

# Q&A ROTH



**The Roth feature in your employer sponsored retirement plan allows you to invest after-tax dollars, allowing them to grow on a tax-deferred basis and take qualifying distributions tax-free. The following Q&A will help you decide if Roth contributions are right for you.**

## **Q. What is the difference between traditional contributions and Roth contributions?**

**A.** Traditional contributions are pre-tax, reducing current taxable income. Withdrawals, including earnings, are taxed as ordinary income during retirement. Roth contributions are after-tax. Withdrawals of both contributions and earnings are tax-free in retirement if you're 59½ or older and meet the five-year rule.

## **Q. Who is eligible to make these contributions?**

**A.** If you're eligible to contribute to your employer sponsored retirement plan and your plan permits them, you are eligible to make Roth contributions.

## **Q. Can I make both traditional contributions and Roth contributions at the same time?**

**A.** Yes. You may split payroll contributions between traditional and Roth up to the total annual limit of \$24,500 in 2026.

## **Q. Can I have a Roth IRA and also make Roth contributions to my employer sponsored retirement plan?**

**A.** Yes.

## **Q. How do the Roth IRA and Roth 401k/403b/457 contributions limits differ?**

**A.** In 2026, you may contribute up to \$8,000 to a Roth IRA, plus \$1,100 as a catch-up contribution if you are age 50+. In your employer sponsored retirement plan, you can contribute up to \$24,500. If you are age 50+ you can contribute a catch-up amount of \$8,000. If you are age 60-63 you can contribute a catch-up amount of \$11,250.

## **Q. Is there an income limitation for making Roth contributions in my employer sponsored plan?**

**A.** No. Roth contributions to your employer sponsored plan are not subject to AGI limits – unlike Roth IRAs.

## **Q. When must I designate a deferral as a Roth contribution?**

**A.** You must designate your contribution as Roth at the time the deferral is made. You can designate this through your account online or by calling your recordkeeper directly. You may change your contribution rate and split between traditional or Roth contributions as often as the plan permits. See your plan documents for more information.

## **Q. Is there a vesting schedule applied to my Roth deferrals into my employer sponsored plan?**

**A.** No. You are always 100% vested in any money YOU contribute directly to your retirement plan, just like traditional deferrals.

## **Q. What is the new Roth Catch-Up requirement?**

**A.** Starting 1/1/2026, individuals aged 50+ who earned more than \$150,000 (FICA wages) in the prior year must make their catch-up contributions as Roth.

## **Q. What happens to my Roth contributions to my employer sponsored plan if I terminate employment?**

**A.** Your Roth account balance may be rolled over into another employer sponsored retirement plan if that plan accepts Roth deferrals. You may also rollover into a Roth IRA of your choice, initiating a new five-year period for that IRA. Your distribution is tax-free if it's at least five years after your first Roth contribution and you're age 59½ or older, disabled, or deceased. Withdrawals before 59½ may incur a 10% penalty.

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**Q. Will distributions of my Roth 401k/403b/457 be non-taxable?**

**A.** The distribution of your contributions will be tax-free since you already paid income tax on them when they were made to the plan. In order for those earnings to be tax-free, they must be distributed only after you reach age 59½, satisfied the five-year rule, you become disabled, or deceased.

**Q. When does the five-year period start?**

**A.** The five-year period begins on the 1<sup>st</sup> day of the year in which you make your first Roth contribution.

**Q. Will my Roth contributions to my employer sponsored plan be eligible for any company match?**

**A.** Employers may or may not match Roth contributions into the plan. Check with your Plan Administrator or see your plan documents for more information.

**Q. Can I convert my traditional pre-tax contributions to Roth contributions?**

**A.** If your plan permits Roth conversions, you may convert some or all of your pre-tax amounts at any time. Check with your Plan Administrator or see your plan documents for more information.

**Q. Will I have to take required minimum distributions of my Roth contributions at a specific age?**

**A.** No. You are not required to take RMDs on your Roth contributions in your employer sponsored plan while you're alive. RMDs only apply to beneficiaries after death.

**Q. Can I withdraw the earnings on my employer sponsored plan Roth contributions to use them to buy my first home, without tax or penalty?**

**A.** No. That provision is available only in Roth IRAs.

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