

RIC 403b RESOURCE BANK

Iowa Retirement Investors' Club (RIC) news and updates for employers

March 2025

To help you maintain compliance with IRS 403b plan regulations, please take note of the following plan updates and reminders. For more program information, visit the [RIC website](#).

PLANWITHEASE REPORTS

What to do with planwithease reports:

- CLM Summary – this report shows projected participants who will over-contribute. It is very important to review these reports to see if anyone will exceed the federal maximum.
- IP Data with No Demographic Match – this report shows names of employees/former employees who have accounts with the corresponding provider. Names on the reports have not been loaded into pwe by your employer, so there is no place for the provider data to load. Please review the information and load the participants into pwe. If you have no record of the employee, please email ric@iowa.gov and we will look into the situation.
- Age 73, Approved Hardships, Defaulted Loans, Loans Processed, Plan Assets, and Transaction Summary - no action needed. These reports are for your information.

EMPLOYER'S RESPONSIBILITY: 2024 403b CONTRIBUTIONS

Please review all 2024 deductions for employees who contribute at high levels to make sure no one went over the limit. If anyone did, please contact RIC right away so we can have excess contributions removed from the plan. This needs to be done asap. (See the [RIC website](#) for more information)

2024		
Regular	The lesser of 100% compensation or:	\$23,000
Age 50+	Regular limit + \$7,500 for employees age 50+	\$30,500
15-Yr Catch up	Regular limit + \$3000 (must be employed w/current employer 15+ yrs & meet other eligibility rules)	\$26,000
Total EE	Combined maximum if eligible for Age 50+ & 15-Yr Catch-Up limits	\$33,500
Total EE+ER	Combined maximum of employer & employee contributions	\$69,000

For help, utilize the [Maximum Contributions Spreadsheet](#)

2026 ROTH CHANGE

As previously mentioned, there is a new law taking effect January 1, 2026. This law applies to anyone turning age 50 or older in 2026 whose 2025 FICA wages exceed \$145,000 (this amount will be indexed in the future). Any person in this group may contribute on a pretax basis up to the regular limit. Any contributions over the regular limit must be made on a Roth basis.

Example:

Employee Smith is over 50 and made over \$145,000 in FICA wages in 2025. In 2026, Smith can contribute \$23,500* on a pretax basis. Once this limit is reached, you must change the deduction from pretax to Roth. Make sure you change the coding on your remitter file from EE to RT.

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We will be modifying our plan document to provide a “deemed Roth” provision, allowing employers to change the deductions without employee consent to meet the federal requirements. We will also add language to the Salary Reduction Form so employees are aware of this provision.

Your To-Do's:

1. If you haven't already done so, add Roth deductions as an option in your payroll system as of 1/1/2026. We recommend you make this change prior to 2026 so your payroll system is ready.
2. Test your payroll system to see if your software is built to automatically change the election.
3. If your payroll system will not make this change, you will need to monitor contributions for anyone meeting the Roth requirement. Once the person reaches the maximum, make sure you change the election to Roth. This may mean some employees will have a split deduction in one pay period - \$X pretax and \$Y Roth.

*For purposes of this article, we will assume the regular limit in 2026 is \$23,500 (same as 2025).

RIC wants to hear from you!

Please submit your questions to RIC@iowa.gov. We will respond to you directly and if the subject of discussion is beneficial for all employers, we will share the answers in our next RIC Resource Bank.