
Subject line: Important information on Michelson Savings Investment Plan (the 401K Plan) enhancement.

We are happy to announce that we have added the Roth 401(k) feature to the 401K Plan so you have another choice on how to save for your retirement.

Please read below for additional information on this new feature.

How do Roth 401(k) contributions differ from traditional 401(k) contributions?

With a Roth 401(k) feature, you can designate all or a portion of your future deferral contributions as Roth contributions. Traditional 401(k) contributions are made on a pretax basis and are not included in current taxable income. The pretax contributions and any earnings will be subject to income taxes when withdrawn. In contrast, Roth 401(k) contributions are made on an after-tax basis and are included in current taxable income. Earnings are tax-free if they are part of a qualified distribution—a distribution that is taken at least five tax years from the year of your first Roth 401(k) contribution and after you have attained age 59½ or become disabled or deceased.

How might Roth 401(k) contributions affect your paycheck?

You elect a percentage of your salary that you wish to contribute to the Roth source within your existing Plan account, just like a traditional 401(k) contribution. However, unlike your traditional 401(k) contribution, you pay taxes up front on the Roth contribution. Therefore, your take-home pay will be less if you are making Roth contributions than it would be if you were making traditional pretax contributions.

Hypothetical example

Assume eligible gross compensation is \$60,000 per year (\$5,000 per month) with a 22% federal income tax withholding rate:

	Pretax contributions	Roth contributions
Contribution	10%	10%
Compensation	\$60,000	\$60,000
Less: Pretax contribution for the year	(\$6,000)	\$0
Taxable Income	\$54,000	\$60,000
Less: Income taxes (22%)	(\$11,880)	(\$13,200)
Less: Roth contribution	\$0	(\$6,000)
Net after-tax (take-home pay)	\$42,120	\$40,800

Difference in take-home pay for the year: \$1,320

This hypothetical example is for illustrative purposes only. It shows the potential impact on take-home pay assuming a pretax or after-tax annual contribution of \$6,000 based solely on an assumed 22% federal income tax withholding rate. Actual taxes and take-home pay will depend on your individual tax situation. No other payroll deductions are taken into account. Pretax contributions and any related earnings will be taxed at the time of withdrawal. Any earnings on after-tax Roth contributions are tax-free if certain conditions are met.

Can contributions be made to both the traditional pretax 401(k) and the Roth 401(k) sources?

Yes. You may contribute to both the traditional pretax and Roth option as long as you do not exceed the total IRS contribution limit for that year. Visit [NetBenefits](#) to learn more about the current IRS contribution limits.

How do I know if a Roth 401(k) option makes sense for me?

Generally, if you expect to be in the same tax bracket in retirement as you are now, a traditional pretax and a Roth 401(k) contribution are roughly equivalent from a tax perspective. If you expect to be in a higher tax bracket in retirement, a Roth 401(k) may be the better choice because you won't pay taxes on qualified distributions of earnings. If you expect to be in a lower tax bracket in retirement, then a traditional pretax contribution may make more sense for you.

Whether to contribute to the Roth option depends on your own personal situation, and many factors should be taken into account. Due to the differing tax implications associated with traditional pretax versus Roth 401(k) contributions, and the potential impact they may have on your current adjusted gross income, which may affect your eligibility for other tax credits and benefits, you may wish to consult with a tax or financial advisor regarding your individual situation.

Also, please review the attached Roth 401(k) informational flyer from Fidelity.

For more information or to enroll or change your current deferral amount, log on to Fidelity NetBenefits® at www.netbenefits.com or call the Fidelity Retirement Benefits Line at 800-835-5097, Monday through Friday (excluding New York Stock Exchange holidays), from 8:30 a.m. to 8 p.m. Eastern time, to speak to a Fidelity representative. The Fidelity plan number for the 401K Plan is 96471.

Sincerely,

Angela Kleczkowski
Property Accountant,
Benefits Administrator

Investing involves risk, including risk of loss.

Fidelity does not provide legal or tax advice. The information herein is general in nature and should not be considered legal or tax advice. Consult an attorney or tax professional regarding your specific situation.

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Roth 401(k) option offers tax-free retirement income

About the Roth 401(k) option: Your retirement savings plan now gives you the option of contributing to a 401(k). Does a Roth 401(k) make sense for you?

An additional way to save in your plan

Unlike a traditional pretax 401(k), the Roth 401(k) allows you to contribute after-tax dollars to your account and then withdraw tax-free dollars when you retire.* The following information can help you decide whether the Roth 401(k) makes sense for you.

How the Roth 401(k) compares with a traditional pretax 401(k)

Just as with a traditional pretax 401(k):

- You elect how much of your salary you wish to contribute.
- Your combined contributions to a Roth 401(k) and a traditional pretax 401(k) cannot exceed IRS limits.
- Your contribution is based on your eligible compensation.

Unlike a traditional pretax 401(k), the Roth 401(k) allows you to withdraw your money tax free when you retire.* But it will also require you to make after-tax contributions now.

Who might benefit from a Roth 401(k)?

- Younger employees who have a longer retirement horizon and more time to accumulate tax-free earnings.
- Highly compensated individuals who aren't eligible for Roth IRAs, but who want a pool of tax-free money to draw on in retirement.
- Employees who want to leave tax-free money to their heirs.

ACTION PLAN

- Read this information about the Roth 401(k) option
- Contact a tax professional for specific advice on your personal situation

Taxes: Pay now or pay later		
	Traditional Pretax 401(k)	Roth 401(k)
Employee contributions	Pretax dollars	After-tax dollars
Employee withdrawals	Taxable upon withdrawal	Tax free upon withdrawal*

*A distribution from a Roth 401(k) is federal tax free and penalty free, provided the five-year aging requirement has been satisfied and one of the following conditions has been met: age 59½, disability, or death.

The Roth 401(k): Four questions to consider

The Roth 401(k) was designed to combine the benefits of saving in a tax-deferred workplace retirement plan with the advantage of avoiding taxes on money withdrawn at retirement.

1 Will I be in a higher marginal tax rate in retirement than I will be during my working years? This is a question that nobody can answer with certainty. Marginal income tax rates have declined over the last two decades. If tax rates were to continue to decline, a traditional pretax 401(k) might be the better option. The same is true for individuals who expect their marginal tax rate to be lower in retirement as the result of a lower income.

Generally:

- If tax rates stay the same, a traditional pretax or Roth 401(k) will likely yield the same nest egg after taxes.
- If tax rates rise, paying taxes now through a Roth 401(k) will likely yield a higher after-tax retirement benefit than a traditional pretax 401(k).
- If tax rates decrease, deferring taxes now in a traditional pretax 401(k) will likely benefit you more at retirement.

2 Can I afford to maximize my contributions and save up to the IRS limit? If you can afford it, making maximum contributions to a Roth 401(k) may be a good option. Because any earnings accumulate tax free rather than tax deferred, a qualified Roth 401(k) distribution could provide more cash in retirement than an equivalent traditional pretax 401(k) distribution would.

3 Do I want to leave tax-free money to my heirs? Your beneficiaries may be able to receive your Roth assets tax free when you die. Additionally, you can roll over Roth 401(k) funds into a Roth IRA, potentially delaying required minimum distributions from those amounts during your lifetime.

4 Do I make too much money today to invest in a Roth IRA? Unlike Roth IRAs, there are no maximum income limits for Roth 401(k) contributions. Even if your income is too high to qualify for a Roth IRA, you can make Roth 401(k) contributions.

Things to remember:

- Because Roth 401(k) contributions are under the same IRS limits as traditional pretax 401(k) contributions to your plan, each dollar of a Roth contribution reduces the amount that can be contributed pretax (and vice versa).
- Your take-home pay will be less with a Roth contribution than it would be if you made an equivalent traditional pretax 401(k) contribution, because income taxes must be paid before making Roth 401(k) contributions.

Sally's story		
Sally earns \$40,000 annually and has elected to put 6% in her Roth 401(k) and 6% in her traditional pretax 401(k) each month.		
	Roth 401(k) [†]	Traditional Pretax 401(k) [†]
Sally's monthly contribution into each account	\$200	\$200
Sally's reduction in take-home pay is different	\$200	\$156

[†]This hypothetical example is based solely on an assumed federal income tax rate of 22%. No other payroll deductions are taken into account. Your own results will be based on your individual tax situation.

Make an informed decision for your retirement readiness.

Your retirement savings plan now gives you the choice of contributing to a traditional pretax 401(k), a Roth 401(k), or a combination of the two. Your decision really depends on which option is likely to benefit you most in the future.

It makes sense to consult a personal tax advisor before making a final decision, but this short checklist can help you focus on the key considerations:

Decision checklist

1. Do you expect to be paying a higher marginal tax rate in retirement than you are now?

Yes No

2. Can you afford to maximize your contributions now?

Yes No

3. Do you want to leave tax-free money to your heirs?

Yes No

4. Do you earn too much to be eligible for a Roth IRA?

Yes No

HERE'S HELP

- Visit Fidelity NetBenefits®
- Contact a tax professional for specific advice on your personal situation.



Investing involves risk, including risk of loss.

Contributions to the plan are subject to the annual IRS limits. The aggregate of both pretax and Roth 401(k) contributions is subject to the annual IRS dollar limit.

Approved for use in advisor and 401(k) markets. Firm review may apply.

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