

Similarities/differences between the traditional 401(k) and the Roth 401(k)

Key differences/similarities are illustrated below. The after-tax Roth 401(k) will have the same restrictions on pre-59½ withdrawals as the traditional (pre-tax) 401(k).

	Traditional 401(k)	Roth 401(k)
Funding	Funded with pre-tax dollars	Funded by after-tax dollars
Eligibility	Determined by the Plan Sponsor. No Adjusted Gross Income (AGI) eligibility limit.	Determined by the Plan Sponsor. No AGI eligibility limit.
Combined contribution limits	For current IRS limits on retirement savings account contributions, go to www.voya.com/IRSlimits .	
Contributions	Employee makes elective deferral on pretax basis.	Employee makes elective deferral on an after-tax basis.
Matching contributions	Allowed	An employer can match Roth 401(k) employee contributions but this match will be made on a pre-tax basis (i.e. as a normal match), and qualified distributions of the match and those earnings are generally taxed as ordinary income.
Investment earnings	Tax-deferred earnings	Tax-free earnings if “qualified distribution” rules are met.
Tax-free qualified distribution*	Not available. Distributions generally taxed as ordinary income	If the following criteria are met: 5 year holding period and distribution due to: <ul style="list-style-type: none"> • Attainment of age 59½ • Disability • Death
Distributions permitted upon:	<ul style="list-style-type: none"> • Age 59½ • Death • Disability • Severance from employment • Financial hardship 	<ul style="list-style-type: none"> • Age 59½ • Death • Disability • Severance from employment • Financial hardship
Internal revenue service 10% premature distribution penalty tax	Applicable to amounts distributed prior to age 59½, unless an exception applies.	Applicable to amounts distributed prior to age 59½, unless an exception applies. (Not applicable if tax-free Qualified Distribution)
Required minimum distribution	Yes	Yes
Rollovers	Roll over of eligible amounts to another 401(a)/(k) plan, 403(b) plan, governmental 457(b) plan or traditional or Roth IRA.	Can be rolled over to a Roth IRA or other Roth 401(k) or Roth 403(b) plan.

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* Note that distributions from the Roth 401(k) are subject to taxation on the portion attributable to earnings if made before Qualified Distribution provisions are satisfied.

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