



REDEFINING SUSTAINABILITY

U.S. 401(K) RETIREMENT PLAN – NONUNION: EXPANDED RETIREMENT SAVINGS OPTION

Current retirement savings options and introducing new Roth 401(k) option

**The new Roth 401(k) option is being added to the U.S. Vanguard plan and excludes the Puerto Rican plan.*

January 18, 2024

The following is provided for informational purposes only. Employees are encouraged to consult the 401(k) administrator, Vanguard, and/or a certified tax advisor or financial planner for personal retirement savings advice.

NEW in 2024: Roth 401(k)

Effective Jan. 1, Mauser has expanded the retirement savings options by adding the Roth 401(k) option to its plan.

- ▶ Allows for employees to make after-tax contributions that are generally distributed during retirement with no income tax liabilities
- ▶ Provides an additional option for employees to choose the plan(s) that best meet their individual needs

In this Webinar we will review:

- ▶ Current retirement savings options:
 - Traditional 401(k) Pre-tax and 401(k) After-tax
- ▶ New Roth 401(k) option
- ▶ Comparing the Options
- ▶ Available Resources

Retirement Savings Options

Mauser's 401(k) Retirement Plan includes the traditional 401(k) Pre-tax and 401(k) After-tax options.

- ▶ Plan is administered by Vanguard.
- ▶ Contributions are deducted directly from your paycheck.
- ▶ After one year of service, Mauser matches 100% on the first 4% of eligible compensation contributed.
- ▶ Subject to IRS contribution limits.
 - 401(k) Pre-tax:
 - ▶ \$23,000 if under age 50 in 2024
 - ▶ \$30,500 if age 50 or older in 2024
 - 401(k) Pre-tax and 401(k) After-tax:
 - ▶ Subject to overall contribution limit of \$69,000 in 2024, inclusive of pre-tax 401(k), Roth 401(k), after-tax 401(k), and any employer contributions.

401(k) – Pre-tax

- ✓ Contributions are deducted **before** earnings have been taxed.
- ✓ Taxation at retirement applies to employee contribution, company match, and any earnings at the time of withdrawal.

401(k) – After-tax

- ✓ Contributions are deducted **after** earnings have been taxed.
- ✓ Taxation at retirement applies to company match and any earnings at the time of withdrawal.

New Roth 401(k) option

The Roth 401(k) option will function like the traditional 401(k) options.

- ▶ Administered by Vanguard and offers the same investment opportunities.
- ▶ Contributions are deducted directly from your paycheck and **after** earnings have been taxed.
- ▶ After one year of service, Mauser matches 100% on the first 4% of eligible compensation contributed.
- ▶ Subject to IRS contribution limits.
 - 401(k) Pre-tax and Roth 401(k):
 - ▶ \$23,000 if under age 50 in 2024
 - ▶ \$30,500 if age 50 or older in 2024
 - 401(k) Pre-tax, 401(k) After-tax, and Roth 401(k):
 - ▶ Subject to overall contribution limit of \$69,000 in 2024, inclusive of pre-tax 401(k), Roth 401(k), after-tax 401(k), and any employer contributions.
- ▶ Withdrawal of Roth contributions and earnings are tax & penalty free in retirement.
 - Accessible for withdrawal (penalty free) at age 59½ and had your account for at least five years.
- ▶ Taxation at retirement only applies to company match and its earnings at the time of withdrawal.

Comparing the Options

	Traditional 401(k) Pre-tax (Employee Pre-Tax Basic)	Traditional 401(k) After-tax (Employee Post 86 After Tax)	Roth 401(k) (Roth Basic)
Are employee contributions deducted on a pre-tax basis?	YES	NO	NO
Are employees eligible for the up-to 4% company match?	YES	YES	YES
When can I begin taking penalty & tax-free withdrawals?	Eligible at age 59½	Eligible at age 59½	Eligible at age 59½ and had your account for at least five years
Will my employee contributions be taxed at retirement (age 59 ½, unless you meet one of the IRS exceptions)?	YES	NO	NO
What will be taxed at retirement (age 59 ½, unless you meet one of the IRS exceptions)?	<ul style="list-style-type: none"> • Employee Contribution & earnings • Company Match & earnings 	<ul style="list-style-type: none"> • Earnings (on Employee Contributions) • Company Match & earnings 	<ul style="list-style-type: none"> • Company Match & earnings

The Main Difference: When will you be required to pay taxes?

The traditional 401(k) options and Roth 401(k) have its advantages and disadvantages, and which one is right for you depends on your individual financial situation and goals.

- ▶ When and how you are taxed:

	Employee Contributions	Company Match	Growth Earnings
Traditional 401(k) Pre-tax (Employee Pre-Tax Basic)	Taxed later, upon withdrawal	Taxed later, upon withdrawal	Taxed later, upon withdrawal
Traditional 401(k) After-tax (Employee Pre-Tax Basic)	Taxed now (payroll after-tax deduction)	Taxed later, upon withdrawal	Taxed later, upon withdrawal
Roth 401(k) – After-tax (Roth Basic)	Taxed now (payroll after-tax deduction)	Taxed later, upon withdrawal	Not subject to tax (Note: Company Match and its associated earnings are taxed later, upon withdrawal.)

Which type of retirement option may be best for you?

People who may benefit from Roth

Are you?	Why?
Financially prepared for retirement with substantial savings and good benefits.	<ul style="list-style-type: none"> Chances are you'll be in the same or a higher tax bracket in retirement. Roth savings would be exempt from taxation.
Continually going to earn more in your future (i.e., at the beginning of your career).	<ul style="list-style-type: none"> Your income—and tax rate—will rise in the years to come.
Someone who pays taxes at a low rate today.	<ul style="list-style-type: none"> Making Roth contributions would cost you less today and could result in tax savings in retirement.

People who may not benefit from Roth

Are you?	Why?
Not saving enough and relying on Social Security.	<ul style="list-style-type: none"> Chances are your income will fall in retirement. Consequently, you might be in a lower tax bracket.
A recipient of commissions or bonuses.	<ul style="list-style-type: none"> Your marginal tax rate may be higher now than in retirement. You may be better off deferring taxes now and paying at a lower rate later.
Someone with children and receiving earned income tax credit or the additional child tax credit.	<ul style="list-style-type: none"> Switching to Roth contributions could raise your taxable income and might cost you these valuable tax credits.

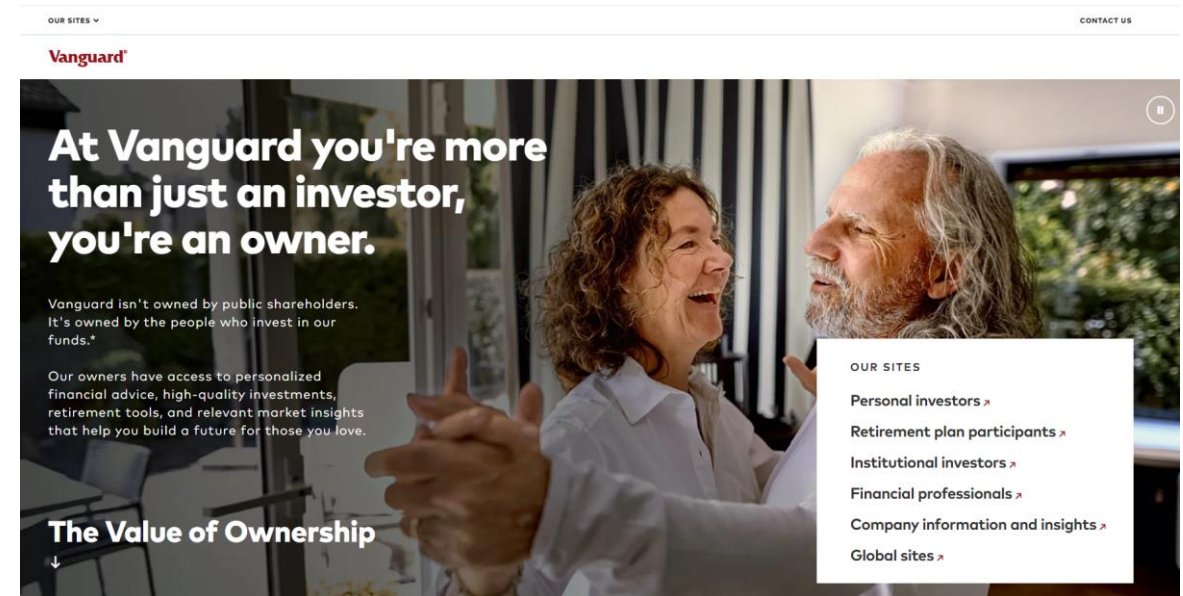
▶ Before you make any decision about Roth contributions, consider consulting a professional tax advisor about your individual situation.

Available Resources

Employees are encouraged to access Vanguard resources and/or consult a tax or financial advisor for personal retirement savings and investment advice.

Vanguard Resources

- ▶ *Access Vanguard.com via MauserNOW/Resources*
 - *Visit My Financial Wellness to:*
 - ▶ *Take Control of your Finances and use learning resources to:*
 - *Set Goals, Build Emergency Savings, or Manage Debt*
 - ▶ *Take the Financial Wellness Assessment*
 - ▶ *Explore Webinars*
 - *Visit Manage my Money to:*
 - ▶ *Contact a Vanguard Financial Advisor*
 - ▶ *Manage your Contributions and Investments*
 - ▶ *Access Transaction History, Statements, and more!*



In addition to resources provided by Vanguard, Mauser will be publishing a series of educational articles throughout 2024 to help our employee population better understand the retirement savings options offered. All materials will be published on MauserNOW and distributed to employee email accounts.

THANK YOU
