

NIKE MEGA BACKDOOR ROTH 401(k)

The Nike Mega Backdoor Roth 401(k) gives you the ability to save after-tax dollars above the maximum employee 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.

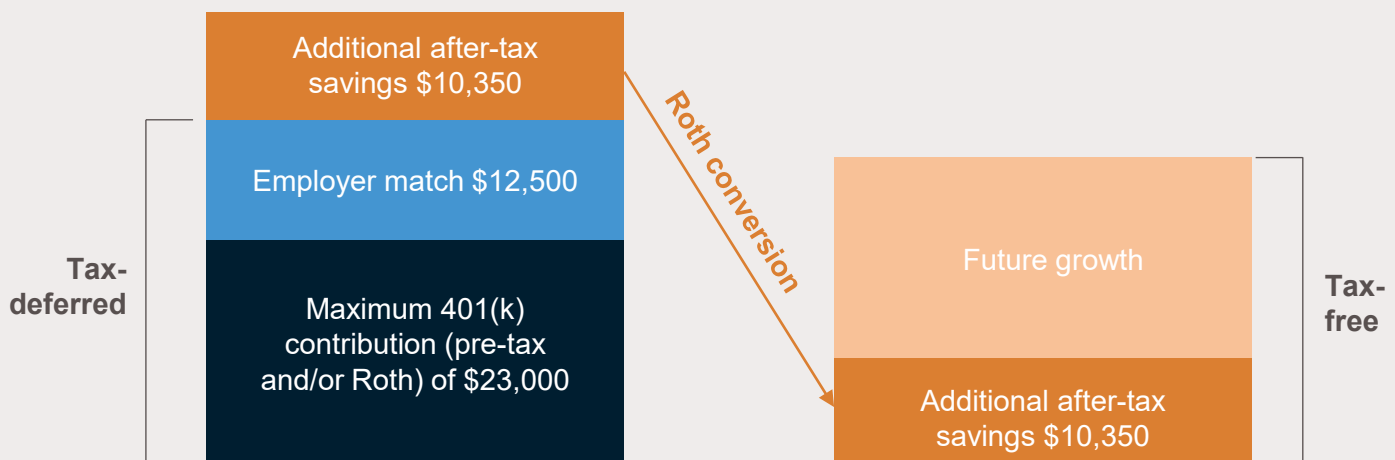
The Nike Mega Backdoor Roth allows you to save additional after-tax dollars over and above the maximum annual employee 401(k) contribution limit. You can save an additional 3% of your income (including your base salary and Performance Sharing Plan bonus), up to \$10,350 annually, in after-tax savings.

When you convert those after-tax savings to Roth, those dollars grow tax-free rather than tax-deferred. This remarkable tax-free asset can be a significant benefit when you withdraw income in retirement.

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

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:



Making use of your Mega Backdoor Roth option

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 2024: \$23,000 plus a \$7,500 catch-up contribution for those over age 50). Nike will match the first 5% of your salary that you contribute.

After that, you can contribute an additional 3% of your income (including base salary and Performance Sharing Plan bonus) up to \$10,350. You'll *need to request* an in-plan Roth conversion of these funds, which you can do by calling the Nike Fidelity NetBenefits 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.

Coldstream can help.

Equity compensation can be confusing, but when used appropriately it can be a tremendous benefit, helping you build long-term wealth and security. Our planners are in your corner; we have decades 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 at 452.283.1600 or info@coldstream.com. We look forward to learning more about the legacy you want to create.

