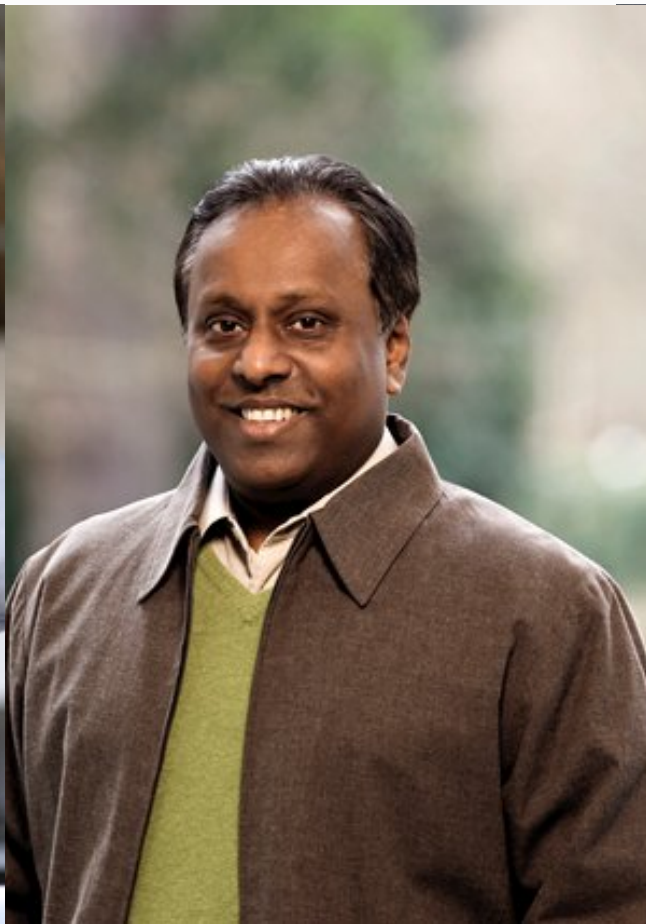


Is a Roth 403(b) Right For You?



important information

Information provided should not be construed as investment advice and you should seek professional advice based on your specific personal circumstances.

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important information

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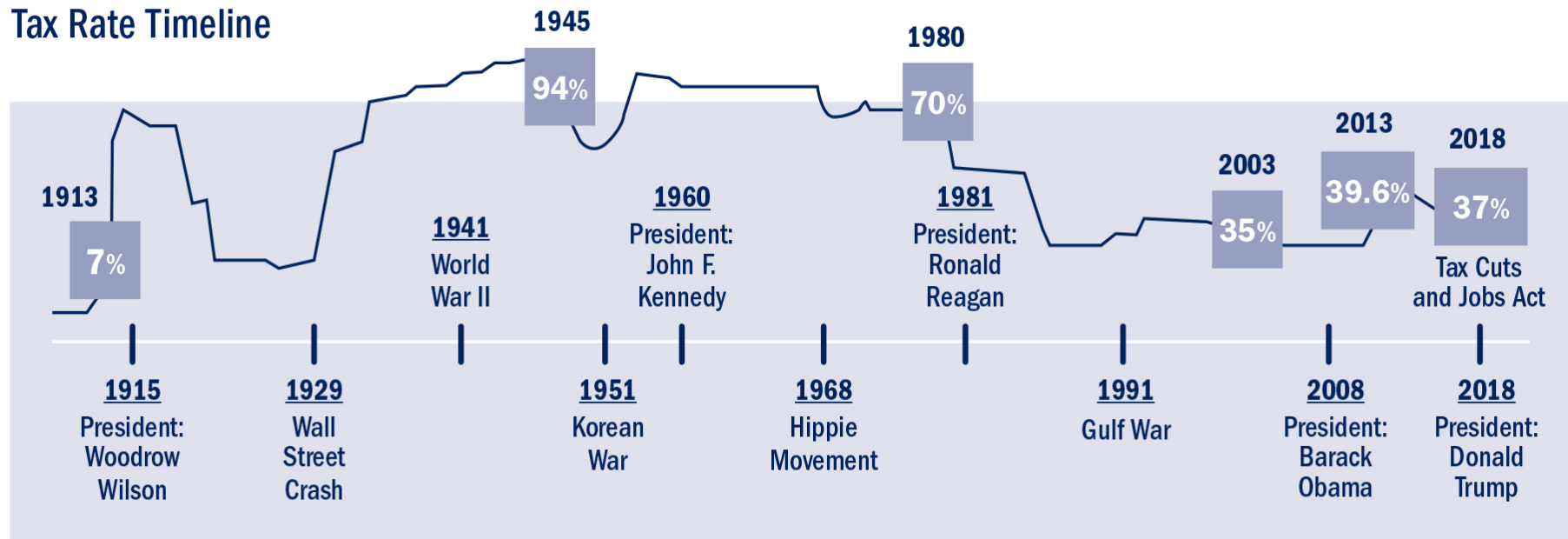
Agenda

- History of Income Tax Rates
- What is a Roth 403(b)?
- Roth 403(b) Benefits

History of Tax Rates

Income Tax Rates

Tax Rate Timeline



Reduction in Tax Rates

2017 Married Filing Jointly Rates

Taxable Income		Tax Before Credits		
Over	But not over	Flat Amount	Plus%	Of excess over
0	18,650	0	10%	0
18,650	75,900	1,865	15%	18,650
75,900	153,100	10,452.50	25%	75,900

2018 Married Filing Jointly Rates

Taxable Income		Tax Before Credits		
Over	But not over	Flat Amount	Plus%	Of excess over
0	19,050	0	10%	0
19,050	77,400	1,905	12%	19,050
77,400	165,000	8,907	22%	77,400

Taxable Income	2017 Tax	2018 Tax	Decrease in Tax
\$50,000	\$6,568	\$5,619	\$949
\$75,000	\$10,318	\$8,619	\$1,699
\$100,000	\$16,478	\$13,879	\$2,599

Reduction in Tax Rates

2017 Married Filing Jointly Rates

Taxable Income		Tax Before Credits		
Over	But not over	Flat Amount	Plus%	Of excess over
75,900	153,100	10,452.50	25%	75,900
153,100	233,350	29,752.50	28%	153,100
233,350	416,700	52,222.50	33%	233,350
416,700	470,700	112,728.00	35%	416,700
470,700	_____	131,628.00	39.6%	470,700

2018 Married Filing Jointly Rates

Taxable Income		Tax Before Credits		
Over	But not over	Flat Amount	Plus%	Of excess over
77,400	165,000	8,907.00	22%	77,400
165,000	315,000	28,179.00	24%	165,000
315,000	400,000	64,179.00	32%	315,000
400,000	600,000	91,379.00	35%	400,000
600,000	_____	161,379.00	37%	600,000

Taxable Income	2017 Tax	2018 Tax	Decrease in Tax
\$150,000	\$28,978	\$24,879	\$4,099
\$250,000	\$57,717	\$48,579	\$9,138
\$450,000	\$124,383	\$108,879	\$15,504

What is a Roth 403(b)?

Retirement Plans – the Basics

- Employer-sponsored retirement plans, such as 401(k), 403(b), and 457 plans, offer several tax-advantaged opportunities
- These plans can reduce current income taxes and defer taxes on any earnings until distributions are made
- In addition, some plans permit Roth after-tax contributions which may reduce future income taxes
- **For 2019:**
 - Contribute up to \$19,000 of compensation (or 100% of your compensation, if less)
 - Catch-up contributions, if available
 - Age 50 or older — \$6,000
 - Additional catch-up contributions may be available for 403(b) and 457 plans
- Contribution limits may be raised each year, based on cost-of-living index

Withdrawals from 401(k) or 403(b) plans are subject to normal income tax treatment and, if taken prior to age 59½, may be subject to an additional 10% federal income tax penalty. Withdrawals from 457(b) plans are generally not allowed unless there is a separation from service or the participant reaches age 70½ and are subject to normal income tax treatment. Amounts rolled over from another eligible plan are tracked separately and may be subject to an additional 10% federal tax income penalty if withdrawn

What is a Roth 403(b)?

*Two types of 403(b) Contributions: **Pre-Tax and Roth:***

Traditional 403(b)

- Contributions may be tax deductible
- Any earnings grow tax deferred until withdrawn
- Taxes generally must be paid on any withdrawals
- Beneficiaries may pay income taxes on distributions

Roth 403(b)

- Contributions are on an after-tax basis
- Earnings grow tax-deferred
- No taxes paid on withdrawals when certain criteria are met
- Beneficiaries may receive distributions without income tax if 5 year rule is met

Roth 403(b) vs. Traditional Pre-tax 403(b)



Example: How does contributing to a Roth 403(b) plan affect your paycheck?

Lisa earns \$40,000 annually and has elected to put 4% towards her Roth 403(b) contributions and 4% towards her traditional 403(b) pre-tax contributions on a monthly basis.

Lisa's Monthly Contribution into each account

*Roth 403(b)	\$200
*Traditional 403(b)	\$200

Lisa's Reduction in take home pay

*Roth 403(b)	\$200
*Traditional 403(b)	\$150

* This hypothetical example is based solely on an assumed 25% income tax withholding rate. No other payroll deductions are taken into account. Actual taxes and take home pay will depend on your individual tax situation. Pre-tax contributions and any related earnings will be taxed at the time of withdrawal. Any earnings on after-tax Roth contributions are income tax-free if certain conditions are met.

Benefits of a Roth 403(b)

Who would benefit from a Roth 403(b) plan?

Depends on your personal tax situation now and in the future:

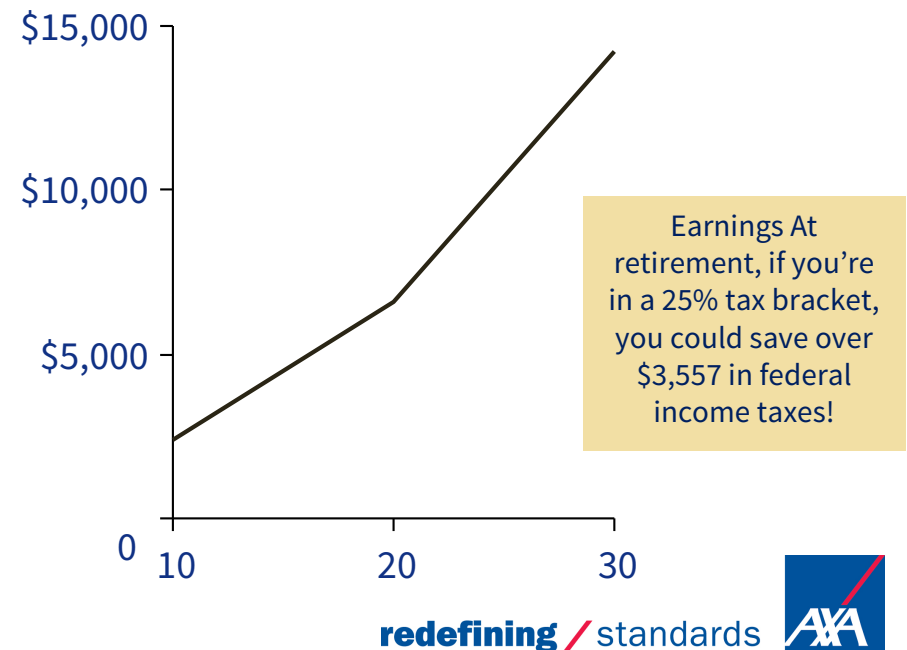
- If you contribute to a Roth 403(b) you are giving up a tax break today for a tax break in the future.
 - Generally, if you expect to be in the same tax bracket in retirement as now, both a traditional, pre-tax or a Roth 403(b) contribution are roughly equivalent from a tax perspective.
 - If you expect to be in a higher tax bracket in retirement, a Roth 403(b) may be the better choice since 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, pre-tax 403(b) contribution may make more sense for you.
- 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 want a pool of tax-free money to draw on in retirement
- Employees who want to leave tax-free money to their heirs

Reduce future income taxes with Roth contributions

- Contributions made with after-tax dollars
- Tax-free growth potential
- Earnings distributed tax free if certain conditions are met*
- Retirement plan contribution limits apply to the combined total of pre-tax and after-tax Roth contributions
- Here's an example: if you set aside \$3,000 in after-tax Roth contributions annually for 10, 20, or 30 years, assuming a 6% growth rate. After 30 years, \$14,230 in earnings could potentially be withdrawn tax-free at retirement, saving over \$3,415.20 in federal income taxes assuming a 24% tax rate.

* Income taxes are not due on earnings from after-tax Roth accounts, provided the account has met the following conditions: 1) five-year holding period, and 2) one of these qualifying events: age 59½, disability, or death. For more information, consult a qualified tax advisor.

# of Years	Account Value	Roth after-tax earnings
10	\$41,915	\$2,373
20	\$116,978	\$6,621
30	\$251,405	\$14,230



Advantages of Starting Early

Hypothetical Example

Age	Years Until 65	Monthly Contribution	Total Contribution	Growth*	Total Value
25	40	\$189	\$90,905	\$409,095	\$500,000
30	35	\$276	\$115,920	\$384,070	\$500,000
35	30	\$407	\$146,689	\$353,311	\$500,000
40	25	\$614	\$184,090	\$315,905	\$500,000
45	20	\$954	\$229,023	\$270,977	\$500,000
50	15	\$1,568	\$282,299	\$217,701	\$500,000

*Chart assumes a hypothetical 7% growth for illustrative purposes. These figures are not intended to indicate the performance of any specific investments. Taxes and fees were not taken into consideration. Rates of return will vary over time, particularly for long-term investments. Investments offering the potential for higher rates of return also involve a higher degree of risk. Actual results will vary.

Two Reasons It Pays to Tax Diversify

- Impossible to know what your tax rate will be in retirement
 - Minimize the risk that you'll be caught off guard by a significant change in tax rates
 - Sunset Provision 2025
- The second reason it pays to tax diversify is simple math
 - Increase taxable income in low tax bracket years
 - Reduce taxable income during high tax bracket years

Additional Roth 403(b) Benefits

- No maximum age for contributions
 - Traditional and Roth – as long as continued work with employer that sponsors the plan
- Can own in addition to Pre Tax 403(b)
- Qualified withdrawals from a Roth 403(b) account are not taxable income
- Ability to roll over Roth 403(b) assets into a Roth IRA when you retire

Other Important Considerations

- Net (take-home) pay will be less when you make a Roth contribution than when you make a traditional, pre-tax contribution of the same amount
- Required minimum distribution rules dictate that you must begin making withdrawals from your Roth 403(b) account at age 70½ (exceptions may apply)
- Roth account balances are included in calculating maximum loan amounts.

A Financial Professional Can Help

A financial professional has the experience and know-how to:

- Develop a strategy to help you meet your retirement goals and objectives
- Provide objective, unemotional advice and answers to your retirement questions – especially during crises.
- Recommend appropriate investment products from thousands of choices
- Help minimize the bite of taxes
- Review your situation regularly, ongoing check-ups
- Refer you to other necessary professionals – Estate Planning attorneys and accountants
- Reduce your stress and save you time

Conclusion: Key Points to Remember

- Always ask if there's a Roth savings alternative.
- Consult a qualified tax advisor on whether to choose a pre-tax or after-tax (Roth) contribution. Could be both between couples.
- Start early!
- Talk to a financial professional!
- Review your financial situation regularly.

**thank you
for joining us today**