



There's more than one way to get to retirement.

J.P. Morgan Retirement Plan Services

A new way to save for retirement – Roth 401(k) contributions

Beginning February 5, 2013, you can make Roth 401(k) contributions to your PDS Tech 401(k) Retirement Plan account. Now you can save on a pretax and/or a Roth 401(k) basis. The main difference is all about taxes. The way you contribute now affects how and when you pay taxes.

With the addition of the Roth 401(k) option, you may want to reconsider which contribution type, or combination of types, is right for you. But before you make any decisions, review the below information.

Description	Pretax	Roth 401(k)
Contributions	Taken out of your paycheck before you pay taxes.	Taken out of your paycheck after you pay taxes.
Taxable income and take-home pay	You lower your current taxable income during the year contributions are made. You have more take-home pay, compared with Roth 401(k).	You do not lower your current taxable income during the year contributions are made; take-home pay is lower compared to making pretax contributions.
Contribution option may be appealing to	Those who will be in a lower income tax bracket during retirement and want to take advantage of the tax break on current income.	Those who will be in the same or higher income tax bracket during retirement and can afford to pay taxes on contributions now to get tax-free savings in the future. May be a good option for younger people who have a longer time to invest their retirement savings.
Investments	You can invest in any of funds in the plan, regardless of what contribution options(s) you choose	
Taxes on a distribution/ withdrawal	Your contributions and any earnings are taxed as ordinary income at the time of your distribution.	Earnings are tax free if you take a qualified distribution, which means your Roth 401(k) contributions must have been in your account for at least five years and the distribution must be made after 59½, death or disability.

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Roth 401(k) Q&A

What is a Roth 401(k) contribution?

A designated Roth 401(k) contribution is made to a separate account in an employer sponsored plan. The Roth 401(k) source operates much like a Roth Individual Retirement Account (IRA) – contributions are made on an after-tax basis and qualified distributions are tax free. Unlike a Roth IRA, there are no income limits that restrict you from making Roth 401(k) contributions.

Can I make both pretax and Roth 401(k) contributions?

Yes. Contributions to your plan can be made with only pretax, only Roth 401(k) or both contribution types. You may not contribute more than the plan limits and annual Internal Revenue Service (IRS) limits in one or both contribution types combined.

Can catch-up contributions be designated as Roth 401(k) contributions?

Yes. If you will be age 50 or older during the year and are eligible for catch-up contributions, you may designate all or a portion of your contribution as a Roth 401(k) contribution.

Is a Roth 401(k) contribution better than a pretax contribution?

That depends on your personal situation and what you believe your tax rate will be during retirement. Remember, Roth 401(k) contributions are made with after-tax money, and pretax contributions are made before taxes are taken out.

If you expect to be in a higher tax bracket after you retire, you may want to pay taxes on your contributions now—so Roth 401(k) contributions may make sense for you.

On the other hand, if you expect to be in a lower bracket after you retire, you may want to pay the taxes then, which means pretax contribution may be a good option for you.

Remember, you also can make a combination of pretax and Roth 401(k) contributions, which allows you to enjoy the tax advantages of both types of contributions.

How do I begin making Roth 401(k) contributions?

Log on to www.retirementlink.jpmorgan.com and click Let's Get Started! Or call **855-JPM-PLAN (576-7526)** to begin making Roth 401(k) contributions. Representatives are available to assist you weekdays from 8:30 a.m. to 8:00 p.m. Eastern time.

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Is there an impact on my paycheck if I decide to switch from making pretax contributions to Roth 401(k) contributions?

Because Roth 401(k) contributions are made after tax, typically your net pay will be reduced if you contribute the same dollar amount as your pretax contribution. However, when you retire, distributions from your Roth 401(k) source may be tax free (compared with fully taxable distributions from your pretax source), and this may more than make up for the impact on your paycheck.

If I leave or change jobs, can my Roth 401(k) contributions be rolled over to another qualified plan?

Yes, if your new employer's plan is a qualified plan that accepts and separately accounts for Roth 401(k) amounts. If the option is not available, you may roll the Roth 401(k) account distribution into a Roth IRA or leave the money in the plan (if allowed).

IRS rules do not allow combining pretax contribution money with Roth 401(k) contribution money. You may not roll over money from your Roth 401(k) source to a traditional IRA or to a traditional rollover account in an employer's plan.

What qualifies Roth 401(k) contributions to be distributed tax free?

You must meet two conditions to have a "qualified distribution" that allows you to receive your Roth 401(k) contributions and earnings tax free. First, the Roth 401(k) source must have been in existence in your account for at least five years. Second, the distributions must be after age 59 1/2, death or disability.

Roth 401(k) contributions are subject to the same distribution restrictions applicable to pretax 401(k) contributions (amounts cannot be withdrawn before severance of employment, death, disability, hardship or termination of the plan). For additional information on distribution rules, please see your Summary Plan Description.

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