ONE SIMPLE QUESTION

Pre-tax or Roth: which fits you

Both are ways to save inside your 403(b). The choice comes down to a single question: when do you want to pay the tax?

THE ONE DIFFERENCE

With pre-tax savings, you set the money aside before tax. It lowers your taxable income now, grows untaxed, and you pay ordinary income tax when you take it out in retirement. With Roth savings, you pay the tax now, and the money grows, and qualified withdrawals later come out tax-free (generally once you are 59½ and have held the account at least five years). Same account, same investments. The only thing that changes is the timing of the tax.

Pre-tax

A tax break today. You pay the tax later, when you withdraw in retirement.

Roth

No tax break today. Qualified withdrawals in retirement are tax-free.

FACTORS TO WEIGH

Skipping the tax today may save more when your pay is near its peak. Roth can be attractive if your pay is lower now than you expect it to be later, and the more years your money has to grow, the more tax-free growth can be worth. Everyone's tax situation differs, so consider talking with a tax professional.

YOU DO NOT HAVE TO PICK JUST ONE

Many savers split their contributions between the two, which spreads the tax question across both outcomes. If you are unsure, that is a good thing to talk through on a short call, where we can look at your situation instead of a general rule.

Not sure which fits?

Bring your questions to a short call at **(916) 235-9800**, or **pick a time to talk to an advisor**. When you are ready, enroll at **enroll.ctaretirementplan.org**.

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