Consider taxes as part of your retirement strategy

Your retirement plan offers investment flexibility that allows you to make pretax and/or Roth after-tax contributions. Both provide tax benefits and, individually or together, can help you move closer to your long-term goals.

Consider the effect of taxes on your savings

An effective retirement planning strategy takes into account more than just the selection of investments – it also considers how taxes may impact your savings.

To take control of how you may be taxed, decide on one of these contribution options, or even a combination of both.

Learn more. Contact your plan's financial professional to discuss which contribution option may be right for you.

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Capital Group, home of American Funds, is a key provider for your retirement plan

- Since 1931, we have invested with a long-term focus and attention to risk.
- More than half of the nearly 67 million investor accounts are retirement accounts.*

For more information, visit us at **americanfundsretirement.com**.

Want to learn more?

Visit **ICanRetire.com** to learn the ropes on retirement savings and get a personalized action plan tailored to your retirement style.

*As of December 31, 2023.

All hypothetical examples assume an 8% average annual return compounded monthly and a 4% annual withdrawal rate after the accumulation period. These are point-in-time views and as such do not take into account any growth or loss during retirement. Without investment growth/ loss during retirement, a 4% annual withdrawal rate would deplete retirement savings in 25 years. Examples are for illustrative purposes only and do not reflect the results of any particular investment, which may differ, or taxes that may be owed on tax-deferred contributions, including a potential 10% penalty for withdrawals taken before age 59½. Regular investing does not ensure a profit or protect against loss in a declining market.

This content, developed by Capital Group, home of American Funds, should not be used as a primary basis for investment decisions and is not intended to serve as impartial investment or fiduciary advice.

On or around July 1, 2024, American Funds Distributors, Inc. will be renamed Capital Client Group, Inc.

Lit. No. RPGEBR-055-0624P Litho in USA CGD/JR/9423-S96610

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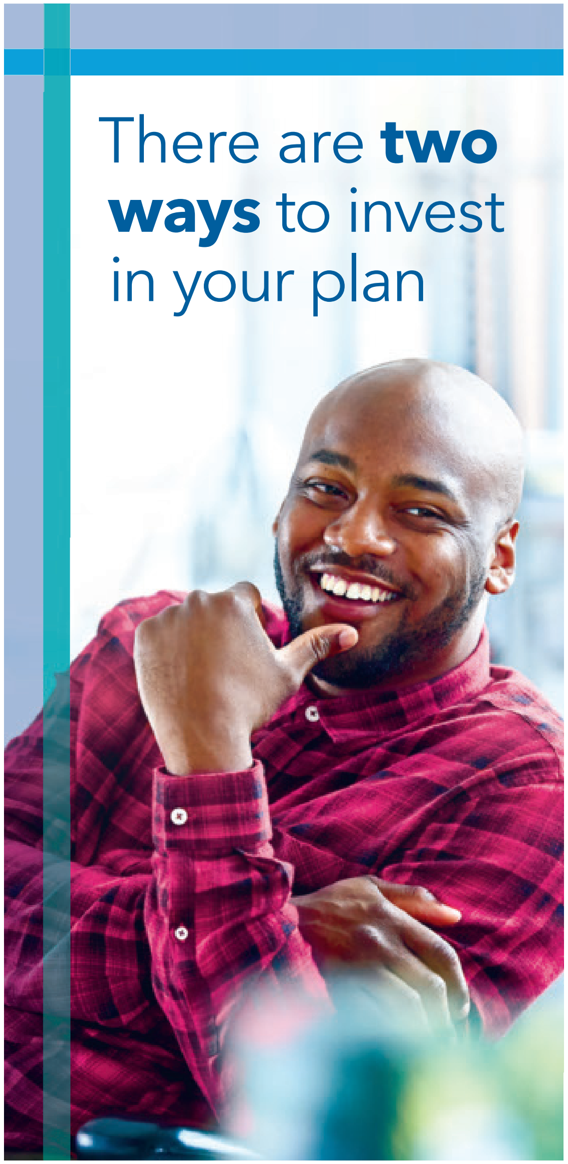
Roth vs. pretax contributions



Choose the best fit for you

Pretax contributions

- **Your contributions reduce your taxable income.** That, in turn, reduces your current taxes.
- **Your savings grow on a tax-deferred basis.** No taxes are owed on your earnings until you withdraw money from your account. You'll have more money that could benefit from years of compounded growth.
- **Withdrawals at retirement are taxable.** Because you haven't yet paid taxes on your plan contributions, you will be taxed when you take a cash withdrawal from your plan account.

Roth after-tax contributions

- **Your contributions are taxed up front.** Roth contributions come out of your paycheck after taxes have been calculated; therefore, your current taxable income is not reduced.
- **Qualified withdrawals are tax-free.** Your qualified withdrawals at retirement – including earnings – will be tax-free.
- **You don't have to worry about future tax rates.** Since qualified distributions at retirement are tax-free, they won't be negatively affected if your tax rates increase in the future.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

The differences in retirement plan contributions

	Are plan contributions taxed?	Are withdrawals (including earnings) taxed?
Pretax employee contributions	No	Yes
Roth employee contributions	Yes	No*
Employer contributions, if applicable (e.g., match or profit sharing)	No	Yes

*Qualified withdrawals are tax-free if taken at least five years after the beginning of the tax year of your first Roth contribution and you're at least 59½ years old.

To compare the advantages of making pretax and after-tax contributions based on your current and expected future tax rates and other factors, use the *Traditional vs. Roth 401(k)/403(b) Analyzer* at **americanfundsretirement.com**.

The flexibility to choose between pretax and Roth contributions is a great feature of your employer's retirement plan. Choose the best fit for your situation.

Sofia
$400/mo
Pretax contribution

James
$300/mo†
Roth after-tax contribution

† Equivalent to $400 in pretax money.

Monthly after-tax retirement withdrawals		Tax rate at retirement
$3,280	$3,514	Increases 5%
3,514	3,514	Stays the same
3,749	3,514	Decreases 5%

Assumes a 40-year accumulation period and a base tax rate of 25%. See the back page for important information regarding hypothetical examples.