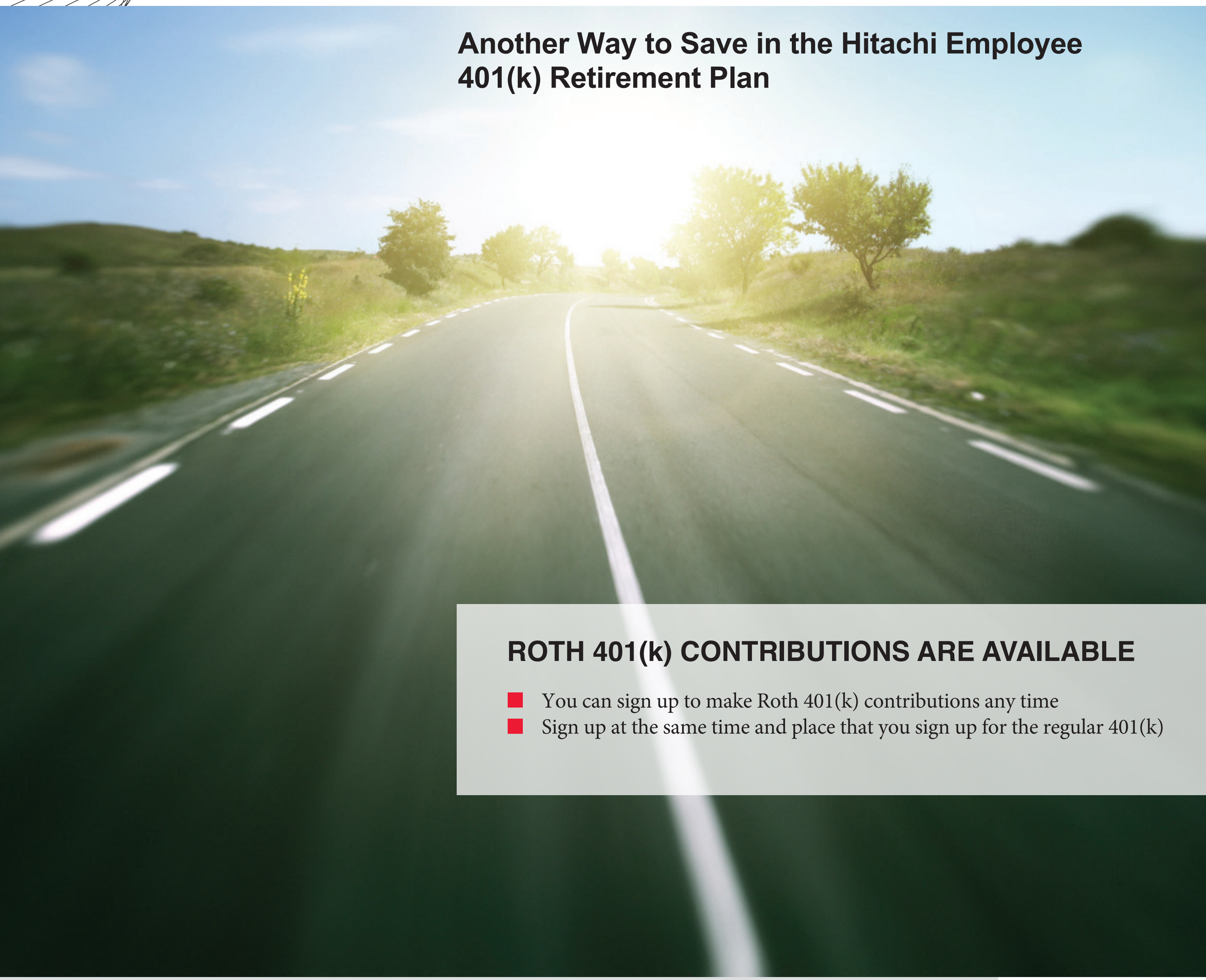
Roth 401(k) Contributions

Another Way to Save in the Hitachi Employee 401(k) Retirement Plan



ROTH 401(k) CONTRIBUTIONS ARE AVAILABLE

- You can sign up to make Roth 401(k) contributions any time
- Sign up at the same time and place that you sign up for the regular 401(k)

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Did you know that your Plan has a Roth 401(k) feature?

Roth 401(k) contributions offer the potential for tax-free income at retirement.

For years we've been told that contributing to a 401(k) plan before taxes is one of the smartest financial moves you could make. And that's still true. But a feature in your Hitachi Employee 401(k) Retirement Plan could have you looking at 401(k) plan contributions in a whole new way. You decide which is right for you.

Here's how Roth 401(k) after-tax contributions work.

- Unlike traditional pretax 401(k) contributions, Roth 401(k) contributions are designed to give you an opportunity for tax-free income in retirement with contributions made using after-tax dollars now.
- When you make Roth 401(k) contributions, you pay your taxes upfront—at your current tax rate—rather than later, at whatever your tax rate would be when you retire.
- Roth 401(k) contributions and traditional pretax contributions are similar in many ways. You make both through payroll deductions, can invest them in the same way, and can take distributions at age 59½ or if you become disabled or die. You can also roll over your assets if you leave Hitachi.

Do taxes really matter? You decide.

See how Roth 401(k) contributions compare to regular pretax contributions with the Roth 401(k) modeling tool.

Go to **www.401k.com** for additional resources and to access the modeling tool.

Two ways to save for your future.

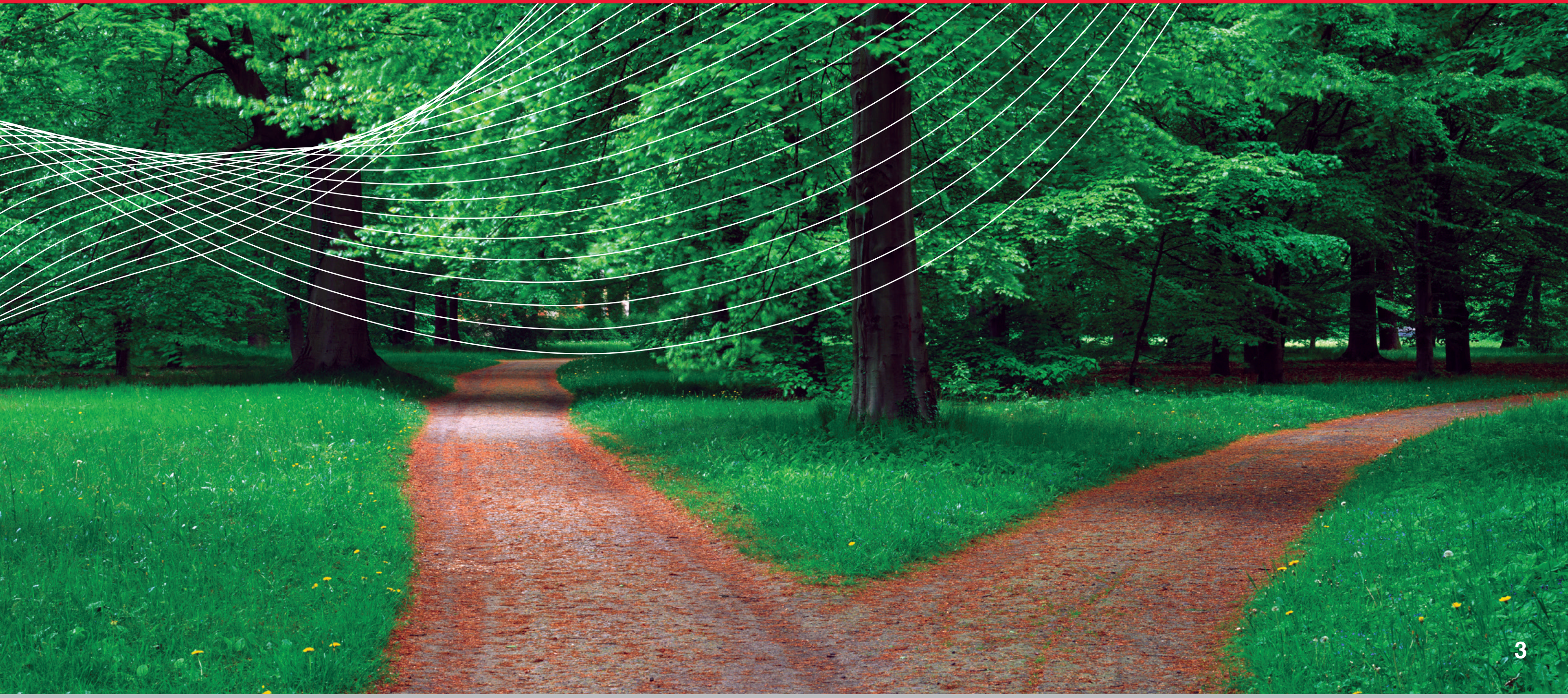
Pretax and Roth 401(k) contributions work in similar ways, with a few key differences.

What's different?

- **When taxes are taken from your contributions.**
  With traditional pretax contributions, your contributions come out of your paycheck before taxes. Roth 401(k) contributions are the opposite. They're taken out of your paycheck after taxes are withheld—but the contribution amount is still based on your total eligible pay. Making a contribution on an after-tax basis results in less take-home pay than making the same contribution on a pretax basis.
- **When taxes are taken from your withdrawals.**
  When you withdraw your pretax contributions, you'll pay federal and possibly state income taxes on both your contributions and any related earnings. When you withdraw your Roth 401(k) contributions, you pay no federal taxes or early withdrawal penalties on your contributions and any related earnings as long as you hold your contributions in the Plan for at least five years and are at least age 59½, disabled or deceased. If you withdraw before you reach age 59½, disabled or deceased, you'll also pay an early withdrawal penalty.
- **How rollovers are treated.**
  You can roll over your pretax contributions to a traditional Individual Retirement Account (IRA), another employer's plan, or to a Roth IRA (if you pay taxes on your distribution first). Roth 401(k) contributions can only be rolled over to a Roth IRA or another employer's plan if it accepts Roth 401(k) rollovers.

What's the same?

- **How you contribute.**
  Both pretax and Roth 401(k) contributions are made through payroll deductions.
- **How much you can contribute.**
  You can contribute eligible pay in any combination of pretax and Roth 401(k) contributions (up to the annual IRS limits, including catch-up if you are age 50 or older). The IRS limit applies to the total of both your pretax and Roth 401(k) contributions, and is subject to change each year.
- **How you invest your contributions.**
  You invest pretax and Roth 401(k) contributions the same way. No matter which type of contribution you make, any earnings can compound without being subject to taxes while held in your Plan account.
- **How loans and hardship withdrawals are treated.**
  Both pretax and Roth 401(k) contributions are available for loans and hardship withdrawals. And both are subject to early withdrawal penalties for loan defaults or hardship withdrawals.



Roth 401(k) vs. Traditional Pretax Contributions

	TRADITIONAL PRETAX CONTRIBUTIONS	ROTH 401(k) CONTRIBUTIONS
Pay taxes when contributed	No	Yes
Pay taxes on contributions and any earnings at withdrawal	Yes	No, if assets are in the Plan for at least 5 years and you are at least age 59½, disabled or deceased
Can be rolled over to a 401(k) Plan	Yes	Yes, if Roth 401(k) rollovers are accepted
Required withdrawals starting at age 73	Yes	Yes, if left in Plan No, if rolled over to a Roth IRA

How take-home pay changes with Roth 401(k) contributions

There are many factors to consider when deciding whether to save for the future using traditional pretax or Roth 401(k) contributions. One is the effect on your take-home pay. The example below shows the difference in take-home pay between Roth 401(k) after-tax and traditional pretax contributions. Remember, while your take-home pay will be less now, your Roth 401(k) contributions and earnings are not subject to federal taxes when withdrawn as long as you hold your contributions in the Plan for at least five years and are at least age 59½ disabled or deceased.

	TRADITIONAL PRETAX CONTRIBUTIONS	ROTH 401(k) CONTRIBUTIONS
Monthly gross earnings	$6,250.00	$6,250.00
Pretax contributions	$375.00	$0.00
Monthly taxes	$1,292.50	$1,375.00
Roth 401(k) contributions (after-tax)	$0.00	$375.00
Monthly take-home pay	$4,582.50	$4,875.00
Difference in take-home pay	**$292.50**	

Hypothetical example for illustration purposes only. The following assumptions were used: annual income of $75,000; annual deferral rate of 6%; and a 22% effective tax rate.

WHICH WAY IS RIGHT FOR YOU?

We encourage you to check with your tax or financial advisor to decide whether pretax or Roth 401(k) contributions make sense for your situation. For now, answer “yes” or “no” based on whether or not you agree with the following statements:

	YES	NO
I can afford to pay a little more in taxes today in order to pay less in taxes at retirement.	☐	☐
I have a longer time horizon to accumulate tax-free earnings. (I don’t plan to withdraw my contributions until at least five years after I begin making them.)	☐	☐
I expect my tax bracket to be higher in retirement than it is now.	☐	☐
I want to have some tax-free money to draw on in retirement.	☐	☐
I want to leave tax-free money to my heirs.	☐	☐

- If you answered “yes” to most of these statements, the Roth 401(k) may be a good option for you.
- If you answered “no” to most of these statements, the Roth 401(k) may not be a good option for you.
- In either case, you may want to consider making Roth 401(k) and pretax contributions.

Want to enroll, increase your pretax contributions, or switch to Roth 401(k) contributions?

3 steps, 5 minutes. That’s all it takes.

1. Go to **www.401k.com**. Log in using your Fidelity username and password and click the link for your plan.
2. Click *Contribution Amount*.
3. Enter a percentage for Pretax or Roth, then click *Submit*.

Alternatively, call the Fidelity Retirement Benefits Line at **1-800-835-5095**.

Frequently Asked Questions: Roth 401(k) Contributions

What are Roth 401(k) contributions?

Roth 401(k) contributions are a way to save in the Hitachi Employee 401(k) Retirement Plan. Roth 401(k) contributions are designed to help provide you with federally tax-free income at retirement, provided you're at least 59½, disabled or deceased and you've held your Roth 401(k) contributions in the Plan for at least five years when you withdraw your contributions.

How do Roth 401(k) contributions work?

Like traditional pretax contributions, you can make Roth 401(k) contributions through payroll deduction. Unlike traditional pretax contributions, however, Roth 401(k) contributions are made after taxes. Roth contributions do not give you an upfront tax benefit.

But here's the benefit: Your Roth 401(k) contributions and any earnings on those contributions aren't subject to federal income tax, provided you're at least 59½, disabled or deceased and you've held your Roth 401(k) contributions in the Plan for at least five years when you withdraw your contributions.

When can I sign up to make Roth 401(k) contributions?

You can sign up to make Roth 401(k) contributions any time. The change will be effective the first day of the month following when the change was made.

How much can I contribute?

You can contribute a percentage of your eligible pay to the Plan in Roth 401(k) contributions, traditional pretax contributions, or a combination of both.

Your Roth 401(k) contributions are subject to the same IRS limits that apply to your pretax contributions. If you will be 50 or older by the end of the year, you can contribute an additional catch up contribution. (Note that the IRS reviews the limits annually and they are subject to change each year.)

Note that the IRS contribution limit applies whether you make pretax or Roth 401(k) contributions—there isn't a separate limit. That means whether you make pretax contributions, Roth 401(k) contributions, or both, your total contributions to the Plan cannot total more than the annual IRS limit, including catch-up contributions if you are age 50 or older.

Which type of contribution might be right for me?

We encourage you to check with your tax or financial advisor to decide whether at least some percentage of Roth 401(k) contributions makes sense for your situation.

- **Need to reduce current taxes or nearing retirement?** If you're looking for ways to reduce your income now, pretax contributions may be the way to go. Likewise, older, late-career workers may prefer to continue making pretax contributions.
- **Lower future tax rate?** Do you think your tax rate will be lower in retirement? If so, pretax contributions may fit your situation better. Conversely, if you think your tax rate may be higher in the future, you may want to make Roth 401(k) contributions and pay taxes upfront at your current rates.
- **Looking for tax diversification?** No one can predict taxes—especially since Congress changes the tax code from time to time. A blend of pretax and Roth 401(k) contributions may make sense for you.
- **Expect income to rise substantially or have many years until retirement?** If you expect your income to rise over time, it may be better to pay taxes on your contributions now, when your tax rate may be lower, instead of paying higher taxes in the future. Roth 401(k) contributions may work well for you.

If I make Roth 401(k) contributions, can I still make traditional pretax contributions?

Yes. You can contribute a percentage of your eligible pay to the Plan in Roth 401(k) contributions, traditional pretax contributions, or a combination of both.

If I make Roth contributions, can I later decide I want them treated as traditional (pretax) contributions?

No. Unlike contributions to a Roth IRA, Roth 401(k) deferrals cannot be recharacterized as traditional.

How do I decide if Roth 401(k) contributions are right for me?

We strongly encourage you to check with your tax account or financial advisor to decide whether Roth 401(k) contributions are right for your situation.

In addition, you can see how Roth 401(k) contributions compare to regular pretax contributions with Fidelity's Roth 401(k) calculator. Go to **www.401k.com** for additional resources and to access the modeling tool.

What happens if I leave Hitachi? Can I roll over my Roth 401(k) contributions?

Yes. If you leave the company or retire, you can roll over your Roth 401(k) contributions into a Roth IRA or to another employer's plan, provided it accepts Roth 401(k) contributions. You also have the option to leave your contributions in the Hitachi Employee 401(k) Retirement Plan as well.

I have Roth 401(k) contributions in a previous employer's plan. Can I roll that money into the Hitachi Employee 401(k) Retirement Plan?

Yes, if you have Roth 401(k) contributions in a previous employer's plan, you can roll them into the Hitachi Employee 401(k) Retirement Plan. Call **1-800-835-5095** to start your rollover.

When will my contribution changes take effect?

Your Roth 401(k) contributions will begin with your first paycheck of the month following your election. For example, if you make an election during November, it will be effective December 1.

When am I vested in my Hitachi Employee 401(k) Retirement Plan contributions?

You are immediately 100% vested in your own and any company contributions to the Hitachi 401(k), as well as any earnings on them.

Keep in mind, investing involves risk. The value of your investment will fluctuate over time and you may gain or lose money.

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