



# PERAPlus 401(k) Plan

Enrolling in PERAPlus



February 2022

# Annotation Functions!

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## Attend All Three

### Enrolling in PERAPlus

Provides information on  
your retirement savings  
plan options

### Investing Made Simple

Helps you choose an  
investment path

### Developing a Savings Plan Through PERAPlus

Helps you develop a  
savings plan



## Enrolling in the PERAPlus 401(k) Plan

**At the end of this webinar, you will be able to identify:**

- How to enroll in the 401(k)
- The 401(k) as a retirement savings vehicle
- Differences between a traditional 401(k) and a Roth
- How taxes might influence your decision

**And be able to:**

- Enroll in the 401(k)

**Traditional  
401(k)**

**Roth  
401(k)**



**What is a 401(k) Plan?**

## Understanding the Traditional 401(k)

- Money is contributed **before** taxes are paid
- Contributions grow tax deferred
- Contributions will be taxed as regular income in retirement



# Understanding the Roth 401(k)

- Money is contributed **after** taxes have been taken out
- Contributions and earnings grow tax-free
- Qualified distributions are tax-free
- If your employer does not offer the Roth option, you can still convert pre-tax funds to Roth





# **Taxes and Retirement Savings**

## Nominal Tax Table 2022

| Rate | Single Filers          | Married, Filing Jointly | For Heads of Households |
|------|------------------------|-------------------------|-------------------------|
| 10%  | \$0 to \$10,275        | \$0 to \$20,550         | \$0 to \$14,650         |
| 12%  | \$10,276 to \$41,775   | \$20,551 to \$83,550    | \$14,651 to \$55,900    |
| 22%  | \$41,776 to \$89,075   | \$83,551 to \$178,150   | \$55,901 to \$89,050    |
| 24%  | \$89,076 to \$170,050  | \$178,151 to \$340,100  | \$89,051 to \$170,050   |
| 32%  | \$170,051 to \$215,950 | \$340,101 to \$431,900  | \$170,051 to \$215,950  |
| 35%  | \$215,951 to \$539,900 | \$431,901 to \$647,850  | \$215,951 to \$539,900  |
| 37%  | \$539,901 or more      | \$647,851 or more       | \$539,901 or more       |

## Case Studies



Rochelle



Marcus

## Analysis for Rochelle



By saving \$6,000 in her traditional 401(k), it will keep all of her money out of the 24% tax bracket

|            |                              |
|------------|------------------------------|
| <b>22%</b> | <b>\$41,776 to \$89,075</b>  |
| <b>24%</b> | <b>\$89,076 to \$170,050</b> |

## Analysis for Marcus



Marcus chose to participate in the Roth 401(k) because he doesn't drop a tax bracket by using the traditional 401(k)

Marcus is concerned that taxes may go up over time. He would rather pay taxes today while in a low tax era and have tax-free income in retirement

22%

\$41,776 to \$89,075

**Traditional  
401(k)**

**Roth  
401(k)**



# Enrollment

Paper Form



Your payroll or  
personnel office





**Checkpoint:  
What have I learned  
about the 401(k)?**





# Debrief

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## Action Steps



Enroll in the 401(k)



Log on to your account



Contribute to a traditional and/or Roth 401(k)



Reevaluate contribution amount every 6-12 months



Attend another PERAPlus webinar

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## Attend Another PERAPlus Webinar

### Investing Made Simple

Helps you choose an investment path

### Developing a Savings Plan Through PERAPlus

Helps you develop a savings plan

## Get More Information



- **Visit [www.copera.org](http://www.copera.org)**
  - Click on “Members,”  
“401(k)/457 Plan (PERAPlus)”
- **Call Empower**
  - 1-833-426-7372
- **Call the PERA DC Team**
  - 303-398-7665

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