

What Makes Sense for You: After-tax Roth or Tax Deferred?

The chart below can provide you with a possible way to evaluate the choice to pay taxes today or in retirement. It assumes you contribute the same amount while working, whether as after-tax Roth (paying income taxes now with tax-free withdrawals for qualified distributions) or traditional tax-deferred (which can reduce your taxable income today but you pay taxes on distributions). The University of Michigan does not provide (nor is this intended to constitute) tax, legal, accounting, estate planning or investment advice. Your specific circumstances may not be addressed by this chart. It is the responsibility of the individual to address questions or concerns to a qualified professional.

