



Adding more flexibility with the **Roth** feature

What's right for you?

The City of San Diego's CalPERS 457 Plan has a **Roth feature to give you even more flexibility!**

This option doesn't change how much you can contribute. Nor does it change where you can invest. What it does is give you more control over when your contributions — and retirement income — will be subject to federal income tax.

Unlike contributions to the traditional CalPERS 457 Plan, which are made on a pre-tax basis, Roth contributions are made on an after-tax basis. What this means is your Roth contributions will be subject to income taxes before they're invested in your CalPERS 457 Plan account.

In exchange, though, you may be able to withdraw your contributions and any earnings tax-free when you retire (qualifying factors apply) ... which could mean more retirement income.

In short, you'd be trading a current tax benefit for a future tax benefit. So does this trade-off make sense for you? It primarily depends on whether you think your federal income tax rate will be higher at retirement, or lower. **Let's take a look at how it works.** ►

Ready to start?



Making changes to your CalPERS 457 Plan pre-tax or after-tax contributions is easy. Visit the City of San Diego employee intranet and click **SAP Portal** under **Quick Links** to make changes to your contributions in the CalPERS 457 Plan. Just click on the **Access Benefits Info** tile, then on **Benefits Enrollment** and select the **Retirement Savings** event to get started.


For more information

► **Visit:** calpers457.com

☎ **Call: 800-260-0659**
Press 2 for a Participant Service Representative,
Monday - Friday, 6:00 a.m. to 5:00 p.m.
Pacific Time*

📅 **Schedule a personal phone review** with your CalPERS 457 Account Manager at a time of your choice.

- cityofsandiego457.timetap.com
- 888-713-8244



Considering the Roth After-Tax Option?

Now:

Pay income taxes on contributions as you make them.

Later:

Withdraw savings tax-free during retirement.

Money going in: (contributions)

After-tax contributions are subject to federal (and where applicable, state, and local) income tax withholding.

Earnings, if any:

Are **tax-free** as long as certain qualifying conditions are met (*see next paragraph*).

Money coming out: (distributions)

Tax-free distributions, as long as you've satisfied the five-year holding period and are age 59½ or older (assuming you have separated from service), or disabled (assuming you have separated from service) or deceased.

Money moving on: (rollovers)

Rollovers allowed to another **Roth** account in a governmental 457(b), 403(b), 401(k) or Roth IRA. (Rollovers to plans other than a governmental 457(b) plan may be subject to the Internal Revenue Code (IRC) 10% premature distribution penalty tax, unless another exemption applies.)

Required minimum distributions:

The IRC requires distributions to begin at the later of age 72 or retirement. However, you can roll over your CalPERS Roth to a Roth IRA, where minimum distributions are **not required**.

Whichever 457 Plan contribution type you choose, you'll enjoy these key benefits.

- **Investing convenience.** You can put money aside using automatic payroll deductions.
- **Investment flexibility.** You can select from the same menu of CalPERS Target Date Funds and/or Core Funds.
- **Higher contribution limits.** You can contribute more through your CalPERS plan than you can in an individual retirement account (IRA) you set up on your own.