Understanding your voluntary after-tax 401(a) contributions vs. Roth 457 contributions

What's the difference?

How do you know which one might be right for you? This comparison chart highlights the differences between the two Plans.

Plan type	401(a) (Oakland County 401(a) Employees' Retirement System)	457 (Oakland County 457(b) Deferred Compensation Plan)
Available voluntary contribution type	Voluntary after-tax	• Pretax • After-tax (Roth)
Contribution limits	Voluntary after-tax contributions of up to 10% of your pay	Up to 100% of eligible pay. Maximum combined (pretax and Roth) contribution limits: The IRS limit for 2025 is $23,500. If you will be age 50 or older in 2025, the limit is $31,000, unless you will be age 60, 61, 62, or 63 in 2025; in which case, your limit for 2025 is $34,750.
Taxes on distributions	Taxes paid on earnings upon distribution	• Pretax contributions and earnings are fully taxable • Qualified Roth withdrawals are *federal income tax-free**

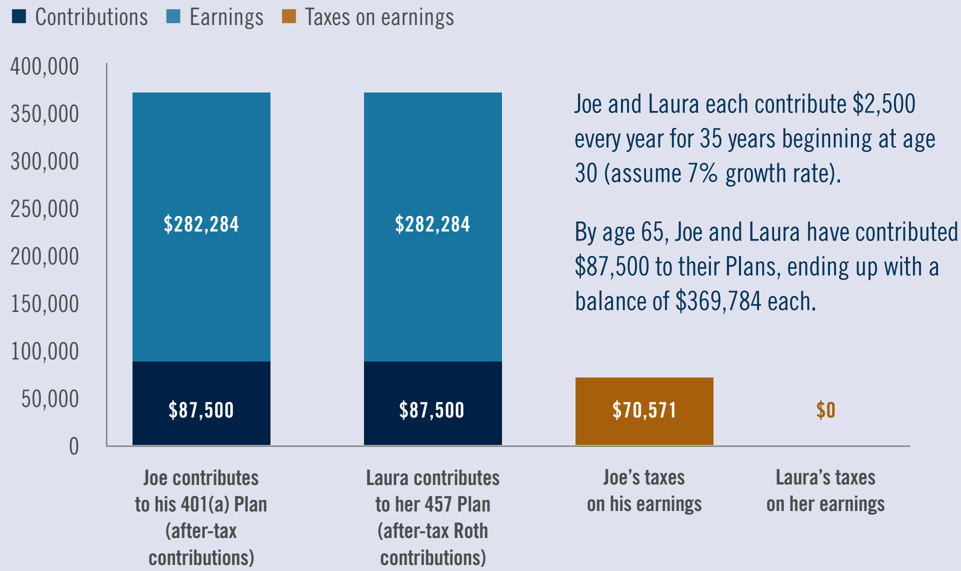
* Roth 457 earnings may be withdrawn tax-free provided that your Roth 457 account has been in existence for at least five taxable years and you are at least age 59½ at the time you withdraw the money (or the withdrawal is because of death or total disability). Earnings on Roth contributions will be taxed unless withdrawals are a qualified distribution as defined by the IRS.

Take advantage of the Roth feature in your 457 Plan!

Contact your dedicated retirement counselor, Thomas May, to enroll or review your current status.

You can contact Thomas at **248-846-3289** or **thomas.may@empower.com** to learn more. You can also scan the code below to schedule an appointment.

How distributions are taxed: 401(a) after-tax contributions vs. 457 Roth contributions



Assumptions:

- Sample individual age 30
- Retirement at age 65
- After-tax contributions of $2,500 annually into 401(a) Plan and Roth 457 Plan
- Lump-sum benefit distribution at retirement 25% individual tax rate

The bottom line: If you use the 401(a) voluntary after-tax contribution feature, your earnings are taxable upon distribution. With the 457 Roth feature (where withdrawals are qualified), you have no federal tax obligation on your distributions.

The compounding concept is hypothetical, for illustration purposes only, and not intended to represent performance of any specific investment, which may fluctuate and is not a guarantee of future results. This example is based on a hypothetical rate of return of 7% compounded annually. The illustration does not reflect fees, which could change the outcomes provided. Generally, withdrawals are taxable at ordinary rates. **It is possible to lose money by investing in securities.**

Questions?

For more information on your Oakland County Retirement Plans, log in to your account at **empower.com/oaklandcounty** or scan the code on the previous page to schedule an appointment.

You can also contact Thomas for assistance at **thomas.may@empower.com** or **248-846-3289**.

Amounts withdrawn (except for qualified Roth 457 contributions) are subject to income taxes. Withdrawals before age 59½ may also be subject to a 10% federal income tax penalty and Plan restrictions (unless an exception applies). The penalty does not apply to 457 programs.

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Investing involves risk, including possible loss of principal.