



Helping You Save, Plan and Enjoy Your Future!!



Comparing a Traditional 401(k) to a Roth 401(k)

As of January 1, 2019, you will have another way to save for retirement in the AAA Carolinas Savings & Retirement Plan: **the Roth 401(k)**. This will be an after-tax retirement savings option for you. As you now have two options, understanding the difference between a Traditional pre-tax deduction and a Roth after-tax deduction is very important. If the summary below does not address your question(s), please call 1-800-SAVE-123 to speak with a Wells Fargo representative in the Retirement Center.

- The Roth 401(k) option blends features of a traditional 401(k). Contributions made to a traditional 401(k) are made on a pretax basis, which lowers your taxable income today. When you take a withdrawal from a traditional 401(k), it is taxed as income in the year of distribution.
- Roth 401(k) contributions are made on an after-tax basis and earnings grow tax-free. This means that, if certain criteria are met, earnings on your contributions grow tax-free and *qualified** withdrawals at retirement are also tax-free.

	Traditional 401(k)	Roth 401(k)
Tax treatment of contributions	Pretax: payroll deduction	After-tax: payroll deduction
Contribution limits for 2018	\$18,500 for traditional 401(k) contributions only, Roth 401(k) contributions only, or a combination of both contribution types; \$24,500 if 50 or over and making catch-up contributions. Plan limits may be lower.	
Matching contributions	Your employer matches pretax and/or Roth 401(k) contributions. Any employer match will be made on a pretax basis.	
Qualified distributions	Taxable as current income	Tax free*
Income limitations for maximum contributions	None	None
Minimum required distributions at age 70 1/2	Yes	Yes

	Traditional 401(k)	Roth 401(k)
Rollovers	<p>To an IRA or any 401(k), 403(b), or governmental 457(b) plan that accepts rollovers.</p> <p>There is an option to roll over to a Roth IRA, but it requires paying taxes on any amount that would be taxable income if distributed.</p>	To a Roth IRA or directly to another 401(k) or 403(b) plan that accepts Roth 401(k) rollovers.

*A withdrawal from a Roth 401(k) is generally considered a qualified distribution if taken after disability, death, or attainment of age 59 ½ **and** the account has been in existence for at least five years.

Before you make a decision, consider reviewing some projections to determine whether pretax or Roth 401(k) contributions – or a combination of both – will best help you reach your goals. Visit **wellsfargo.com** to access a Roth 401(k) calculator. After you sign on to your account, select **Shortcuts** at the top of the page to access the calculator.

The calculator can help you:

- Learn more about the tax advantages of Roth 401(k) contributions
- Compare Roth 401(k) and pretax contributions
- Perform an analysis to determine how much to save overall

Accessing your account

To get started, select **Enroll** at the top of the page to register for online access. Or, if you have other Wells Fargo accounts that you access online, sign on using the same username and password you use for those accounts. After registering, select your retirement plan name from the Account Summary and view your online retirement plan Dashboard.

If you don't see your retirement plan account on the Account Summary screen after signing on, select the **More** button at the top of the page. Choose **Accounts and Settings** and then **Profile and Settings**. Expand the **Manage online settings** menu and select **Add Account**. Your retirement plan account should be available to add.

Call us: 1-800-SAVE-123 (1-800-728-3123)

To access your account by phone, you'll need your Social Security number (SSN) and your personal identification number (PIN), which is initially the last four digits of your SSN. You'll be required to change your PIN the first time you call.

Representatives are available to answer questions Monday through Friday from 6:00 a.m. to 10:00 p.m. Central Time.

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