

401(k) Roth Election

Also known as the “Designated Roth” 401(k) Salary Deferral Election

When the designated Roth 401(k) salary deferral election is available to your payroll unit, you will be advised. Payroll system changes are required before this can occur.

Plan Information

Recently there have been questions about the designated Roth 401(k) salary deferral election to save after tax salary in a tax advantaged savings option. The State of Tennessee 401(k) Profit Sharing Plan amended the Plan to offer the Roth deferral election. As required by law the traditional pretax deferral option will continue to be offered to plan participants. Some participants who have set aside pretax deferrals want to diversify their opportunities to select the growth of future income through after tax options as well. More information on the Roth is available at 1-800-922-7772.

Implementation

The implementation of the designated Roth 401(k) salary deferral election is at the discretion of each of the major payroll centers, University of Tennessee, Tennessee Board of Regents and F & A payroll. The designated Roth 401(k) salary deferral election was offered to all UT employees in October 2006. Likewise it will be offered to all TBR employees or none; and all F & A State payroll employees or none. The State of Tennessee central F & A payroll and Tennessee Board of Regents System expect to offer the Roth designated after tax deferral option in calendar 2008.

Payroll Centers

The major factor influencing the adoption of this Roth 401(k) feature is the ability of a particular accounting system to provide for the after tax payroll deduction.

As of February 2007 UT employees have access to the designated Roth 401(k) salary deferral election. UT employees may designate all or a portion of their deferral to be after taxes. Employer matching contribution goes to the before tax option as required by law. The Tennessee Board of Regents advises that employees may designate a Roth 401(k) salary deferral election in 2008. The State of Tennessee is undergoing a major accounting system update including the payroll system. When the new payroll system is implemented it is expected that the designated Roth 401(k) salary deferral election will be available.

Estimated designated Roth 401(k) election availability

	Pay Roll Center	Approximate Time Frame	Year	
	UT	October	2006	Available Now
	TBR		2008	
	F & A		2008	