MSRP Roth plan options

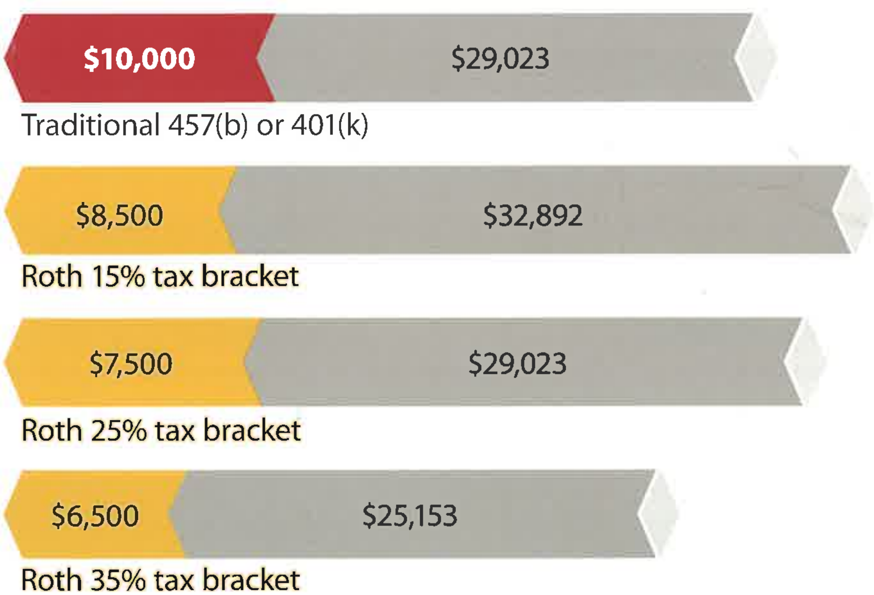
Same plan benefits, more retirement savings strategies

MSRP offers the opportunity to designate all or part of your contributions to an after-tax Roth 457(b) and/or Roth 401(k) plan. No matter how recently you were hired, no matter how high or low your earned income, any employee can contribute to a traditional pre-tax and/or a Roth after-tax plan through payroll deduction. You can even split contributions between traditional and Roth plans.

What's the benefit of designating some or all of your contributions as Roth?
It gives you the opportunity to pay taxes on your contributions now and avoid taxes later.[1]

In a Roth 401(k) or a Roth 457(b) account, investments occur after income taxes are taken. Additionally, any earnings accounts may receive are not subject to income tax at all. Income taxes for a Roth 401(k) account are paid up front at current tax rates instead of being subject to income taxes at retirement.

$10,000 invested in a Traditional vs. a Roth for 20 years



These examples are hypothetical in nature and assume a 25% tax bracket at distribution. It also assumes that the retirement plan's value earns an average total return of 7% compounded annually. Investment return is not guaranteed and will vary depending upon the investments and market experience.

A single contribution of $10,000 will be worth the same amount in 20 years if the tax bracket remains the same.

However, if the future tax rate is greater, the amount distributed from the Roth account will be greater than the post-tax amount distributed from the traditional 457(b) or 401(k) account.

Is a Roth option right for you?

Consider making Roth contributions if you:

- Believe taxes will be higher when you retire and want to take advantage of the potentially tax-free withdrawals provided by a Roth account
- Expect to be in a higher tax bracket in retirement
- Are unable to contribute to a Roth IRA because of your income
- Are looking for an estate-planning tool to leave assets tax-free to heirs
- Don't anticipate needing the assets in retirement and would roll a Roth 457(b) or 401(k) into a Roth IRA which does not require distributions at age 70½

[1]Contribution earnings are not taxable in the year distributed assuming all contributions have been held in the Roth account for five consecutive years after the first Roth contribution is made AND the distribution is made after age 59½; or for death, disability, first-time home purchase, transferring money to a Roth IRA.

Neither Nationwide nor its representatives may offer tax or legal advice. Consult with your own counsel before making any decisions about contributing or converting your Plan assets to Roth 457.

Information provided by a retirement specialist or plan representative is for educational purposes only and is not intended as investment advice.

	Traditional 457(b) *Pre-tax contributions*	Roth 457(b) *Roth contributions*	Traditional 401(k) *Pre-tax contributions*	Roth 401(k) *Roth contributions*
Payroll deduction	Yes	Yes. Once made, Roth contributions cannot be recharacterized.	Yes	Yes. Once made, Roth contributions cannot be recharacterized.
Maximum contribution limit	\$18,500 in this calendar year[2]	\$18,500 in this calendar year[2]	\$18,500 in this calendar year[2] *The total combined amount of traditional 401(k) and Roth 401(k) contributions that may be contributed to the Plan in this calendar year is \$18,500, plus Age 50 catch-up, if eligible.*	\$18,500 in this calendar year[2] *The total combined amount of traditional 401(k) and Roth 401(k) contributions that may be contributed to the Plan in this calendar year is \$18,500, plus Age 50 catch-up, if eligible.*
Age 50 Catch-up contribution limit	\$6,000 in this calendar year[2]	\$6,000 in this calendar year[2]	\$6,000 in this calendar year[2] *Catch-up contributions are limited to a combined total of \$6,000 for this calendar year, excluding the 457 Plan Age 50 catch-up.*	\$6,000 in this calendar year[2] *Catch-up contributions are limited to a combined total of \$6,000 for this calendar year, excluding the 457 Plan Age 50 catch-up.*
Investment earnings	Grow tax-deferred while in account	Grow tax-deferred while in account	Grow tax-deferred while in account	Grow tax-deferred while in account
Distributions	Withdrawals are taxed as ordinary income. Not subject to 10% early withdrawal penalty.	Qualified distributions[3] are not subject to federal income tax. If not a qualified distribution, investment earnings are subject to ordinary income tax and possibly a 10% early withdrawal penalty.	Withdrawals are taxed as ordinary income. If withdrawn before age 59½, distribution is subject to ordinary income tax and a 10% early withdrawal penalty may apply.	Qualified distributions[3] are not subject to federal income tax. If not a qualified distribution, investment earnings are subject to ordinary income tax and possibly a 10% early withdrawal penalty.
Loans	Yes	Yes	Yes	Yes
Unforseeable Emergency or Hardship withdrawals	Yes	Yes	Yes	Yes
Required minimum distribution	Required at age 70½	Required at age 70½; Roth accounts may be rolled into a Roth IRA, which does not require distribution at age 70½	Required at age 70½	Required at age 70½; Roth accounts may be rolled into a Roth IRA, which does not require distribution at age 70½
Investment options	Consistent across all MSRP plans	Consistent across all MSRP plans	Consistent across all MSRP plans	Consistent across all MSRP plans

[2] Source: IRS.gov.

[3] Qualified distributions from Roth accounts

457(b) Plan—No federal or Maryland income taxes are due on the earnings if 1) the Roth 457(b) account has been in existence for a five-year period (five-year period begins January 1 of the year participant first makes a Roth 457(b) contribution into the plan) and 2) the participant has separated from State service and is age 59½, or becomes disabled, or has died.

401(k) Plan—No federal or Maryland income taxes are due on the earnings if 1) the Roth 401(k) account has been in existence for a five-year period (five-year period begins January 1 of the year participant first makes a Roth 401(k) contribution into the plan) and 2) the participant is age 59½, or becomes disabled, or has died.

Investing involves market risk, including possible loss of principal.

Ready to get started?

1. Check out our interactive Roth Analyzer Tool under calculators at the bottom of **MarylandDC.com**.
2. If you decide contributing to a Roth account makes sense for you, we're here to help. Call Team MSRP today!

This document was created to help educate participants on the Maryland Supplemental Retirement Plan and is intended only to provide a general summary of the Plan and its features. In the event there are any inconsistencies between this document and the Plan Document, the Plan Document will govern.

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