LMH Retirement Savings Plan

A guide to Roth contributions

How they can work side-by-side with regular contributions to help you reach your goals.



LMH Health 457(b) Retirement Plan

You can make after-tax Roth contributions to the LMH Retirement Savings Plan

Is this the right direction for you? Use this guide to help with your decision.

To help you reach your financial goals, the LMH Retirement Savings Plan (the Plan) offers employees the opportunity to save on a before-tax or Roth after-tax basis.

How do Roth contributions differ from before-tax contributions?

With before-tax contributions, your money goes into your account before that money is taxed, and it grows tax-deferred. This means you do not pay income taxes on your before-tax contributions and any earnings until they are withdrawn. At that time, you pay taxes on them just as you would with any other form of income.

With Roth contributions, you put in money after the taxes have been calculated. If you maintain your Roth account for at least five years (the five-year period begins the year you make your initial Roth contribution and is not affected by subsequent Roth contributions), withdrawals are tax-free (on contributions and earnings on those contributions) from your ROTH account if the withdrawal occurs on or after age 59½, disability or death. As a result, Roth contributions allow you to build a nest egg of tax-free retirement income.

How much can I contribute?

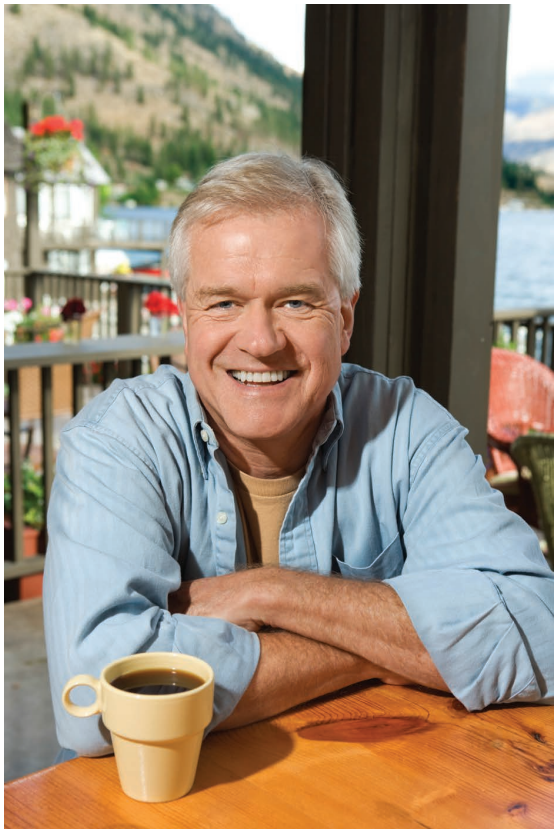
Roth contributions can either replace or complement your before-tax contributions. Employees can contribute up to an annual maximum set by the IRS. Please refer to **www.voya.com/IRSlimits** for current limitations.

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To make Roth contributions, visit the Plan website at **VoyaRetirementPlans.com**. Click on the **Account** section > **Contributions** > **Change Contributions** and enter the percentage you would like to contribute. You can also call the Information Line at **800-584-6001**.



Will I have to set up a separate Roth account under the Plan?

No. Think of Roth contributions as a separate "bucket" of money within your retirement account under the Plan. Before-tax contributions are in one bucket and Roth contributions are in another. Your money is held separately in each bucket, but all within the same account under the Plan.

Into what fund options can I invest my Roth contributions?

Whether you make before-tax or Roth contributions, your investment options in the Plan are the same.

Can I direct the investment of my Roth contributions differently than my other contributions?

No. Your Roth contributions are directed according to the same investment election as your before-tax contributions.

Who might benefit from Roth contributions?

For some employees, it may make sense to pay taxes on contributions now, rather than when money is withdrawn.

For example, if you expect your income, marginal tax rate or both to rise substantially over time, you may be taxed at a lower rate today than you ever will be again – including your retirement years. So the Roth option may be a good one – especially if you are younger or currently in a relatively low tax bracket.

Since tax considerations can be complex, it's always a good idea to consult with an independent qualified tax advisor before making a decision.

Bottom line: Will Roth contributions get me where I need to go?

In part, your decision will be based on factors you cannot predict for certain, such as future income, changing tax rates, anticipated investment returns and so on. Ultimately, the decision depends on your view of the above factors and whether you want to (and can afford to) pay taxes on your retirement plan contributions now rather than later. Most analysts agree that Roth contributions can potentially reduce your tax burden over the long run – especially if you keep the money in your account for many years and the value of your investments grows significantly. Be sure to speak with a qualified tax advisor before you make any decisions.

Once contributions are made to on a Roth basis, can they be shifted to before-tax savings?

No. You cannot move that money back and forth.

How do Roth rollovers work?

You can roll over money from a previous employer's plan to the LMH Retirement Savings Plan. This is a "rollover into" the Plan.

If you terminate employment with LMH, you may roll over your Roth money to a Roth IRA, to your new employer's plan (subject to their plan rules and restrictions), cash out, or stay in the LMH Retirement Savings Plan (if the plan permits). This is a "rollover out" of the Plan. Refer to Plan rules for additional information.

Can I roll over money from my Roth IRA to the LMH Retirement Savings Plan?

No.

How will Roth contributions affect my company-matching contributions?

Both before-tax and Roth contributions are eligible for matching contributions.

All company-matching contributions and associated investment earnings will continue to be tax-deferred. This means the tax-free benefits of a Roth distribution will not apply to any company-matching contributions and associated earnings.

Keep in mind that catch-up contributions are not eligible for matching contributions.

Can I take a qualified distribution from my Roth contributions

When you make Roth contributions, you must maintain that account for at least five consecutive tax years after your initial contribution. Then, once you reach age 59½, or upon your death or disability, you (or your beneficiary in the case of your death) can take tax-free withdrawals from your Roth account. These are called qualified distributions.
The five-year period begins counting in the tax year you make your first Roth contribution. For example, if you are age 57 and make your first Roth contribution in March 2017, your five-year waiting period begins counting with tax year 2017. After January 1, 2022, you can start taking tax-free distributions because you will be age over 59½ and will have maintained your Roth account for five consecutive tax years. You can be making Roth contributions to your account throughout each of those five years right up to and including January 2020 and still be eligible to withdraw the contributions and investment earnings tax-free from that point forward.

A handy Roth Contribution Estimator lets you compare how various contributions could affect your take-home pay today – and your retirement savings in the future. To access the Roth Contribution Estimator, visit the Plan website at **VoyaRetirementPlans.com,** click on **Account > Contributions > Roth Contribution Estimator.**



Can I take "nonqualified" distributions?

Yes, but it will cost you. A "nonqualified" distribution means a withdrawal of your Roth money before it's been invested for five taxable years (the five-year period begins the year you make your initial Roth contribution), and before you turn 59½. In this case, unless you die or are permanently disabled, earnings on your Roth contributions (but not the contributions themselves) will be taxed. You will also be assessed a 10% early withdrawal penalty.[1]

What about unforeseen emergency withdrawals?

Roth contributions, but not earnings, are available for unforeseen emergency withdrawals. See the Plan website for unforeseen emergency definitions.

Do Roth contributions affect my eligibility for Plan loans?

No. The Plan allows you to borrow from your pre-tax account balance.

[1] Certain exceptions may apply. Go to Plan Info > Forms on the Plan website and see the Special Tax Notice for more details.

Comparing contribution options: two routes to long-term security

You can contribute to the **LMH Retirement Savings Plan** in two ways: on a before-tax or after-tax Roth basis. Here's a look at the benefits and restrictions of each contribution type. Please note that this chart is intended as an overview and does not constitute legal, investment or financial advice of any kind. Please consult your tax advisor with any questions.

Contribution type	Before-tax	Roth
Contribution tax treatment	Contributions reduce taxable income dollar-for-dollar, which may lower the taxes you pay today.	No current tax savings; Roth contributions are deducted from your pay after taxes have been calculated.
Contribution limits[1]	Up to the annual IRS limit[1], including Roth contributions.	Up to the annual IRS limit[1], including before-tax contributions.
Loans permitted	Yes.	Yes.
Withdrawal tax treatment	Contributions and investment earnings are taxed as ordinary income.	Contributions and investment earnings may be withdrawn tax-free for qualified withdrawals.
Qualified withdrawal requirements	Age 59½ or older (or upon your death or disability) for contributions and investment earnings.	Age 59½ or older (or upon your death or disability) plus Roth contributions must remain invested for at least a taxable five-year period, beginning with the year of your first Roth contribution to the plan.
Early withdrawal penalties	10% early withdrawal penalty plus ordinary income taxes on contributions and earnings.[2]	10% early withdrawal penalty plus ordinary income taxes on investment earnings only.[2]
Required Minimum Distributions	Regardless of contribution source, you are required to take distributions from the Plan upon reaching age 73.	Regardless of contribution source, you are required to take distributions from the Plan upon reaching age 73. There are no minimum required distributions for Roth money that is rolled over to a Roth IRA.
Rollovers permitted with no taxes due	To an IRA or other employer-qualified retirement plan.[3]	To a Roth IRA or other employer-qualified retirement plan[3], so long as that plan accepts Roth balances.
Key Advantage	Reduce current income taxes.	No taxes on qualified withdrawal of earnings.

[1] Every year, the IRS announces the latest contribution limits for retirement savings accounts. Please refer to www.voya.com/IRSlimits for current limitations.

[2] Certain exceptions may apply. Go to Plan Info > Forms on the Plan website and see the Special Tax Notice for more details.

[3] Rollovers to qualified retirement plans are subject to the rules and restrictions of the receiving plan.

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