

The Confederated Tribes of Warm Springs Pension Committee is considering making an additional type of contribution available to employees participating in the CTWS Governmental 401(k) Plan (“the Plan”), known as Roth 401(k) contributions. Roth 401(k) contributions are deducted from employees’ pay, just like the Plan’s current employee 401(k) contributions. If Roth 401(k) Contributions become available, you are under no requirement to make that type of contribution to the Plan and you would have to actively opt into making Roth 401(k) contributions. You could continue making pre-tax contributions as you do now, or a combination of pre-tax and Roth contributions.

The main difference between these two types of contributions is how your income taxes are handled.

Pre-Tax 401(k) Contributions (currently available in the Plan)

Your current employee 401k contributions are pre-tax, meaning you don’t pay any tax on the contribution amount going in the Plan. That gives you a tax break on your Federal income taxes each year that make contributions to the Plan. Your take-home pay is not reduced by the full amount of the contribution going into 401(k) account. Although that helps make your contributions to the Plan more affordable now, you’ll have to pay tax on your entire account balance (contributions plus investment earnings) later as you withdraw it.

Roth After-Tax 401(k) Contributions (under consideration to become available in the Plan)

Roth contributions are after-tax, meaning your money goes into the Plan, but you have to pay taxes on the contributions as part of your taxable income. The potential advantage of Roth 401(k) contributions is that you’ve taken care of the taxes and will not have to pay any taxes on the investment earnings and growth in the account, as long as you withdraw at age 59 ½ or later and don’t withdraw Roth contributions until at least 5 years after your first Roth contribution.

Because you may be able to withdraw your money in retirement tax-free from a Roth 401k, they may provide plan participants with significant tax savings down the road. Whether that is true for you depends on certain factors, such as your current tax rate, what your tax rate will be later in your career and in retirement.

If Roth 401(k) contributions become available, they will be matched by the Tribes using the same matching formula as Pre-Tax 401(k) Contributions: 100% matching of all contributions up to 5% of pay. Please note that the Tribes’ matching contributions will be taxable when withdrawn from the Plan.

Please see the accompanying information that provides more information about Roth 401(k) contributions, including the following link: [Roth 401k Analyzer Tool](#)

We Value Your Opinion

Please let us know if you would like to see Roth 401(k) contributions made available in the CTWS Governmental 401(k) Plan. Questions or comments can be sent to comp-benefits@wstribes.org.

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ROTH 401(K) CONTRIBUTIONS

Enjoy Tax-Free Income In Retirement



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Roth 401(k) Contributions

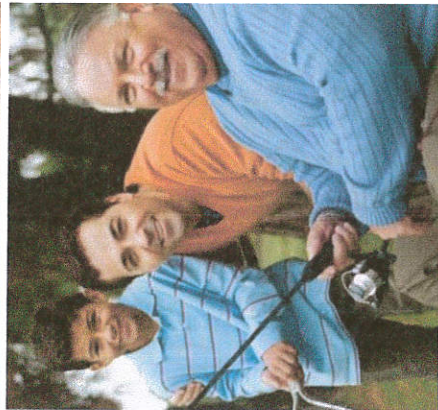
Life is busy, and it may be difficult to prepare for tomorrow while you're focusing on what you need today. Adding Roth 401(k) contributions to your retirement savings strategy can help — you pay ordinary income taxes on your retirement savings now, so you don't have to later. The Roth 401(k) feature gives you another choice for your retirement savings. It's one more way to feel confident about the future.

What are Roth 401(k) contributions?

Roth 401(k) contributions are after-tax deferrals that let you take money from your paycheck and put it directly into your retirement plan account. These contributions are taxable at your current income tax rate.

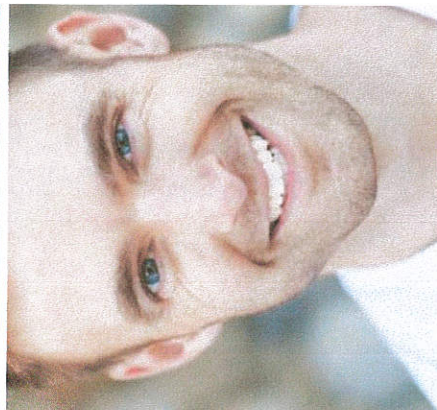
What are the benefits of Roth 401(k) contributions?

Roth 401(k) contributions combine the benefits of 401(k) plan limits with the after-tax features of a Roth Individual Retirement Account (Roth IRA). Since this type of contribution is taxed as ordinary income up front, you don't have to worry about paying federal income taxes on contributions when you withdraw them from the plan. Your contributions can grow tax-free while invested in the Plan, and you don't have to worry about paying federal income taxes on earnings when you receive a qualified distribution.¹ The best part is, anyone can participate.....no matter your income.



How do I know if Roth 401(k) contributions might be right for me now?

Choosing a Roth 401(k) contribution depends on several factors, including your age, current tax bracket, expected retirement tax bracket and contribution amounts. Generally, investors just starting out in their career might be in a lower federal tax bracket and have many years to accumulate potentially tax free earnings. If you think your tax rate will stay the same or increase by the time you retire, you might consider the Roth contribution option. Paying income tax on the money you contribute today allows you to take advantage of a lower tax rate now, rather than a potentially higher one later. High-income investors who haven't been eligible for Roth IRAs in the past due to income restrictions might find Roth contributions a good option. You should consult your personal tax advisor when considering whether a Roth 401(k) contribution is right for you.



An Easy Way To Invest In Your Future

Are there advantages when I start taking distributions?

Qualified distributions from a Roth 401(k) account are tax free. Pretax 401(k) contributions and earnings are taxable as income when you withdraw them, usually at retirement, when you might be in a higher income tax bracket.

What limits are there on Roth 401(k) contributions?

While an employer-sponsored retirement plan is one of the simplest and most effective ways to save for your retirement by allowing you to defer a portion of your paycheck to your retirement account each month automatically, there are some limitations on how much you can save.

Each year, the Internal Revenue Service (IRS) updates the maximum contribution limits for 401(k), individual retirement accounts (IRAs) and other retirement savings vehicles. Simply refer to the insert included with this brochure to stay up-to-date on the most current regulations to ensure you make the most of your employer-sponsored retirement plan.

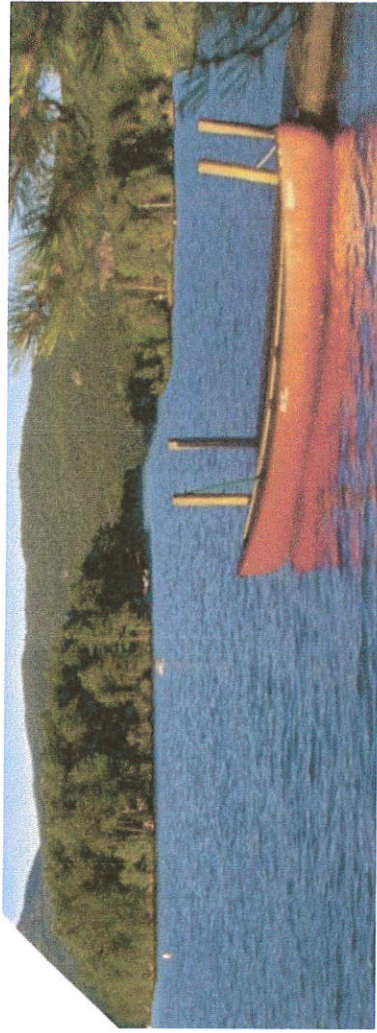
Take Action!

To decide if Roth 401(k) contributions are right for you, review and compare the 401(k) plan options on the insert included with this brochure. To help make your decision easier, a Roth 401(k) Analyzer is also available on BOK Financial's Start Right website. Based on your personal data, the analyzer provides additional information and illustrations, allowing you to compare projections for pre-tax and Roth 401(k) contributions.

To access the Roth Analyzer, log on to BOK Financial's Start Right website at

www.startright.bokf.com, select Planning Tools from the Plan Tools tab, and click the Roth Analyzer link at the bottom left of the web page.

One-on-one complimentary retirement plan guidance from a licensed financial consultant is available to help you determine the contribution option and investments most appropriate for you. Contact a Participant Services Representative at 800-876-9557 to arrange a consultation.



401(k) Contributions: How They Compare

	Pre-Tax 401(k) contributions	Roth 401(k) contributions
Contributions	Pre-tax	After-tax
Employer matching contributions	Yes	Yes
Contribution limits	\$20,500 ¹ ; \$27,000 for age 50+	
Income restrictions	Not applicable	Not applicable
Investment earnings	Tax-deferred earnings ²	Tax-free earnings ³
Taxes	Pay taxes on contributions and earnings at time of distribution; reduces current tax liability	Pay taxes on contributions immediately; earnings distributed tax-free for qualified withdrawals
Access to money during employment	In-service withdrawals may be available, subject to withdrawal restrictions	In-service withdrawals may be available, subject to withdrawal restrictions
Distributions	Contributions and earnings are taxed at distribution. Federal, State, and Local income tax may apply. Penalty of 10% for distributions prior to age 59½ may apply.	Tax-free if qualified distributions. Must meet two conditions: 1. Attainment of age 59½, death, or total disability AND 2. Roth account must be in existence for five years beginning with first taxable year a Roth contribution was made
Required minimum distributions	In general, age 70½, unless still employed	In general, age 70½, unless still employed
Rollovers	Can be rolled over to another 401(k) or a traditional IRA	Can be rolled over to another Roth 401(k) (if plan allows) or a Roth IRA

This information is intended to provide a general summary and is not tax advice. Please consult your tax advisor or visit www.irs.gov for specific information about how the tax rules apply to your situation.

¹ For 2022, the IRS maximum you can contribute to a 401(k) plan is a total of \$20,500 (or \$27,000 if you are 50 or older) through pre-tax and/or Roth contributions.

² Pre-tax contribution earnings are taxed at distribution.

³ A "qualified distribution" of earnings can be tax-free. For a distribution to be qualified, the distribution must (1) be after you've reached age 59 ½ and (2) must occur at least five years following the first contribution (some exceptions apply). Based on qualified distribution rules.

Retirement Plan Contributions

Traditional Pre-Tax	Retirement Plan	Roth After-Tax
Tax-Deferred	Employee Contributions	Taxable
Tax-Deferred	Investment Earnings	Tax-Free ¹
Taxable	Distributions	Tax-Free ¹
None	Income Limits	None

¹ A Qualified Distribution occurs 5-taxable years after initial Roth 401(k) contribution and the participant either attains age 59½, becomes disabled, or dies.

You Can Diversify Your Income!

Traditional	Hypothetical	Roth
\$1,000	Annual Contribution	\$1,000
\$40,000	Total Contributions	\$40,000
\$0	Tax on Contributions (20%)	\$8,000
\$173,610	Earnings	\$173,610
\$213,610	Balance	\$213,610
\$213,610	Withdrawals	\$213,610
\$32,042	Tax on Withdrawals (15%)	\$0 ¹
\$181,568	Retirement Balance After Taxes	\$213,610

Assumptions: Investment Return 7% Compounded Annually for 40 years.