



## Remember, you have another way to save for your retirement— Roth 401(k) contributions

The Teamster-UPS National 401(k) Tax Deferred Savings Plan is designed to give you choice and flexibility, which is why, in addition to pre-tax and after-tax contributions, you can make Roth 401(k) contributions to the Plan.

When you contribute on a pre-tax basis, income taxes are deferred until your account is distributed—for example, when you retire. After-tax contributions are taxed immediately and only the investment earnings are taxed at the time of distribution. With Roth 401(k) contributions, money is also set aside on an after-tax basis; however, both contributions and earnings are generally distributed tax-free, assuming you meet certain requirements.<sup>1</sup>

### Impact on your pay

A 5% Roth 401(k) contribution will result in the same amount being invested as a 5% pre-tax contribution, since contributions are applied to the same gross pay. What does change is how much comes out of your paycheck. Your taxable income will be higher if you choose to make Roth 401(k) contributions, so you will pay more in current taxes, which means your take-home pay will be less.

### Impact on your withdrawals

Roth 401(k) contributions and earnings can generally be withdrawn income tax-free if the withdrawal is considered qualified. For a Roth 401(k) distribution to be qualified, five tax years must have elapsed since your first Roth 401(k) contribution and you must be at least age 59½, disabled, or deceased.

### For more information

To model your own contribution scenarios, use the online Roth Contribution Calculator, located at [teamsterups401kplan.com](http://teamsterups401kplan.com). Call the toll-free Information Line at **800-537-0189** if you have questions. Participant service representatives are available weekdays, from 8 a.m. to 9 p.m.

Information and interactive calculators are made available to you as self-help tools for your independent use and are not intended to provide investment advice. We cannot and do not guarantee their applicability or accuracy in regards to your individual circumstances. All examples are hypothetical and are for illustration. We encourage you to seek personalized advice from qualified professionals regarding all personal finance issues. We do not provide investment OR tax advice; please consult with a tax advisor for more information.

### FINANCIAL SAFETY TIP:

Consider **ALL** your investment options when reviewing your retirement goals.

See the next page for a detailed comparison of pre-tax, Roth 401(k), and after-tax contributions.

## Comparison of contributions

Contribution type	Pre-tax	Roth 401(k)	After-tax
<b>Tax treatment</b>	Taxes on contributions and investment earnings are deferred and paid when money is withdrawn	Taxes are paid before contributions are invested and withdrawals, including investment earnings, are generally tax-free <sup>1</sup>	Taxes are paid before contributions are invested and only investment earnings are taxed when withdrawn
<b>Contribution limits<sup>2</sup></b>	<ul style="list-style-type: none"> <li>• 1-35% of eligible pay</li> <li>• 1-100% of option week pay</li> <li>• 1-35% for age 50+ catch-up contribution</li> <li>• All contributions not to exceed IRS limits</li> </ul>	<ul style="list-style-type: none"> <li>• 1-35% of eligible pay</li> <li>• 1-100% of option week pay</li> <li>• 1-35% for age 50+ catch-up contribution</li> <li>• All contributions not to exceed IRS limits</li> </ul>	<ul style="list-style-type: none"> <li>• 1-5% of eligible pay</li> </ul>
<b>Hardship loans</b>	Yes. Must meet Plan requirements (excludes SMA <sup>3</sup> balances)	No	After-tax money may be withdrawn at any time
<b>Hardship withdrawals</b>	Yes. Must meet Plan requirements (excludes SMA <sup>3</sup> balances)	No	After-tax money may be withdrawn at any time
<b>10% early withdrawal penalty</b>	Applies to distributions received prior to age 59½ unless made after the termination of employment after age 55 or if another exception applies	Applies to the distribution of earnings received prior to age 59½ unless made after the termination of employment after age 55 or another exception applies	None
<b>Rollovers permitted</b>	Yes to an IRA or eligible employer-sponsored retirement plan that accepts pre-tax 401(k) rollovers	Yes to a Roth IRA or eligible employer-sponsored retirement plan that accepts Roth 401(k) rollovers	Yes to an IRA or eligible employer-sponsored retirement plan that accepts after-tax 401(k) rollovers

<sup>1</sup> Generally, for a distribution to become qualified for tax purposes you have to wait at least five tax years after making your first Roth 401(k) contribution before taking a withdrawal and your withdrawals must begin after you have reached age 59½, you have died or you have become disabled. If your withdrawal, does not meet these qualifications, your accumulated Roth earnings—but not your Roth 401(k) contributions—will be taxed and may be subject to a 10% early distribution penalty if you have not reached age 59½. State tax treatment may vary.

<sup>2</sup> The contribution limit for combined pre-tax and Roth 401(k) contributions in 2022 is \$20,500. Residents of Puerto Rico may contribute pre-tax up to \$20,500; Roth 401(k) contributions are not available for residents of Puerto Rico. Participants age 50 or older may make an additional combined pre-tax and Roth 401(k) contribution of \$6,500 in "catch up." Residents of Puerto Rico may contribute an additional \$1,500 if age 50 or older as a catch-up contribution.

<sup>3</sup> An SMA is a Self-Managed Account.



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