



## Roth vs Traditional Pre-tax Contributions



ROTH V. TRADITIONAL



Roth Contributions



Make after-tax contributions



Taken out of your paycheck



Accumulate tax-free retirement money

**ROTH V. TRADITIONAL**



# How does Roth affect your paycheck?



**Lisa**

**\$40,000 Annual Income**

**6%**

Monthly Roth Contribution

**\$200**

Monthly Roth Contribution\*

**\$200**

Monthly reduction in take home pay\*

**6%**

Monthly Traditional Pre-tax Contribution

**\$200**

Monthly Traditional Pre-tax Contribution\*

**\$150**

Monthly reduction in take home pay\*

\* This hypothetical example is based solely on an assumed 25% income tax withholding rate. No other payroll deductions are taken into account. Actual taxes and take home pay will depend on your individual tax situation. Pre-tax contributions and any related earnings will be taxed at the time of withdrawal. Any earnings on after-tax Roth contributions are income tax-free if certain conditions are met.



# Roth in workplace savings plan vs. Roth IRA

## 2018 IRS Income Limits

Roth IRA  
Single filers

**\$120,000**

Phase-out starts;  
ineligible at \$135,000

Roth IRA  
Married filers

**\$189,000**

Phase-out starts;  
ineligible at \$199,000

Roth in plan

**None**

## 2018 IRS Contribution Limits

Roth IRA

**\$5,500**

Under Age 50

**+\$1,000**

“Catch-up” amount (Age 50+)

**\$6,500**

Age 50+

Roth in plan

**\$18,500**

Under Age 50

**+\$6,000**

“Catch-up” amount (Age 50+)

**\$24,500**

Age 50+

You may be able to roll the money in your Roth account in the plan to a Roth IRA account and avoid these required distributions – this option may most benefit those who want to leave this money to their heirs.



## Benefits and Considerations



What is your expected tax bracket in retirement?



How long is your retirement horizon?



Are you eligible to contribute to a Roth IRA?

ROTH V. TRADITIONAL



Take your  
next step



Talk with your  
tax advisor



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**PLAN  
DETAILS**

## Plan Features

|                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                  |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Eligibility Requirements</b> | <p>There is no waiting period. You can enroll in the Plan at any time.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                  |
| <b>Enrollment</b>               | <ol style="list-style-type: none"> <li>1. <b>Obtain your Plan ID:</b> 57748</li> <li>2. <b>Visit:</b> <a href="http://www.enrollonline.fidelity.com">www.enrollonline.fidelity.com</a> and click the Enroll box.</li> <li>3. <b>Account Setup:</b> Provide us with your personal information.</li> <li>4. <b>User Registration:</b> Select a User Name and Password to access your account online and/or Log On.</li> <li>5. <b>Enroll In Plan:</b> Make decisions about contribution amounts and investments.</li> </ol> <p>Once you are enrolled, contact your Human Resources department to make contributions to the Drexel University 403(b) Defined Contribution Retirement Plan.</p> |                                                                                                                                                                                                                                                  |
| <b>Contributions</b>            | <p><b>Employee Contributions</b></p> <p><u>IRS Limits</u><br/><b>\$18,500</b></p> <p><u>Catch-up limit</u><br/><b>\$6,000</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p><b>University Matching</b></p> <p>The University will match your contributions dollar for dollar, up to 6% of pay that you save. Plus, Drexel will contribute an additional 3% if you are under age 50, or 5% if you are age 50 or older.</p> |

This workshop only provides a summary of the main features of the Plan, and the Plan document will govern in the event of any discrepancies.



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## Plan Features (Con't)

|                    |                                                                                                                                                                                                                                                                                                         |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Vesting</b>     | You are always 100% vested in all contributions to the Plan.                                                                                                                                                                                                                                            |
| <b>Loans</b>       | Although your plan account is intended for the future, you may borrow from your account for any reason.<br>To learn more about or request a loan, log on to <a href="http://www.netbenefits.com/atwork">www.netbenefits.com/atwork</a> or call the Fidelity Retirement Benefits Line at 1-800-343-0860. |
| <b>Withdrawals</b> | Withdrawals from the Plan are generally permitted when you terminate your employment, retire, as defined by your plan.                                                                                                                                                                                  |

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# Investment Options

## Money Market (or Short Term)

### **Government**

- Federated Government Obligations Fund Institutional Shares

### **Bond**

#### **Diversified**

- Prudential Total Return Bond Fund Class Q
- Vanguard Total Bond Market Index Fund Admiral Shares

#### **Inflation-Protected**

- PIMCO Real Return Fund Institutional Class

## Domestic Equities

### **Large Value**

- T. Rowe Price Institutional Large Cap Value Fund

### **Large Blend**

- Fidelity® 500 Index Fund – Premium Class

## Domestic Equities (cont)

### **Mid Blend**

- ClearBridge Mid Cap Fund Class IS
- Fidelity® Extended Market Index Fund - Premium Class

### **Large Growth**

- Fidelity® Contrafund®

## International / Global Equity

### **Diversified**

- Fidelity® Diversified International Fund
- Fidelity® International Index Fund – Premium Class

### **Emerging Markets**

- DFA Emerging Markets Portfolio Institutional Class

### **Specialty**

- DFA Emerging Markets Portfolio Institutional Class

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## Target Date Funds

| Fund Name                                            |
|------------------------------------------------------|
| Fidelity Freedom® Index Income Fund – Investor Class |
| Fidelity Freedom® Index 2005 Fund - Investor Class   |
| Fidelity Freedom® Index 2010 Fund - Investor Class   |
| Fidelity Freedom® Index 2015 Fund - Investor Class   |
| Fidelity Freedom® Index 2020 Fund - Investor Class   |
| Fidelity Freedom® Index 2025 Fund - Investor Class   |
| Fidelity Freedom® Index 2030 Fund - Investor Class   |
| Fidelity Freedom® Index 2035 Fund - Investor Class   |
| Fidelity Freedom® Index 2040 Fund - Investor Class   |
| Fidelity Freedom® Index 2045 Fund - Investor Class   |
| Fidelity Freedom® Index 2050 Fund - Investor Class   |
| Fidelity Freedom® Index 2055 Fund - Investor Class   |
| Fidelity Freedom® Index 2060 Fund - Investor Class   |

The target date investments are designed for investors expecting to retire around the year indicated in each fund's name. The investments are managed to gradually become more conservative over time as they approach the target date. The investment risk of each target date investment changes over time as its asset allocation changes. The investments are subject to the volatility of the financial markets, including that of equity and fixed income investments in the U.S. and abroad, and may be subject to risks associated with investing in high-yield, small-cap, and foreign securities. Principal invested is not guaranteed at any time, including at or after the target dates.

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