## 2024 · SHOULD I CONTRIBUTE TO MY ROTH 401(K)?



**START HERE** Do you expect your future You will receive the tax Do you want to save more than \$23,000 per year effective tax rates to be deduction now, at the the same or higher than higher rates. In the future, (\$30,500 if age 50 or over)? the current rates? eligible distributions will be taxed when you are Consider making a presumably subject to a traditional 401(k) lower rate of tax. Yes No No Yes contribution. Are you eligible to Contributions to your contribute to a Roth IRA? You could make traditional 401(k) will non-deductible Consider making a Roth reduce your AGI, and can contributions to a 401(k) contribution. Unlike help you to qualify for a Roth IR<u>A, a Roth 401(k)</u> traditional IRA and then Yes No credits and avoid convert to a Roth IRA, or has no income-based surtaxes/surcharges. to your 401(k) and then eligibility restrictions. make an in-plan Roth Prior to turning age 59.5, rollover or conversion, or could you need to withdraw an in-service distribution the contribution? You will pay tax now, at the Employer matching to your Roth IRA (if Due to changes made lower rates. In the future, contributions may either by the SECURE Act 2.0, permitted). qualified distributions will be pre-tax (taxed upon Roth 401(k)s will no be tax-free, when you are distribution) or Roth (taxed Yes No longer be subject to presumably subject to a as income upon receipt). RMDs (starting in 2024). higher rate of tax. Employer matching Roth Reference the "Can I Make contributions must be A Backdoor Roth IRA non-forfeitable (i.e., fully Contribution?" flowchart vested). and your plan documents Consider making a Roth to see if you are eligible. 401(k) contribution because you can save up Consider a Roth IRA to \$23,000 per year No additional planning (\$30,500 if age 50 or over). because you can withdraw considerations. the contributions at any Consider making a Roth time (tax and penalty-free). 401(k) contribution to Roth 401(k) withdrawals obtain any employer must be permitted by the Yes No match (pre-tax or Roth); plan and also gualified, otherwise, a Roth IRA is otherwise, distributions generally the more flexible are made pro rata, subject Can you save more than to tax on earnings and \$7,000 per year (\$8,000 if 45

© fpPathfinder.com. Licensed for the sole use of Kevin Conard of The Retirement Planning Group. All rights reserved. Used with permission. Updated 12/01/2023.

age 50 or over)?

possible penalties.



Disclaimer: Information provided is for educational purposes only and does not constitute investment, legal or tax advice. All examples are hypothetical and for illustrative purposes only. Past performance of any market results is no assurance of future performance. The information contained herein has been obtained from sources deemed reliable but is not guaranteed. Legislation and tax laws are constantly changing, so please reference the date the document was updated for accuracy of information provided.

Please contact The Retirement Planning Group for more complete information based on your personal circumstances and to obtain individual investment advice.

Kevin Conard

4811 W. 136th Street Leawood, KS 66224 contacttrpg@planningretirements.com | 866-498-8898 | www.planningretirements.com