



THE ROTH FEATURE

How much do you know about it?



The Economic Growth and Tax Relief reconciliation Act of 2001 first allowed investors to make after-tax contributions to a retirement plan, have earnings grow tax free, and be withdrawn tax free (in some cases). Through this legislation, the Roth IRA was born and it has since become a very popular retirement investment tool. In 2006, Roth 401(k) and Roth 403(b) plans were introduced, allowing participants to enjoy this new feature by contributing directly from their paychecks. Notably, these plans are subject to higher contribution limits than a Roth IRA.

Quick Roth 403(b) Facts

- In traditional 403(b) arrangement, money you contribute into the plan is deducted from your taxable income for the year. In contrast, your contribution to a Roth 403(b) is subject to income tax on the amount contributed. Please refer to the chart below as an example.
- Roth plans allow for tax growth and distribution, provided the contributions have been invested for at least 5 years and the account owner has reached the age of 59 ½.
- Unlike a Roth IRA, there are no income restrictions. Anyone earning income can contribute!
- In the instance of a hardship withdrawal or a standard distribution (provided you do not meet the above stipulations), only interest and investment earnings are taxable as the principal has already been taxed.

For more information, please visit the district's page through OMNI's website -

Plan Type	Traditional 403(b)	Roth 403(b)
Annual Income for Year	\$40,000	\$40,000
403(b) Contributions for year	\$5,000	\$5,000
Taxable Income for year	\$35,000	\$40,000
Tax Liability for 403(b) assets after age 59½ (Assuming contributions have been in more than 5 years)	Taxable Income for the year the money is withdrawn	0%

New Accounts may be opened with the following approved investment Providers:

ROTH - California Teachers Assoc. (CTA)

ROTH - CalSTRS Pension 2 (VOYA)

ROTH - Equitable (formerly AXA)

ROTH - Fidelity Management Trust

ROTH - Invesco Oppenheimer Funds

ROTH - MetLife

ROTH - National Life Group (LSW)

ROTH - Orion Portfolio Solutions

ROTH - PlanMember Services

ROTH - Security Benefit