Principal®

Get the most you can out of your retirement savings.

Decide whether Roth contributions are right for you.

"Roth contributions" might be one of those terms that you've heard before but aren't sure what it means. And if your employer-sponsored 401(k) or 403(b) plan allows them, they could help you get more out of your savings when you retire.

How are Roth contributions different from regular contributions?

It has a lot to do with taxes and when you pay them. And remember, the higher your income, the higher your tax rate may be.

REGULAR CONTRIBUTIONS TO YOUR 401(K) OR 403(B)

- You **don't** pay income taxes on the money when you contribute.
- You **do** pay income tax when you withdraw it.
- May be better if you think your tax rate will go down when you retire.

ROTH CONTRIBUTIONS

- You **do** pay income tax on the money right when you contribute it.
- You **don't** pay income tax when you withdraw it, as long as you're at least age 59 ½, and the money has been in your account for at least five years.
- May be better if you think your tax rate will be higher when you retire.

Pay taxes now or later?

Figuring out whether you'll pay more taxes now or when you retire can be tricky. However, as long as your employer's plan allows it, you can make a combination of both regular and Roth contributions to help balance out what you owe.

Are Roth contributions right for you?

They may be if you:

- Are a consistent saver.
- Are on track to exceed your estimated retirement needs.
- Can't participate in a Roth IRA.
- Think your income tax rate will be higher in retirement than it is now.

Review your contributions

Log in to **principal.com** or use the Principal® app to review or update your contributions.