



E-Financial Update

Roth 457(b) Contributions

The CCOERA Roth 457(b) Provision is a tax-free savings option added to an existing 457(b) Deferred Compensation Plan. This provision enables employees to contribute to a CCOERA 457(b) account via Traditional (before-tax) contributions, Roth (after-tax) contributions or a combination of both. The combined total of both contribution types may not exceed current 457(b) plan limits for 2017: Regular at \$18,000, Age 50+ at \$24,000 or Special Catch-up at \$36,000 (if eligible).

As you may already know, how you pay the taxes on the two (2) different types of savings is the primary difference between the Roth 457(b) and Traditional 457(b) contribution options. However, since no one can predict what future tax rates will be, using both types of contributions (before-tax and after-tax) can be a great way to diversify your CCOERA 457(b) account from a tax point-of-view. The tables below should help you determine the type of savings strategy that is best for you, based on your current/future tax situation, investment approach and retirement objectives.

Roth 457(b) Option

- After-tax Contributions (taxes prepaid)
- Tax-free Investment Earnings
- Future Withdrawals are 100% Tax-free upon separation from employment, if held at least 5 yrs and to age 59 ½

Most beneficial for: younger employees, lower tax bracket now, higher tax bracket at retirement, longer time horizon with a more aggressive investment strategy resulting in a greater accumulation of “tax-free” assets for distributions upon retirement.

Traditional 457(b) Option

- Before-tax Contributions (taxes postponed)
- Tax-deferred Investment Earnings
- Future Withdrawals are Fully Taxable upon separation from employment

Most beneficial for: older employees, higher tax bracket now, lower tax bracket at retirement, shorter time horizon with a more conservative investment strategy resulting in a more modest accumulation of “taxable” assets for distributions upon retirement.

When adopted by your employer, employees may add this Roth 457(b) Option to a new or existing CCOERA 457(b) Deferred Compensation Plan account by completing the appropriate form(s) obtained through your employer. Your employer will determine how frequently you may change your 457(b) contribution elections. Your current Future Contributions Allocation and Existing Balance Allocation will govern both your Roth 457(b) & Traditional 457(b) funds with CCOERA, which can be changed on any business day. Both Roth & Traditional 457(b) funds will be combined for statement reporting purposes. There will only be one Beneficiary Designation. Rollovers from non-CCOERA “Designated” Roth retirement accounts (401(k), 403(b) or 457(b)) will be available, excluding regular Roth IRAs. Internal transfers from other CCOERA accounts are not allowed. Loans and emergency withdrawals will not be available on Roth 457(b) funds.

To learn more about this new Roth 457(b) Option and CCOERA’s retirement counseling services, contact a CCOERA Client Services representative at (303) 713-9400, press 0, or at (800) 352-0313, press 0, then press 1 at the second announcement. Also, it is important to state that since CCOERA doesn’t provide tax counseling, and since each person’s circumstances can change, we encourage you to discuss your options with a tax specialist before you make any final decisions.