

What are ROTH Contributions?



Questions? Contact Rich Ericson @ 720.213.0583

Roth contributions are retirement savings made with after-tax dollars, meaning you pay taxes on the money now rather than in retirement.

Why Roth?

With Roth, both your contributions and any investment earnings can grow tax-free.

That means qualified withdrawals you take in retirement are completely tax-free, as long as you're at least age 59½ and it's been at least 5 years since you first made Roth contributions to the account.

| Savings Type | Taxes paid | May be beneficial if... | Why? |
|--------------|--|---|--|
| Roth | Now - when the money is put in your account | You expect to be in a higher tax bracket at retirement | You pay taxes now, when your tax rate may be lower. When you retire (possibly in a higher tax bracket), the money can be withdrawn with no further taxes due if it's a qualified distribution.* |
| Pretax | Later - when you withdraw the money in retirement | You expect to be in a lower tax bracket at retirement | You're putting money aside without paying current taxes on it now. If you're in a lower bracket at retirement, you'll pay less taxes on the same amount of money. |

* A qualified distribution is one that is made after a participant reaches age 59½, death or disability and must be made at least five years after the first Roth 401(k) contribution was made.

Is Roth right for you? It may be if you:

Are a consistent saver.

Are on track to exceed your estimated retirement needs.

Can't participate in a Roth IRA due to income limits.

Think your income tax rate will be higher in retirement than it is now.

Review your contributions



Scan the QR code or log in to principal.com/contributions to make changes.