Frequently asked questions pertaining to Roth 403(b) contributions and the Roth in-plan conversion feature



Is a Roth in-plan conversion right for you? The following frequently asked questions help explain Roth contributions and Roth in-plan conversions, as well as what transferring assets into this kind of account may mean for you. Under a change made in the SECURE 2.0 Act, a higher catch-up contribution limit applies for employees who are ages 60 to 63 and who participate in eligible plans.

Section One: Roth Contributions

1. **What are Roth contributions?**
You may designate a percentage of your paycheck to be contributed to your workplace retirement plan as a Roth contribution. Roth contributions are considered optional and are made on an ***after-tax basis.*** Roth accounts were designed to combine the benefits of saving in your tax-deferred workplace savings plan, with the advantage of avoiding taxes on your money when you make withdrawals in retirement.

   How Roth contributions work
   Think of contributions to your workplace retirement plan as having three separate buckets: pretax, Roth, and after-tax.
   When you retire or leave your employer, earnings on your Roth contributions can be **withdrawn tax-free** as long as:

   - It has been ***five tax years*** since your first Roth contribution.
   - You are at least ***59½ years old.***

   In the event of your death, beneficiaries may be able to receive distributions tax-free if you had started making Roth contributions earlier than five tax years prior to the distribution. In the event of disability, your earnings can be withdrawn tax-free if the date of withdrawal has been at least five tax years from your first Roth contribution.

   There are limits for Roth contributions
   Roth contributions fall under the same IRS limits as pretax contributions to your plan.

   Each dollar of a Roth contribution reduces the amount that can be contributed pretax (and vice versa)

   - In 2026, the total combined IRS contribution limit for Roth and/or traditional pretax contributions is $24,500.
   - If you are age 50 or older in the calendar year, you may make an additional **catch-up contribution** of $8,000 in 2026, bringing your total pretax and/or Roth contribution to $32,500 for the year.
   - If you are age 60 to 63 and participate in an eligible plan, for 2026, the catch-up contribution limit is $11,250 instead of $8,000, and the combined limit is $35,750.

2. **What are the similarities and differences between Roth contributions and traditional pretax contributions?**
Roth contributions are similar to traditional pretax contributions in the following ways:

   - You elect how much of your salary you wish to contribute.
   - Your Roth and traditional pretax contributions cannot exceed IRS limits.
   - Your contribution is based on your eligible compensation.

   But, unlike traditional pretax contributions, Roth contributions allow you to withdraw your money tax-free when you retire.[1] And income taxes will be withheld from your after-tax Roth

contributions, so your take-home pay may be less than it would be if you made an equal traditional pretax contribution.

3. **How are Roth contributions to a workplace retirement plan different from Roth IRA contributions?**
   A Roth IRA (individual retirement account) is an account that is outside your workplace retirement savings plan, whereas Roth contributions exist within your retirement savings plan. You may contribute to a Roth IRA only if your adjusted gross income falls below a certain amount. There are no adjusted gross income limits for Roth contributions to your workplace retirement plan.

   Contributions to both your workplace retirement plan and your Roth IRA have annual contribution limits.

   - The 2026 contribution limit for a **Roth IRA** is
   - $8,000 per year, or $9,000 if you are age 50 or older and eligible to make catch-up contributions.
   - The **combined** IRS contribution limit for both Roth and traditional pretax contributions in a workplace retirement plan if you are under age 50 is $24,500. If you are over age 50 and eligible to make an $8,000 catch-up contribution, the limit is $32,500. If you are age 60 to 63 and eligible to make an $11,250 catch-up contribution, the combined limit is $35,750.
   - With a Roth IRA or Roth contributions to your workplace retirement plan, you do not have to take a **required minimum distribution (RMD)** during your lifetime. Please speak with your tax advisor regarding the impact of SECURE 2.0 on future RMDs.

4. **If I am already contributing $8,000 per year to a Roth IRA, am I still allowed to make pretax and Roth in-plan contributions up to the $24,500 annual limit for 2026?**
   Yes. You may make pretax and Roth in-plan contributions up to the annual limit ($24,500 for 2026, or $32,500 if you are catch-up eligible), even if you have already contributed the annual maximum amount to a Roth IRA

The table below summarizes the different types of workplace retirement plan contributions and the tax implications of each one.

	PRETAX CONTRIBUTIONS	ROTH CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS
Are contributions taxed when made?	No	Yes	No
Are contributions taxed when distributed?	Yes	**No[1]**	Yes
Are earnings taxed when distributed?	Yes	**No[1]**	Yes
What are the IRS annual limits?	$24,500 for 2026 for employee pretax and Roth contributions		$72,000 for 2026, including employee pretax, Roth, AND employer contributions
What is the catch-up contribution for a person age 50 or older?	An additional $8,000 for 2026 For those aged 60 to 63 and plan eligible, an additional $11,250 for 2026		

‡A catch-up contribution may be made on a pretax or Roth basis and is in addition to the combined pretax and Roth $24,500 annual limit as well as the $72,000 annual additions limit, which applies to the total contributions made to your 401(k) across pretax, Roth, after-tax, and employer contributions.

5. How can I maximize my contributions using a combination of pretax, Roth, and (if age 50 or older and eligible) catch-up contributions?

	AGE49 OR YOUNGER	AGE50 OR OIDER	AGE60-63
1. Contribute the maximum amount on a pretax and/or Roth basis.	$24,500	$24,500	$24,500
2. Take advantage of the additional catch-up contribution if age 50 or older.	*N/A*	$8,000	$8,000
3. Take advantage of the additional catch-up contribution if you are aged 60, 61, 62, or 63.	*N/A*	*N/A*	$3,750
Total contribution	**$24,500**	**$32,500**	**$35,750**

Section Two: Roth in-plan conversion

1. **What is a Roth in-plan conversion?**

   A Roth in-plan conversion allows you to move money you have saved in an eligible workplace retirement plan into a designated Roth account within that plan. The following are two types of in-plan conversions that are offered, provided that certain conditions are met and conversions are allowed by your plan:

   - A Roth in-plan conversion involves taking a rollover-eligible distribution from your workplace savings plan and directly rolling it over to a Roth account within the same plan. Examples of eligible assets may include your own contributions, contributions from your employer, or assets rolled in from a former employer.
   - An expanded in-plan conversion allows eligible vested plan balances to be rolled over to a designated Roth account within your workplace savings plan, even if those amounts are not currently available for withdrawal.

2. **Will the converted assets in the Roth account be eligible for withdrawal?**

   It depends on your individual situation. If you convert money that was already immediately available for a withdrawal, this money will still be immediately available. However, if you convert money that was not available

   for a withdrawal, those assets will remain unavailable for a withdrawal, just as before the conversion. Refer to ***Section One, question 1****,* for withdrawal eligibility requirements.

   Even if you are eligible for a withdrawal, please note that certain criteria must be met to receive tax-free Roth withdrawals.

3. **How do I convert my money to a Roth account within my plan?**

   Because the conversion of non-Roth money to a Roth account within your plan is a complex decision, all transactions are conducted through our highly trained telephone representatives. If you wish to request a transaction or simply speak with a representative about your options, please call your plan's toll-free number. The representative will review your account with you and provide you with available options for completing a Roth in-plan conversion.

   You must call Fidelity to request a Roth in-p lan conversion each time you want to convert eligible contributions.

4. **Does Fidelity charge a fee to convert to a Roth account?**

   No. Fidelity does not charge a fee to convert eligible contributions to an in-plan Roth account.

5. **Do I have to pay taxes on after-tax contributions that I convert to a Roth account? The answer is twofold:**

   - You do not have to pay taxes on the ***base contribution***, which is deducted from your paycheck ***after*** taxes are withheld.
   - You do have to pay taxes on any ***earnings that accrue*** between the time you make the base contribution and when you convert the contribution and associated earnings to the Roth.

6. **Do I have to pay taxes on pretax contributions that I convert to a Roth account?**

   Yes. You have to pay taxes on both the base contribution and any associated earnings if you convert pretax contributions to a Roth account.

7. **When am I responsible for paying applicable taxes incurred as a result of a Roth in-plan conversion?**

   You must pay all applicable taxes incurred as a result of a Roth in-plan conversion for the income tax year in which you made the conversion. Taxes incurred as a result of an in-plan conversion are not withheld from your payroll or converted contributions, and you are responsible for the tax liability.

8. **Will I receive a tax form if I move money to a Roth account?**

   Yes. You will receive an IRS Form 1099-R at the end of the calendar year, which will include consolidated tax information on all your applicable conversions for the year.

9. What are the benefits of a Roth in-plan conversion?

The following benefits may help you decide whether a Roth in-p lan conversion is right for you:

- Roth provides you with additional savings flexibility within your plan. It allows you to diversify your retirement assets between pretax and after-tax accounts.
- You can grow tax-free earnings on your retirement savings, provided that you meet appropriate qualification rules (a distribution from a Roth plan is tax-free and penalty-free if the five-year aging requirement has been satisfied and one of the following conditions is met: age 59 ½, disability, or death).[2]
- Roth can also potentially reduce future income taxes and keep more of what you earn on your investments in your workplace savings plan.

10. What should I consider before making my decision to convert?

Please review the following questions to consider before completing a Roth in-plan conversion. The decision to convert needs to be made carefully and should include a consultation with your tax advisor.

- Do you expect to pay higher taxes in the future? If you think that you will be in a higher tax bracket after you retire, or if you plan to leave a substantial amount of your retirement assets to your heirs, you may want to consider a Roth in-plan conversion. This is because you may pay lower taxes now than if you wait until retirement to begin taking taxable withdrawals.
- Do you have a long investment time frame? The relative benefits of a Roth in-plan conversion will increase the longer your money remains in the Roth account. Generally, a Roth in-plan conversion may not make sense if your time horizon is less than five years, as amounts withdrawn may be subject to a 10% penalty.[2]
- Do I have the ability to pay the tax on the applicable Roth in-plan conversion? You will be responsible for taxes owed on the conversion, and you will need to provide for the payment of taxes outside the plan.

11. Am I required to convert to a Roth?

No. The decision to convert non-Roth money to a Roth account within your plan is completely optional, and you should carefully consider your decision before moving forward. You can also convert a portion of your workplace savings plan contributions, for instance, just after-tax contributions, and your pretax contributions may remain in a separate pretax bucket.

12. Should I convert eligible contributions to a Roth account within my plan?

When making the decision to convert, you should consider all factors, including how to pay the taxes on the conversion. The decision to convert is an individual one, and we recommend that you consult a tax advisor. To learn more about Roth and what your workplace savings plan allows, please call your plan's toll-free number to speak with a Fidelity representative.

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Investing involves risk, including risk of loss.

[1]A distribution from a Roth 403(b)is tax-free and penalty-free, provided that the five-year aging requirement has been satisfied and one of the following conditions is met: age *591/2;* disability, or death.

[2]A distribution from a qualified retirement plan (other than an IRA) made to you after you separate from service with your employer may be penalty-free if the separation occurs in or after the year you reach age 55. Note that while penalty-free, earnings on Roth contributions are taxable if you are under the age of *59 1/2* at the time of distribution

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