

**THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**

**RISK MANAGEMENT / HUMAN RESOURCES DEPARTMENT**

**M\_E\_M\_O\_R\_A\_N\_D\_U\_M**

TO: Roy Sprinkle, Executive Director of Human Resources  
FROM: Lynn Peterson, Supervisor of Risk Management  
DATE: June 5, 2018  
SUBJECT: Roth 401(k) and Roth 403(b) Added to Retirement Savings Program

**BACKGROUND**

The current Retirement Savings Program includes options for employees to participate in a 401(k) through Prudential and/or 403(b) Plans through various providers, as well as a 457 plan.

The District would like to add another payroll option for employees to save for retirement by allowing Roth contributions to the District's 401(k) through Prudential and Roth contributions to the 403(b) Plan through various approved providers. Currently, the District Retirement Savings Plans only allow for pre-tax contributions.

The advantages of a Roth contributions are as follows:

- Roth contributions are made after tax so when distributions taken at retirement are tax-free allowing for tax diversification
- Unlike a pre-tax account, Roth accounts do not require a minimum distribution when you reach age 70 ½
- Roth accounts help to minimize tax liability in retirement with tax free growth
- Allows for a combined contribution limit (pre-tax and Roth) of \$18,500 in 2018 for those under 50 and \$24,500 for those over age 50

**RECOMMENDATION**

The Board adopts the addition of Roth contributions to the 401(k) Plan with Prudential and the 403(b) Plan through various providers.

Attachments