

## Granger 401(k) Program

### Roth vs. Traditional

**Q.** What is the difference between a Roth 401(k) and Traditional 401(k)?

**A.** With a Roth 401(k), you contribute after-tax dollars, your account grows tax-free, and you can generally make tax- and penalty-free withdrawals at age 59 ½. With a Traditional 401(k), you contribute pre-tax dollars, but withdrawals are taxed as ordinary income in the year you take a distribution.

**Q.** Can I make deferral contributions to both Traditional 401(k) and Roth 401(k)?

**A.** Yes, you can contribute to both. State the desired deferral percentage for each on the *Salary Reduction Agreement*.

**Q.** Can I convert my Traditional 401(k) contributions into a Roth 401(k), or vice versa?

**A.** Currently, conversions are not available to employees. However, this is an enhancement that we are evaluating for the future.

**Q.** Is the vesting schedule the same for both a Roth 401(k) and Traditional 401(k)?

**A.** Yes, vesting is the same.

**Q.** If I am a new employee, can I roll over my funds from other retirement accounts into Granger's Roth 401(k)?

**A.** Currently, new employees can roll over prior Roth funds into the Granger Roth 401(k). However, conversions are still not available from a prior Traditional 401(k) into a Roth 401(k). Traditional contributions can only be rolled over into another pre-tax account at Granger.

**Q.** How does Granger's matching and discretionary contributions work?

**A.** Granger will match both Traditional 401(k) and Roth 401(k) contributions, up to the annual match limit, which is currently \$2,080. However, all matching and discretionary contributions from Granger will be deposited into a pre-tax (Traditional) account, even if you only defer into the Roth 401(k).