

## ONE SIMPLE QUESTION

# Pre-tax or Roth: which fits you

Both are ways to save inside your 403(b). The choice comes down to a single question: when do you want to pay the tax?

**THE ONE DIFFERENCE**

With pre-tax savings, you set the money aside before tax. It lowers your taxable income now, grows untaxed, and you pay ordinary income tax when you take it out in retirement. With Roth savings, you pay the tax now, and the money grows and later comes out tax-free. Same account, same investments. The only thing that changes is the timing of the tax.

**Pre-tax**

A tax break today. You pay the tax later, when you withdraw in retirement.

**Roth**

No break today. The money comes out tax-free in retirement.

**A RULE OF THUMB**

If you expect your tax rate to be lower in retirement than it is today, pre-tax often comes out ahead. If you expect it to be the same or higher, or you are early in your career with room for your income to grow, Roth often makes more sense, because you lock in today's rate. Neither is better for everyone. It depends on your situation now and what you expect later.

**YOU DO NOT HAVE TO PICK JUST ONE**

Many savers split their contributions between the two, which spreads the tax question across both outcomes. If you are unsure, that is a good thing to talk through on a short call, where we can look at your situation instead of a general rule.

**Not sure which fits?**

Bring your questions to a short call at [\(916\) 235-9800](tel:9162359800), or book a time at [calendly.com/ctago](https://calendly.com/ctago). When you are ready, enroll at [enroll.ctaretirementplan.org](https://enroll.ctaretirementplan.org).

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