Tax-free distributions:

Find out if Roth 401(k) contributions may be right for you

Fidelity Advisor 401(k)

Roth 401(k) Contributions

Overview and benefits

You may be able to take advantage of distributions that are free from taxation at retirement, if you meet certain criteria, now that your workplace retirement plan offers the option of designating some or all of your elective salary deferrals as Roth contributions.

Designated Roth 401(k) contributions are after tax, meaning your Roth 401(k) contributions will be included in your current taxable income. Upon qualified distribution, however, Roth 401(k) contributions and associated earnings are not subject to taxation.*

This differs from traditional salary deferrals that are made on a pretax basis, since any investment earnings associated with those pretax deferrals accumulate tax deferred, with taxes generally payable upon distribution.

Taxes: pay now or pay later

	Traditional, pretax 401(k) contributions	Roth 401(k) contributions
Employee contributions	Pretax dollars	After-tax dollars
Taxation of distributions	Entire distribution is taxable	Qualified distributions are tax free*

No change to account management, no income limits

- Making and managing your Roth contributions remains as easy as with traditional pretax deferrals, with full service available through Fidelity's NetBenefits® Web site, netbenefits.com, or our Fidelity Retirement Benefits phone line at 800-294-4015.
- Unlike Roth individual retirement account (IRA) contributions, there are no maximum adjusted gross income limits for Roth 401(k) contributions.

* A qualified distribution is one made at least five years after the tax year the participant makes a designated Roth contribution to the plan (or to a previous plan, if that amount was subsequently rolled over to the distributing plan), AND is made: on or after the participant turns 59½; to a beneficiary (or the participant's estate) on or after the participant's death; or pursuant to the participant being disabled.

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Fidelity Investments

Smart move.℠

Your advisor and Fidelity are here to help

With your financial advisor and Fidelity, you can be sure of having the assistance you need to help evaluate the options and implement a strategy for pursuing your goals.

To learn more about designated Roth contributions and whether they may be appropriate for you, visit netbenefits.com today.

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Roth 401(k) contributions versus traditional pretax 401(k) contributions

Similarities

As with traditional pretax 401(k) contributions, you elect how much of your salary you wish to contribute. Total contributions to the plan (both Roth and traditional pretax deferrals) cannot exceed IRS limits, or your plan's limits if less. Also, your contributions are based on your eligible compensation.

Differences

As noted, distributions of Roth 401(k) contributions and any associated earnings are tax free, provided the distribution is qualified. However, you are required to make after-tax contributions now – which means your Roth 401(k) contributions will be included in your current taxable income.

Is it right for you?

If you answer yes to some or all of these questions, you may wish to consider taking advantage of your plan's Roth 401(k) option.

Will you be in a higher marginal tax rate in retirement?

You cannot answer this with any certainty. But it's worth noting that marginal income tax rates have declined over the last two decades. If tax rates were to continue to decline, traditional pretax 401(k) contributions might be the better option.

Can you afford to maximize your contributions and save up to the IRS limit?

If so, Roth contributions may be an appropriate option. Since contributions and any earnings accumulate tax free, a qualified Roth 401(k) distribution may provide more cash upon retirement than an equivalent traditional pretax 401(k) distribution.

Do you want to leave tax-free money to your beneficiaries?

Your beneficiaries may be able to receive your Roth 401(k) account tax free if you die. Plus, you can roll Roth 401(k) funds into a Roth IRA and potentially delay minimum required distributions from those accounts during your lifetime.

For more information on the Roth 401(k) contribution option, contact your advisor or log on to **netbenefits.com.** You can also call your Fidelity Retirement Benefits representative at **800-294-4015** from 8:30 a.m. to 8:30 p.m. ET each day the New York Stock Exchange is open.