

# DCP ROTH & PRETAX OPTIONS



DCP helps you stock up for retirement with two types of savings options - Roth and pretax.



## What is DCP?

The Deferred Compensation Program is a supplemental retirement savings program you control. The Washington State Department of Retirement Systems (DRS) administers this 457(b) plan, which is similar to a 401(k) or 403(b) that many employers offer.

Over 100,000 Washington public employees have saved with DCP. With DCP, you can:

- Save more for retirement
- Choose your contribution amount
- Make Roth or pretax contributions
- Start or stop saving anytime
- Change investment options
- Manage your account online or by phone

It's never too early (or too late) to save with DCP! Get started today at [drs.wa.gov/dcp](https://drs.wa.gov/dcp).

## DCP gives you options

DCP gives you even more flexibility to save for retirement by providing pretax and Roth options. Each option affects when your retirement contributions will be taxed.

### What is pretax?

With the DCP pretax option, your contributions are made before tax. Withdrawals, including investment earnings, are taxed in the year of withdrawal.

### What is Roth?

With the DCP Roth option, your contributions are deferred from your already taxed income. Roth withdrawals, including any investment earnings, are not taxed if you meet the minimum qualifications.\*

## Compare pretax and Roth options

	Pretax	Roth
Minimum contribution	\$30 or 1% of your salary per month, per option	
Maximum contribution	\$23,000 (in 2024) For more on annual limits, visit <a href="https://drs.wa.gov/dcp">drs.wa.gov/dcp</a>	
Taxes on contributions	No, contributions are not taxed	Yes, contributions are taxed
Taxes on withdrawals	Yes, withdrawals including investment earnings are taxed	No, there are no taxes for withdrawals, including investment earnings*
Conversions	No, you cannot convert DCP Roth dollars to pretax	Yes, you can permanently convert DCP pretax dollars to Roth
Rollovers	Yes, you can roll eligible pretax funds in or out	Yes, you can roll eligible Roth funds in or out

\*You must meet minimum qualifications to withdraw your Roth funds tax-free. These include a five-year holding period from the year of your first contribution and a minimum age of 59½. If you withdraw before meeting these, any investment earnings will be taxed.

## More DCP options

### Contributions

DCP savings starts as low as 1% per month (or \$30). Contributions are automatically deducted from your paycheck making saving easy. Choose a dollar or percentage amount for your contributions. The percentage amount will adjust automatically to defer a consistent portion of your salary.

### Investments

What do I need to know about investing? Your funds are managed for you by a professional team. But if you want to be more involved, you can select from a menu of investments. You can also change your investment fund at any time.

### Auto-escalation

Log into your account to initiate an auto escalation that allows your savings to increase automatically over time. Start or stop the increase at any time.

### Annuities

Use all or part of your DCP balance to fund a retirement plan annuity. See your plan page for more information.

Enroll or find out more about DCP at [drs.wa.gov/dcp](https://drs.wa.gov/dcp)

