

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

Traditional 403(b) Contributions

- 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 based on plan rules

Roth 403(b) Contributions

- Contributed after-tax
- Can be rolled to Roth 403(b), Roth 401(k), governmental 457(b) or Roth IRA
- Qualified distributions not taxable if 5 year holding period and one of the following are met:
 - At least age 59½
 - Disability
 - Death
- Distributions that are not qualified follow traditional 403(b) distribution rules and will be subject to taxes
- Loans cannot be taken from Roth balances; however the balance *may* be considered as part of total loan amount available

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 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:

- The IRS limits the total that can be contributed in any calendar year. For current limits, go to www.voya.com/IRSlimits.
- 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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Variable annuities and mutual funds through a retirement plan are long-term investment vehicles designed for retirement purposes which allow you to allocate contributions among investment options that have the potential to grow tax-deferred, or in the case of Roth contributions, tax free, with an option to receive a stream of income at a later date. Early withdrawals may be subject to surrender charges, and if taken prior to age 59½, an IRS 10% premature distribution penalty tax may apply. Taxes are due upon withdrawal of tax-deferred assets; withdrawals will also reduce any applicable death benefit and cash surrender value. Account values fluctuate with market conditions, and when surrendered the principal may be worth more or less than the original amount invested. An annuity does not provide any additional tax deferral benefit, as tax deferral is provided by the plan. Annuities may be subject to additional fees and expenses to which other tax-qualified funding vehicles may not be subject. However, an annuity does provide other features and benefits, such as lifetime income payments and death benefits. 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).

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