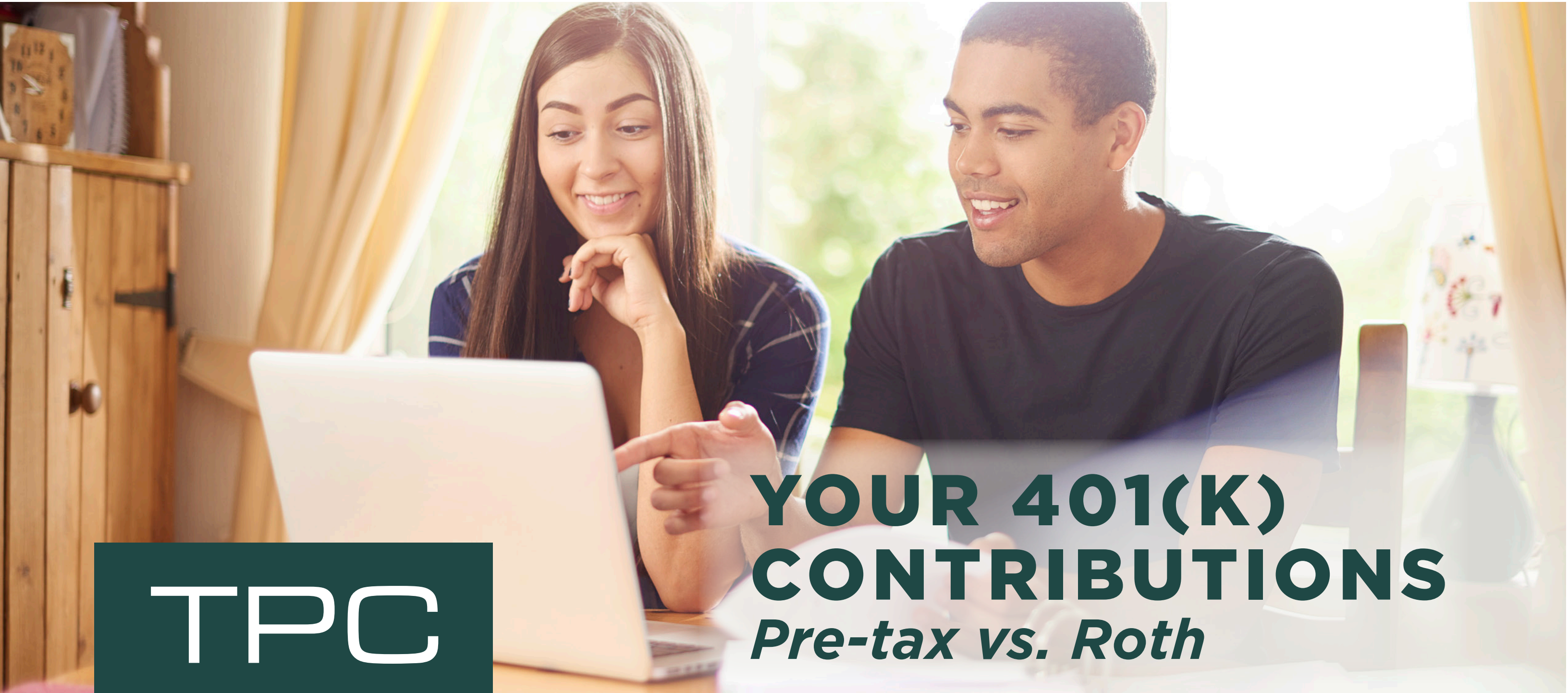

YOUR 401(K) CONTRIBUTIONS
Pre-tax vs. Roth

TPC 401(K)
THE PAYROLL COMPANY

If your employer sponsored retirement plan offers you the option to contribute Pre-tax or Roth (or both), you might want to research which type of contribution is right for you and your savings goals. Below, we have provided you with a few key features of each contribution type to help you make a more informed decision.

Pre-Tax Deferrals

ADVANTAGES

- Reduces your taxable income
- Pay no taxes until you take a distribution (cash)
- Tax savings could equal MORE take home pay:

Example:

Taxable income before contributing:	$35,000
(taxes)	$5,250
Annual pre tax contributions:	$2,400
	($200 x 12)
Taxable Income after contributing	$32,600
(new taxes)	$4,890
RESULTED TAX SAVINGS	**$360**

Result: *This person saved $360 in taxes by making pre-tax contributions to a 401(k)*

Based on 2016 tax tables for a single filer. Consult your tax advisor for specific information. For illustrative purposes only.

THINGS TO CONSIDER

- Fed and state (if applicable) taxes will be assessed immediately upon cash withdrawal
- Will you be in a higher tax bracket at retirement than now?
- You will be required to withdraw a portion of your money at 70 ½ (unless you're still working for your employer)
- If money is left to beneficiaries, withdrawals will be taxed
- Your non-spousal beneficiaries might have limited options for withdrawal

Roth Deferrals

ADVANTAGES

- Tax-deferred growth
- Great for disposable income and/or unforeseen expenses in retirement
- Similar to an insurance policy if left for beneficiaries (tax-free withdrawals)
- Higher contribution limits than a Roth IRA
- May be rolled into a Roth account (IRA)
- NO Money, including earnings, will be taxable upon withdrawal

Example:
An annual contribution of $2500 per year for 35 years at an 8% rate of return equals $159,663. If you had made contributions on a pre-tax basis you would owe taxes on the ENTIRE amount at withdrawal. If you made ROTH contributions, you would receive the entire amount of $159,663 TAX FREE.

THINGS TO CONSIDER

- Contributions do not lower your taxes
- Take home pay could be affected more (due to taxes)
- In order to take all of the money tax free (including earnings), you MUST be age 59 1/2 and the account must have been open for 5 years.

YOUR 401(K) CONTRIBUTIONS
Pre-tax vs. Roth

COULD BE BENEFICIAL IF YOU:

Pre-Tax Deferrals

- Are in a high tax bracket now and need to lower the taxes you pay
- Are not able to tolerate a big difference in take-home pay
- Will retire in 5 years or less
- Will be in a lower tax bracket when you retire

Roth Deferrals

- Might be in a HIGHER tax bracket at retirement than you are now
- Can afford a little less take-home pay now in exchange for paying no taxes later
- Want to leave tax-free money to your beneficiaries
- Need disposable, tax free money at retirement
- Have a long horizon to retirement (20 years or more)
- Can wait 5 years AND until you reach age 59 1/2 to access the funds

If you're unsure which choice is right for you, it might be a good idea to discuss the options in further detail with your tax advisor.

For more information, contact your plan financial advisor OR TPC 401(k) Education Consultant. You can reach us at 888.505.4484.