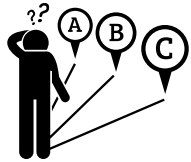


THREE 401(K) BASICS FOR THE GM RETIREMENT SAVINGS PLAN

➔ Ways to Contribute



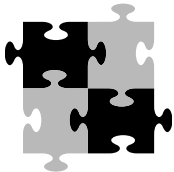
PRETAX: Generally tax deductible when you contribute but taxed as ordinary income when you withdraw money.

ROTH 401(k): Contributions are made

with after tax dollars. Meaning you do not get a tax deduction when you contribute, but when you take the money out it can be tax free*.

AFTER-TAX: No tax deduction when you contribute, but you can withdraw contributions at any time. However, the earnings benefit from tax deferred growth.

➔ What Does GM Match?



General Motors will match your *combined* pretax, Roth 401(k), and after-tax contributions dollar for dollar (100%) up to **4% of your eligible monthly**.

Depending on your length of service, **you might get an additional 4% or 6% "Retirement Contribution" as well.** A full breakdown of the matching rules are in the "Your GM Benefits" guide. This guide is available via the benefits portal or can be sent to GM employees upon request. Email info@lifepointplanning.com if needed.

➔ Contribution Limits



For 2023, the maximum contribution limits are \$22,500 (\$30,000 for those 50 and over) for **combined** pretax and/or Roth contributions.

There is also a limit for the **TOTAL COMBINED** contributions for all (pretax, Roth, and after-tax) employee and employer contributions. That number is at \$66,000 for 2023 and \$73,500 including the catch-up contributions for those 50 and older.

Under 50: \$22,500 deferred (\$66,000 TOTAL for employer and employee)

50+: \$30,000 deferred (\$73,500 TOTAL for employer and employee)

*Subject to meeting qualified Roth IRA withdrawal requirements; generally, five tax years have passed since your first Roth IRA contribution and you are at least 59½ years old.



ROTH IN-PLAN CONVERSION GUIDE SIMPLIFIED

By Doug Oosterhart, CFP® | Founder of LifePoint Planning - An Independent Financial Planning Firm

In case you are not aware, there is an option in your 401(k) that makes tax-efficient saving easier than ever before. Fidelity gives GM employees the ability to convert after-tax contributions in their 401(k) to the Roth bucket of the account. This is big news for folks that are maximizing their 401(k) contributions and are also over the Roth IRA income limits for contributing directly to a Roth IRA (which starts to happen at about \$138,000 of income for single tax filers and about \$218,000 of household income for those that file jointly). These Roth income limits do not apply to the GM Retirement Savings Plan (or to any 401(k) savings tool).

Here is a basic example:

A single employee age 55 is making \$175,000 in base income and contributing the maximum (\$30,000) to their pretax 401(k). GM will match 4% for their basic match and an additional 4% for a "GM Retirement Contribution" (or \$14,000) for a total combined contribution of \$44,000. Since the total combined limit for employee and employer contributions is \$73,500 (it would be \$66,000 if the person was under 50), the employee could then contribute up to another \$29,500 to their after-tax 401(k) bucket and immediately convert it to the Roth bucket. Since qualified* Roth withdrawals can be accessed tax-free, this option allows for a high level of money being saved in an efficient method. Sometimes one might refer to this strategy as a "Mega Backdoor Roth."

There are definitely some other considerations to keep in mind, such as: current tax bracket, whether or not there are existing after-tax earnings in the account, the age and the goals of the employee, etc.

To see if a Roth in-plan conversion makes sense for your specific situation, please reach out to: info@lifepointplanning.com. Making the correct decision could result in massive long-term tax savings and added efficiency to your overall plan.