

## Roth After-tax FAQ

### **If I do not want to make Roth after-tax contributions, what do I need to do?**

Nothing is required. Your current elections will continue as normal.

### **How do I make a Roth after-tax deferral election?**

On or after 9/1/2022, you may login to NetBenefits to update your deferrals. User guides are available on the Benefits website: <https://www.northwestern.edu/hr/benefits/retirement/plan/enroll-in-the-plan.html>.

### **Are Northwestern's contributions pre-tax?**

Northwestern's contributions are always pre-tax, even if the matching funds are related to a Roth after-tax employee contribution.

### **Is there a separate annual IRS limit for Roth contributions?**

No, the annual amount you can contribute for both pre- and Roth after-tax contributions in 2022 to the 403(b) plans is \$20,500. If you are age 50 or older you can save up to an additional \$6,500 a year, for a total of up to \$27,000 in contributions a year.

### **What are the tax consequences if I make a Roth after-tax contribution?**

Paying taxes on your Roth contributions means less spendable income today but could result in more spendable income in retirement. That's because the distributions you receive in retirement based on these contributions will be tax-free. For additional insight into whether Roth after-tax contributions are a sound choice for you, consult with a professional tax advisor.

### **Are Roth after-tax contributions right for me?**

Northwestern University cannot advise on whether making Roth after-tax contributions is a good tax strategy for you. You should direct all questions about how this new option may impact your personal tax situation to your tax or financial advisor.

### **Should I make a Roth in-plan conversion?**

Northwestern University cannot advise on whether making a Roth in-Plan conversion is a good tax strategy for you. You should direct all questions about how this new option may affect your personal tax situation to your tax or financial advisor. Roth in-Plan conversions are handled directly by the Plans' investment providers, Fidelity and TIAA. If you have a question or are thinking of making a Roth in-Plan conversion, please contact a representative at:

- **Fidelity** – by phone at **800-642-7131**
- **TIAA** – by phone at **800-732-8353**

**How do I make a Roth in-plan conversion?**

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**How is this different from my Roth IRA outside of Northwestern?**

Roth Individual Retirement Accounts (Roth IRA) are not related to Northwestern or the retirement plan. They have separate eligibility and contribution levels that do not impact your participation in Northwestern's plan.

**I am ineligible for a Roth IRA due to my income; can I still make Roth After-tax contributions?**

Unlike a Roth Individual Retirement Account (Roth IRA) – which is available outside of the workplace – Roth after-tax contributions to qualified retirement plans such as the Retirement and Voluntary Savings Plans do not have income restrictions and are available to everyone who is eligible to contribute. (For information about the Roth IRA limits, visit the IRS website: [irs.gov](https://www.irs.gov).)

**Can I rollover my Roth IRA into Northwestern's plan?**

No, you cannot rollover an IRA into Northwestern's 403(b).

**I'm not eligible University matching why did I receive the Roth Notice?**

You are probably eligible for the Voluntary Savings Plan, which allows you to defer your own funds into a 403(b)-plan sponsored by Northwestern University. These deferrals can be pre-tax and now Roth after-tax contributions.

**How often can I change my retirement deferrals?**

You can change your deferrals as much as you want at any time of the year. If you elect Roth after-tax deferrals, you can change back to pre-tax deferrals at any time.