UNIVERSITY OF CALIFORNIA

myUCretirement.com | Get help: 866.682.7787

The University of California Retirement Savings Program

A Roth option is now available.

A good thing just got better.

A Roth option is here.

Preparing for a successful retirement is one of the biggest financial responsibilities you'll face. UC offers a comprehensive array of retirement benefits, savings programs, and educational and counseling resources to help you plan for retirement.

The University of California Retirement Savings Program (RSP) is an important pillar of our retirement benefits offering. Now, we're enhancing those benefits with a new Roth contribution option to the UC 403(b) and 457(b) Plans. The Roth option allows you to pay taxes on contributions *now* so that you can take the money out tax-free *in retirement*.

This gives you even more flexibility to save and plan for your future. It's just another way we are meeting the needs of our diverse and dynamic community.

More ways to grow your retirement savings

UC Retirement Savings Program

Voluntary options

403(b) Plan —
Pretax and *new* Roth contributions

457(b) Plan —
Pretax and *new* Roth contributions

Defined Contribution (DC) Plan —
After-tax contributions

Learn more about the Retirement Savings Program →

How does Roth work?

A Roth contribution is an after-tax contribution to the UC 403(b) Plan or UC 457(b) Plan that gives you the opportunity for tax-free income in retirement. This is because qualified Roth distributions (including earnings) can be withdrawn free of federal income tax.[1]

You now have three tax-advantaged ways to save more for retirement.

CURRENT

Pretax contributions

- Available in the UC 403(b) and 457(b) Plans
- Make pretax contributions now
- Pay taxes when you withdraw your money (contributions and earnings) in retirement

CURRENT

After-tax contributions

- Available in the UC Defined Contribution Plan
- Make after-tax contributions now
- Take tax-free withdrawals of contributions at any time, only pay taxes on earnings

NEW!

Roth contributions

- Available in the UC 403(b) and 457(b) Plans
- Make after-tax contributions now
- Take tax-free withdrawals (including earnings) in retirement.[1]

When can I withdraw my Roth dollars tax-free?

In exchange for tax benefits, the IRS limits tax-free Roth withdrawals by requiring a five-year "aging" period.

- The five-year "clock" generally starts from the first Roth contribution.
- Withdrawals of Roth *earnings* are tax-free if taken after 59½, or due to disability or death and holding period is met.

[1]Roth distributions are not subject to federal income tax when withdrawn after the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½; disability; or death.

Roth in the RSP

How do the voluntary contribution types differ?

You can contribute in any combination to the voluntary RSP plans through payroll deductions. If you choose to make both pretax and Roth contributions to the 403(b) and/or 457(b), the total of your contributions cannot exceed the annual IRS contribution limits for each plan. After-tax contributions to the DC Plan have a separate annual limit, too. (See below.)

	Pretax contributions	Roth contributions (NEW)	After-tax contributions
What UC Plan(s) allow each type of contribution?	UC 403(b) Plan UC 457(b) Plan	UC 403(b) Plan UC 457(b) Plan	UC DC Plan
Do I pay taxes when I contribute?	**No**. You get an upfront tax break from lower taxable income now.	**Yes**. Your take-home pay will be lower than if you made an equivalent pretax contribution to the 403(b) or 457(b) Plans.	**Yes**. Your take-home pay will be lower than if you made an equivalent pretax contribution to the 403(b) or 457(b) Plans.
Do I pay taxes on contributions when I withdraw them?	**Yes**	**No**. Because you paid taxes when you contributed.	**No**. Because you paid taxes when you contributed. You can withdraw funds at anytime.
Do I pay taxes on investment earnings when I withdraw them?	**Yes**	**No**. Provided you met certain criteria, you get an additional tax break on earnings.[1]	**Yes**. You can withdraw funds at anytime.
How much can I contribute to each plan?	Up to $23,000 in 2024 ($30,500 if 50 or older) in any combination of pretax and/or Roth dollars. Note: The 403(b) Plan and 457(b) Plan have separate dollar limits. So, you can contribute up to $46,000 ($61,000 if 50 or older) combined in both plans.		Up to $69,000 in 2024 for all contributions to the DC Plan, including voluntary after-tax contributions and any UC contributions or mandatory pre-tax employee contributions.

[1]In general, Roth distributions are not subject to federal income tax when withdrawn after the aging requirement has been satisfied and one of the following conditions is met: age 59½; disability; or death.

Roth in the RSP *continued*

A few advantages of Roth in the RSP versus Roth IRA

No income limit

There's no income limit to make Roth contributions to the RSP. But your ability to contribute to a Roth IRA phases out as your income rises.[1]

Higher contribution limit

You can contribute up to $23,000 in any combination of pretax or Roth contributions ($30,500 if you're 50 or older) to each of the UC 403(b) and 457(b) Plans in 2024, for a total of $46,000 ($61,000 if you're 50 or older) to both plans. Your contributions to Roth and traditional (pretax) IRAs are limited to $7,000 ($8,000) if you're 50 or older), depending on your income.

[1]In 2024, your ability to contribute to a Roth IRA phases out when your modified adjusted gross income reaches $146,000 if you are a single filer and $230,000 if you are married filing jointly.

Additional considerations

After-tax to Roth IRA conversion rollovers

The DC Plan doesn't offer a Roth contribution option. But it does allow after-tax contributions that may be converted into a Roth IRA and be withdrawn tax-free in retirement, provided that certain conditions are met. **Learn more about Roth IRA conversion rollovers →**

Required minimum distributions

Currently, beginning with the year you turn 73, or the year you separate from UC employment if later, the IRS generally requires you to withdraw annually a certain amount of money from your retirement plans, such as your UC 403(b), 457(b), and DC Plan.[1] That amount is called a required minimum distribution (RMD or MRD).

Roth IRAs and, starting in 2024, Roth accounts in employer retirement plan accounts (such as UC's new Roth option) are excluded from RMD withdrawals. Please speak with your tax advisor regarding the impact of this change on future RMDs. **Learn more about RMDs →**

[1]The change in the RMD age requirement from 72 to 73 applies only to individuals who turn 72 on or after January 1, 2023. After you reach age 73, the IRS generally requires you to withdraw an RMD annually from your tax-advantaged retirement accounts (excluding Roth IRAs, and Roth accounts in employer retirement plan accounts starting in 2024). Please speak with your tax advisor regarding the impact of this change on future RMDs.

Who might benefit from Roth contributions?

Roth contributions are designed for anyone who likes the idea of potentially tax-free retirement income.[1]

Here are five scenarios:

Are you a younger saver?

In general, the younger you are when you start making Roth contributions, the more you may benefit. Why? Because you have a longer time frame for growth and to benefit from the power of compounding.

Think your income tax rate will be higher in retirement?

If you think your tax rate will be higher in retirement—either due to higher income or higher overall tax rates—when you take your distributions, consider making Roth contributions.

Want tax flexibility in retirement?

Once you retire, your expenses may vary more year-to-year than they do today. Roth dollars can help you cover larger expenses without increasing your taxable income for the year. And, if you have a combination of pretax and Roth contributions, you have flexibility to chose which distribution type to take based on your tax situation.

Interested in leaving tax-free money to your beneficiaries?

Roth dollars are potentially free of federal income taxes to beneficiaries of inherited retirement savings. The pros and cons are subtle and complex, however, so consult an attorney or estate planning expert before attempting to use your RSP as part of your estate plan.

Not eligible to contribute to a Roth IRA?

IRA

While income limits may prevent you from contributing to a Roth IRA, the UC 403(b) and 457(b) Plans don't carry these income limits. So if you're not eligible to contribute to a Roth IRA due to income limits, but would like potentially tax-free income in retirement, consider Roth contributions.

[1]Roth distributions are not subject to federal income tax when withdrawn after the aging requirement has been satisfied and one of the following conditions is met: age 59½; disability; or death.

How do I start making Roth contributions?

1 Choose your plan(s)

You can make Roth contributions to the UC 403(b) and UC 457(b) Plans.

Learn more about each plan at **myUCretirement.com**.

Learn more →

2 Decide on your amount

You can contribute up to $22,500 ($30,000 if you're 50 or older) in pretax and/or Roth contributions per plan.

Use Fidelity's Roth Modeler to compare pretax and Roth contributions and see what could work best for you.

Note: After logon to NetBenefits, enter "Roth" in the search bar.

Roth modeler →

3 Make it happen

Go to **netbenefits.com** to start or modify your contributions and select pretax, Roth or a mix of both.

NetBenefits →

Help and resources for you available through UC

Use Fidelity's Roth Modeler

You can compare Roth and pretax contributions here and see what could work best for you.

Note: After logon to NetBenefits, enter "Roth" in the search bar.

Roth modeler →

Watch the Roth video

Go to the Roth resource page to watch the Roth video. It takes just a few minutes. And you can find more information and updates on the Roth option.

Roth video →

Talk with Fidelity

Call **866.682.7787** and discuss your pretax, Roth and after-tax contribution options, which one(s) may be best for you, and get started.

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The summary in this brochure explains the plans' provisions and the policies and rules that govern them. If a conflict exists between these summaries and the plan documents, the plan documents govern. The Plan Administrator has the authority to interpret disputed provisions.

By authority of the Regents, University of California Human Resources, located in Oakland, administers all benefit plans in accordance with applicable plan documents and regulations, custodial agreements, University of California Group Insurance Regulation, group insurance contracts, and state and federal laws. No person is authorized to provide benefits information not contained in these source documents, and information not contained in these source documents cannot be relied upon as having been authorized by the Regents. Source documents are available for inspection upon request (800-888-8267). What is written here does not constitute a guarantee of plan coverage or benefits—particular rules and eligibility requirements must be met before benefits can be received. The University of California intends to continue the benefits described here indefinitely; however, the benefits of all employees, retirees and plan beneficiaries are subject to change or termination at the time of contract renewal or at any other time by the University or other governing authorities. The University also reserves the right to determine new premiums, employer contributions and monthly costs at any time. Health and welfare benefits are not accrued or vested benefit entitlements. UC's contribution toward the monthly cost of the coverage is determined by UC and may change or stop altogether, and may be affected by the state of California's annual budget appropriation. If you belong to an exclusively represented bargaining unit, some of your benefits may differ from the ones described here. For more information, employees should contact their Human Resources Office and retirees should call the UC Retirement Administration Service Center (800-888-8267). In conformance with applicable law and University policy, the University is an affirmative action/equal opportunity employer. Please send inquiries regarding the University's affirmative action and equal opportunity policies for staff to Systemwide AA/EEO Policy Coordinator, University of California, Office of the President, 1111 Franklin Street, CA 94607, and for faculty to the Office of Academic Personnel and Programs, University of California, Office of the President, 1111 Franklin Street, Oakland, CA 94607.

Investing involves risk, including risk of loss.

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