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Roth 401(k), 403(b) or 457(b)

An after-tax contribution opportunity

In addition to pretax contributions, your plan also accepts Roth contributions. You can make either or both types of contributions to the plan.

Important note

For more information about Roth contributions, please contact your financial professional. Remember your retirement savings strategy is unique — you should consider consulting your tax advisor to discuss how both types of contributions would apply to your personal financial situation.

After-tax contributions, tax-free distributions

When you make Roth contributions, you pay federal and, if applicable, state and local income taxes on the contributions when they are deducted from your paycheck. Distributions from your Roth plan account are tax-free, provided certain requirements are met as explained below.

Tax-free earnings potential

Distributions of any investment earnings on your Roth 401(k), 403(b) or 457(b) contributions are also tax-free if the distribution occurs when you are age 59½ or older (or upon your death or disability) and is made 5 or more years after the year in which you made your first Roth contribution. Distributions meeting these requirements are referred to as **qualified distributions.**

You might have to pay federal and, if applicable, state and local income taxes on any investment earnings distributed from your Roth account. A 10% federal tax penalty may also apply.[1]

Other important facts about Roth contributions:

The IRS sets limits on contribution amounts each tax year. Additional amounts are permitted for those age 50+.

Eligible Roth distributions may be rolled over to any 401(k), 403(b) or governmental employee 457(b) plan that accepts Roth rollover contributions, or to a Roth IRA.

Effective January 1, 2024, Roth 401(k), 403(b) and 457(b) contributions and related earnings are no longer subject to RMD requirements prior to death.

You may change your future contribution elections between pretax and Roth as defined by the plan's rules.

A comparison of 401(k), 403(b), 457(b) pretax and Roth contributions[2]

Feature	Pretax contributions	Roth contributions
Employee contributions	• Pretax dollars	• After-tax dollars
Investment earnings on employee contributions	• Potentially tax-deferred growth	• Taxable when withdrawn unless a qualified distribution (both 5 years of participation in Roth account and at least age 59½, at death or disabled)
Distribution prior to age 59½	• Ordinary federal and state income taxes, **plus** a potential 10% federal tax penalty on the entire balance	• Ordinary federal and state income taxes, **plus** a potential 10% federal tax penalty on earnings only
Tax treatment of distributions after age 59½	• Ordinary income tax will apply to all amounts distributed (contributions and earnings) • State income tax and withholding may also apply	• Tax-free if distribution occurs no earlier than 5 years following the initial Roth contribution • State income tax and withholding may also apply
Eligible distributions can be rolled over	• Yes	• Yes
Contribution limits	• Subject to annual contribution limits set by the IRS • Additional catch-up contributions permitted for those age 50+ and 60-63 • More information available at irs.gov	• Subject to annual contribution limits set by the IRS • Additional catch-up contributions permitted for those age 50+ and 60-63 • More information available at irs.gov
Required minimum distributions (RMDs)	• Later of age 73 or separated from employment with sponsoring employer if not 5% owner[3]	• Effective January 1, 2024, Roth 401(k), 403(b) and 457(b) contributions and related earnings are no longer subject to RMD requirements prior to death per SECURE 2.0 Section 325.

1 Governmental 457(b) plans are not subject to the 10% penalty tax on withdrawals other than on amounts attributable to rollovers.
2 This includes eligible catch-up contributions.
3 If you reached 72 after December 31, 2022.

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