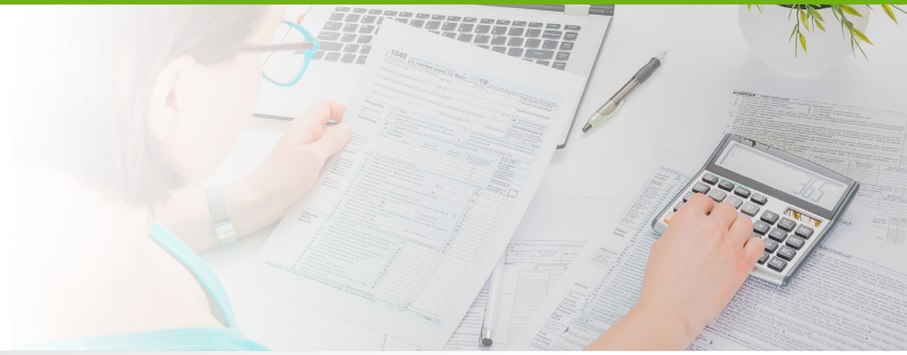
TPS GROUP



Employer Connect | To Roth or Not to Roth

MAKING IT ACTIONABLE

Saving for retirement in a 401(k) plan typically means contributing money on a pre-tax basis today and then paying taxes on the accumulated balance when you withdraw it in the future.

But what if you flipped this and contributed money to your retirement savings account with post-tax dollars that you invested over time and then had the opportunity to withdraw the accumulated balance ***tax free*** – including the earnings. That's what happens in a Roth account.

Just like the original Roth IRA, the Roth 401(k) account has the specific advantage of growing tax-free, but the 401(k) version doesn't have the associated income limits.

> ***It's important to note:*** when we offer a Roth feature in your plan, it's managed as a separate source of money so that contributions, earnings, and distributions are tracked separately from pre-tax sources.

Contributing money in a Roth account isn't right for everyone. It depends on your age, your income, what tax bracket you're in today, and what tax bracket you may likely be in at retirement. A Roth account tends to be most useful if you expect to be in a higher tax bracket when you retire than you're in during the years while you're contributing to your plan.

Here are three scenarios where a Roth account may be advantageous:

1. A younger employee who is looking to get a jump on his retirement savings before he's in a higher tax bracket later in his career
2. A high income earner who would like to have a balance of tax-free money available in retirement
3. A saver who is close to the required minimum distribution age

Offering a Roth feature does add responsibilities for you, your advisor, and recordkeeper to provide greater education and to engage with employees to explain the pros and cons of contributing to a Roth account.

ACTION TO TAKE NOW

Contact us to discuss the details and benefits of establishing–or contributing to–a Roth 401(k) account.