



The Roth contribution option: Another way to save for retirement

Hamilton College is introducing a Roth contribution option in the 403(b) Retirement Plan beginning July 1, 2016. It's yet another option you can use to save for your financial future.

What is a Roth contribution option?

In the 403(b) Retirement Plan, your pretax contributions have the potential to accumulate tax deferred and withdrawals are taxable.¹ With the Roth option, your after-tax contributions have the potential to accumulate tax free. Withdrawals after age 59½ are tax free if distribution is no earlier than five years after contributions were first made. These potentially significant tax benefits are similar to a Roth IRA. There are other advantages to Roth contributions, including higher contribution limits than a Roth IRA.

Consider a Roth contribution if you:	Roth contribution benefits
Are not eligible to make Roth IRA contributions because of high income	The Roth option does not have adjusted gross income (AGI) limits.
Would like to make Roth contributions greater than the Roth IRA limit	In 2016, the contribution limit for a 403(b) account (\$18,000) is higher than the limit for a Roth IRA (\$5,500), letting you increase your after-tax retirement savings.
Feel confident your retirement income needs are met and want to leave a potential tax-free legacy	Assets may be passed along to your beneficiaries income tax free.
Would like to help protect your retirement assets from potential tax consequences	Having both pretax and after-tax assets in your retirement accounts allows you to hedge against the uncertainty of future tax rates.
Are just starting out and in a lower tax bracket	By making after-tax contributions that are based on a lower income, you pay less taxes now. Also, the earlier you start, the more time you give your money to work for you. And withdrawals from a Roth are typically tax free.*

TIAA group of companies does not offer tax advice. See your tax advisor regarding your particular situation.

* Withdrawals of earnings prior to age 59½ are subject to ordinary income tax and a 10% penalty may apply. Earnings can be distributed tax free if distribution is no earlier than five years after contributions were first made and you meet at least one of the following conditions: age 59½ or older or permanently disabled. Beneficiaries may receive a distribution in the event of your death. For governmental 457(b) plans, withdrawals are only allowed following separation from service or when you reach age 70½.



Is the 403(b) Retirement Plan Roth contribution option right for you?

Contributing to the 403(b) Retirement Plan Roth option today may provide significant tax savings—especially if you expect your tax rate to be higher when you retire. While it's difficult to predict what your future tax situation may be, you'll want to estimate as best as you can, taking into consideration the best choice for your current tax circumstances. You may want to consult your tax advisor.

If you expect your tax rate during retirement will be:

Your preferred option may be:

Higher than your current rate	After-tax Roth contribution option. Since you already paid taxes on your contributions, withdrawals are tax free.
Lower than your current rate	Pretax contribution option. While this money is taxable, you expect to benefit by being in a lower tax bracket during retirement.
Same as your current rate	Either or both.

Note: Roth contributions are included in your maximum contribution limits, plus any catch-up limits, if applicable.

Getting started

Enrolling in the 403(b) Retirement Plan Roth contribution option is easy. Simply complete and submit a new Salary Reduction Agreement to your Human Resources office. Visit [TIAA.org/hamilton](https://www.tiaa.org/hamilton) to download the form and to learn more about the investment choices available through the 403(b) Retirement Plan.

If you have questions about the 403(b) Retirement Plan Roth contribution option, call TIAA at **800-842-2252**, weekdays, 8 a.m. to 10 p.m. (ET) and Saturday, 9 a.m. to 6 p.m. (ET), or visit [TIAA.org/hamilton](https://www.tiaa.org/hamilton). We look forward to helping you as you plan for—and live well in—retirement.



1. Distributions from 403(b) plans before age 59 ½, severance from employment, death, or disability may be prohibited, limited, and/or subject to substantial tax penalties. Different restrictions may apply to other types of plans.

The tax information contained herein is not intended to be used, and cannot be used by any taxpayer, for the purpose of avoiding tax penalties that may be imposed on the taxpayer. It was written to support the promotion of the products and services addressed herein. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor.

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