contributions.

Visit the NMSU Benefit Services website at https://benefits.nmsu.edu/retire/voluntary.html or contact Benefit Services at 575-646-8000 or help.nmsu.edu for more information.

Making decisions about your retirement accounts can be challenging. We encourage you to consult with your tax professional to understand what is appropriate for you. TIAA financial consultants are here to help as well. Visit **www.tiaa.org/nmsu** to set up a one-on-one meeting with a TIAA financial consultant or a wealth advisor. You may also call TIAA at 800-842-2252, weekdays, 8 a.m. to 10 p.m. ET. Contact information for other voluntary retirement consultants is available at https://benefits.nmsu.edu/retire/voluntary.html.