

UNDERSTANDING ROTH CONTRIBUTIONS

You can now choose to save for retirement through Roth 401(k) contributions, which delay your tax break until you take a qualified distribution* in retirement. **Depending on your current financial situation, Roth 401(k) contributions could save you money in the long run.**

Roth 401(k) contributions are after-tax, meaning your contributions are deducted from income that's already been taxed. As such, your take-home pay will be reduced with each contribution, but in retirement you won't be taxed on the qualified distributions* you take. With Roth 401(k) contributions, you pay taxes now to give yourself more financial flexibility and potentially lower taxes in retirement. When you choose Roth contributions, you will continue to receive the same company matching contribution as with before-tax contributions.

Here's how Roth 401(k) compares to traditional before-tax contributions:

	Before-Tax	Roth
As you contribute	<ul style="list-style-type: none">Helps lower current taxable income	<ul style="list-style-type: none">Won't reduce taxable income today; reduces your take-home pay with each paycheck
As your account accumulates	<ul style="list-style-type: none">Any earnings on your contributions grow tax-deferred	<ul style="list-style-type: none">Any earnings on your contributions grow tax-deferred
As you withdraw	<ul style="list-style-type: none">You are responsible for paying income taxes on contributions and any earnings when you take a distribution	<ul style="list-style-type: none">You can withdraw contributions at any time without additional income taxesAny earnings are tax-free with a qualified distribution*You may potentially have more spendable income in retirement

**A qualified distribution is tax-free if taken at least 5 years after the year of your first Roth contribution AND you've reached age 59, become totally disabled, or died. If your distribution is not qualified, any earnings from the Roth portion will be taxable in the year it is distributed. These rules apply to Roth distributions only from employer-sponsored plans. Additional plan distribution rules apply.*

Questions?

For questions about your account or to make changes, go to rps.troweprice.com or call T. Rowe Price at **1-800-223-4055**.

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