



Pre-tax versus after-tax contributions: The basics

UFCW Local 1776 & Participating Employers

Good news—your retirement plan offers both pre-tax and Roth 401(k) after-tax contribution options. If you're not sure what this means for you, don't worry—we've got you covered.

→ Here's what you need to know

Pre-tax contributions. Regular retirement plan contributions are “pre-tax.” That means the money you contribute goes into your account before your payroll taxes are taken out. This lowers your taxable income for the year, so you'll enjoy a tax benefit today. Then, you'll need to pay the taxes when the money is taken out, generally during retirement, when your tax rate may be lower than it is during your working years.

Roth 401(k) contributions. Roth after-tax contributions go into your account after your money is taxed, so the withdrawals will be federal income tax-free at retirement (assuming you follow the withdrawal rules)*. This means making Roth contributions could be a smart move if you think your tax rate may be higher in retirement. With tax rates relatively low, Roth 401(k) contributions may be an especially attractive option right now.

Log in to your account.
empowermyretirement.com



Why not both?

Having both pre-tax and Roth contribution options in your retirement account doesn't necessarily mean you have to choose one or the other. If your company allows, you can invest in each. (Keep in mind that if your company offers a match, those contributions will most likely go into a traditional, pre-tax 401(k) account.) Making both pre- and after-tax Roth contributions will offer you tax diversification in retirement, which can be a smart strategy for every saver.

NO ACTION REQUIRED: FOR YOUR INFORMATION

Overview

On April 1, 2022, Empower acquired the full-service retirement business of Prudential Retirement. Over a period of time, you may see references to Prudential and Empower as we transition our experiences. Throughout this process, we want you to know that our focus is on you and making this transition as seamless as possible. For your reference, outlined below is the entity-level detail of the acquisition, including important information to help determine who will be servicing your account or other products.

Empower Annuity Insurance Company of America (EAICA), formerly known as Great-West Life & Annuity Insurance Company, the parent company of Empower Retirement, LLC (Empower), acquired the full-service retirement business of Prudential Financial, Inc. In connection with the transaction, EAICA acquired all shares of the following entities, which are no longer affiliated with Prudential Financial, Inc.: Prudential Retirement Insurance and Annuity Company; Prudential Bank & Trust, FSB; Global Portfolio Strategies, Inc.; TBG Insurance Services Corporation; MC Insurance Agency Services, LLC; and Mullin TBG Insurance Agency Services, LLC. On October 3, 2022, Prudential Retirement Insurance and Annuity Company was renamed Empower Annuity Insurance Company. For additional information regarding the name changes, please see empower.com/name-change.

Empower is in the process of integrating the acquired full-service retirement business. Effective January 1, 2023, Global Portfolio Strategies, Inc. was merged into Empower Capital Management, LLC, an Empower affiliate. Effective March 31, 2023, Prudential Bank & Trust, FSB is merging into Empower Trust Company, LLC, an Empower affiliate, and all services performed by Prudential Bank & Trust, FSB will be assumed by Empower Trust Company, LLC.

Please use the following to determine if Empower is now the service provider for your account. If you have multiple accounts, you may be a customer of Prudential Financial, Inc. and its affiliates (together, Prudential) and Empower.

ACCOUNT TYPE	SERVICE PROVIDER
<p>If you are an annuitant, contingent annuitant, or other beneficiary under a group annuity contract issued or reinsured by Prudential’s pension risk transfer business OR a plan participant whose benefit is administered by Prudential’s pension risk transfer business...</p> <p>How do I know if this applies to me?</p> <p>You were previously issued an annuity certificate from the Prudential Insurance Company of America <u>in connection with your employer’s defined benefit plan</u> OR you previously received a communication from your employer that Prudential has issued a guaranteed annuity covering all or a portion of your pension benefit or pays your pension benefit.</p>	<p>...Your account remains with Prudential and was not impacted by the transaction.</p> <p>The “Important Disclosures Regarding the Empower Transaction” listed below do not apply to your account.</p>
<p>If you independently purchased an individual annuity, life insurance, or investment product with Prudential...</p> <p>How do I know if this applies to me?</p> <ul style="list-style-type: none">• You independently purchased a product from Prudential (other than a SmartSolution IRA) that is unrelated to an employer workplace plan.• The product you purchased is issued by The Prudential Insurance Company of America (PICA), Pruco Life Insurance Company, or Pruco Life Insurance Company of New Jersey.• You purchased an investment product or service through Pruco Securities, LLC.	<p>...Your account remains with Prudential and was not impacted by the transaction.</p> <p>The “Important Disclosures Regarding the Empower Transaction” listed below do not apply to your account.</p>

ACCOUNT TYPE	SERVICE PROVIDER
<p>If you are a participant in the Prudential Employee Savings Plan (PESP); the Jennison Associates Savings Plan; the Assurance Savings Plan; the Prudential Supplemental Employee Savings Plan; the Prudential Financial, Inc. 2021 Omnibus Incentive Plan and the attendant Prudential Long-Term Incentive Program; the Prudential Financial, Inc. 2016 Deferred Compensation Plan for Non-Employee Directors; or the PGIM, Inc. Omnibus Deferred Compensation Plan...</p> <p>How do I know if this applies to me?</p> <ul style="list-style-type: none"> You receive statements and other notifications from Prudential in connection with one or more of these plans. 	<p>...Prudential remains the service provider for these plans. Empower is currently providing services as a sub-contractor for a transitional period.</p> <p>Please carefully review the “Important Disclosures Regarding the Empower Transaction” below that apply to you as applicable.</p>
<p>If you are a participant in a retirement plan previously serviced by Prudential Retirement, which may include defined benefit plans, nonqualified plans, defined contribution plans, and 401(k) plans (including a plan that permits self-directed brokerage accounts), or you are an account holder of a SmartSolution IRA, an Auto Roll IRA, or an NFS Prudential Brokerage Account...</p> <p>How do I know if this applies to me?</p> <ul style="list-style-type: none"> You receive a notification from Prudential Retirement notifying you that Empower will become the service provider for your account. You receive a welcome email or letter from Empower. 	<p>...Empower is now the service provider for your account. However, with respect to Smart Solution IRAs and certain Auto Roll IRAs, Prudential Investment Management Services LLC (PIMS) remains the broker-dealer for a transitional period.</p> <p>Please carefully review the “Important Disclosures Regarding the Empower Transaction” below that apply to you.</p>

Important Disclosures Regarding the Empower Transaction

- Effective April 1, 2022, the following will apply to you:
- All references to “Prudential Retirement” refer to Empower. Prudential Retirement is no longer a business unit of Prudential.
 - Certain insurance products written by The Prudential Insurance Company of America were reinsured to EAICA and Empower Life & Annuity Insurance Company of New York (for New York business). Empower will become the administrator of this business acquired from Prudential.
 - Empower refers to the products and services offered by EAICA and its subsidiaries, including Empower Retirement, LLC. Empower is not affiliated with Prudential or its affiliates.
 - Full-service retirement sales personnel and certain service personnel are no longer registered representatives of Prudential Investment Management Services LLC (PIMS) and are registered representatives of Empower Financial Services, Inc., formerly known as GWFS Equities, Inc. For a transitional period, certain back office and service personnel will remain registered representatives of PIMS.
 - During a transition period, Prudential and, as applicable, its affiliates will continue to provide services to Empower. PIMS will continue to provide certain broker-dealer services under the terms of existing service agreements for certain plans and will continue to be the broker-dealer of record for existing SmartSolution IRAs and certain Auto Roll IRAs for a transitional period.
 - On or about May 1, 2023, the principal underwriter and distributor for certain legacy Prudential products will change from Prudential Investment Management Services LLC to Empower Financial Services, Inc, resulting from the sale of Prudential’s retirement business to Empower. The change of principal underwriter and distributor will not impact the way these products operate. You can find further details if you wish in the prospectus to be released on or about May 1, 2023, to determine which principal underwriter and distributor supports the product you are invested in.
 - Any documents pertaining to fraud or security commitments by Prudential Retirement are no longer applicable and are replaced with Empower’s commitments set forth at participant.empower-retirement.com/participant/#/articles/securityGuarantee
 - If Empower is the service provider for your account, Prudential’s Privacy Statements and Privacy Notices are replaced with Empower’s Privacy Notice as set forth at empower-retirement.com/privacy for that account.

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Information provided herein, including linked documents, is being provided for informational or educational purposes only. By sharing it, neither PIMS nor Prudential is acting as your fiduciary as defined by the Department of Labor or otherwise. If you need investment advice, please consult with a qualified professional. Prudential Financial, its affiliates, and their financial professionals do not render tax or legal advice. Please consult with your tax and legal advisors regarding your personal circumstances.

Have additional questions? For Prudential accounts and products, please call 800-621-1089. For Empower accounts and products, please call 877-778-2100.