



# QUESTIONS ABOUT RETIREMENT?

*Call me — I'd be happy to answer your questions*

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## We're here to help.

You don't have to be an expert on deferred compensation to get the most out of your plan. That's why we're here. Whether you've been enrolled for years or are just getting started, we'll answer your questions and help you:

- Identify your retirement goals
- Enroll in your employer's plan
- Determine your contribution level
- Determine your investor profile
- Keep track of your plan over time

Remember, it's your plan. Don't hesitate to call if you have any questions. We'll help guide you every step of the way.

*Information from Retirement Specialists is for educational purposes only and not intended as investment advice.*

***Or call my Direct Access partner, toll-free***

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# DOING IT YOURSELF CAN GET MESSY

## That's why there's Nationwide ProAccount.<sup>®</sup>

With Nationwide ProAccount, your retirement plan account is managed by a team of experienced investment professionals. That means you don't have to figure it out on your own.

### The professionals with Nationwide ProAccount:

- Design portfolios based on participant ages and Risk Profiles
- Monitor the financial markets
- Make adjustments to your retirement plan account to help keep you on track toward your retirement goals

## IT'S TIME TO GO PRO.

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**Nationwide ProAccount<sup>®</sup>**

Professional Investment Management  
for your Retirement Plan Account

It's important to note that no investment strategy is guaranteed to achieve any particular results. Investment advice for Nationwide ProAccount is provided to plan participants by Nationwide Investment Advisors, LLC, an SEC-registered adviser. Nationwide Investment Advisors, LLC, has hired Wilshire Associates Incorporated as the Independent Financial Expert for ProAccount. Nationwide<sup>®</sup>, On Your Side, the Nationwide framemark, and Nationwide ProAccount are service marks of Nationwide Mutual Insurance Company.



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# A NEW WAY TO INVEST FOR RETIREMENT.

## Your Guide to Roth 457(b) Contributions

**B**y now, you may have heard of the Roth IRA. You may have even set one up. Well, you also have the opportunity to designate all or part of your contributions to your governmental deferred compensation plan as after-tax Roth 457 contributions.

When you contribute to a Roth 457, you pay taxes on the portion of your salary that goes into the plan; but withdrawals of contributions and earnings can be tax-free during retirement if certain conditions are met.<sup>1</sup>

If you wish, you can even split your contributions between traditional, pre-tax 457 contributions and Roth 457 contributions.

**What's the benefit of designating some or all of your contributions as Roth? It gives you the opportunity to pay taxes on your contributions now and avoid taxes later.**

### Let's compare

	Traditional (pre-tax) 457(b)	Designated Roth 457 (Current Tax Bracket: 15%)	Designated Roth 457 (Current Tax Bracket: 25%)	Designated Roth 457 (Current Tax Bracket: 35%)
Single contribution	\$10,000	\$10,000	\$10,000	\$10,000
Less federal taxes paid on contribution	\$0	\$1,500	\$2,500	\$3,500
Net total contribution	\$10,000	\$8,500	\$7,500	\$6,500
Value in 20 years	\$46,610	\$39,618	\$34,957	\$30,296
Less federal taxes at distribution (25% tax bracket)	\$11,652	\$0	\$0	\$0
Net distribution	\$34,957	\$39,618	\$34,957	\$30,296

These examples are hypothetical in nature and assume a 25% tax bracket at distribution. It also assumes that the retirement plan's value earns an average total return of 8% compounded annually. Investment return is not guaranteed and will vary depending upon the investments and market experience.

A single contribution of \$10,000 will be worth the same amount in 20 years if the tax bracket remains the same.

However, if the future tax rate is greater, the amount distributed from the Roth account could be greater than the pre-tax amount distributed from the traditional 457(b) account.

## What's the difference?

	Traditional (pre-tax) 457(b)	Roth 457	Roth IRA
Current contribution limit	Combined \$17,500		\$5,500
Current catch-up contribution limit — for those age 50 and older	Combined \$5,500		\$1,000
Contribution taxable in year contributed	No	Yes	Yes
Contribution taxable in year distributed	Yes	No	No
Contribution earnings taxable in year distributed	Yes	No <sup>1</sup>	No <sup>1</sup>
Your income determines your contribution amount	No	No	Yes

Source: IRS Announces 2013 Pension Plan Limitations, IR-2012-77, Oct. 18, 2012

## Is a Roth 457 right for you?

You may want to consider making Roth 457 contributions if you:

- Believe that taxes will be raised before you retire and you want to take advantage of the potential tax-free withdrawals provided for with a Roth 457 account
- Expect to be in a higher tax bracket upon retirement
- Are younger, with many working years ahead of you
- Are unable to contribute to a Roth IRA because of your income
- Are looking for an estate-planning tool to leave assets tax-free to heirs

<sup>1</sup> Contributions and earnings from a Roth are not taxable if the distribution is made after five consecutive tax years since the first Roth contribution was made AND the distribution is made after age 59½, or because of death or disability, or a qualified first-time home purchase for Roth IRA.

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## Ready to learn more?

**If you decide contributing to a Roth 457 account makes sense for you, we're here to help. Call me today!**

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