Understanding

Save beyond the limit: After-tax contributions

Saving money is essential for financial security, achieving personal goals and providing peace of mind in the face of unexpected expenses. Your workplace retirement plan gives you several options for saving money.

After contributing up to the annual limit in your workplace retirement plan, you may be able to save even more on an after-tax basis if your plan allows.

After-tax contributions are an additional source for saving in your plan. Earnings on after-tax contributions are considered pre-tax and would grow tax-deferred until withdrawals begin.

While the standard employee contribution limit applies to pre-tax and Roth contributions, after-tax contributions can be made up to the combined employee and employer limit of $72,000 in 2026 (minus employee contributions and employer match). This strategy could make it worthwhile to keep saving above the annual limit.

Comparing your contribution options

Feature	Pre-tax	Designated Roth	After-tax
Contributions	Pre-tax employee elective contributions are made with pre-tax dollars.	Designated Roth employee elective contributions are made with after-tax dollars.	After-tax employee elective contributions are made with after-tax dollars.
Income limits	No income limitations to participate.	No income limitations to participate.	No income limitations to participate.
Maximum elective contributions	Combined employee elective contributions limited to $24,500 in 2026 ($32,500 for employees age 50 or over).* Your plan may also allow for a higher catch-up amount of $11,250 for ages 60-63.	Same combined limit as pre-tax accounts.*	Combined employee and employer contributions is $72,000 in 2026 (subtract any employee deferral contributions and any employer match).
Taxation of distributions	Distributions of contributions and earnings are subject to federal and applicable state income taxes.	Distributions of contributions and earnings are generally not taxed provided they are a qualified distribution – the account is held for at least 5 years and distribution is made: ▪ because of disability ▪ after attainment of age 59½ ▪ or after death.	Distribution of contributions are not taxed. Distribution of earnings are taxed and subject to federal and applicate state income taxes (taxation on earnings can be avoided with Roth conversion if allowed by plan).
Required distributions	Distributions must begin no later than age 73, unless still working and not a 5% owner.	No requirement to start taking distributions while owner is alive.	Distributions must begin no later than age 73, unless still working and not a 5% owner.

Earnings on after-tax contributions grow tax-deferred until withdrawal. If left in the after-tax account, earnings are taxable upon distributions. For this reason, your plan may allow you the opportunity to convert your after-tax contributions to a Roth account. You will owe taxes on any gains that you have on these contributions prior to the conversion, however any future earnings will grow and be withdrawn tax-free if IRS requirements are met. This is often referred to as a "Mega Backdoor Roth" strategy.

Below is an illustration of how you can calculate the amount you can contribute as after-tax dollars. Keep in mind that catch-up contributions are not considered in the calculation.

After-tax calculation	
After-tax contribution limit (2026)	**$72,000**
Pre-tax contribution	$-10,500
Roth contributions	$-14,000
Catch-up contribution (not included in calculation)	$-8,000
Employer match (if applicable)	$-10,000
Available after-tax amount	**$37,500**

> It may be very helpful to talk things over with a financial professional. Together, you can determine exactly how much life insurance coverage you need and what type of policy best meets your requirements.

If you have questions about your workplace retirement plan, please contact your Human Resources department or your retirement plan provider's customer service center.

*This limitation is by individual, rather than by plan. Although permissible to split the annual employee elective contributions between designated Roth account contributions and traditional pre-tax account contributions, the combination cannot exceed the deferral limit of $24,500 ($32,500 if age 50 or over) for 2026.

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