

Exploring the Roth contribution option for the UT Saver 457(b) Deferred Compensation Plan



The Roth 457(b) contribution option



“I’m ready
to Roth.”



“I’m still
more of a
traditional
type.”



“I’ll take
both.”

What’s right for you?

The University of Texas System has a Roth option in the UTSAver 457(b) Deferred Compensation Plan that offers you the ability to save for retirement on a Roth after-tax basis. This option doesn’t change how much you can contribute or where you can invest it, but it does give you more control over when your contributions, and retirement income, will be subject to federal income tax.*

Roth contributions to the UTSAver 457(b) Plan are made on an after-tax basis. That means contributions are subject to income taxes before they’re invested in your account. In exchange, you may be able to withdraw your contributions and any earnings federal tax-free when you retire.

In short, you’re trading a current tax benefit for a future tax benefit. So does this trade-off make sense for you? It primarily depends on what you think your federal income tax rate will be in retirement. Let’s take a closer look.

* Qualifying conditions apply. Roth contributions must be held at least 5 years before date of distribution and you must be 59½ or older (assuming separation from service, death or disability).

When would you rather pay taxes?

Compare making pre-tax contributions

Now

Pay no income taxes

on contributions during your working years.

Later

Pay taxes

when you withdraw during retirement.

Money going in: (contributions)	Pre-tax contributions are deducted from your salary before taxes are taken. That can reduce your taxable income.
Earnings, if any:	Grow tax-deferred.
Money coming out: (distributions)	Distributions (contributions and earnings) are taxable as current income when withdrawn.
Money moving on: (rollovers)	Rollovers allowed to another traditional government retirement plan or IRA, including Roth IRAs.
Required Minimum Distributions (RMD):	If you are retired, required minimum distributions begin at age 73 (if you are born between 1951 and 1959).

Whichever contribution option you choose, you'll enjoy these key benefits

- **Investing convenience.** You can put money aside using automatic payroll deductions.
- **Investment flexibility.** You can select from the same menu of investment options.
- **Higher contribution limits.** You can contribute more to the UTSaver 457(b) Deferred Compensation Plan than you can in an IRA you set up on your own.

Compare with making Roth after-tax contributions

Now

Pay income taxes

on contributions as you make them.

Later

Withdraw federal tax-free*

during retirement.

Money going in: (contributions)	After-tax contributions are subject to federal (and where applicable, state, and local) income tax withholding.
Earnings, if any:	Grow tax-free as long as certain qualifying conditions are met.
Money coming out: (distributions)	Tax-free distributions, as long as you've satisfied the five-year holding period and are age 59½ or older, or disabled, or deceased.
Money moving on: (rollovers)	Rollovers are allowed to a designated Roth account or Roth IRA.
Required Minimum Distributions (RMD):	RMDs are not required for Roth accounts.

* Qualifying conditions apply.

This information is provided by Voya for your education only. Neither Voya nor its representatives offer tax or legal advice. Please consult your tax or legal advisor before making a tax-related investment/ insurance decision.

So, which option is right for you?



Jeff (Age 45):

Wants current tax break

Jeff considers himself in his “peak” earning years. He knows he won’t be making this money forever, but wants to enjoy it while he can.

- Doesn’t think he can afford to lose another tax deduction at this point
- Doesn’t really like change anyway
- Expects tax rates to be lower when he retires



Linda (Age 25):

Wants long-term tax-free growth

Linda just got out of school and is embarking on her new career.

She feels good about the fact she’s already starting to build up her savings.

- Isn’t worried about the tax deduction now
- Confident her salary will increase over the years to come
- Expects to be in a higher tax bracket when she retires

Comparing Jeff’s options:

	Pre-tax	Roth
Gross income	\$75,000	\$75,000
Annual salary available to save	\$10,000	\$10,000
Less taxes at 25% ¹	-\$0	-\$2,500
Net yearly contribution	\$10,000	\$7,500
Totals over 20 years	\$200,000	\$150,000
Value at retirement (assumes 20 years of contributions at 6%)	\$378,900	\$284,200
Less taxes at 15% ²	-\$56,800	-\$0
After-tax value	\$322,100	\$284,200

Considering: Pre-tax

¹Assumes current tax rate

²Assumes future tax rate

Comparing Linda’s options:

	Pre-tax	Roth
Gross income	\$35,000	\$35,000
Annual salary available to save	\$3,000	\$3,000
Less taxes at 25% ¹	-\$0	-\$750
Net yearly contribution	\$3,000	\$2,250
Totals over 40 years	\$120,000	\$90,000
Value at retirement (assumes 40 years of contributions at 6%)	\$478,200	\$358,700
Less taxes at 33% ²	-\$159,500	-\$0
After-tax value	\$318,700	\$358,700

Considering: Roth after-tax

¹Assumes current tax rate

²Assumes future tax rate

Note: These are hypothetical illustrations for demonstration purposes only. They are not intended to (1) serve as financial advice or as a primary basis for investment decisions and (2) imply the performance of any specific security. Contributions are subject to Internal Revenue Code limits. Systematic investing does not ensure a profit nor guarantee against loss. Investors should consider their ability to invest consistently in up as well as down markets. This example does not represent any specific product, nor does it reflect sales charges or other expenses that may be required for some investments. After tax value assumes a one time lump sum distribution.

There are many reasons why pre-tax, Roth after-tax, or a combination of both contributions types to your account may be right for you. A lot depends on when you expect to be in a higher tax bracket – now or when you retire. You’ll also need to factor in your current financial situation, future goals and personal attitudes as well.



Wanda (Age 55):

Wants tax flexibility now and in retirement

Wanda likes the idea of tax-free retirement income, but also likes her current tax deduction. And she doesn’t have a clue where taxes are headed in the future.

- Is getting close to retiring, but not that close
- Wants the flexibility to optimize her tax strategy year-to-year as she withdraws retirement income

Comparing Wanda’s options:

	Pre-tax	Roth
Gross income	\$60,000	\$60,000
Annual salary available to save	\$6,000	\$6,000
Less taxes at 25% ¹	-\$0	-\$1,500
Net yearly contribution	\$6,000	\$4,500
Totals over 10 years	\$60,000	\$45,000
Value at retirement (assumes 10 years of contributions at 6%)	\$81,500	\$61,100
Less taxes at 25% ²	-\$20,400	-\$0
After-tax value	\$61,100	\$61,100

Considering: Combination of Pre-tax and Roth After-tax

¹ Assumes current tax rate

² Assumes future tax rate

Note: These are hypothetical illustrations for demonstration purposes only. They are not intended to (1) serve as financial advice or as a primary basis for investment decisions and (2) imply the performance of any specific security. Contributions are subject to Internal Revenue Code limits. Systematic investing does not ensure a profit nor guarantee against loss. Investors should consider their ability to invest consistently in up as well as down markets. This example does not represent any specific product, nor does it reflect sales charges or other expenses that may be required for some investments. After tax value assumes a one time lump sum distribution.



Does the Roth option make sense for you?

In these questions, more “yes” answers indicate that the Roth option may make sense, while more “no” answers indicate that pre-tax contributions may make more sense.

	Yes	No
--	-----	----

Do you plan to work at least five more years before you retire?

Do you think your tax rate will be higher by the time you retire?

Are you willing to swap a current tax break for a longer-term tax benefit?

Are you focused on passing as much as possible to your heirs?

Can you afford to save with more of your net salary now to contribute the same amount to your UTSAver 457(b) Deferred Compensation Plan account with Roth after-tax as you would with pre-tax money?



What else should I know?

A Roth qualified distribution must meet a two-prong test:

- A five-year holding period, and
- A distribution taken on or after age 59½, or should you become disabled (assuming you have separated from service) or deceased.

The five-year holding period determines when you can take federal tax-free income. The five-year rule means that your first Roth contribution to the Plan must have been made at least five years before withdrawing it.

The longer you can leave your Roth contributions and earnings in your account and the higher you expect your taxes to be in the future, the more you may be able to benefit from the federal tax-free income the Roth option can provide.

Making Roth contributions could potentially reduce your take-home pay since they won't reduce your current taxable income. Since you're paying taxes on a higher amount, it could reduce your take-home pay. See the example below.

	Pre-tax	Roth
Gross income	\$50,000	\$50,000
Pre-tax contribution	- \$5,000	N/A
Taxable Income	\$45,000	\$50,000
25% ¹ income taxes	- \$11,250	- \$12,500
After-tax income	\$33,750	\$37,500
Roth after-tax contribution	N/A	- \$5,000
Take-home pay	\$33,750	\$32,500

¹ Assumes current tax rate

Roth contributions may also affect your ability to take other tax credits and deductions such as student loan deductions, medical expense deductions and child care tax credits. Whether you qualify for these tax credits and deductions depends on your income level. Since Roth after-tax contributions won't reduce your adjusted taxable income, that could affect your eligibility for these tax reductions.

My income is too high to contribute to a Roth IRA. Can I make Roth after-tax contributions to the Plan?

Yes, you can make Roth contributions to your **UTSaver 457(b) Deferred Compensation Plan** account even if your income is too high to be able to contribute to a Roth IRA.

Can I contribute both pre-tax and Roth after-tax money to my account?

Yes. You can contribute to both in the same year in any proportion you choose. The combined amount of all elective contributions must not exceed the annual deferral limit. Visit voya.com/irslimits for information on the annual deferral and age-based catch contribution limits for 457(b) Plans.

Can I change or stop making Roth contributions at any time?

Yes. Log in to **UTRetirement Manager** to update your Roth contributions.

I've made Roth contributions and have changed my mind. Can I change them to pre-tax contributions instead?

No. Once you have designated contributions as Roth, you cannot later change them to pre-tax.

Are my Roth after-tax and pre-tax contribution sources kept separate?

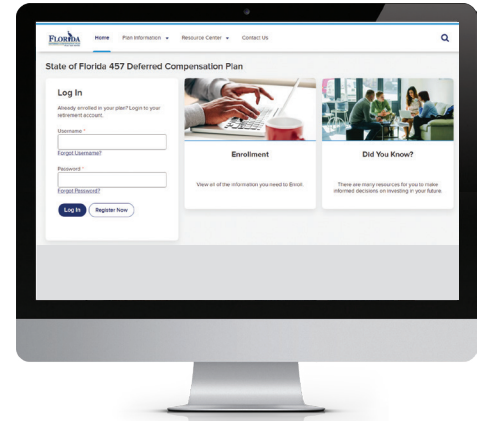
Yes. Roth contributions are kept completely separate from your pre-tax contributions within the DCP.

Can I convert the pre-tax contributions I've made and their earnings to the Roth option?

Yes. You can convert part or all of your pre-tax balance, including earnings, to the Roth account. This is called an "in-plan Roth conversion." You can convert part or all of your pre-tax contributions, pre-tax rollover contributions from qualified former employer plans, and their earnings. Generally, the amount you convert becomes part of your gross income for the tax year in which you convert it. Contact your UT dedicated Voya financial professional for more information.

Ready to start making Roth contributions?

To start your Roth after-tax contributions today, log into UTRetirement Manager and update your DCP (457) contributions to add Roth. If you have any questions or would like to learn more, contact your UT dedicated Voya financial professional.



Do you have questions about the UTSaver DCP?

Contact a Voya financial professional near you. Your local professional can help you understand how much you may need in retirement, how much you can save to help reach your retirement goals, and how to invest and manage your investment strategy along the way.

Voya's team of UT dedicated financial professionals* are located at all UT campuses and health institutions across the state to serve you. Contact your local Voya financial professional toll-free at **(866) 506-2199** or email **retireready@voya.com** to schedule a 1-on-1 review of your retirement planning and savings strategy. You can also visit **utsaver.com/voya** for more information about the UT System Retirement Program.



* Investment adviser representative and/or registered representatives of, and securities and investment advisory services offered through Voya Financial Advisors, Inc. (member SIPC). Investment advisory services are only offered through Investment adviser representatives of Voya Financial Advisors.

You should consider the investment objectives, risks, and charges and expenses of the variable product and its underlying fund options; or mutual funds offered through a retirement plan, carefully before investing. The prospectuses/prospectus summaries/information booklets contain this and other information, which can be obtained by contacting your local representative. Please read the information carefully before investing.

Important notes: Variable annuities and mutual funds offered through a retirement plan are intended as long-term investments designed for retirement purposes. Early withdrawals from a variable annuity may be subject to a deferred sales charge. Amount rolled into a 457(b) plan sponsored by a governmental employer from non-457 plans withdrawn prior to age 59½ may be subject to an IRS 10% premature distribution penalty tax unless another IRS exception applies. Money distributed from the plan will be taxed as ordinary income in the year the money is distributed. Investments are not guaranteed and are subject to investment risk including the possible loss of principal. Account values fluctuate with market conditions, and when surrendered the principal may be worth more or less than its original amount invested. An annuity does not provide any additional tax deferral benefit, as tax deferral is provided by the plan. Annuities may be subject to additional fees and expenses to which other tax-qualified funding vehicles may not be subject. However, an annuity does provide other features and benefits, such as lifetime income payments and death benefits, which may be valuable to you.

Not FDIC/NCUA/NCUSIF Insured | Not a Deposit of a Bank/Credit Union | May Lose Value | Not Bank/Credit Union Guaranteed | Not Insured by Any Federal Government Agency

Insurance products, annuities and retirement plan funding issued by (third party administrative services may also be provided by) Voya Retirement Insurance and Annuity Company, One Orange Way, Windsor, CT 06095-4774. Securities are distributed by Voya Financial Partners LLC (member SIPC). All companies are members of the Voya® family of companies. Securities may also be distributed through other broker-dealers with which Voya has selling agreements. Insurance obligations are the responsibility of each individual company. Product and services may not be available in all states.

216880 1332752_0226 © 2026 Voya Services Company. All rights reserved. CN5181452_0228

VOYA® Plan. Invest. Protect.

