Roth 403(b):

An additional contribution option

Three steps to see if it's right for you.

Your employer's 403(b) retirement plan offers an additional contribution option called the Roth 403(b). It offers you the opportunity to take tax-free distributions when you retire (as long as you meet certain qualifications) – in exchange for paying taxes on your contributions upfront. Read on to see if this option is right for you.

Step 1:

Compare a Roth 403(b) with a Traditional 403(b)

Traditional 403(b) Deferrals

- Contributed pre-tax
- Can be rolled to another 403(b), 401(a)/(k), governmental 457(b) or Traditional/Roth IRA
- Distribution taxable as ordinary income
- Distribution OK if:
  - 59½
  - Death
  - Disability
  - Hardship
  - Severance of employment
- Loans permitted

Roth 403(b) Contributions

- Contributed after-tax
- Can be rolled to Roth 403(b), Roth 401(k) or Roth IRA
- Qualified distribution not taxable
- Qualified distribution OK if 5-year holding period and:
  - 59½
  - Death
  - Disability
- Nonqualified distributions follow traditional 403(b) distribution rules
- Loans not permitted

Step 2:

Evaluate if you could benefit from this option

Here are some questions that may help you decide whether a Roth 403(b) is right for you.

- Are you looking for the potential for tax-free growth and tax free distribution (certain qualifying conditions apply) when you retire?
- Are you just beginning your career, anticipate pay raises in the future, and want to pay taxes now rather than at retirement when your income and tax rate could be higher?
- Are you simply unsure what tax rates will be in the future and concerned they may increase by the time you retire? (Note: by paying taxes upfront, in essence the Roth 403(b) lets you "lock in" today's tax rates.)
- Do you want to spread your tax strategy between pre-tax and post-tax? (Note: you can divide your contributions between a Traditional 403(b) and a Roth 403(b) which would provide two different tax treatments on your retirement savings.)

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You should consider the investment objectives, risks, and charges and expenses of the variable product and its underlying fund options; or mutual funds offered through a retirement plan, carefully before investing. The prospectuses/prospectus summaries/information booklets contain this and other information, which can be obtained by contacting your local representative. Please read the information carefully before investing.

Step 3:

Decide what works best for you

By adding this Roth 403(b) option, your employer has given you more control over when your contributions are taxed. You can choose to: 1) make your contributions on an after-tax basis to the Roth 403(b); 2) make your contributions on a pre-tax basis to the Traditional 403(b), or 3) contribute to a combination of both. It all depends on what option makes sense for your personal financial situation.

If you do make after-tax contributions to a Roth 403(b), you'll just want to keep in mind that:

- Your total contributions to either the Traditional or Roth 403(b) – or any combination of the two – is $18,000 in 2016 ($24,000 if you are age 50 or over);
- your contributions would be made after income taxes are deducted;
- your contributions do not reduce your current tax liability, but instead provide potentially tax-free income at retirement;
- for tax-free distributions, your Roth 403(b) account must be held for at least five years and be distributed to you when you reach age 59½ or become disabled or distributed to your beneficiaries upon your death.
- A 403(b) plan that has a Roth account feature may permit a participant or spousal beneficiary to roll over amounts that are both (1) an eligible rollover distribution and (2) a permissible distribution under the plan document to the distributing plan's Roth 403(b) account via an in-plan conversion.

What are Stan's retirement savings options?

Stan makes $40,000 a year and wants to save six percent of his biweekly salary for the future	If he contributes to the Traditional 403(b) plan:	If he contributes to the Roth 403(b) plan:	If he contributes to both:
Gross biweekly pay	**$1,538**	**$1,538**	**$1,538**
Contribution percentage	**6%**	**6%**	**3% pre-tax; 3% after-tax**
Contribution amount	**$92**	**$92**	**$92**
Tax on contributions	**$0**	**$14**	**$7**
Total taken from pay	**$92**	**$106**	**$99**

For Stan, the potential tax-free distribution at retirement means a difference of as little as $14 in his biweekly pay.

Note: This hypothetical illustration assumes a biweekly savings of $92 – or six percent of pay – and a federal tax rate of 15 percent and is for demonstration purposes only. It is not intended to (1) serve as financial advice or as a primary basis for your investment decisions and (2) imply the performance of any specific security. The introduction of the Roth 403(b) does not increase your total contribution limit to the plan. Your contributions, whether Roth after-tax or Traditional pre-tax, or a combination of both in total, are subject to the Internal Revenue Code contribution limits. Taxes are generally due upon withdrawals of the tax-deferred assets and early withdrawal penalties may apply to withdrawals taken before age 59½. You should consult with an advisor when you consider your options or make tax-related decisions. Legal and tax advice are not offered by Voya and its representatives.

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