



The Roth contribution option: Your employer offers another way to save for retirement

What is a Roth contribution option?

In your retirement plan, your pretax contributions accumulate tax deferred, and withdrawals are taxable. With the “designated Roth” option, your after-tax Roth contributions also accumulate tax deferred, but may be taken tax free in a qualified distribution. A qualified distribution is one that occurs at least five years after the year of your first Roth contribution and is made either on or after attainment of age 59½, on account of disability, or on or after death. These potentially significant tax benefits are similar to a Roth IRA. However, Roth contributions have higher contribution limits than a Roth IRA.

Consider a Roth contribution if you:	Roth contribution benefits:
Are not eligible to make Roth IRA contributions because of high income	The Roth option does not have adjusted gross income limits.
Would like to make Roth contributions greater than the Roth IRA limit	Contribution limits are higher than those of the Roth IRA, allowing you to maximize your after-tax retirement savings.
Feel confident your retirement income needs are met and want to leave a potential tax-free legacy	Assets may be passed along to your beneficiaries, income tax free.
Would like to help protect your retirement assets from potential tax consequences	Having both pretax and after-tax assets in retirement accounts may provide a hedge against the uncertainty of future tax rates.
Are just starting out and in a lower tax bracket	The earlier you start, the more time you give your money to work for you. Also, withdrawals from a Roth are typically tax free.

Is the Roth contribution option right for you?

While it's difficult to predict what your future tax situation may be, you'll want to estimate as best as you can, taking into consideration the best choice for your current tax circumstances and how they may change over time. You may want to consult your tax advisor.

If you expect your tax rate during retirement will be:	Your preferred option may be:
Higher than your current rate	After-tax Roth contribution option. Since you already paid taxes on Roth contributions, qualified distributions are tax free.
Lower than your current rate	Pretax contribution option. While this money is taxable, you expect to benefit by being in a lower tax bracket during retirement.
Same as your current rate	Either or both.

Note: Roth contributions are included in your maximum contribution limits, plus any catch-up limits, if applicable.

If you have questions about the Roth contribution option, call TIAA at 800-842-2252, weekdays, 8 a.m. to 10 p.m. (ET). We look forward to helping you as you plan for—and live well in—retirement.



1. Distributions from 403(b) plans before age 59½, severance from employment, death, or disability may be prohibited, limited, and/or subject to substantial tax penalties. Different restrictions may apply to other types of plans.
2. Withdrawals of earnings prior to age 59½ are subject to ordinary income tax, and a 10% penalty may apply. Earnings can be distributed tax free if distribution is no earlier than five years after contributions were first made and you meet at least one of the following conditions: age 59½ or older or permanently disabled. Beneficiaries may receive a distribution in the event of your death. For governmental 457(b) plans, withdrawals are only allowed following separation from service or when you reach age 72. The age at which required minimum distributions (RMDs) must begin has increased from age 70½ to age 72 for individuals who attain age 70½ after December 31, 2019 (those who attained age 70½ before this date are not affected and will continue to be subject to RMDs).

The TIAA group of companies does not offer tax advice. See your tax advisor regarding your particular situation.

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