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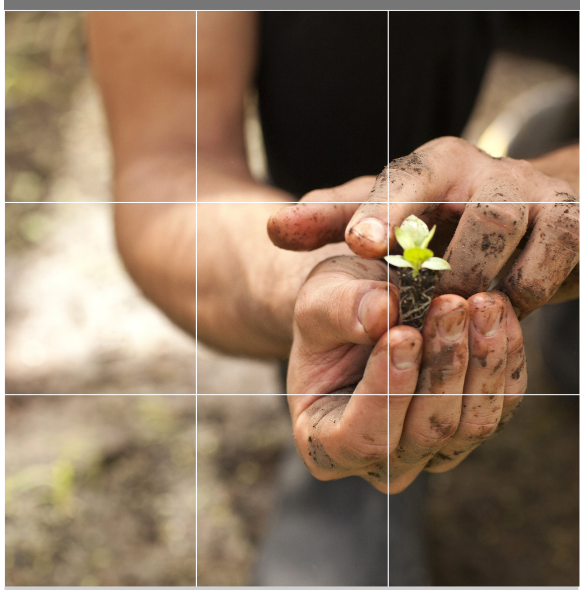
Why Roth contributions may be the best way to save in your plan.



RETIRE WITH CONFIDENCE®

Should you take your retirement savings tax advantage now—or later, when you retire? For many people, the answer is later, when every dollar counts.

WHY GIVING UP A TAX ADVANTAGE NOW MIGHT MAKE SENSE LATER

Traditionally, the amounts you contribute to your workplace retirement plan are considered "before-tax" salary deferrals. That means your contributions are excluded from your annual taxable income. However, when you withdraw before-tax money, plus any earnings, it's treated as *taxable* income.

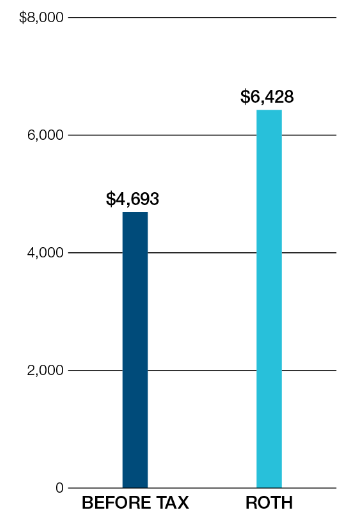
By contrast, Roth contributions are considered "after-tax" salary deferrals. The amount you save annually is not excluded from your current taxable income. But after age 59½, you'll *pay no tax* on both your Roth contributions and their earnings when you withdraw them from the plan, provided you've held the account for at least five years.[¶]

WHY THIS MATTERS

The objective of any retirement strategy should be to maximize spendable income *after* you stop working. For most savers, qualified distributions from the Roth contribution source in a retirement plan will provide more retirement income than traditional before-tax savings.

A Roth account can also give you greater spending flexibility. If you need to make a large withdrawal, you'll pay no tax on the money you take from the Roth contribution source of your retirement account. And you won't risk being pushed into a higher tax bracket because the withdrawal isn't considered taxable income.

ESTIMATE OF SPENDABLE INCOME IN FIRST YEAR OF RETIREMENT



These charts assume a participant is age 47, earns $50,000 a year, gets a 4% raise each year, contributes 10% of pay annually to a tax-deferred account until a retirement age of 67, has an annual rate of return of 7% net of fees, has a 27% tax rate, and withdraws 4% of the account balance in the first year of retirement, based on an ending balance after 20 years of $290,258. The contribution is assumed to be made at the beginning of the period. No contribution is made once the investor reaches an assumed retirement age of 67. The annual income estimate is in today's dollars and assumes a 3% rate of inflation. Estimate of spendable income in first year of retirement is calculated using present value (PV).[*] The chart and estimates only account for future contributions and not current balances in an effort to illustrate characteristics of each contribution type. Any current tax benefit from contributing to a before-tax account is assumed to be spent and not factored into retirement income. The tax rate reflects estimated federal and state taxes. For illustrative purposes only. This is not meant to represent the performance of any investment options for your plan. The assumptions used may vary from those in similar charts or calculators. Your results will vary. All investments involve risk, including possible loss of principal.

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*Today's dollars or PV describes how much a dollar amount in the future is worth today. PV is part of a generally accepted financial principle called the time value of money and represents the current value of future contributions plus the earnings on the money, discounted by an assumption representing inflation.

CONSIDER ROTH CONTRIBUTIONS IF:

- You're under age 50
- You're over 50, but you expect your tax rate in retirement to remain the same or to drop by a moderate amount

CONSIDER BEFORE-TAX CONTRIBUTIONS IF:

- You're 50 or older *and*
- You expect your tax rate to be considerably lower in retirement

TWO BIG IDEAS:

Are you saving? If you're not enrolled in your workplace retirement plan, sign up now.

Are you saving enough? Increase your savings rate regularly to build your savings faster.

WHAT YOU CAN DO NOW

Choose the option that works best for you. Log in to your account at **rps.troweprice.com** and check out the Roth Comparison Calculator to help with your decision.

Connect with us.

We'll help you feel confident about saving and investing for your retirement.

YOUR RETIREMENT PLAN WEBSITE
Go to **rps.troweprice.com**.

DEDICATED REPRESENTATIVES
Call your plan's toll-free number.

MOBILE SOLUTIONS
Visit **troweprice.com/mobilesolutions** to choose the option that's best for you

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¶A qualified distribution is tax-free if taken at least 5 years after the year of your first Roth contribution AND you've reached age 59½, become totally disabled, or died. If your distribution is not qualified, any earnings from the Roth portion will be taxable in the year it is distributed. These rules apply to Roth distributions only from employer-sponsored plans. Additional plan distribution rules apply.

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