DEFERRED SALARY PLAN OF THE ELECTRICAL INDUSTRY

TWO WAYS TO HELP SAVE

Roth and pre-tax contributions

THE BRIGHT CHOICE
DEFERRED SALARY PLAN

YOU HAVE A CHOICE!

Roth 401(k) contributions are available to members in the Deferred Salary Plan of the Electrical Industry (the "DSP") who are covered under the NYC Construction, Street Lighting, Elevator Division or Westchester/Fairfield collective bargaining agreements. In addition, regardless of a participant's collective bargaining agreement, those who are age 59.5 or older, retired, or otherwise eligible for a distribution under the terms of the DSP are eligible to perform In-Plan Roth Rollovers (or "conversions").

1. Traditional pre-tax contributions

Your contributions come out of your pay before taxes are deducted, so you save on your taxes now. In fact, every pre-tax dollar you contribute is less than a dollar reduction in take-home pay.

Potential benefits:

- A more secure financial future
- Potential for current tax savings (lower your taxable income, so you pay less in taxes now)
- Deferred taxes on any potential earnings

Potential drawback: You pay taxes when you withdraw your savings, and your tax rate might be higher than when you contributed the money.

2. Roth after-tax contributions

Roth contributions come out of your pay after taxes have been withheld. Your take-home pay is reduced by the amount you contribute, but your contributions are never taxed again, and any investment earnings will not face federal taxes as long as you hold the account for five or more years from January 1 of the year of your first contribution, and you:

- are at least age 59½
- or become disabled
- or have died

Potential benefits:

- A more secure financial future
- Potential tax-free growth and tax-free withdrawal of your contribution amount
- If you qualify, tax-free growth and tax-free withdrawal of any investment earnings

Potential drawback: No current tax break now.

In-plan Roth rollovers. If you are age 59½ or older, retired, or otherwise eligible for a distribution from the DSP, you may convert existing plan pre-tax savings (including Employer contributions) to Roth contributions through an in-plan Roth rollover or "conversion." The converted amounts are generally taxable in the year of conversion—but may benefit you because your future distributions of the converted dollars, including any earnings, could be free from federal income tax.

Play now, pay later? Or vice versa? Consider finding out now which kind of retirement saving strategy makes the most sense for you—traditional, Roth or a combination of both—at roth.connectwithpru.com.

Where to save? How to save?

To choose which way to save or whether to convert, consider following these guidelines:

You might benefit from ***pre-tax contributions*** if:

- You think your tax rate will be lower in retirement.
- You are behind in saving and think Social Security could be a main source of retirement income.
- You are a mid or high earner and would rather lower your current taxable income.
- You are willing to risk paying higher taxes later so that you can have more take-home pay today.

You might benefit from ***Roth contributions*** if:

- You think you could face a higher tax rate in retirement.
- You are on track for retirement savings, or you are saving a lot and think you could be in a higher tax bracket when you retire.
- You are willing to trade less take-home pay today for potentially more income in retirement.
- You do not earn a lot today, so you do not expect to gain much from a current tax break.
- You earn too much to contribute to a Roth IRA (individual retirement account) but want to take advantage of a Roth account.

You might benefit from ***both*** if:

- You are not sure what your future income (or tax bracket) will be and want to "diversify your tax risk."

Key Features	Roth Contributions	Pre-Tax Contributions
Contribute pre-tax dollars	x	√
Contribute after-tax dollars	√	x
Total 2022 contribution limit	1% to 100% of pay (up to $20,500; $27,000 if age 50+)*	1% to 100% of pay (up to $20,500; $27,000 if age 50+)*
Account can grow tax-deferred	√	√
Federal tax-free withdrawals	Contributions always, earnings must qualify**	x
Available for loans	√	√
In-service withdrawals	√	√
May be best if:	You expect your tax bracket to be higher when you withdraw than when you contribute	You expect your tax bracket to be lower when you withdraw than when you contribute

*Combined, your Roth contributions and pre-tax contributions cannot exceed 100% of your paycheck or the established IRS contribution limits listed above.

**Qualified Roth distributions are federal income tax-free provided the Roth account has been open for at least five tax years, which begins January 1 of the first year you make a contribution to a Roth account, and the owner has reached age 59½, has died or has become disabled. Qualified Roth distributions may be subject to state and local income tax. You should consult with your tax specialist or financial professional before making your contribution elections. Please see your employer for specific details.

Next steps

To make contributions of any kind, consider completing the **Deferred Salary Plan Roth 401(k) Election Form**, found under the *Forms and Documents* section of the 401(k) Plan page at **www.jibei.org**. If you are eligible for and interested in performing a Roth In-Plan Rollover, download a copy of the **Roth In-Plan Rollover Form** found in the *Forms & documents* tab at **www.jib.retirepru.com**.

Learn more

To compare how each type of contribution might affect your paycheck and your taxable situation at retirement, visit **roth.connectwithpru.com**. For help with any questions about your account, call Prudential at **877-JIB-401K** (877-542-4015) to speak with a participant service representative, weekdays from 8:00 a.m. to 9:00 p.m. ET.

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Amounts withdrawn, except for qualified withdrawals from a Roth 401(k), are generally taxed at ordinary income tax rates. Amounts withdrawn before age 59½ may be subject to a 10% federal income tax penalty, applicable taxes and plan restrictions. Neither Prudential Financial nor any of its affiliates provide tax or legal advice—for which you should consult your qualified professional.

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