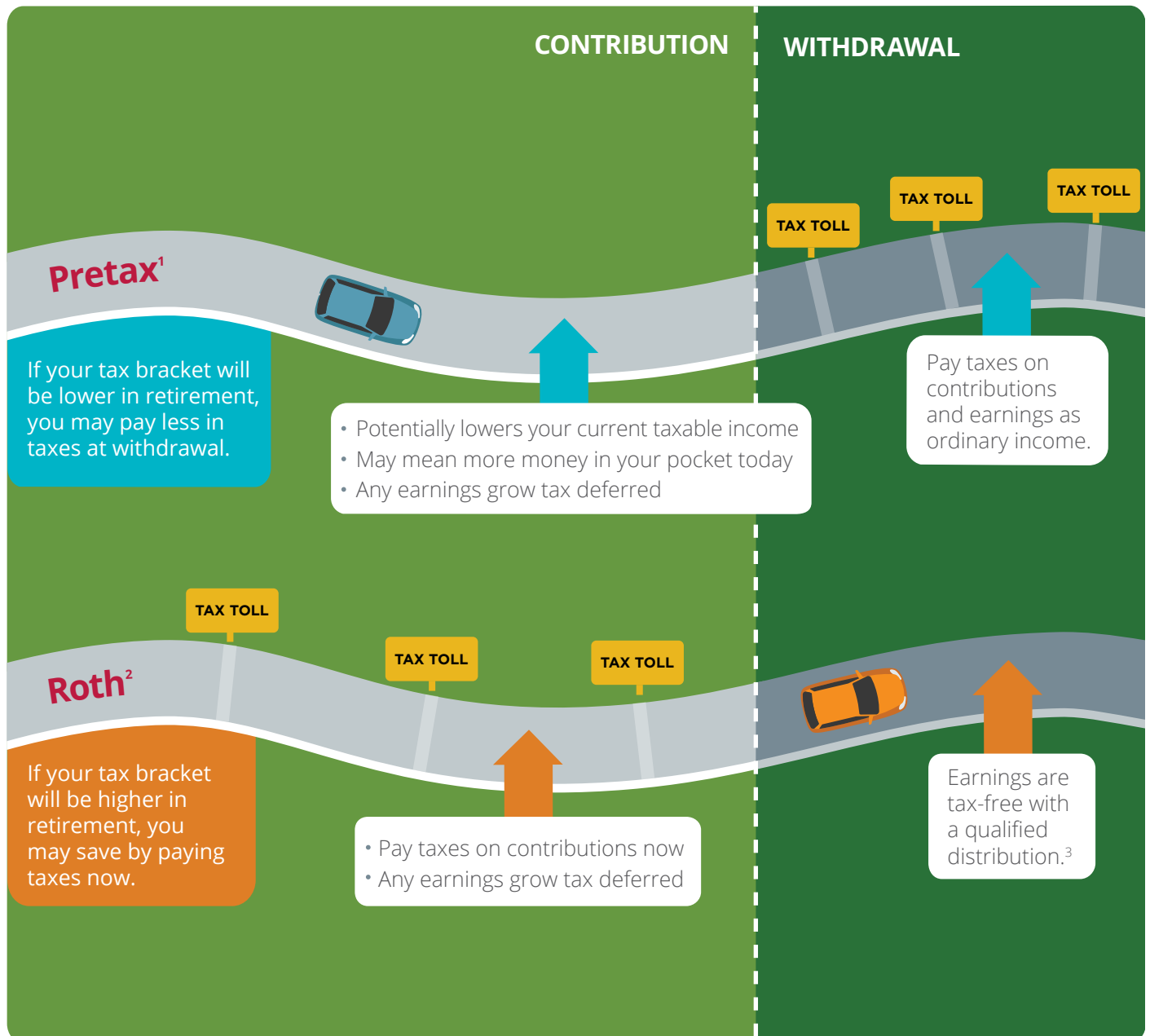


SAVING

# Pretax or after-tax Roth: Which road to take?

Before you determine which road or combination of roads may be right for you, you'll need to consider some important factors — including when you want to pay taxes. Let's take a closer look.



Visit [empowermyretirement.com](http://empowermyretirement.com) - My Financial Path - Learning Center - Calculators to use the Pretax vs. Roth Analyzer.

**NOW** IS A GOOD TIME



## What to know before you hit the road

AT A GLANCE	PRETAX CONTRIBUTIONS	AFTER-TAX ROTH CONTRIBUTIONS
Is my contribution taxable in the year I make it?	—	✓
Is my contribution taxed when distributed?	✓	—
Are potential earnings on my contributions taxed when distributed?	✓	— No, provided that it is a qualified distribution. <sup>3</sup>
Can I contribute to both Roth and pretax plans?	✓	✓
If I change jobs, can I roll over my account?	✓ Yes, to an eligible employer plan (if the plan allows it) or to an IRA. <sup>4</sup>	✓
If I experience a financial hardship, can I make a withdrawal?	✓ Yes, if your plan allows hardship withdrawals.	✓
Do I have to take a minimum distribution at age 70½?	✓ Once you reach age 70½, you are generally required to begin taking minimum distributions. <sup>5</sup>	✓
What is the maximum amount I can contribute?	Combined limit for contributions in 2020: \$19,500 or \$26,000, including the additional \$6,500 age 50+ catch-up contribution	

1 Contributions are made prior to tax withholding.

2 Contributions are made after tax withholding.

3 Subject to requirements: Roth contributions must be in your account for at least five years and the money withdrawn after you have reached age 59½, died or been disabled. If a distribution is not qualified, the earnings are taxed as ordinary income and may be subject to early withdrawal penalties.

4 Eligible employer plans include: qualified plans (e.g., 401(k), governmental 457(b) and 403(b) plans). Roth contributions can only be rolled over to another designated Roth account or to a Roth IRA.

5 If you are still employed with the employer who sponsors the plan or if you are less than a 5% owner of the business sponsoring the plan, you may not be required to take a minimum distribution. Refer to your plan provisions for more information.

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