



Traditional and Roth 403(b) Plans

The difference between a Traditional 403(b) and a Roth 403(b) — taxability

Traditional 403(b) contributions are made before taxes are calculated and deducted from your paycheck. The earnings from investments grow tax-deferred. When distributions begin, the money is taxed similar to a paycheck.

Roth 403(b) contributions are made after taxes are taken out of your paycheck. The earnings also grow tax-deferred; however, the distributions are not taxed (as long as they are made after age 59½ and the account has existed for more than five years). The requirements to receive a distribution from a Roth 403(b) are the same as from a Traditional 403(b).



Which is right for you?

The tax benefits of a 403(b) plan depend on your current and future tax brackets. If you expect to be in a lower tax bracket during retirement, the Traditional 403(b) is likely to be the better choice. If you expect to be in a higher tax bracket during retirement, then the Roth 403(b) is probably for you. If you expect your tax bracket will be the same, both 403(b) plans offer you the same benefit.



Both Traditional and Roth 403(b) plans offer you:

- » Basic contribution limit of \$23,000
- » Age 50 catch-up contribution limit of \$7,500
- » Additional contributions based upon years of service
- » Tax advantages
- » Hardship withdrawals due to death, disability or separation from service



You can have your cake and eat it, too!

You can have both a Traditional and Roth 403(b) plan; however, your total annual contribution is limited to the combined total of both accounts (a maximum of \$23,000 — \$30,500 if you are over age 50).



Automatic payroll contributions

Automatic payroll contributions provide a convenient and disciplined way for you to save for your retirement. Opening your Traditional or Roth 403(b) account is even easier — simply contact your Lincoln Investment financial professional to help you complete the necessary payroll department forms.