Exploring Roth Contribution Options

Howard County Deferred Compensation Plan through Nationwide®

We are excited to offer all employees a comprehensive set of voluntary retirement savings options designed to help you plan for a secure future.

In addition to pretax 457(b) Deferred Compensation and Traditional Deemed IRA options, we also offer Roth 457(b) and Roth Deemed IRA contribution choices.

Roth contributions let you save using after-tax dollars from your paycheck. Because you've already paid taxes on these contributions, your withdrawals in retirement may be tax free if certain IRS rules are met.

These options give you flexibility. You can choose pretax, after-tax (Roth) or a mix of both, whatever best supports your long-term retirement savings goals. You may contribute voluntarily to any or all of these plans to build the strategy that works for you.

What is the difference between a pretax and Roth contribution?

Pretax contribution:

Invest money into your plan before taxes. The money in your account lowers your taxable income and your account grows tax-deferred. You'll pay the taxes on any contributions and earnings when you withdraw the funds during retirement.

Roth contribution:

Make contributions using after-tax dollars; with a qualified distribution, you won't pay taxes on withdrawals during retirement.[1]

Should I consider pretax or Roth contributions?

Benefits of pretax contributions	Benefits of Roth contributions
Lowers your taxable income for the current year and earnings grow tax-deferred until withdrawal in retirement	Potential tax-free withdrawals in retirement and no required minimum distributions (RMDs) during the account owner's lifetime
Who is this option ideal for?	**Who is this option ideal for?**
High earners — To maximize savings if you're in a high tax bracket now and expect a lower one in retirement, or if you need a tax deduction based on your income	Young savers — To pay taxes now while in a lower tax bracket and enjoy potentially tax-free income in retirement, or if you expect your tax bracket in retirement to be higher than your current one

Please contact your Nationwide Deferred Compensation Specialists for more information:

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[1] Tax-free distributions from Roth accounts (also called qualified Roth distributions) can be achieved after 5 years invested and the participant/IRA owner reaches age 59½, becomes disabled or passes away.

Contribution limits:

Maximum contribution limit for all your 457(b) accounts combined:

- **2026 maximum limit:**
  Pretax + Roth combined = $24,500
- **Age 50+ catch-up limit:**
  Pretax + Roth combined + $8,000 = $32,000 total

OR Age 60-63 catch-up limit:

Pretax + Roth combined + $11,250 = $35,750 total

OR Traditional/Special[2] catch-up limit:

Pretax + Roth combined + $24,500 = $49,000 total

Maximum contribution limit for all your IRA accounts combined:

- **2026 maximum limit:**
  Traditional + Roth combined = $7,500
- **Age 50+ catch-up limit:**
  Traditional + Roth combined + $1,100 = $8,600 total

The IRS Roth IRA income limits apply to Deemed IRA Roth contributions. Review the income limits below to learn whether you qualify.

IRA Roth income limits

Single or Head of Household:

- Income ≤ $153,000: Contribute up to the full limit
- Income ≥ $168,000: Cannot contribute

Married Filing Jointly or Qualifying Widow(er):

- Income ≤ $242,000: Contribute up to the full limit
- Income ≥ $252,000: Cannot contribute

Married Filing Separately:

- Income ≥ $10,000: No deduction and cannot contribute to a Roth account

These are helpful insights for Howard County employees to learn about designated Roth contributions.

1. The contributions are made via payroll deductions, and your Roth contributions are contributed after tax.
2. You can split your contributions between pretax and Roth, as long as you don't go over the IRS contribution limit.
3. You may select different investment allocations for pretax and Roth contributions.
4. Once a Roth deferral is made, it cannot be converted to a pretax deferral, and any earnings are accounted for separately.

To enroll, change your contribution amount at any time, or explore free educational tools and resources, visit Howard457.com or scan the code below.

You may maximize your contributions under one of the 457(b) Plan catch-up provisions and the Deemed IRA Age 50+ catch-up provision.

[2] May be used 3 consecutive years before normal retirement age depending on your years of service and contribution history. Contact your Nationwide Deferred Compensation Specialist to review this option.

This material is not a recommendation to buy or sell a financial product or to adopt an investment strategy. Investors should discuss their specific situation with their financial professional.

Investing involves market risk, including possible loss of principal.

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