



WAYS TO SAVE
IN THE 401(k)



HOW A ROTH
401(k) WORKS



HOW AFTER-TAX
CONTRIBUTIONS WORK



WHAT'S THE DIFFERENCE
BETWEEN A ROTH IRA
AND ROTH 401(K)?



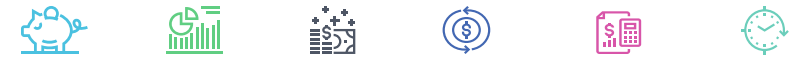
NEXT STEPS
TO CONSIDER



WHERE TO
GO FOR HELP

How to Save with Your Facebook 401(k) Plan

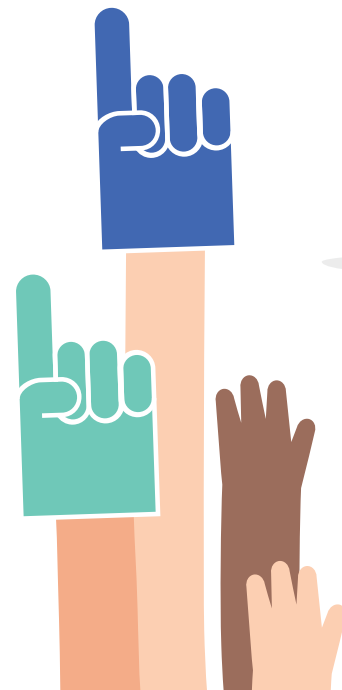




How can I take advantage of the 401(k)'s tax benefits?

Ways to Save with Your Facebook 401(k) Plan

You probably know you can make traditional pretax or Roth 401(k) contributions to your Facebook 401(k) Plan, up to the annual IRS limit. But did you know you can **save more than the IRS limit** using after-tax contributions? Plus, you can build potentially tax-free retirement income by converting those contributions to Roth inside the 401(k) Plan.



TAKE ADVANTAGE OF THE 401(k)'S TAX BENEFITS.

1 Contribute up to **\$19,000*** in 2019 in any combination of pretax or Roth.



Pretax contributions

Pay no taxes on contributions today. Taxes due when you withdraw this money in retirement.

Roth 401(k) contributions

Pay taxes on your contributions today. Withdraw this money tax-free in retirement.**

*Pretax and Roth contributions are limited to \$19,000 in 2019 (or \$25,000 if you're 50 or older).

**A distribution from a Roth 401(k) is federally tax free and penalty free, provided the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, or death.

TAKE ADVANTAGE OF THE 401(k)'S TAX BENEFITS.

2 Contribute up to **\$27,500** more in after-tax. Potentially shelter after-tax withdrawals from taxes by converting them to Roth.



After-tax contributions

Pay taxes on your contributions today. Withdraw contributions tax-free in retirement, but pay taxes on any earnings.

Roth In-plan Conversions

Convert after-tax contributions to Roth and pay taxes on any earnings today. Withdraw this money tax-free in retirement.*

*A distribution from a Roth 401(k) is federally tax free and penalty free, provided the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, or death.



How can this benefit me?

You can use the 401(k) Plan to save more than you might think for your future—and potentially shelter more retirement income from taxes.*

Here's how: Contribute up to \$19,000 (\$25,000 if you are 50 or older) in pretax and/or Roth contributions and earn Facebook's match. Then contribute up to \$27,500 more in after-tax contributions, and potentially convert to Roth.

Note that, in 2019, the total of your contributions and Facebook's match are limited to \$56,000, or \$62,000 if you are 50 or older.

Here's an example

EXAMPLE: HOW TO SAVE MORE FOR YOUR FUTURE.

JIANG
ANNUAL PAY: \$150,000

\$19,000 + \$5,250 + \$27,500

(\$25,000 if 50+)
Makes pretax and/or Roth contributions up to the 2019 IRS limit.

Earns Facebook matching contributions of 50% on the first 7% contributed.

Makes after-tax contributions up to the Plan limit. Can be converted to Roth for potentially tax-free retirement income.

= \$51,750
(\$57,750 if 50+)
Total Jiang saves for retirement in 2019.

*A distribution from a Roth 401(k) is federally tax free and penalty free, provided the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, or death.





What's the difference between pretax, Roth, and after-tax contributions?

The primary differences between these options are how much you can contribute, whether your contributions are eligible for the match, and when you pay taxes on your contributions and earnings.

THE DIFFERENCE BETWEEN PRE-TAX, ROTH AND AFTER-TAX CONTRIBUTIONS.

Pretax Contributions

Contribute up to 75% of eligible pay, up to \$19,000 in 2019 (\$25,000 if 50+) in pretax and Roth combined.

Eligible for the Facebook match: 50% of the first 7% of pay you contribute.

Contributions deducted from paycheck before taxes. Pay taxes on both contributions and related earnings tax-free at withdrawal.



THE DIFFERENCE BETWEEN PRE-TAX, ROTH AND AFTER-TAX CONTRIBUTIONS.

Roth Contributions

Contribute up to 75% of eligible pay, up to \$19,000 in 2019 (\$25,000 if 50+) in pretax and Roth combined.

Eligible for the Facebook match: 50% of the first 7% of pay you contribute.

Contributions deducted from paycheck after taxes. Withdraw both contributions and any related earnings tax-free in retirement.¹



¹A distribution from a Roth 401(k) is federally tax free and penalty free, provided the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, or death.

THE DIFFERENCE BETWEEN PRE-TAX, ROTH AND AFTER-TAX CONTRIBUTIONS.

After-tax Contributions

Contribute up to \$27,500 each year.

Not eligible for the Facebook match.

Contributions deducted from paycheck after taxes. Withdraw contributions tax-free in retirement, but pay taxes on any earnings.





WHAT'S THE DIFFERENCE BETWEEN A ROTH IRA AND ROTH 401(K)?

When can I withdraw my Roth 401(k) money tax-free?

In exchange for tax benefits, the IRS limits federally tax-free Roth withdrawals by requiring a five-year holding period. The five-year “clock” starts from the first Roth contribution or, if no Roth contributions, from the first Roth In-plan Conversion. In general, Roth withdrawals are federally tax-free if taken after age 59½, or due to disability or death, and after the five-year holding period is met. Consult your tax advisor for more information and before executing a conversion or requesting a withdrawal.

What’s the difference between a Roth IRA and Roth 401(k)?

Who might benefit from Roth 401(k) contributions?

Consider Roth contributions or Roth In-plan Conversions if you:

- Want to pay taxes on your contributions now because you expect your tax rate to be higher in the future.
- Earn too much to contribute to a Roth IRA.
- Want to build potentially tax-free retirement income.

THE DIFFERENCE BETWEEN A ROTH IRA AND ROTH 401(k).

There is no income limit to participate in a Roth 401(k).



In 2019, your ability to contribute to a Roth IRA starts to phase out if your income is \$122,000 for single filers and \$193,000 for married couples filing jointly. However, even if you earn too much to contribute to a Roth IRA, you can make Roth 401(k) contributions and Roth In-plan Conversions.

THE DIFFERENCE BETWEEN A ROTH IRA AND ROTH 401(k).

You can contribute more to a Roth 401(k).



You can contribute up to \$19,000 in pretax and Roth 401(k) contributions combined (\$25,000 if you’re 50 or older) in 2019. Contributions to a Roth IRA are limited to \$6,000 (\$7,000 if you’re 50 or older) in 2019, depending on your income.

THE DIFFERENCE BETWEEN A ROTH IRA AND ROTH 401(k).

You must start required minimum distributions from your 401(k) at 70½.



A 401(k) plan requires you to begin taking minimum distributions at age 70½ if you are not actively employed. Roth IRAs don’t have this requirement for their original owners.



How do I sign up for after-tax contributions?

Who might consider after-tax contributions?

Consider after-tax contributions if you:

- Plan to save to the IRS limit using pretax and/or Roth contributions—and want to save more.
- Understand that any earnings on your contributions are taxable unless you convert to Roth within the 401(k) Plan.
- Want to potentially shelter more of your savings from taxes by converting after-tax contributions to Roth.



HOW TO SIGN UP FOR AFTER-TAX CONTRIBUTIONS.

Sign up for after-tax contributions online.

netbenefits.com
Select **Contributions**
from the **Quick Links** menu



Contribution rate changes may take up to two pay periods to take effect. Note that the combined total of your pretax, plus any Roth and after-tax contributions you elect will be taken during each pay period.

HOW TO SIGN UP FOR AFTER-TAX CONTRIBUTIONS.

Sign up for after-tax contributions by phone.

1-800-835-5095
Speak with a Fidelity representative



Contribution rate changes may take up to two pay periods to take effect. Note that the combined total of your pretax, plus any Roth and after-tax contributions you elect will be taken during each pay period.



How does a Roth In-plan Conversion work?

What is a Roth In-plan Conversion?

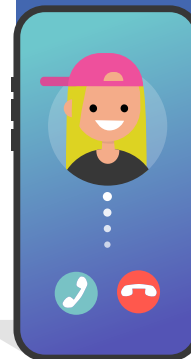
A Roth In-plan Conversion allows you to convert your after-tax 401(k) contributions to Roth contributions. This gives you the chance to improve the tax advantages of your after-tax contributions and build additional federally tax-free retirement income.

Important! Roth In-plan Conversions are irreversible. Be sure to understand the tax implications of making a Roth In-plan Conversion before you make a conversion. We encourage you to consult your tax advisor for more information before executing a conversion or requesting a withdrawal.

HOW A ROTH IN-PLAN CONVERSION WORKS.

To request a Roth in-plan Conversion, call Fidelity at 1-800-603-4015.

Sign up for **automatic daily conversions** to convert new after-tax contributions almost as soon as you make them. This limits your tax exposure because contributions have less time to gain earnings.



If you already have after-tax contributions in your account, talk with the representative about options for limiting your tax exposure.

Or request a one-time conversion whenever you wish.



HOW A ROTH IN-PLAN CONVERSION WORKS.

Each time you convert, you'll owe taxes on any earnings prior to conversion due in the year of conversion. That's one reason to consider automatic daily conversions.



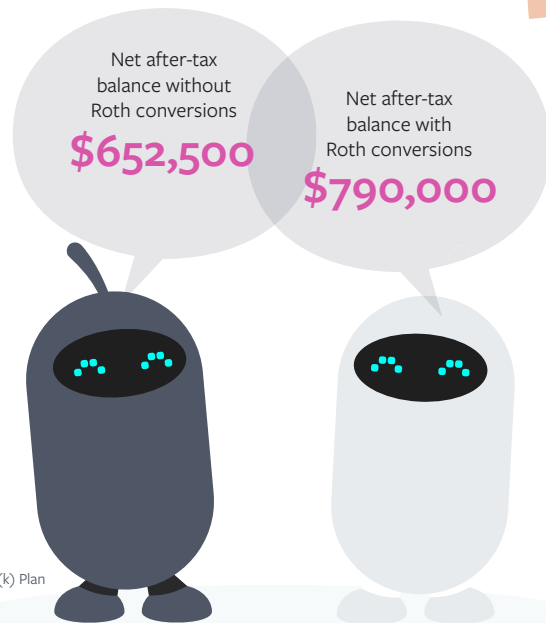
Taxes aren't withheld when you convert, so you'll receive a Form 1099-R at tax time and you'll need to include this amount on your taxes. Once converted, both your contributions and investment earnings are federally tax-free at withdrawal, as long as you've met the five-year aging requirement and you are at least 59½, disabled or deceased.



Can Roth In-plan Conversions make a difference?

Can Roth In-plan Conversions make a difference?

Let's look at an example. Jill contributes \$10,000 in after-tax contributions every year starting at age 35, and by age 65 the total of those after-tax contributions is impressive. But remember, while after-tax contributions come out of the 401(k) Plan tax-free, the earnings on those contributions are taxable. The tax savings with Roth In-plan Conversions could be substantial.



EXAMPLE: ROTH IN-PLAN CONVERSION.

Contributes \$10,000 a year after taxes for 30 years and does not convert to Roth.

Annual after-tax contributions	\$10,000
Total after-tax balance at age 65 (contributions plus earnings)	\$790,000
Taxes on earnings for a qualified withdrawal	\$137,500
Remaining balance after taxes	\$652,500

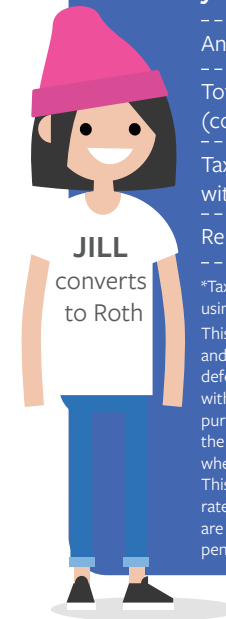


*Taxes on any earnings are due at the point of conversion but can be minimized using automatic daily conversions.
This hypothetical example is calculated using a 28% federal income tax bracket and annual contributions of \$10,000 made each year until age 65 with tax-deferred compounding at a hypothetical 6% annual rate of return. No loans or withdrawals are taken before reaching age 65. This example is for illustrative purposes only, is not intended to provide tax advice, and does not represent the performance of any security. Consider your anticipated investment horizon when making an investment decision, as the illustration may not reflect this. This example is not guaranteed. Investments that have the potential for a 6% rate of return also come with the risk of loss. Earnings on after-tax contributions are subject to taxes when withdrawn or converted and may be subject to a 10% penalty.

EXAMPLE: ROTH IN-PLAN CONVERSION.

Contributes \$10,000 a year after taxes for 30 years and has automatic daily Roth conversions.

Annual after-tax contributions	\$10,000
Total after-tax balance at age 65 (contributions plus earnings)	\$790,000
Taxes on earnings for a qualified withdrawal	0*
Remaining balance after taxes	\$790,000

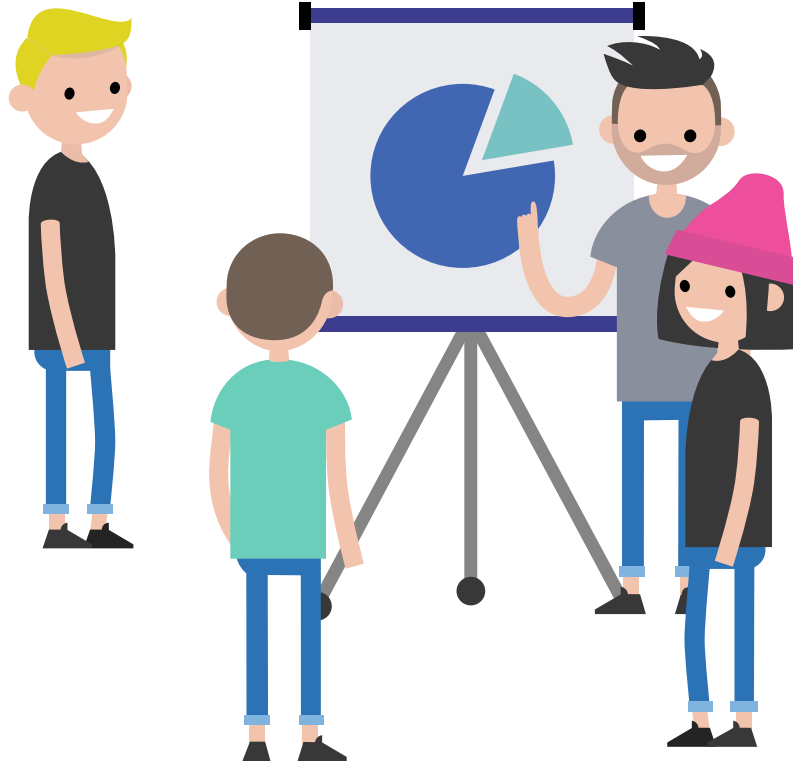


*Taxes on any earnings are due at the point of conversion but can be minimized using automatic daily conversions.
This hypothetical example is calculated using a 28% federal income tax bracket and annual contributions of \$10,000 made each year until age 65 with tax-deferred compounding at a hypothetical 6% annual rate of return. No loans or withdrawals are taken before reaching age 65. This example is for illustrative purposes only, is not intended to provide tax advice, and does not represent the performance of any security. Consider your anticipated investment horizon when making an investment decision, as the illustration may not reflect this. This example is not guaranteed. Investments that have the potential for a 6% rate of return also come with the risk of loss. Earnings on after-tax contributions are subject to taxes when withdrawn or converted and may be subject to a 10% penalty.



NEXT STEPS TO CONSIDER

How can I make the most of the 401(k) Plan?



How can I make the most of the 401(k) Plan?

MAKE THE MOST OF THE 401(k) PLAN.

Get the full match.

Consider contributing at least **7%** on a pretax and/or Roth basis and get the full Facebook match.

Want to save more?

Consider saving up to **\$19,000** (\$25,000 if you're 50 or older) in pretax or Roth contributions in 2019.



MAKE THE MOST OF THE 401(k) PLAN.

Still want to save more?

Consider making additional after-tax contributions of up to **\$27,500**.

Want more tax benefits for your after-tax contributions?

Consider saving your after-tax contributions to Roth using a Roth In-plan Conversion.





WHERE TO GO FOR HELP

Where can I go for help?

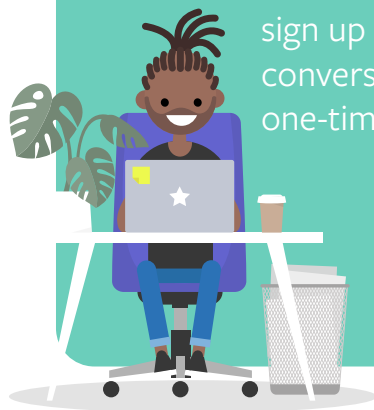


GET HELP WITH YOUR DECISIONS.

Talk to someone.

1-800-603-4015

Talk one-on-one about Roth In-plan Conversions, sign up for automatic daily conversions or request a one-time conversion.



GET HELP WITH YOUR DECISIONS.

Model Roth 401(k).

401k.com

From the **Library** tab, select **Tools & Calculators** to model some differences between pretax and Roth.



GET HELP WITH YOUR DECISIONS.

Plan and transact.

netbenefits.com

Update your contribution elections and see your Retirement Score to check your progress toward your goal.





Investing involves risk, including risk of loss.

Information contained within this document is subject to change.

Fidelity does not provide legal or tax advice. The information herein is general in nature and should not be considered legal or tax advice. Consult an attorney or tax professional regarding your specific situation.

Fidelity Brokerage Services LLC, Member NYSE, SIPC, 900 Salem Street, Smithfield, RI, 02917
© 2019 FMR LLC. All rights reserved.
873466.1.0