

Roth 403(b)—

An opportunity to take advantage of tax-free income in your future



Looking for more opportunities to save now or reduce your taxable income later during retirement? Contributions to a Roth account provided through your employer’s 403(b) plan may be an attractive option for you.

A Roth 403(b) account permits you to:

- **Contribute** after-tax dollars.
- **Take tax-free distributions** if the following conditions are met:
 - Distribution must be made after the end of the five-year period beginning with the first year for which a Roth contribution was made to the plan, **and**
 - You turn age 59½, or
 - Your total disability or death
- **Reduce taxable income** during retirement, and possibly help reduce taxation of Social Security benefits under current law.

Roth 403(b) basic features

- Roth 403(b) accounts are subject to Required Minimum Distribution rules; however, rolling a Roth account into a Roth IRA prior to age 72 (age 70½ if born before July 1, 1949) might avoid this requirement.
- Roth account balances are portable to other plans that offer a Roth account or a Roth IRA, if the receiving plan accepts such rollovers.
- You must be eligible to participate in your employer’s 403(b) plan, and your Roth account contributions must satisfy all applicable requirements.
- If Roth account contributions are matched by your employer, the matching contributions are made on a pretax basis and taxed at distribution.

Roth 403(b)

Roth 403(b) contribution limits

Contributions count toward the annual dollar limit on elective contributions, which cannot exceed the Internal Revenue Code (IRC) 402(g) limit of \$20,500 in 2022.

Contributions are also:

- Included in all catch-up contribution limits (both age 50 catch-up and special catch-up), if applicable.
- Subject to the IRC 415 annual limits, as indexed, for aggregated employee elective contributions, employer contributions and any reallocated forfeitures.

Distributions and rollovers

Because Roth account contributions are treated as elective contributions, a distribution can be made at severance from employment, disability, death, reaching age 59½ or experiencing a financial hardship. A plan may also permit loans to be made from 403(b) contributions, including Roth contributions. However, tax-free treatment is only provided to qualified distributions. A qualified distribution is one that is made after:

- The end of the five-year period beginning with the first year for which a Roth contribution was made to the plan.
- Turning age 59½, death or disability.

Income taxes are payable on nonqualifying withdrawals from Roth account earnings. Federal restrictions and a 10% federal early withdrawal tax penalty may apply to withdrawals made prior to reaching age 59½.

Is a Roth 403(b) account right for you?

In determining if a Roth 403(b) account is right for you, we encourage you to carefully assess the advantages and disadvantages. A Roth 403(b) may appeal to those who:

- Cannot contribute to a Roth IRA due to income limits.
- Are young and in lower income tax brackets than they might be in retirement.
- View tax hikes as inevitable.
- Want tax diversity and flexibility in retirement.

Roth 403(b)

Treatment of Retirement Savings Vehicles			
	Traditional 403(b) Salary Deferral	Roth 403(b) Contribution	Roth IRA
Contribution taxable in year contributed	No	Yes	Yes
Contribution taxable in year distributed	Yes	No	No
Earnings on contributions taxable in year distributed	Yes	No, if distribution is made after age 59½, death or disability, and, for Roth IRA, for first home purchase. Distributions must be made after the end of the five-year period* beginning with the first year for which a Roth contribution was made to the plan.	
Eligible for rollover to non-Roth or traditional qualified plan, traditional IRA, 403(b) or governmental 457(b)	Yes	No	No
Eligible for direct rollover to other Roth accounts or to Roth IRA	Yes, but only to a Roth IRA	Yes	Yes, but only to Roth IRA
Contributions limited by IRC 402(g) salary deferral limits of \$20,500 in 2022 You may be able to contribute up to an additional \$3,000 in 2022 if you have 15 or more years of service for a qualifying employer and have undercontributed in prior years; plus, you may also contribute an additional \$6,500 in 2022 if you are age 50 or older if eligible for both; you must exhaust the 15 year catch-up first.	Yes (Roth and salary deferral combined for this limit)		No [Regular IRA limit applies and is not affected by Roth 403(b) contributions]
Eligibility for contribution subject to family adjusted gross income limits	No	No	Yes
Employer may match employee's contribution	Yes, but is pretax and taxable upon distribution		No

* The Roth 403(b) account and a Roth IRA have separate and distinct five-year aging periods (or clocks).

Roth 403(b)

If the Roth 403(b) account features could suit your financial situation, schedule a meeting with your financial professional to consider this tax-advantaged opportunity.

Important considerations before deciding to move funds either into or out of an AIG Retirement Services account

There are many things to consider. For starters, you will want to carefully review and compare your existing account and the new account, including: fees and charges; guarantees and benefits; and, any limitations under either of the accounts. Also, you will want to know whether a surrender of your current account could result in charges. Your financial professional can help you review these and other important considerations.

CLICK lifeandretirement.aig.com/employers CALL 1-800-426-3753 VISIT your financial professional

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