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New CU 403(b) ROTH option provides after-tax option for retirement savings [1]

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The University of Colorado 403(b) Voluntary Retirement Plan is expanding to include a ROTH option, which allows employees to make after-tax contributions to their retirement savings. Employees can enroll in this option starting Dec. 11, with contributions beginning Jan. 1.

With CU's new ROTH option, after-tax contributions have the potential to accumulate tax-free and withdrawals after age 59½ are tax-free, as long as you've met a five-year holding period. Plus, providing the ROTH option in a qualified retirement plan allows for higher contribution limits than a ROTH IRA.

"This has been an exciting project. The addition of ROTH offers another option for employees to supplement their income during retirement. Especially exciting, is being able to deliver something that the faculty and staff have been asking for," said Michelle Martinez, Director of Strategic Benefits Initiatives.

Compare plans

What exactly is the difference between a ROTH option, a ROTH IRA and a traditional IRA? The terms are similar enough to cause confusion. See the chart below to see how the features of the CU 403(b) ROTH option compare to these other plans.

	Traditional IRA	ROTH IRA	CU 403(b) ROTH Option
Tax benefits	Allows tax-deferred contributions and earnings grow tax-deferred	Allows contributions with after-tax dollars and are not tax deductible	Allows contributions with after-tax dollars and are not tax deductible

Limits and deductions	See IRS guidelines on Traditional IRA contributions [3] See IRS guidelines on Traditional IRA deduction limits [4]	See IRS Guidelines on Roth IRAs [5] See IRS guidelines on Roth IRA deductions [4]	Aggregate employee elective contributions are limited to: • Age 49 and below: $19,500 • Age 50 and above: $26,000
Eligibility: Withdrawals	Generally, eligible for withdrawal starting at age 59 ½ without penalty	If held for more than 5 years, eligible for withdrawals starting at age 59½, can withdraw contributions only, anytime without penalty	If held for more than 5 years, eligible for withdrawals starting at age 59½
Penalties at Withdrawal	If age 59½ or younger, withdrawals are subject to a 10% federal early withdrawal fee	If held less than 5 years, withdrawals result in taxable earnings and a 10% early withdrawal fee if age 59½ or less	If held less than 5 years, withdrawals result in taxable earnings and a 10% early withdrawal fee if age 59½ or less
Required Minimum Distribution (RMDs)	Distributions must begin by age 70½	No requirements	Distributions must begin by age 70½
Comparisons		See other ways a Roth IRA compares to designated Roth Account, like CU's 403(b) Roth option [6]	

Is the 403(b) ROTH contribution option right for you?

The ROTH option might be right for you if:

- You expect a higher tax rate in the future
- You are not eligible to make ROTH IRA contributions due to high income
- You want to make contributions larger than the ROTH IRA limit
- You feel con?dent that your retirement income needs are met and want to leave a potential tax-free inheritance
- You want to help protect retirement assets from possible tax penalties

For more in-depth information, you may want to consult your tax advisor or book an appointment with a TIAA financial consultant on campus [7].

How do I enroll or update my contributions?

Starting Dec. 11, you can enroll in the employee portal with contributions beginning Jan. 1. Employees have the option to split their CU 403(b) contributions between pre-tax and ROTH options.

Access the enrollment form

1. Log in to the employee portal [8]
2. Go to the **CU Resources** area
3. Open the center dropdown menu and select **Forms**
4. Select the **Retirement** tile, then pick **Enroll in the CU 403(b)** and complete the form

Paper enrollment forms [9] are also available.

If you have additional questions about the CU 403(b) ROTH contribution option, call TIAA at **800-842-2252** from 8 a.m. to 10 p.m. (ET) weekdays and 9 a.m. to 6 p.m. Saturdays, or visit them online [10].

TIAA [11], 403(b) [12], voluntary retirement plans [13], benefits [14], retirement [15]
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