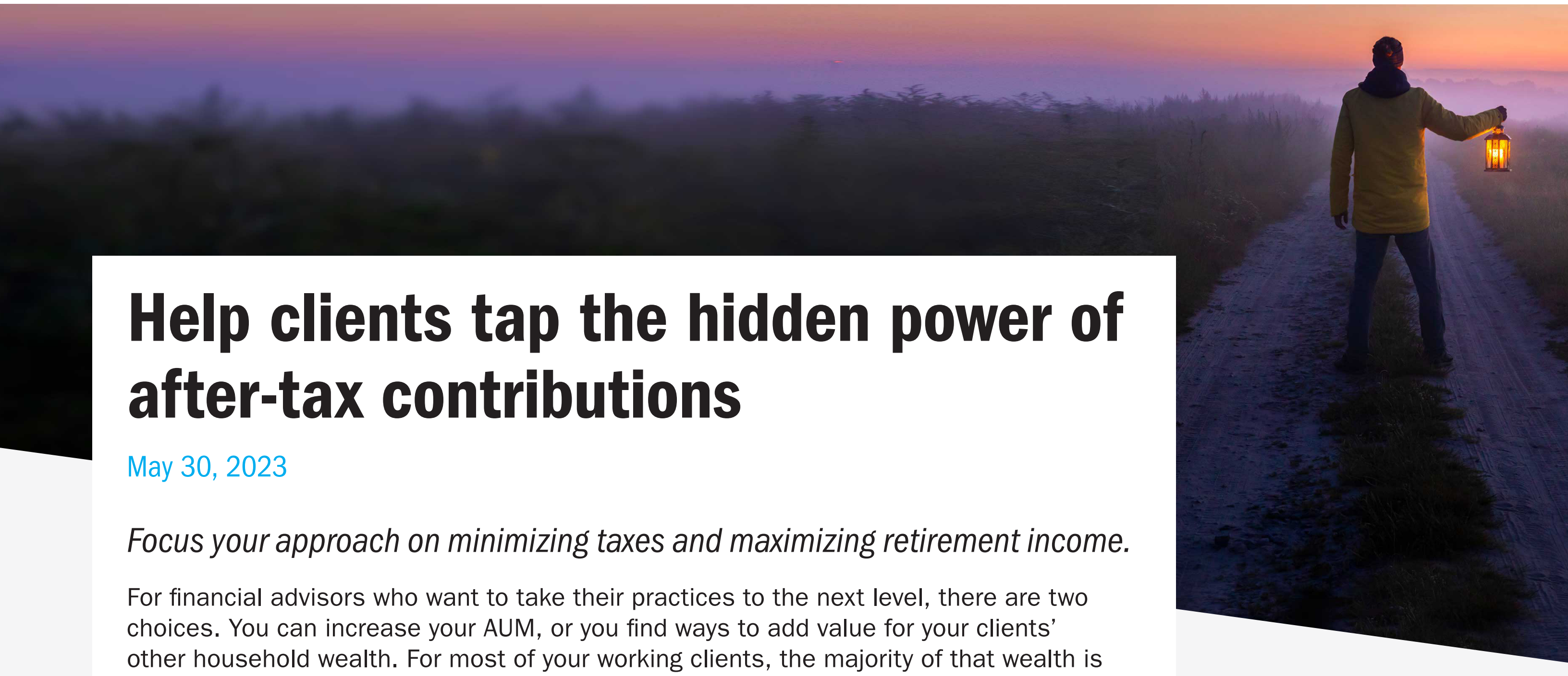
COLUMBIA THREADNEEDLE INVESTMENTS



Help clients tap the hidden power of after-tax contributions

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Focus your approach on minimizing taxes and maximizing retirement income.

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For financial advisors who want to take their practices to the next level, there are two choices. You can increase your AUM, or you find ways to add value for your clients' other household wealth. For most of your working clients, the majority of that wealth is related to their job. To turn your investment and allocation relationships into total wealth management relationships, you need to have an opinion on, and actionable solutions for, your clients' 401(k)s and other workplace-based financial benefits.

Your working clients are probably not getting the advice and guidance they need — especially when their 401(k) plan features and other benefits are obscure or complicated. Understanding these features and benefits — and showing your clients ways to capitalize on them — can be a real win-win. Your clients can take advantage of features and benefits they may not even know about, and you become a go-to resource for their workplace-related wealth.

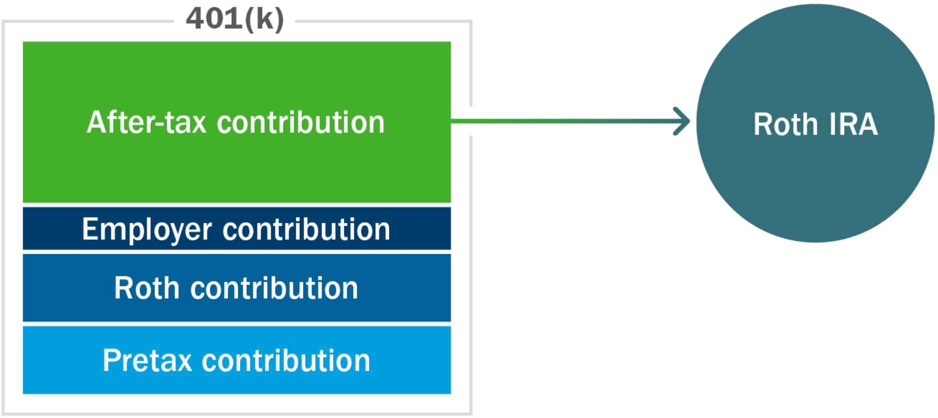
Optimize contributions to maximize retirement income

One of those obscure, complicated and often overlooked plan features is the potential ability to make after-tax contributions to an employer-sponsored plan — something that's growing in popularity. To find out how plan participants can tap into this, let's take a step back.

For most Americans, a combination of pension distributions, 401(k) or other defined contribution plan balances and Social Security make up the majority of their retirement income. All three of those income sources are usually taxable when distributed. For some plan participants, one way to minimize the impact of taxes on retirement income is to make after-tax contributions to their plan if they can.

For example, if you have clients who have maxed out on 401(k) deferrals, and if their employer plan provides an after-tax account, aside from Roth, they may be able to contribute more — sometimes up to $30,000 more — than the plan's pretax limits. Each year, those clients could then transfer their after-tax contributions into a Roth IRA (or an in-plan Roth account).

Making after-tax contributions through an employer-sponsored retirement plan can help minimize taxes on retirement income



For illustrative purposes only.

So how does this help save on taxes down the line? Essentially, the employer plan serves as a pass-through that allows a participant to move contributions into a Roth well in excess of the annual Roth IRA contribution limits (currently $6,500). The Roth account then grows tax-free — and since the initial contributions were made post-tax, distributions are also tax-free.

Of course, each defined contribution plan is unique. Columbia Threadneedle's advisor consulting resources can help you identify if a plan allows after-tax contributions and provide detailed information surrounding limits and restrictions that may apply.

Take the next step

Many plan participants who can take advantage of this contribution feature may not yet be aware of its availability. Help clients who have this feature and carve a niche serving employees with maximizing this feature and beyond. To learn more, visit our workplace compensation resources page. There you'll find information about after-tax contributions and everything you need (including articles, Q&As with experts, conversation toolkits, CE credit courses and more) to become a workplace compensation specialist.

To find out more, call 800.426.3750
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