



# INVEST WITH CONFIDENCE

## IS A ROTH RIGHT FOR YOU?

### Bryn Mawr College Retirement Plan

Roth contributions allow you take a different approach to how your money is taxed in retirement. Should you take the Roth route?

#### HOW DOES A ROTH WORK?

When you make Roth contributions to your retirement account, you're using 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.<sup>1</sup> Roth contributions can be attractive if you expect your income to be subject to a higher effective tax rate when you retire.

#### YOUR CHOICES, HEAD-TO-HEAD

	TRADITIONAL	ROTH
<b>Contributions</b>	Pretax, lowers current taxable income <sup>1</sup>	After-tax
<b>Earnings</b>	Tax-deferred	Tax-free <sup>2</sup>
<b>Withdrawals</b>	Income tax due on all contributions and earnings (10% IRS penalty may apply before age 59½)	No tax due on qualified withdrawals <sup>2</sup>
<b>Required minimum distributions (RMD)</b>	Must begin after age 72 (unless you're still working and contributing to your current employer-sponsored plan)	Same as traditional accounts, RMDs begin at age 72 unless you roll into a Roth IRA <sup>3</sup>

<sup>1</sup> Federal and most states

<sup>2</sup> 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.

<sup>3</sup> 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.

**AM I ELIGIBLE?**

Yes, your retirement plan allows you to make Roth contributions. 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 (\$19,500 in 2021) to your entire retirement plan — traditional, Roth, or a combination of both. Also, if you're age 50 or older at any time during 2021 and your plan allows, you can make an additional \$6,500 in "catch-up" contributions.

**CONSIDER ROTH CONTRIBUTIONS 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 and have the potential for tax-free withdrawals in retirement.

**Think ahead. Take action now.** Need to get in touch?



**Contact:** 800-755-5801



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