

403/457 ROTH Contributions

Employers may offer employees an opportunity to make after-tax salary deferral contributions to a separate designated Roth account in the employer's 403(b) or governmental 457(b) retirement plan. Unlike pre-tax elective deferrals, the amount employees contribute to a designated Roth account is includible in gross income. However, distributions from the account are generally tax-free, including previously untaxed earnings in the account.

Benefits of designated Roth accounts

Compared to a Roth IRA, designated Roth accounts:

- Offer larger annual contribution limits than Roth IRAs,
- Are not subject to the modified gross income limitations that restrict some individuals from contributing to Roth IRAs, and
- Allow participants to keep their Roth and pre-tax savings within a single plan.

Contribution limits

The combined amount a participant may contribute as pre-tax elective deferrals and designated Roth contributions each taxable year is limited. Total contributions to the plan are limited to \$24,500 in 2024 (\$23,500 in 2025) plus an additional \$8,000 for employees age 50 or older.

403(b) Roth Plans – HCM will automatically report contributions deducted under SDROTH in Box 12 Code BB on the W-2. You will not be required to do anything extra for 403(b) Roth reporting.

457(b) Roth Plans - HCM will automatically report contributions deducted under SDROTH in Box 12 Code EE on the W-2. You will not be required to do anything extra for 457(b) Roth reporting.

Roth 403(b)

Who is eligible?

Employees of nonprofits such as public schools and some hospitals, charitable organizations

Pre-tax contributions?

No

Limits on employee contributions (2026)	Up to \$24,500
Age 50+ catch-up contributions	\$8,000
Other catch-up	Yes – 15-year rule*
Distributions while still employed (in-service distributions)	Only on hardship if under age 59½
Distributions without tax penalties	Age 59½ and hold account at least five years Other provisions same as 403(b)
Distributions with penalties	Same as 403(b)
Required minimum distributions	Same as 403(b)
Tax treatment of distributions	Tax-free if qualified distributions
Rollovers allowed to other plans	To another designated Roth account, but only by direct rollover (allowed but not required)

* Eligible employees with 15 or more years of full-time service may be able to contribute up to \$3,000 more for five years, or a maximum of \$15,000.

Helpful Links:

[Publication 4530](#)

[FAQ on Designated Roth Accounts](#)

[Roth – Additional Resources](#)