

Roth 403(b)
At Drexel University

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Educational Seminars

Date	Vendor	Campus	Address	Room Number
12-Feb	Vanguard	University City	3300 Market Street	L33
13-Feb	TIAA	Center City	245 N. 15th Street	1208
14-Feb	Vanguard	Center City	245 N. 15th Street	1208
16-Feb	Vanguard	Queen Lane	2900 W. Queen Lane	Suite 102
26-Feb	Fidelity	University City	3300 Market Street	L33
5-Mar	Vanguard	University City	3300 Market Street	L33
6-Mar	TIAA	University City	3300 Market Street	L33
9-Mar	Fidelity	University City	3300 Market Street	L33
12-Mar	Fidelity	Center City	245 N. 15th Street	1208
13-Mar	TIAA	Center City	245 N. 15th Street	1208
16-Mar	Vanguard	Center City	245 N. 15th Street	1208

What is a Roth and how is it different?

- Traditional 403(b)
 - A traditional 403(b) is a tax deferred vehicle lowering taxable liability today
 - Distributions, including market gains, are taxed on withdrawal
- Roth 403(b)
 - Roth contributions are post tax
 - Distributions, including market gains, are tax free

Who can benefit from a Roth 403(b)

- You expect to be in a higher tax bracket at retirement
 - Pay lower taxes on the contributions now
 - Avoid paying higher taxes in retirement
- Your income prohibits you from contribution to a Roth IRA
 - Roth 403(b) has no income limits
 - Roth 403(b) can be rolled over to a Roth IRA
- You want tax-free options in retirement
 - Your personal situation favors a tax-free environment
 - You want to create tax-free wealth for your heirs
 - You want to hedge against tax changes

Traditional or Roth: Which one is better for me?

- Factors to consider:
 - Will my tax rate be higher in retirement than it is now?
 - Do I think taxes will increase in the future?
 - What will my required minimum distribution (RMD) be?
 - Have I talked to my licensed tax professional about my situation?
 - What are my Roth investment options?

What about my University match?

- Roth contributions are eligible for University match similar to traditional contributions
- The University match must be made on a pre-tax basis
- Employees can make both Traditional and Roth contributions as long as they do not exceed IRS limits
- Employees continue to be 100% vested in employer matching contributions

Frequently asked questions

Q: How much can I contribute using the after-tax Roth contribution option?

A: The Internal Revenue Service announces contribution limits each year

- Any combination of pretax and after-tax Roth contributions up to the IRS limits
- 2018 IRS annual limits: \$18,500 under age 50, \$24,500 over age 50

Q: How do I make after-tax Roth contributions to my account?

A: To elect a new after-tax Roth contribution:

1. Log on to DrexelOne,
2. Select the employee tab,
3. Select more BannerWeb Employee Services
4. Select Benefits and Deductions
5. Select Enroll or Change Retirement Plans

Frequently asked questions

Q: When can I take a tax-free withdrawal from my after-tax Roth balance?

A: Age 59½ and no earlier than five years after the first contribution was made, or if you are permanently disabled. Beneficiaries may receive a distribution in the event of your death.

Q: How is the five-year time frame for my after-tax Roth contributions determined?

A: It begins on the first day of the year in which the first after-tax Roth contribution is made to the plan

- If you roll over your savings to another employer's retirement plan, you keep your original start date.
- If you rollover your savings into a new Roth IRA, your five-year time frame for the Roth IRA begins on the date you roll over the Roth retirement plan balances. **Your five-year period is not carried over to the Roth IRA with the money.**
- If you rollover your savings into an established Roth IRA, the five-year Roth IRA period begins with the date you make your first contribution to a Roth IRA and is unaffected by the transfer of Roth retirement plan option balances into the account.

Frequently asked questions

Q: Are after-tax Roth assets subject to IRS required minimum distribution rules?

A: If you participate in a retirement or deferred compensation plan, you are generally required to take minimum distributions at age 70½. Roth IRA not subject to required minimum distributions. You can roll over after-tax Roth retirement plan contributions to a Roth IRA, but the five-year period does not carry over.

Q: Can I roll over my after-tax Roth savings from one employer's plan to another?

A: You can roll over your after-tax Roth contributions and any earnings in your Drexel University Retirement Plan to another retirement plan if it accepts the funds.*

* Prior to rolling over assets, you should carefully consider your other available options. You may also be able to leave money in your current plan, roll over money to an IRA, or cash out all or part of the account value. You should weigh each option carefully and its advantages and disadvantages, including desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and your unique financial needs and retirement plan. You should seek the guidance of your financial professional and tax advisor prior to rolling over.