

## ROTH – A NEW WAY TO INVEST FOR RETIREMENT

**Effective October 1, 2013, Deferred Salary Plan Participants covered under the NYC Construction and Street Lighting agreements will have a new way to invest for retirement.**

In addition to investing in the Plan on a before-tax basis, you will soon have the option to invest your money *after* taxes have been withheld by making **Roth 401(k) contributions**.

The following Frequently Asked Questions will provide an introduction to Roth 401(k) contributions and help you consider if they may be right for you. For more detailed information about contribution types and specific plan provisions, or to change how your money is invested, please log on to [www.ibenefitcenter.com](http://www.ibenefitcenter.com).

Please note: The addition of the Roth 401(k) feature will not impact your Plan account unless you actively change your elections. Your current contributions will continue to be deducted from your weekly pay as you have directed.

### FREQUENTLY ASKED QUESTIONS ABOUT ROTH 401(K)

**How much money can I contribute on a Roth 401(k) basis and on a before-tax basis, if I want a combination of both types?**

Under the Plan, your Roth 401(k) account is held separate from your before-tax 401(k) account. However, the combined limit on your Roth 401(k) and/or before-tax contributions is 100% of your eligible compensation or the IRS contribution limit (whichever is less). For 2013, the IRS contribution limit is \$17,500 if you're under age 50 or \$23,000 if you're age 50 or older. Keep in mind that, because these accounts are separate, Roth 401(k) contributions may not be transferred to a before-tax 401(k) account and vice versa.

**Do I have to pay taxes when I withdraw money from a Roth 401(k)?**

When you make Roth 401(k) contributions, you can contribute after-tax dollars today, in order to secure a source of entirely tax-free money when you retire. Both your Roth 401(k) contributions and any earnings can be withdrawn without paying taxes **only under the following circumstances:**

- Your Roth 401(k) account has been open for (1) at least five calendar years (the five-year period begins on January 1 of the year in which you make your first Roth 401(k) contribution) **and** (2) you have terminated employment **and** (3) you must be at least age 59 ½ or older at the time of distribution, or
- If the withdrawal is because of death or total disability.

**How do I know if Roth 401(k) contributions are right for me?**

If you expect to be in a higher tax bracket in retirement than you are now, you may want to consider making Roth 401(k) contributions. Although you'll pay taxes on your contributions now – at your current tax rate – you may ultimately save on taxes later if your future tax rate is higher. However, if you think your income during retirement is likely to be less than what you currently earn, consider the benefits of before-tax contributions. You pay no taxes on your contributions now, and when you withdraw your money, you may be in a lower tax bracket if you've stopped working or are working only part-time.

You may also want to consider the impact on your paycheck. Since before-tax contributions reduce your current taxable income dollar for dollar, the impact on your take-home pay is less noticeable than with Roth 401(k) contributions, which are made on an after-tax basis. Your choice is to live with less money now to have a source of tax-free income when you retire (provided you meet the Roth 401(k) tax requirements listed on previous page), or to stick with before-tax contributions, which will reduce your taxable income now but requires you to pay taxes on your withdrawals later. Of course, you may also consider making a combination of both before-tax and Roth 401(k) contributions.

**Is my Roth 401(k) account subject to income restrictions like a Roth IRA?**

No. Your Roth 401(k) account is not subject to the same restrictions. Regardless of how much you earn, you can contribute up to 100% of your eligible pay – or up to the combined IRS Roth 401(k) and before-tax 401(k) limit of \$17,500 in 2013, or \$23,000 if you are age 50 or older – whichever is less. However, your contributions may be limited by Plan rules.

**If I contribute to a Roth 401(k), can I switch back to making before-tax 401(k) contributions?**

While you can alternate between making Roth 401(k) and before-tax 401(k) contributions – or make any combination of the two simultaneously – your changes will apply only to future contributions. You cannot redesignate before-tax 401(k) contributions as Roth 401(k) contributions, or vice versa, once you make them.

**If I have a Roth 401(k) balance, can I roll that money into the JIB DSP Plan?**

No, the Plan does not accept any rollover contributions of Roth distributions.

**Can I take a hardship or in-service withdrawal from my Roth 401(k) account?**

No, hardship or in-service withdrawals are not an option from your Roth 401(k) account.

**Can I take a loan from my Roth 401(k) account?**

No. The Plan will not allow loans from the Roth 401(k) portion of your account. However, your Roth 401(k) balance will be used, together with your before-tax balance, to determine the total loan amount you can take. In other words, you can take up to 50% (up to a maximum of \$50,000) of your *combined* account balance (both Roth 401(k) and before-tax) as a loan. Your loan would be taken only from the portion of your account that consists of before-tax contributions and vested employer contributions.

**Will I be required to take minimum distributions from my Roth 401(k)?**

Yes. Generally, once you reach age 70½, you will be required to take minimum distributions from your Roth 401(k) account. However, if you're still an active participant when you reach age 70½, you can defer taking distributions until you leave active employment.

**What happens to my Roth 401(k) account if I leave active employment?**

If you leave active employment, you can take a distribution or elect to leave your Roth 401(k) account in the Plan. To avoid taxation of your Roth (k) investment earnings, and possible early withdrawal penalties, at least five years must have elapsed since the first calendar year in which you made a contribution to your Roth 401(k) account and you must be at least 59½ years old, or the distribution must follow your death or total disability.

**HOW TO GET STARTED**

If you would like to direct some or all of your future participant contributions to the after-tax Roth 401(k), please obtain the deferral election form on the website: [www.jibei.org](http://www.jibei.org). The form should be filled out and submitted to your payroll department. Remember, the combination of your Roth 401(k) before-tax and 401(k), catch-up contributions (if eligible) cannot exceed 100% of your eligible earnings or the IRS contribution limit.

**Investors should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. For a prospectus or an offering statement containing this and other information about any fund offered in the Plan, please call 1-877-JIB-401k or log on to [www.ibenefitcenter.com](http://www.ibenefitcenter.com). Read the prospectus or offering statement carefully before investing.**

# Deferred Salary Plan of Joint Industry Board of the Electrical Industry

## FOR ROTH 401(k) ELIGIBLE PARTICIPANTS ONLY ELECTION OF DEFERRAL AMOUNT FORM

Name: \_\_\_\_\_ Soc. Sec. #: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

If you wish to **Participate in the DEFERRED SALARY PLAN**, check the “**ELECTION TO PARTICIPATE**” boxes below. **Note: You may choose one or both savings options.**

**ELECTION TO PARTICIPATE 401K:** I hereby elect to participate in the **DEFERRED SALARY PLAN 401K** and authorize my employer to defer **BEFORE-TAX FUNDS** from my compensation for the percentage as indicated below:

\_\_\_\_\_ %  
(any percentage in whole amounts between 1% and 100%)\*

**Note:** You may choose to contribute a fixed dollar amount rather than a percentage. If you wish to contribute a fixed dollar amount, please indicate that amount below:

\$ \_\_\_\_\_

**ELECTION TO PARTICIPATE ROTH 401(k):** I hereby elect to participate in the **DEFERRED SALARY PLAN ROTH 401(k)** and authorize my employer to defer **AFTER-TAX FUNDS** from my compensation for the percentage as indicated below:

\_\_\_\_\_ %  
(any percentage in whole amounts between 1% and 100%)\*

**Note:** You may choose to contribute a fixed dollar amount rather than a percentage. If you wish to contribute a fixed dollar amount, please indicate that amount below:

\$ \_\_\_\_\_

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I understand that in making an election, my contributions will continue until such time as I increase, decrease or discontinue the percentage or dollar amount. I understand, also, that any contributions made to this Plan are subject to adjustment in accordance with IRS regulations\*.

\_\_\_\_\_ Signature

\_\_\_\_\_ Date

\* Under the Plan, your Roth 401(k) account is held separate from your before-tax 401(k) account. However, the combined limit on your Roth 401(k) and/or before-tax contributions is 100% of your eligible compensation or the IRS contribution limit (whichever is less).