



# Give yourself a break in retirement

With Roth contributions, you take care of the tax bill now.



Wouldn't it be nice to keep more of your retirement paycheck? Roth after-tax contributions—offered in your retirement plan—can start you on that path.

### Here's how it works

With Roth, you pay taxes on your contributions now. After that, any earnings you get could be tax-free. In fact, you won't owe any taxes at all when you take the money out—as long as:

- You are at least age 59½ when you withdraw the money.
- You made your first Roth contribution at least five years before.

### How is that different from pre-tax contributions?

Many retirement plans start you with pre-tax contributions. With pre-tax money, you get to skip the taxes for now. But when you take the money out, you'll owe taxes on both your contributions and any earnings.

So pre-tax or Roth? Or a little of both? The table below shows you how the taxes would work.

### What's taxed?

	CONTRIBUTIONS	WITHDRAWALS*
Pre-tax	<input type="radio"/>	<input checked="" type="radio"/>
Roth	<input checked="" type="radio"/>	<input type="radio"/>



## The typical Roth investor

Roth contributions could work for you if . . .

- **You're in a lower tax bracket now.** We can't predict the future. But you may be in a higher tax bracket when you retire, so paying taxes now to avoid them later could save money in the long run.
- **You want peace of mind.** Whatever the future does hold, you'll have access to tax-free income. No need to worry about finding extra money to pay the tax bill on retirement income.
- **You're not eligible for a Roth IRA.** The income limits that might prevent you from saving in a Roth IRA don't apply. Anyone can make Roth plan contributions.

Of course, everyone's situation is different. To help you decide what may be best for you, talk to a tax advisor or check out what Roth can do for you at [vanguard.com/rothcontributions](https://vanguard.com/rothcontributions).

## Still not sure?

Roth isn't an all-or-nothing situation. You can contribute some Roth money and some pre-tax money. And you can change your contribution types at any time, so you're never locked in to one choice.

Even a small contribution (as little as 1% of your pay) to Roth may have its advantages. The five-year clock to make tax-free withdrawals starts on January 1 of the year you contribute your first Roth dollar.



## Let's get started!



Log in to your account at [my.vanguardplan.com](https://my.vanguardplan.com).

For more information on how much you can contribute, visit [vanguard.com/contributionlimits](https://vanguard.com/contributionlimits).

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## Need help?

Call participant services at **866-794-2145**.

## Connect with Vanguard®

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*Whenever you invest, there's a chance you could lose the money.*

**\*Taxes:** Taking money from your retirement account can affect how much you'll have to pay in taxes. You'll owe taxes on pre-tax money. You won't owe taxes on Roth earnings as long as you are age 59½ or older and it's been at least five years since your first Roth contribution. If required by law, Vanguard will withhold some taxes for you. You may need to pay a 10% federal penalty tax if you take money out early.

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