

Pre-Tax and Roth Comparison Chart

Features	Pre-Tax Account	Roth Account
Contributions	Pre-tax basis	Tax-paid basis
Maximum contribution	Lesser of annual IRS limit or 100% of gross salary, minus other tax-deferred retirement contributions and Pre-Tax salary reductions	
Catch-up for participants Age 50 or older	Yes	
Additional catch-up provision	For the three consecutive years prior to your NRA, may be able to contribute the catch-up maximum amounts if you under-contributed in prior years	
Investment earnings	Tax-deferred earnings	Tax-free earnings at distribution if qualified distribution rules are met
Tax-free qualified distributions	Distributions generally taxed as ordinary income	<p>Must meet three-prong test:</p> <ul style="list-style-type: none"> — a 5-year holding period, — a distribution taken on or after age 59½, and — separation from service <p>If three-prong test is not met, must include earnings in gross income</p>
Active service withdrawal	Attainment of age 70½, unforeseeable emergency, or small balance withdrawal	
Qualifying events that allow you to take a distribution	Retirement, termination from employment, attainment of age 70½, unforeseeable emergency, or small balance withdrawal	
Pay taxes on early withdrawal	No	Pay taxes on the earnings portion of unqualified distributions
Required Minimum Distributions (RMDs)	Yes	Beneficiaries of an inherited Roth Account may have RMDs
Transfers/Rollovers out	Rollover of eligible amounts to a 401(k), 403(b), 457 plan, Roth IRA, or Traditional IRA	Rollover to 457(b) Roth or Roth IRA
Transfers/Rollovers in	<p>Accepts Pre-Tax transfers from a 457 plan or TSP</p> <p>Accepts rollovers from eligible employer DROP, PLOP, or ERIP accounts once you have terminated employment</p>	Accepts after-tax transfers from 457(b) Roth
Purchase Service Credit	Yes for governmental defined benefit plan (like ERS and TRS)	No
In-Plan Conversions	Available to convert to the Roth Account (will be taxable in the year converted)	N/A