

Understanding the Roth 401(k)

	Before-Tax 401(k)	Roth 401(k)
Taxes	Reduces taxable income	Does not reduce taxable income
IRS Salary Deferral Limits	\$19,500 \$26,000 (Age 50+)	\$19,500 \$26,000 (Age 50+)
Total Employee & Employer Contribution Limits¹	\$57,000 if under age 50 \$63,500 if 50 and over	\$57,000 if under age 50 \$63,500 if 50 and over
Distributions	Distributions after age 59½ taxed as current income	Qualified distributions tax-free
Penalties	Prior to age 59½ subject to 10% early withdrawal penalty	Prior to 59½ subject to 10% early withdrawal penalty on earnings
Rollovers	Eligible for rollover to Traditional or Roth IRA	Eligible for rollover to Roth IRA

Roth 401(k) vs. Roth IRA

- A 401(k) is an employer-sponsored retirement plan that allows Roth contributions. An IRA is an individual retirement account established independent from your employer
- The Roth 401(k) has no income limitations, higher contribution limits, and is subject to required minimum distributions

Common Reasons for Choosing

Before-Tax: Do you need the tax break today? Do you believe you will be in a lower tax bracket in the future? Do you intend to roll this money to a Traditional IRA?

Roth: Do you prefer to pay taxes today at known rates? Do you believe you will be in a higher tax bracket in the future? Do you intend to roll this money to a Roth IRA?

Roth IRA Income Limits

Single Filers – Income thresholds

Full	Phased Out	No Contributions Allowed
\$124,000	\$139,000	
Joint Filers – Income thresholds		
Full Contributions Allowed	Phased Out	None
	\$196,000	\$206,000

Frequently Asked Questions

Can I contribute to Roth and Before-tax at the same time? Yes. Remember contribution limits are on a combined basis.

Can I invest Roth balances differently from Before-tax? Your contributions will be invested on a pro-rata basis across your investment elections.

Can I borrow from the Roth 401(k)? Yes.

UPoint website: <http://CatBenefitsCenter.com>

Benefits Center: 877-228-4010 Mon-Fri, 8AM – 6PM CT

Investment Advisors: 877-228-4010 and select “Investment advice” Mon-Fri 8AM–8PM CT

Information here is provided solely to supplement the “Understanding the Roth 401(k)” presentation. This information should not be considered advice, and your information may warrant consideration of other alternatives. Please speak with your financial advisor and/or tax advisor.

¹ Total plan contribution includes before-tax, Roth, after-tax and employer contributions.