ROTH CONTRIBUTIONS

Your employer offers another way to save for retirement.

Take advantage of Roth (after-tax) contributions.

Within your employer retirement plan, you can contribute on both a pretax and Roth after-tax basis. By using the Roth option, you contribute to your plan after taxes are taken out of your paycheck, and you can make future withdrawals from your retirement plan tax-free. **Note**: if your wages* from your employer were greater than $150,000 in the prior tax year, the IRS requires that your age-based catch-up contributions be Roth after tax.

Consider Roth after-tax contributions if you:

Want the ability to take tax-free distributions.
Qualifying Roth distributions are typically tax-free, because you already paid taxes on the contributions, and your earnings are not taxable.

Make too much money and are not eligible for a Roth IRA because of the income limits.
There are no income limits for Roth contributions within an employer-sponsored retirement plan.

Wish to make higher contributions than otherwise allowed in a Roth IRA.
The IRS limit for pre-tax and/or Roth after-tax contributions made to an employer-sponsored retirement plan is much higher than the IRS limits allowed in traditional or Roth IRAs.

Prefer a portion of retirement plan assets to be taxable and another nontaxable.
By having a mix of pretax and after-tax contributions in your retirement account, you may be able to provide a hedge against the uncertainty of future tax rates.

Don't want all of your retirement plan assets subject to Required Minimum Distributions (RMDs).
Roth contributions to employer-sponsored retirement plans (and the earnings) are no longer required to be included in RMDs for tax years after December 31, 2023.

Desire to leave a tax-free distribution to your beneficiaries.
Roth contributions within an employer-sponsored plan are tax-free to the beneficiary, so long as those contributions are at least five years old (starting on the date of the first contribution).

Earned more than $150,000 in wages* in the prior year and want to make age-based catch-up contributions
The IRS requires that age-based catch-up contributions in employer-sponsored retirement plans be designated as Roth after tax for anyone who made more than $150,000 in wages* in the prior tax year from the employer sponsoring the plan.

*Wages generally mean Form W-2, Box 3 compensation.

Is the Roth contribution right for you?

To answer this question, you'll have to consider what is best for your current and future tax situation, and estimate the best you can. Of course, it's also wise to consult a tax advisor as well.

If you expect your tax rate during retirement will be		Your preferred option may be
↑	Higher than your current rate	Roth after-tax contributions
↓	Lower than your current rate	Pre-tax contributions
→	Equal to your current rate	Either or both

Roth in-plan conversion features

Your plan offers the option to directly convert eligible pre-tax contributions plus earnings to a designated Roth contribution. Before electing a Roth in-plan conversion, please read this information carefully and consult your personal tax advisor to ensure this strategy is consistent with your overall personal financial goals.

Benefits of Roth in-plan conversion:

- Once the conversion is at least five years old, any qualified distribution of Roth contributions and earnings on those contributions can be distributed tax-free.
- Roth contributions in employer-sponsored retirement plans are not required to be included in RMDs for taxable years after December 31, 2023.
- Roth can be advantageous if you anticipate being in the same or a higher tax bracket in the future.
- Limit your tax liabilities.

Things to consider:

- There is a five-year holding period required for tax-free distributions of Roth contributions and earnings on those contributions. The five-year period begins as soon as your first Roth contribution or in-plan Roth conversion is made to your retirement plan. However, except for death and disability, a qualified Roth distribution cannot be taken before you are age 59 1/2.
- A five-year holding period is utilized to determine if a 10% penalty tax is applicable when converted amounts are distributed. This added five-year period is supplementary to the five-year period for the tax-free distributions of earnings. The additional 10% early withdrawal tax doesn't apply to the amount of an in-plan Roth conversion. However, the distribution may be taxable and subject to the additional early withdrawal tax if you withdraw it from the Roth account within five years.
- Tax implications can be a large burden when converting pre-tax contributions to Roth. The amount converted is treated as taxable income in the year of conversion. You are responsible for paying taxes on the full amount of the conversion, as TIAA will withhold no taxes from the amount converted to Roth. Always consult your own tax professional before requesting a Roth conversion.
- Some employers may limit the number of conversions allowed during a certain period of time. Please review the terms of your plan to understand any limitations.
- Once pre-tax assets are converted to Roth, they cannot be reversed.

For more information about Roth after-tax contributions, visit **tiaa.org/rothsavings** or call TIAA at **800-842-2252**, weekdays, 8 a.m. to 10 p.m. (ET).

Need help deciding if Roth after-tax contributions are right for you? **Schedule an appointment** with a TIAA Financial Consultant at no additional cost to you.

TIAA

Withdrawals other than qualified Roth distributions are pro-rated between your after tax contributions and taxable earnings. A 10% penalty may apply to the taxable amount. For governmental 457(b) plans, withdrawals are only allowed following separation from service or (plan permitting) when you reach age 59 1/2, unless you establish to your employer that you have an unforeseeable emergency.

The TIAA group of companies does not offer tax advice. See your tax advisor regarding your particular situation.

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