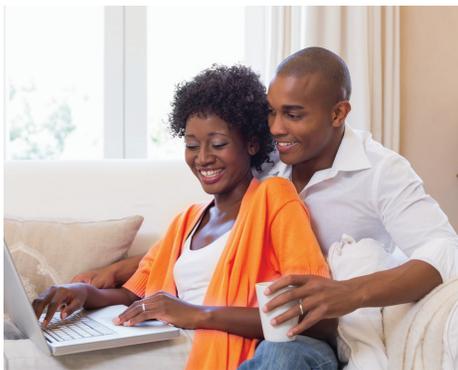


Roth 403(b)

A 403(b) savings opportunity



What is a Roth 403(b)?

If your employer offers a Roth 403(b) option under its 403(b) program, you have a savings opportunity to consider. You can make contributions on an after-tax basis to the Roth 403(b), on a pre-tax basis to the traditional 403(b) you have today, or to a combination of the two. You choose, based on what is best for your personal circumstances and savings objectives.

How does the Roth 403(b) work?

Contributions: The limits for the contributions you make to your 403(b) program apply to your combined traditional pre-tax 403(b) and the Roth after-tax 403(b). For current IRS limits on retirement savings account contributions, go to www.voya.com/IRSLimits.

Contributions to your traditional 403(b) are not subject to federal (or state in most states) income tax withholding while contributions to your Roth 403(b) are subject to up front income tax withholding.

Distributions: Distributions from your traditional pre-tax 403(b) are taxed at ordinary income tax rates in the year the money is distributed, while distributions including related earnings from your Roth 403(b) may be tax-free for federal income tax purposes (check the state tax rules in your own state) provided they are Qualified Distributions. A Qualified Distribution must meet the following criteria:

1. The funds must be held for a 5-year holding period, dating from the earlier of:
 - a) the first year that you contribute to any Roth 403(b) account in your employer's plan or,
 - b) if you make a direct rollover contribution to your Roth 403(b) from another plan with a designated Roth account, the first year you made a Roth contribution to that plan from which the direct rollover originated.
2. The distribution must be made on or after you have reached age 59½, or become disabled or made to your beneficiary(ies) after your death.

What are the features of a Roth 403(b)?

The main difference of the Roth 403(b) will be realized when you retire. As long as your withdrawal meets the Qualified Distributions rules, there will be no federal income tax due (or state income tax in most states). In contrast, distributions from a traditional 403(b) will be subject to income tax in the year the money is distributed to you, unless you elect to roll it over to another eligible retirement plan.

A 403(b) plan that has a Roth account feature and an in-plan Roth rollover account may permit a participant or spousal beneficiary to roll over pre-tax amounts within the 403(b) plan that are both (1) an eligible rollover distribution and (2) a permissible distribution under the plan document to the plan's Roth rollover 403(b) account via an in-plan conversion.

Comparing the Roth 403(b) to the Roth IRA

The Roth 403(b) does not have the income limitations for eligibility that apply to a Roth IRA. In addition, you can defer taxes on more money with the Roth 403(b) compared to the Roth IRA.

There are no required minimum distributions in the Roth IRA. Roth 403(b) distributions are required at the later of age 70½ or the date you stop working for your employer. However, you can rollover eligible Roth 403(b) distributions to a Roth IRA regardless of income.

The Roth IRA does not have withdrawal restrictions, meaning you can withdraw your Roth IRA funds at any time. Withdrawals from your Roth 403(b) are limited to severance of employment, financial hardship (earnings may not be distributed in the case of hardship), or attainment of age 59½ or upon disability or death.

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For 403(b)(1) fixed or variable annuities, employee deferrals (including earnings) may generally be distributed only upon your: attainment of age 59½, severance from employment, death, disability, or hardship. Note: Hardship withdrawals are limited to employee deferrals made after 12/31/88. Exceptions to the distribution rules: No Internal Revenue Code withdrawal restrictions apply to '88 cash value (employee deferrals (including earnings) as of 12/31/88) and employer contributions (including earnings). However, employer contributions made to an annuity contract issued after December 31, 2008 may not be paid or made available before a distributable event occurs. Such amounts may be distributed to a participant or if applicable, the beneficiary: upon the participant's severance from employment or upon the occurrence of an event, such as after a fixed number of years, the attainment of a stated age, or disability. For 403(b)(7) custodial accounts, employee deferrals and employer contributions (including earnings) may only be distributed upon your: attainment of age 59½, severance from employment, death, disability, or hardship. Note: hardship withdrawals are limited to: employee deferrals and '88 cash value (earnings on employee deferrals and employer contributions (including earnings) as of 12/31/88).

Things to consider

As you decide whether you want to make your 403(b) contributions on a pre-tax basis, an after-tax basis, or a combination of the two, your own personal circumstances and financial goals are important. Here are some of the questions you may want to consider:

- Are you willing to pay taxes today for potentially tax-free distributions in the future – or would you prefer to have a current tax benefit and pay taxes on your distributions later?
- Can you afford a reduction in take home pay in order to contribute the same amount to your Roth 403(b) as you would contribute to your traditional 403(b)?
- Do you expect to be in a higher tax bracket at retirement than you are now?
- Have you accumulated substantial amounts in your traditional 403(b)? Could balancing your retirement savings provide estate and tax-planning benefits?

Overall tax planning

Ask your tax advisor if you believe you may be in one of the following situations:

- Contributing to the Roth 403(b) on an after-tax basis instead of to your traditional 403(b) on a pre-tax basis will increase your adjusted gross income. Many tax credits and deductions (for

example, student loan deductions, medical expense deductions and child care tax credits) are based on adjusted gross income limits.

- Social Security benefits are taxed if your income exceeds certain limits. Distributions from a traditional 403(b) count as income while distributions from the Roth 403(b) that are tax-free do not. It is possible that this difference could reduce or eliminate taxation of those benefits (depending on your own situation at retirement).

Ask your Voya representative for more information

As you are determining whether the potential for future distributions on a tax-free basis from the Roth 403(b), versus the benefit of pre-tax contributions with future distributions is the right choice for you, remember that your Voya representative will be glad to offer additional educational information on how both the Roth 403(b) and the traditional 403(b) work.

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