TIAA

ROTH CONTRIBUTIONS

Your employer offers another way to save for retirement.

What are after-tax Roth contributions?

Most people make retirement plan contributions on a pretax basis and taxes are taken out when they take a distribution from the retirement plan.[1] The Roth contribution option, however, allows you to contribute to your retirement plan after taxes are taken out. Those contributions and any earnings on those contributions may be withdrawn from your retirement plan tax free in a qualified Roth distribution.[2]

Consider after-tax Roth contributions if you:

- Are not eligible to make Roth IRA contributions because of income limits.
- Would like to make Roth contributions in excess of the Roth IRA limits. The limit in 2025 is $7,000 or if you are age 50 or older, $8,000.
- Would like to help protect a portion of your retirement plan assets from potential taxation.
- Want the ability to take tax-free distributions.
- Want to have your Roth contributions excluded from required minimum distributions (RMDs).
- Want to take tax-free withdrawals in the future.

Benefits of after-tax Roth contributions:

- You may elect after-tax Roth contributions regardless of your income.
- Plan contribution limits are greater than Roth IRA limits. In 2025 the contribution limit for a 403(b) account is $23,500 or if you are age 50 and above, the contribution limit is $31,000. If you will attain age 60-63 in 2025, you may contribute up to $34,750.
- Contribution limits are higher than those of the Roth IRA, allowing you to maximize your Roth retirement savings.
- Having both pretax and after-tax contributions in retirement accounts may provide a hedge against the uncertainty of future tax rates.
- Qualified Roth distributions on Roth contributions and earnings are typically tax free.[3]
- Roth contributions in employer-sponsored retirement plans are no longer required to be included in RMDs for taxable years after December 31, 2023.
- Tax-free benefit for your beneficiaries.

Is the Roth contribution option right for you?

While difficult to predict what your future tax situation may be, 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 contributions: Since you pay taxes on Roth contributions, qualified Roth distributions are tax free
Lower than your current rate	Pre-tax contributions: Taxes are applied to distributions, so you can expect to benefit if you are in a lower tax bracket in retirement than you are while contributing
The same as your current rate	Either or both

Roth in-plan conversion features

Your plan offers the option to directly convert eligible pretax contributions plus earnings to a designated Roth contribution. Before electing a Roth in-plan conversion, please read this information carefully and consult your personal tax advisor to ensure this strategy is consistent with your overall personal financial goals.

Benefits of Roth in-plan conversion:

- Once the conversion is at least five years old, any qualified distribution of Roth contributions and earnings on those contributions can be distributed tax free.
- Roth contributions in employer-sponsored retirement plans are not required to be included in RMDs for taxable years after December 31, 2023.
- Roth can be advantageous if you anticipate being in the same or a higher tax bracket in the future.
- Limit your tax liabilities.

Things to consider:

- There is a five-year holding period required for tax-free distributions of Roth contributions and earnings on those contributions. The five-year period begins as soon as your first Roth contribution or in-plan Roth conversion is made to your retirement plan. However, you still have to meet other qualifications for the tax-free withdrawal: be age 59½, disabled or deceased.
- A five-year holding period is utilized to determine if a 10% penalty tax is applicable when converted amounts are distributed. This five-year period is supplementary to the five-year period for the tax-free distributions of earnings. The additional 10% early withdrawal tax does not apply to the amount of an in-plan Roth conversion. However, the distribution may be taxable and subject to the additional early withdrawal tax if you withdraw it from the Roth account within five years.
- Tax implications can be a large burden when converting pretax contributions to Roth. The amount converted is treated as taxable income in the year of conversion. You are responsible for paying taxes on the full amount of the conversion, as TIAA will withhold no taxes from the amount converted to Roth. Always consult your own tax professional before requesting a Roth conversion.
- Some employers may limit the number of conversions allowed during a certain period of time. Please review the terms of your plan to understand any limitations.
- Once pretax assets are converted to Roth, they cannot be reversed.

For questions about the Roth contribution option, visit **tiaa.org/roth** or 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.

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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. A qualified distribution 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 to your beneficiaries after your death.
3. 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 your RMD Applicable Age. RMD Applicable Age is 70½ if you were born before July 1, 1949; 72 if you were born on or after July 1, 1949, or in 1950; 73 if you were born between 1951 and 1958; and 75 if you were born in 1960 or later. If you were born in 1959, federal guidance is needed to determine if your RMD Applicable Age is 73 or 75.

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

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