



Two ways to help save.

Roth contributions

Great news!

Starting April 1, 2019, BAYADA Home Health Care 401(k) Plan will offer another way to help fund your future.

1. Traditional pre-tax contributions

Your contributions come out of your pay before taxes are deducted, so you save on your taxes now. In fact, every pre-tax dollar you contribute costs less than a dollar in take-home pay.

Potential benefits:

- A more secure financial future
- Potential for current tax savings (lower your taxable income, so you pay less in taxes now)
- Deferred taxes on any potential earnings

Potential drawback: You pay taxes when you withdraw your savings, and your tax rate might be higher than when you contributed the money.

2. Roth after-tax contributions

Roth contributions come out of your pay after taxes have been withheld. Your take-home pay is reduced by the amount you contribute, but your contributions are never taxed again, and any investment earnings won't face federal taxes as long as you hold the account for 5 or more tax years from your first contribution or 5 or more years from January 1st of the year of your first contribution, and you:

- are at least age 59½
- become disabled
- have died

Potential benefits:

- A more secure financial future
- Potential tax-free growth and tax-free withdrawal of your contribution amount and, if you qualify, potential tax-free growth and tax-free withdrawal of any investment earnings as well

Potential drawback: No current tax break now.



Play now, pay later? Or vice versa? Consider finding out now which kind of retirement saving strategy makes the most sense for you; Traditional, Roth or a combination of both, at roth.connectwithpru.com.

Where to save? How to save?

To choose which way to save, consider following these guidelines:

You might benefit from *pre-tax contributions* if:

- You think your tax rate will be lower in retirement.
- You're behind in saving and think Social Security could be a main source of retirement income.
- You're a mid or high earner and would rather lower your current taxable income.
- You're willing to risk paying higher taxes later so that you can have more take-home pay today.

You might benefit from *Roth contributions* if:

- You think you could face a higher tax rate in retirement.
- You're on track for retirement savings, or you're saving a lot and think you could be in a higher tax bracket when you retire.
- You're willing to trade less take-home pay today for potentially more income in retirement.
- You don't earn a lot today, so you don't expect to gain much from a current tax break.
- You earn too much to contribute to a Roth IRA but want to take advantage of a Roth account

You might benefit from *both* if:

- You're not sure what your future income (or tax bracket) will be and want to "diversify your tax risk"



At a Glance: Your Contribution Choices

Key Features	Roth Contributions	Pre-tax Contributions
Contribute pre-tax dollars	✗	✓
Contribute after-tax dollars	✓	✗
Total 2019 contribution limit	1% to 100% of pay (up to \$19,000; \$25,000 if age 50+)	1% to 100% of pay (up to \$19,000; \$25,000 if age 50+)
Account can grow tax-deferred	✓	✓
Federal tax-free withdrawals	Contributions always, earnings must qualify*	✗
Eligible for company match (pre-tax)	✓	✓
Available for loans	✓	✓
In-service withdrawals	✓	✓
May be best if:	You expect your tax bracket to be higher when you withdraw than when you contribute	You expect your tax bracket to be lower when you withdraw than when you contribute

*Qualified Roth distributions are federal income tax-free, provided the Roth account has been open for at least five tax years, which begins January 1 of the first year you make a contribution to a Roth account, and the owner has reached age 59½, has died or has become disabled. Qualified Roth distributions may be subject to state and local income tax. You should consult your tax specialist or financial professional before making your contribution elections. Please see your employer for specific details.

Next Steps

To make contributions of any kind, consider logging in to your account at prudential.com/online/retirement and click on “Contribution Rate” under “Future Money” in the left-hand navigation bar. Then you can enter the percentage of your salary that you want to contribute.

Learn more

To learn more about pre-tax, Roth or after-tax contributions, visit preparewithpru.com. For help with any questions about your account, call us at **877-PRU-2100 (877-778-2100)** to speak with a Prudential representative Monday to Friday from 8 a.m. to 9 p.m. ET.



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Amounts withdrawn, except for qualified withdrawals from a Roth 401(k), are generally taxed at ordinary income tax rates. Amounts withdrawn before age 59½ may be subject to a 10% federal income tax penalty, applicable taxes and plan restrictions. Neither Prudential Financial nor any of its affiliates provide tax or legal advice for which you should consult your qualified professional.

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