



Adding more flexibility with the **Roth** feature

What's right for you?

Your CalPERS 457 Plan has a Roth feature to give you even more flexibility.

The Roth option doesn't change how much you can contribute or where you can invest it. What it does is give you more control over when your contributions — and retirement income — will be subject to federal income tax.

Unlike contributions to the traditional CalPERS 457 Plan, which are made on a pre-tax basis, Roth contributions are made on an after-tax basis. That means your Roth contributions will be subject to income taxes before they're invested in your CalPERS 457 Plan account.

In exchange for paying taxes now, you may be able to withdraw your Roth contributions and any earnings federal tax-free when you retire (qualifying factors apply). That could mean more retirement income.

In short, you're trading a current tax benefit for a future tax benefit. Does this trade-off make sense for you, though? It primarily depends on whether you think your federal income tax rate will be higher at retirement, or lower. **Let's take a look at how it works.** ►

Ready to start?



Making changes to your CalPERS 457 Plan pre-tax or after-tax contributions is easy. Visit calpers457.com to download and complete the **Participant Change Authorization Form**, get your employer's signature, and return it for processing as directed on the form.

For more information

► Visit: calpers457.com



Call: **800-260-0659, option 2**
weekdays between 6:00 a.m. – 5:00 p.m. PT,
excluding stock market holidays.



Schedule a personal phone appointment
with your dedicated Account Manager*
at a time of your choice.

- calpers457.timetap.com
- 888-713-8244

Considering the Roth After-Tax Option?

Now:

Pay income taxes
on contributions as you
make them.

Later:

Withdraw savings
federal tax-free
during retirement.

Money going in:
(contributions)

After-tax contributions are subject to federal (and, where applicable, state and local) income tax withholding.

Earnings, if any:

Federal tax-free as long as certain qualifying conditions are met.

Money coming out:
(distributions)

Federal tax-free as long as you've satisfied the five-year holding period and are age 59½ or older (assuming you have separated from service), disabled (assuming you have separated from service) or deceased.

Money moving on:
(rollovers)

Rollovers allowed to another **Roth** account in a governmental 457(b), 403(b), 401(k) or Roth IRA (Rollovers to plans other than a governmental 457(b) plan may be subject to a 10% premature distribution penalty tax, unless another exemption applies).

Required minimum distributions:

Distributions from the pre-tax source are required to begin at the later of age 73 or retirement. Minimum distributions from the Roth after-tax source are **not required**.

Whichever 457 Plan contribution type you choose, you'll enjoy these key benefits.

- **Investing convenience.**
You can put money aside using automatic payroll deductions.
- **Investment flexibility.**
You can select from the same menu of CalPERS Target Date Funds and/or Core Funds.
- **Higher contribution limits.**
You can contribute more through the CalPERS 457 Plan than you can in an IRA you set up on your own.

CalPERS does not offer legal or tax advice. Consult with your tax and legal advisors regarding your individual situation.

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