A Roth account can let you put a different tax twist on retirement contributions. So, should you take the Roth route?

**HOW DOES A ROTH WORK?**

Unlike a traditional pretax retirement plan, a Roth account is funded with after-tax dollars. Those dollars may benefit from tax-free growth if you hold the account for at least five years and don’t withdraw the money until at least age 59½.* The trade-off: Because contributions are after tax, your take-home pay will be reduced by the amount you contribute.

This can make a Roth attractive if you expect your income to be subject to a higher effective tax rate when you retire than while you’re working — whereas traditional pretax contributions can be beneficial if your income will be subject to a lower effective tax rate in retirement.

**YOUR CHOICES, HEAD-TO-HEAD**

<table>
<thead>
<tr>
<th></th>
<th>TRADITIONAL</th>
<th>ROTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>Pretax, lowers current taxable income*</td>
<td>After tax</td>
</tr>
<tr>
<td>Earnings</td>
<td>Tax deferred</td>
<td>Tax free**</td>
</tr>
<tr>
<td>Withdrawals</td>
<td>Income tax due on all contributions and earnings (10% IRS penalty may apply before age 59½)</td>
<td>No tax due on qualified withdrawals**</td>
</tr>
<tr>
<td>Required minimum</td>
<td>Must begin after age 70% (unless you’re still working and contributing to your current employer-sponsored plan)</td>
<td>Can avoid with rollover to Roth IRA***</td>
</tr>
<tr>
<td>distributions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Federal and most states  
**You must hold account at least five years and past age 59½. Other withdrawals may be subject to a 10% IRS penalty if you are under age 59½.  
***Review the fees and expenses you pay, including any charges associated with transferring your account, to see if rolling over into an IRA or consolidating your accounts could help reduce your costs. Employer-sponsored retirement plans may have features that you may find beneficial such as access to institutional funds, fiduciary-selected investments, and other ERISA protections not afforded to other investors. In deciding whether to do a transfer from a retirement plan, be sure to consider whether the asset transfer changes any features or benefits that may be important to you.
CONSIDER A ROTH ACCOUNT IF:

- You think your income will be subject to a higher effective tax rate when you retire than it is today.
- You want to diversify your tax risk — that is, hedge at least some of your contributions against the chances that your tax rate will rise later on.

COMMON QUESTIONS ABOUT ROTHs

AMI ELIGIBLE?
Yes, your retirement plan allows you to contribute to a Roth account. And unlike a Roth IRA, there are no income limits on Roth eligibility.

HOW MUCH CAN I CONTRIBUTE?
You may contribute up to the IRS annual limit ($19,000 in 2019) to your entire retirement plan — traditional, Roth, or a combination of both. Also, if you’re age 50 or older at any time during 2019, and your plan allows, you can contribute an additional $6,000 in “catch-up” contributions to your accounts.

Think ahead. Take action now.
Traditional, Roth, or both?

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