

Skloff Financial Group

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Question of the Month

By Aaron Skloff, AIF, CFA, MBA

Q: We read 'How to Complete a Backdoor Roth IRA' and 'How to Complete a Mega Backdoor Roth'. Can you give examples of the Mega Backdoor Roth?

The Problem — A Mega Backdoor Roth Can Be Botched

Making a cake is easy – just follow the recipe. Completing a Mega Backdoor Roth is easy – just follow the steps. While both are easy, both can be botched if completed incorrectly.

The Solution — Following Clear Examples of the Mega Backdoor Roth to Avoid Botching the Process

Internal Revenue Code (IRC) Sections 402(g) and 415(c) set deferral and total contribution limits. Think of them like the size of the baking pan and the size of the oven, respectively. They place controls around the process. Many payroll providers and/or 401(k) recordkeepers will cap contributions based on the IRC limits. High income earners are subject to Roth catch-up contributions, according to the SECURE 2.0 Act. Let's look at two examples of the Mega Backdoor Roth based on the IRC limits.

No Employer Match. A 401(k) participant who is under the age of 50 can contribute up to \$24,500 on a pre-tax or Roth basis and up to \$47,500 on an after-tax basis before reaching their \$72,000 limit. A 401(k) participant who is age 50-59 or 64+ can contribute up to \$32,500 on a pre-tax or Roth basis and up to \$47,500 on an after-tax basis before reaching their \$80,000 limit. A 401(k) participant who is age 60-63 can contribute up to \$35,750 on a pre-tax or Roth basis and up to \$47,500 on an after-tax basis before reaching their \$83,250 limit.

Remember to immediately convert your after-tax contributions [ideally, automate this] to Roths inside the 401(k) to avoid creating unnecessary taxable withdrawals on the growth of after-tax contributions – creating a Mega Backdoor Roth.

Mega Backdoor Roth 401(k) 2026 - No Employer Match

Contributions	Under Age 50	Ages 50-59 or 64+	Ages 60-63
Pre-Tax or Roth 401(k)	\$24,500	\$24,500	\$24,500
Catch-Up	N/A	\$8,000	\$11,250
After-Tax	\$47,500	\$47,500	\$47,500
Total	\$72,000	\$80,000	\$83,250
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Employer Match. The following scenarios are based on the employer matching 50% of the base employee deferral, which excludes matching catch-up contributions. A 401(k) participant who is under the age of 50 can contribute up to \$24,500 on a pre-tax or Roth basis. The employer can contribute a 50% match of \$12,250. The participant can contribute up to \$35,250 on an after-tax before reaching their \$72,000 limit. A 401(k) participant who is age 50-59 or 64+ can contribute up to \$32,500 on a pre-tax or Roth basis. The employer can contribute a 50% match of \$12,250. The participant can contribute up to \$35,250 on an after-tax basis before reaching their \$80,000 limit. A 401(k) participant who is age 60-63 can contribute up to \$35,750 on a pre-tax or Roth basis. The employer can contribute a 50% match of \$12,250. The participant can contribute up to \$35,250 on an after-tax basis before reaching their \$83,250 limit.

Remember to immediately convert your after-tax contributions [ideally, automate this] to Roths inside the 401(k) to avoid creating unnecessary taxable withdrawals on the growth of after-tax contributions – creating a Mega Backdoor Roth.

Mega Backdoor Roth 401(k) 2026 - Employer Match

Contributions	Under Age 50	Ages 50-59 or 64+	Ages 60-63
Pre-Tax or Roth 401(k)	\$24,500	\$24,500	\$24,500
Catch-Up	N/A	\$8,000	\$11,250
Employer Match	\$12,250	\$12,250	\$12,250
After-Tax	\$35,250	\$35,250	\$35,250
Total	\$72,000	\$80,000	\$83,250
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Action Step — Complete a Mega Backdoor Roth

Work closely with your Registered Investment Adviser to evaluate your Mega Backdoor Roth opportunities.

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