

Laitram 401(k) Optional After-tax Contribution and Roth In-plan Conversion Features



Section One: After-tax Contributions

Are After-tax contributions and the Roth in-plan conversion right for you? If you **have not** already reached the maximum annual deferral limit (\$23,500 for 2025) in Pre-tax and/or Roth contributions to the plan, or do not intend to do so by the end of the year, you should seriously consider whether After-tax contributions is an appropriate savings strategy for you. The reason is that After-tax contributions are not matched by the Company. So, to ensure you receive the full Company match on your deferrals, you should consider “maxing out” your Pre-tax and/or Roth contributions first. It's also recommended that you review the Summary of Material Modification memo (SMM) on this topic and consult with a financial or tax advisor before utilizing the After-tax contribution and Roth in-plan conversion features.

Note: Utilizing the After-tax Contribution and Roth In-plan Conversion feature is a two (2) step process. You must (1) make your After-tax election and then (2) contact Fidelity by phone (800) 835-5095 to initiate the Roth In-plan Conversion for your After-tax election. If you do not follow both steps, earnings on your after-tax contributions will not grow tax-free.

- 1. What are After-tax contributions?** A voluntary contribution to the 401(k) plan that is made on an “after-tax” basis, meaning you have already paid income taxes on the amounts that are contributed. Although these contributions are made on an “after-tax” basis, earnings on these contributions grow on a tax-free basis until they are withdrawn.
- 2. Can I withdraw After-tax contributions?** Yes, you can withdraw After-tax contributions at any time, without penalty and without paying taxes. However, when you withdraw your After-tax contributions, you must also withdraw any earnings on the After-tax contributions. The earnings are subject to taxation and withholding, and if you are under age 59½, the earnings are subject to a 10% penalty.
- 3. Can I do a Roth in-plan conversion on After-tax contributions?** Yes, After-tax contributions can be **automatically converted** to Roth contributions. Refer to Fidelity’s Roth In-plan Conversion pamphlet on how to setup the Roth conversion feature for your After-tax contributions. You must call Fidelity direct to enable this feature; this feature cannot be enabled on-line or via the Fidelity app. See Section Two for more information on the Roth In-plan Conversion.

4. Am I limited to how much I can contribute After-tax? Yes, you can only contribute up to 7% of your compensation and the total contributions, by both you and the Company combined, cannot exceed the annual IRS limit (\$70,000 for 2025). Refer to the SMM memo for more details on these limitations.

5. Who determines if I may exceed the IRS contribution limit? It is your responsibility to track how much you and the Company contribute to the plan. If you approach the limit, it's your responsibility to discontinue your After-tax contributions. Laitram nor Fidelity will alert you or automatically discontinue your After-tax contributions if you reach or exceed the contribution limit.

6. What happens if I exceed the IRS contribution limit? The amount exceeding the annual limit, along with any earnings on the amount, will be distributed from the plan. Your excess contributions will be distributed to you tax-free while the earnings on those contributions would be taxable compensation.

7. How do I elect to make After-Tax contributions? Simply go to 401k.com or the Fidelity NetBenefits app and enter the percentage (1-7%) that you wish to contribute After-tax.

Change contributions ×
Make changes Learn more

Contribution per paycheck
7%
Estimate dollar amount

PRE-TAX
Min. 0.00%, Max. 100.00% − +

ROTH
Min. 0.00%, Max. 100.00% − +

AFTER-TAX
Min. 0.00%, Max. 6.00% − +

Section Two: Roth In-plan Conversion

1. What is a Roth in-plan conversion? A Roth in-plan conversion allows you to move money you have saved in an eligible workplace retirement plan into a designated Roth account within that plan.

2. Will the converted assets in the Roth account be eligible for withdrawal? This depends on your individual situation. If you convert money that was already immediately available for a withdrawal, this money will still be immediately available. However, if you convert money that was not available for a withdrawal, those assets will remain unavailable for a withdrawal, just as before the conversion.

3. How do I convert my money to a Roth account within my plan? Refer to Fidelity's Roth In-plan Conversion pamphlet on how to setup the Roth conversion feature for your After-tax Contributions. **Please note that you must call Fidelity direct to enable this feature; this feature cannot be enabled on-line or via the Fidelity app.**

4. Does Fidelity charge a fee to convert to a Roth account? No, Fidelity does not charge a fee to convert eligible contributions to an in-plan Roth account.

5. Do I pay taxes on After-tax contributions that I convert to a Roth? The answer is twofold:

- a. You do not have to pay taxes on the base contribution, which was deducted from your paycheck after taxes were withheld.
- b. You do have to pay taxes on any earnings that accrued between the time the base contribution was made and when you converted the contribution and associated earnings to the Roth. **By utilizing the automatic in-plan conversion feature, these taxes are significantly minimized.**

6. When am I responsible for paying applicable taxes incurred as a result of a Roth in-plan conversion? You must pay all applicable taxes incurred as result of a Roth in-plan conversion for the income tax year in which you made the conversion. Taxes incurred as a result of an in-plan conversion are not withheld from your payroll or converted contributions, and you are responsible for the tax liability.

7. Will I receive a tax form if I move money to a Roth account?

Yes, you will receive an IRS Form 1099-R at the end of the calendar year, which will include consolidated tax information on all your applicable conversions for the year.

8. Am I required required to convert to a Roth? No. The decision to convert non-Roth money to a Roth account within your plan is completely optional, and you should carefully consider your decision before moving forward. You can also convert a portion of your workplace savings plan contributions—for instance, just after-tax contributions—and your pretax contributions may remain in a separate pretax bucket.

Section Three: Contacts

- Laitram: Rob Munch at (504) 570-1231 or rob.munch@laitram.com
- Fidelity:
 - General Questions: (800) 835-5097
 - Roth In-Plan Conversion Setup: (800) 835-5095

The table below summarizes the different types of plan contributions and the tax implications of each.

	PRETAX CONTRIBUTIONS	ROTH CONTRIBUTIONS	AFTER-TAX CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS
Are contributions taxed when made?	No	Yes	Yes	No
Are contributions taxed when distributed?	Yes	No ¹	No*	Yes
Are earnings taxed when distributed?	Yes	No ¹	Yes*	Yes
What are the IRS annual limits?	\$23,500 for 2025 for employee pretax and Roth contributions		\$70,000 for 2025, including employee pretax, Roth, after-tax, AND employer contributions	
What is the catch-up contribution for a person age 50 or older?	An additional \$7,500 for 2025			
	A catch-up contribution may be made on a pretax or Roth basis and is in addition to the combined pretax and Roth \$23,500 annual limit, as well as the \$70,000 annual additions limit, which applies to the total contributions made to your 401(k) across pretax, Roth, after-tax, and employer contributions.			

¹ A distribution from a Roth 401(k) is tax free and penalty free, provided that the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, or death. *A partial distribution from a qualified plan must include a proportional share of the pretax and after-tax amounts in the account. Therefore, while the portion of your distribution associated with your after-tax contribution is not taxable, the portion of your distribution associated with any pretax contributions or earnings on pretax or after-tax contributions is taxable.

	AGE 49 OR YOUNGER	AGE 50 OR OLDER
1. Contribute the maximum amount on a pretax and/or Roth Basis	\$23,500	\$23,500
2. Contribute the maximum amount on an after-tax basis, up to the annual additions limit of \$70,000.	\$46,500 [†]	\$46,500 [†]
3. Take advantage of the additional catch-up contribution if age 50 or older.	N/A	\$7,500
Total Contribution	\$70,000	\$77,500

[†]Your after-tax contribution amount will be reduced by the amount of Company contributions to your plan account, if applicable.