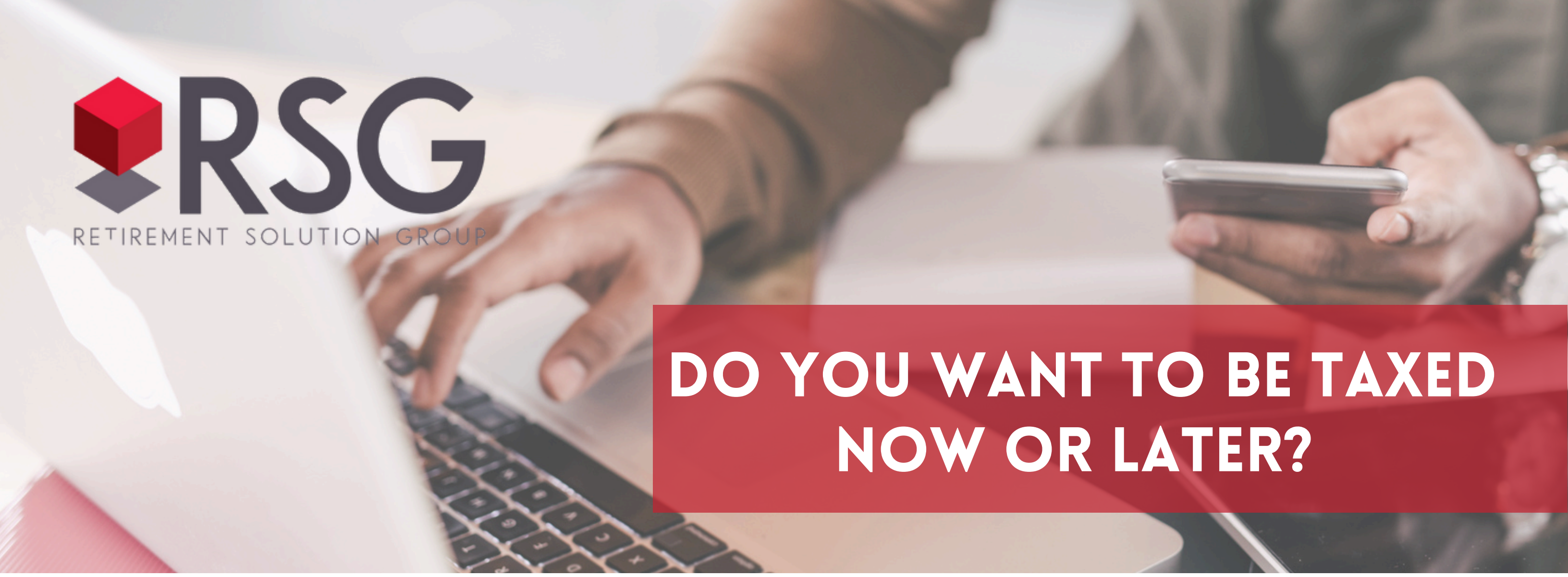

DO YOU WANT TO BE TAXED NOW OR LATER?

Understanding the difference:
Pre-Tax vs Roth contributions for employee's 401(k).

Taxes are inevitable, but when it comes to your 401(k), you can choose when they happen. Should you invest in a traditional Pre-Tax or Roth? Well, it depends — do you want to pay taxes now or later?

WEIGHING YOUR OPTIONS

If you **expect to stay at the same or similar income and tax rate**, or think **your income may go down** in retirement, **Pre-Tax contributions may make sense**.

If you would like to hedge your potential income tax rates, currently and in the future, **consider making both Pre-Tax and Roth contributions**.

If you expect your **income and tax bracket to be higher** in the future, then **contributing to a Roth** may be the better choice.

Pre-Tax

Contributions made pre-tax
Reduce your current taxable income

Taxes paid on withdrawals
Taxed at future rate, when withdrawn

Earnings are tax-deferred
Money available penalty-free at age 59 ½

Early withdrawals with penalty
10% penalty plus income taxes paid on final withdrawal

(not to exceed annual IRS limits)

Roth

Contributions made after-tax
Does not reduce your current taxable income

Taxed now
Taxed at current rate, through payroll

Earnings are tax free
Money available penalty-free at age 59 ½ and account needs to be open for 5+ years

Early withdrawals with penalty
10% penalty plus income taxes paid on earnings

THE IMPACT ON YOUR **PAYCHECK***

Pre-Tax contributions are made before income tax is collected from your paycheck. While your take home pay may be greater today, your retirement income may be less. That is because, in retirement you will be responsible for paying income tax when you withdrawal your savings.

Roth contributions are made after-income tax is collected from your paycheck. While your take home pay may be less today, your retirement income may be greater. That is because in retirement you will not be responsible for paying income tax on your withdrawals.

EXAMPLE:

	PRE-TAX	ROTH
Income	$50,000	$50,000
Annual Contribution	$6,000	$6,000
Taxable Income	$44,000	$50,000
Taxes Due	$9,680	$11,000
Take-Home Pay	$34,320	$33,000

**Hypothetical example based on 22% tax rate for single filers.*

HERE'S THE BOTTOM LINE: Whether you opt to save for retirement in a Pre-Tax, Roth or a combination of both, you should save as much as you can, for as long as you can. **With the potential for growth, chances are your retirement account will be worth more in the future than it is today — no matter which option you choose.**

Need help deciding which option is best for you? WE CAN HELP!

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