

Nike Mega Backdoor Roth 401(k)

THE NIKE MEGA BACK-
DOOR ROTH GIVES YOU
THE ABILITY TO SAVE
AFTER-TAX DOLLARS
ABOVE THE MAXIMUM
401(K) CONTRIBUTION,
AND CONVERT THOSE
SAVINGS TO A ROTH
ACCOUNT WHERE THEY
GROW TAX-FREE.

What are the benefits of the Nike Mega Backdoor Roth?

The Mega Backdoor Roth is a significant benefit that not many employers offer.

The Nike Mega Backdoor Roth allows you to save additional after-tax dollars over and above the maximum annual 401(k) contribution limit. You can save an additional 3% of your income (including your base salary and Profit Sharing Plan bonus), up to \$8,700 annually, in after-tax savings.

When you convert those savings to a Roth account, those dollars grow tax-free rather than tax-deferred, which can be a significant benefit when you withdraw them in retirement.

You have access to your Nike investment options in your Roth account.

Traditional pre-tax versus Roth savings:

Pre-tax 401(k) savings	Roth savings
Contributions are made <i>before</i> taxes have been withheld.	Contributions are made <i>after</i> taxes have been withheld.
Savings grow without being taxed.	Savings grow without being taxed.
Distributions are taxed as ordinary income.	Qualified distributions are free from income taxes.



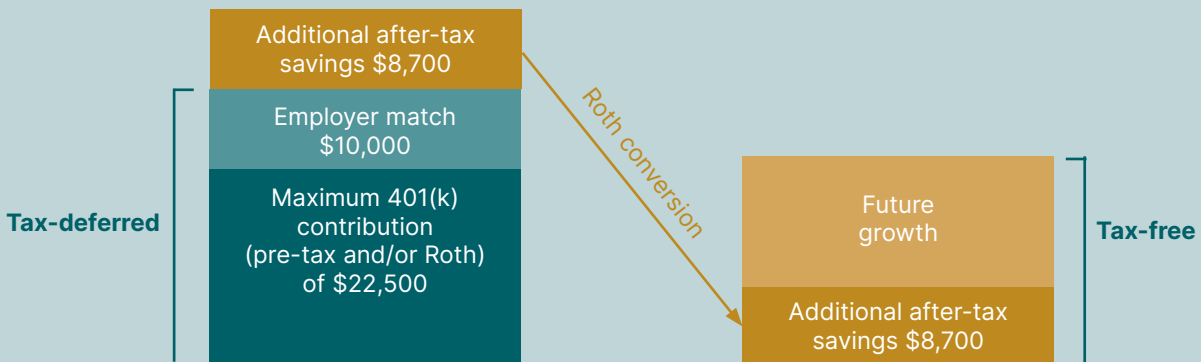
Making use of your Mega Backdoor Roth option

In order to make use of your Mega Backdoor Roth option, you must start by contributing the maximum in your Nike 401(k) Plan, either pre-tax or into a Roth account (in 2023: \$22,500 plus a \$7,500 catch-up contribution for those over age 50): Nike will match the first 5% of your salary that you contribute.

Then, you can contribute an additional 3% of your income (including base salary and Profit Sharing Plan bonus) up to \$8,700. You'll need to request an in-plan Roth conversion of these funds, which you can do by calling the Nike 401(k) phone line. Those funds will then grow tax-free in a Roth account, and qualified funds will be free of taxes when you withdraw them in retirement. It's important to execute this conversion as quickly as possible; any growth in the funds between contribution and conversion will become subject to taxes at conversion.

Looking at how the Nike Mega Backdoor Roth works

Let's look at a sample case of an individual with a \$200,000 annual salary:



Arnerich Massena can help.

Your Mega Backdoor Roth is a unique and valuable benefit, and we can help you maximize your use of it. Our planners are in your corner; we have years of experience working with Nike executives and can help you explore options and find the best ways to make your Nike benefits work for you.

Contact us to learn more about how we may be able to help. Reach out to Ryland Moore at rmoore@am-a.com or 971.263.7860. We look forward to learning more about the legacy you want to create.

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