

steps to implementing the Roth 401(k)

Ameritas Life Insurance Corp. of New York



We're here to help you. Now that you've made the decision to offer the Roth 401(k) feature to your plan participants, here are a few things you need to consider.

1. Review your payroll system to be sure it has the capability to calculate both pre-tax salary deferrals and after-tax Roth contributions or a combination of both. The recordkeeping system will need to store this information in order to provide an accurate account of the amount of each type of contribution for year-end IRS Form W-2 reporting.
2. Be sure to enter the participant's traditional pre-tax salary deferral and Roth after-tax deferrals under the correct source on our deposit website. This is critical because our participant reporting segregates Roth contributions from pre-tax contributions on all participant correspondence and statement reporting, as required by IRS regulation.
3. While Roth contributions are eligible for employer matching contributions as well as Safe Harbor match, this match contribution must be credited to a pre-tax account and cannot be credited to the Roth account.

4. Complete and sign the Roth 401(k) Amendment provided to you. This must be executed prior to the implementation of the Roth feature. Upon request, we can provide a sample "Certificate of Resolution" to document your formal adoption of the Roth feature.

Information explaining the Roth after-tax contribution feature is provided in the employee enrollment booklet. The enrollment form allows participants to enter the percentage split between their Roth and traditional pre-tax salary deferral contribution election.

The following chart is an overview of the Roth, the traditional 401(k), and the Roth IRA. If you have any questions, please contact your financial professional or your client services representative at 866-816-0561.

Overview of the Roth 401(k) Salary Deferral Option

	Traditional 401(k) Salary Deferral Option	Traditional with Roth 401(k) Salary Deferral Option	Roth IRA
Contributions	Funded with pre-tax dollars	Funded with after-tax dollars	Funded with after-tax dollars
2016 Contribution Limits	\$18,000 (\$24,000 if age 50 or older)	\$18,000 (\$24,000 if age 50 or older) The combination of Roth and traditional 401(k) deferrals cannot exceed the 402(g) deferral limit.	\$5,500 (\$6,500 if age 50 or older) Individuals who make a contribution, not to exceed the annual limits, must have compensation equal to amount contributed.
Income Limits * Married AGI \$194,000 Single AGI \$132,000	N/A	N/A	Deductible contributions are not available for those with income over certain limits.*
Matching Contributions	Allowed	Allowed. The Employer Match is a pre-tax contribution.	N/A
Subject to ADP testing	Yes, unless plan is Safe Harbor 401(k).	Yes, unless plan is Safe Harbor 401(k).	N/A
Taxation on Earnings	Tax-deferred until distributed	Tax-free earnings if Qualified Distribution	Tax-free if Qualified Distribution
Tax Implications	Contributions are deducted from income. Distributions are included in income.	Contributions are included in income. Qualified Distributions are not included in income.	Contributions are included in income. Qualified Distributions are not included in income.
"Qualified Distributions" Withdrawals of contributions and earnings not taxed if:	N/A	1) Payments on or after age 59½, death or disability AND 2) Payments made after initial 5 year period following first Roth 401(k) contribution	1) Payments on or after age 59½, death, disability or qualify as first time home buyer. AND 2) Payments made after initial 5 year period following first Roth IRA contribution.
Access to Money	<ul style="list-style-type: none"> • Terminate Employment • Disabled • Death • Age 59½ (if plan provides) 	<ul style="list-style-type: none"> • Terminate Employment • Disabled • Death • Age 59½ (if plan provides) 	You always have access to your Roth IRA.
Minimum Required Distribution	Required to be made to the participant upon the later of age 70½ or retirement and to a beneficiary upon the death of the participant.	Required to be made to the participant upon the later of age 70½ or retirement and to a beneficiary upon the death of the participant. However, a Roth 401(k) can be rolled over to a Roth IRA where minimum distribution rules may not apply to distributions made prior to death.	N/A prior to death of policyholder. Applicable to the beneficiary upon the death of the policyholder.
Availability for Rollovers	Can be rolled over into another qualified plan or a traditional IRA.	Can be rolled over into another Roth 401(k) or a Roth IRA.	Can be rolled into another Roth IRA. Generally, traditional IRAs may be rolled into a Roth IRA if income is below certain limits, although a traditional IRA to a Roth IRA rollover is taxable.



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