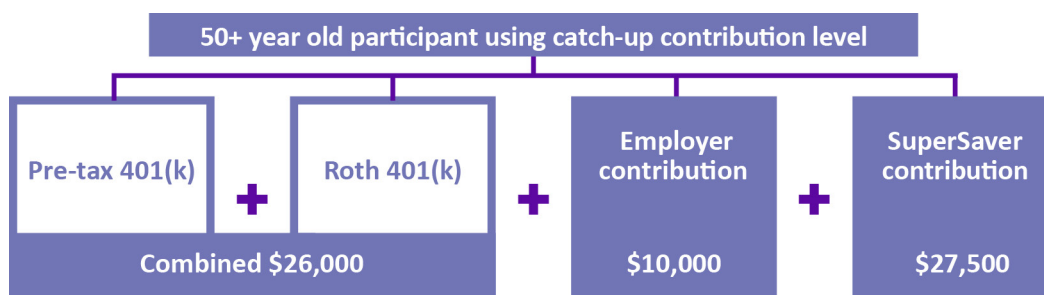


Discover the advantages of adding SuperSaver to your retirement plan design



Do you have employees that may be close to or maxing-out their 401(k) plan contribution limits? The opportunity for SuperSavers is here!

IRS Notice 2014-54 creates a third type of employee contribution strategy for 401(k) plans that enable after-tax contributions and earnings to accumulate tax-free. While the normal Roth 401(k) plan provision has become more widely understood in recent years, many plan sponsors and employees are not aware that there is another Roth conversion strategy – the Mega-Roth conversion, or SuperSaver strategy.



This is an example based on the 2020 IRS annual maximum contribution limits of \$57,000 per individual, or \$63,500 for individuals over 50. Results will differ based on employer/employee contributions and ACP tests 2020 combined limits.

The benefit to your employees could be significant. In our example above, based on 2020 IRS contribution limits, an employee could save up to \$26,000 in a traditional 401(k) plan. Depending on the amount of the employer contribution, combined with the employee's SuperSaver contribution, an additional \$37,500 in savings could be contributed to the Mega Roth after-tax account, which can potentially maximize tax free earnings in the future.

How does a Mega Roth – or SuperSaver strategy – work?

The feature works for most types of defined contribution plans, including 401(k), 403(b) and 457(b) plans. To offer the ideal SuperSaver strategy, your organization's plan design would need to allow the following:

- After-tax contributions
- Either in-service transfers and distributions to a Roth 401(k)/ IRA – that is, your participants can transfer money out of the 401(k) plan while they are still working at the company (if plan allows) – or the ability to transfer the money within the plan from the after-tax portion into the Roth 401(k) portion of the plan.

If your company's current 401(k) plan has a Roth option and allows for an after-tax option, generally an employee can choose the final destination of their Mega Roth contribution: the Roth 401(k) or Roth IRA. If your organization offers only a traditional 401(k), then you should consider the benefits this plan feature could bring to your employees.

Navigating the current retirement landscape can be challenging. Let us help you discover if the SuperSaver approach is right for your employees.



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