MissionSquare

457(b) Plan Roth Contributions

Roth contributions give you another tax-advantaged savings option, allowing you to benefit from tax-free withdrawals in retirement.

How It Works

- A percentage of your pay, or a specified dollar amount, can be contributed to your 457(b) plan as a Roth contribution.
- Roth contributions are made on an after-tax basis and won't reduce your income taxes for the year (unlike pretax contributions).
- Roth contributions and associated earnings can be withdrawn tax-free if the requirements for a qualified distribution are met.

Contribution Limits

457(b) plan contribution limits apply to the combination of pretax and Roth contributions. You can continue making pretax contributions only or designate a portion (or all) of your contributions as Roth contributions.

Qualified Tax-Free Distributions

Distributions of Roth assets will be tax-free if:

- A period of five years has passed since Jan. 1 of the year of your first Roth contribution.
- You're at least age 59 ½ (or disabled or deceased).

You're eligible for distributions upon separation from service with your employer. In-service withdrawal options, such as emergency withdrawals, may also be available.

Benefits

In addition to potentially tax-free withdrawals in retirement, Roth contributions allow for:

- **Higher contribution limits than Roth IRAs** – 457(b) plans allow for greater after-tax savings.
- **Eligibility at all income levels** – Unlike with Roth IRAs, your ability to make Roth contributions to a 457(b) plan doesn't depend on your income.
- **Tax planning** – Having both pretax assets and Roth assets allows you to choose the source of funds most advantageous to your situation.

More Information

The chart on the following pages compares Roth and other retirement plan contributions.

The Roth Analyzer (**www.missionsq.org/rothanalyzer**) can also help you compare Roth and pretax contributions, given your present and anticipated future financial situations. Making both types of contributions may make sense.

How to make Roth contributions online.

If your plan permits online contribution changes, simply log in to your account at **www.missionsq.org** and select **View Accounts**. Click the button next to your Roth account in the **Actions** column of the **My Accounts** section and select **Contributions** from the dropdown menu. Go to **Change Contributions** to enter contribution amount.

Contact your MissionSquare Plans Specialist if your plan does not allow online contributions.

(continued)

Plan Features Overview

Feature	457(b) Plan	Roth IRA
Contributions		
Maximum Contribution 2026	**Normal limit:** $24,500. **Catch-up limit:** **Ages 50-59 or 64+ catch-up*:** $8,000 (32,500 total) **Ages 60-63 catch-up**:** $11,250 (35,750 total*) OR **Special Pre-Retirement Catchup (3-year)*:** $24,500 ($49,000 total) **Roth Catch-up Contributions for High Earners:** Starting in 2026, if you earned over $150,000 in FICA wages in the prior year, your age 50+ or age 60 to 63 catch-up contributions to your employer sponsored retirement plan must be Roth Contributions, which are made with after tax dollars.All contribution limits apply to the combination of pretax and Roth contributions to the plan. Catch-up contributions cannot be combined in the same plan year.**	$7,500. Age 50 Catch-Up: $1,100 ($8,600 total). Pre-Retirement Catch-Up: Not applicable.
Contributions Reduce Taxable Income	**Pretax:** Yes **Roth:** No	No
Income Limits 2026	None. Participation is not limited by your annual income.	Modified adjusted gross income must be less than $242,000 (married filing jointly) or $153,000 (single or head of household).***

*For each of the three years prior to the year you reach your normal retirement age, as defined in the plan and based on the extent to which maximum contributions were not made in previous years.

**If you made over $150,000 in FICA wages in 2025, your age-based catch-up contributions for 2024 will need to be made as Roth contributions.

***For more information, view IRS Publication 590 or visit www.missionsq.org/ira. MissionSquare does not provide specific tax advice.

(continued)

Plan Features Overview (continued)

Feature	457(b) Plan	Roth IRA
Withdrawals		
Taxation of Withdrawals	**Pretax:** Withdrawals are subject to federal and, in most cases, state income taxes. **Roth:** Withdrawals are tax-free if the requirements for a qualified distribution are met. Distributions of Roth assets are qualified if a period of five years has passed since Jan. 1 of the year of your first Roth contribution (including roll-ins) and you're at least age 59 ½ (or disabled or deceased).	Withdrawals are tax-free if requirements for a qualified distribution are met (e.g., five years have passed since Jan. 1 of the year of your first Roth contribution and you're at least 59 ½). Distributions for a first-time home purchase are also qualified.
Withdrawal Eligibility	Upon separation from service with the plan sponsor. In-service withdrawal options (e.g., after age 59 ½, emergency withdrawals) may also be available.	Withdrawals can be taken at any time. Contributions are always withdrawn first, tax- and penalty-free.
Required Minimum Distributions (RMDs)	**Pretax:** At least age 73* or separation from service, whichever is later. **Roth:** Beginning with RMDs due in 2024, Roth balances will be excluded from the RMD calculation. Roth was required to be part of the RMD calculation for RMDs due prior to Jan. 1, 2024.	Not applicable.
10% Early Withdrawal Penalty Tax	**Pretax:** 457(b) plan contributions and associated earnings are not subject to the early withdrawal penalty tax. However, if you roll assets into your 457(b) plan from another type of account, the rolled-in assets may be subject to the 10% early withdrawal penalty tax if withdrawn prior to age 59 ½, unless an exception to the penalty applies. **Roth:** Same as pretax.	Yes, if withdrawn prior to age 59 ½, unless an exception to the penalty applies.

*Age 70 ½ (if you were born before July 1, 1949), age 72 (if you were born after June 30, 1949, and before Jan. 1, 1951), or age 73 (if you were born after Dec. 31, 1950). Modification to the 10% early withdrawal penalty expanded to public safety officers over age 50 or with 25 years of service under the plan.