

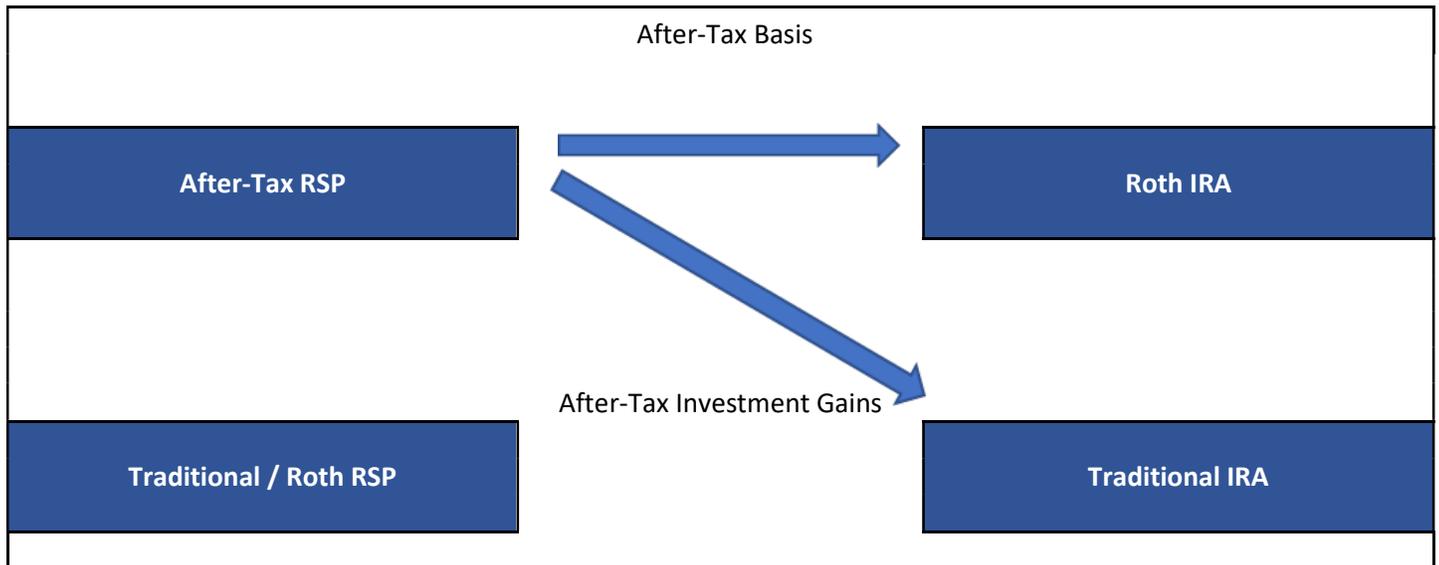


Five Things to Know About Your RSP

With the GE Pension Plan being frozen at the beginning of 2021, the GE Retirement Savings Plan has become the primary cornerstone of retirement savings and security for General Electric employees. As a GE employee its critically important for you to understand how to get the most out of your retirement plan to secure your future. Here are four tips to help.

- 1) The Max isn't the Max** – The typical maximum that an employee can put into a 401k plan is \$19,500 plus a \$6,500 catch up if you are over 50; but not at GE. At GE the maximum that you can fit into your 401k plan is \$19,500 into the Roth 401k or the deductible plan and an additional \$38,500 less your GE employer contributions. The excess contributions above the \$19,500 got into the After-Tax account of your 401k and will grow tax-deferred for your retirement. This little-known fact lets you put up to \$58,000 per year into your retirement savings plan, plus the catch-up contribution (assuming the highly compensated employee limits don't stop you).
- 2) The GE Super Roth** – How much would you like to put into a Roth style retirement account? With the GE RSP you can put up to \$58,000 (less the GE employer contribution) into a Roth account if you choose. This savings strategy requires contributing to the Roth 401k and then to the After-Tax 401k and rolling the After-Tax contributions to a Roth IRA once your funds have accumulated. Investment gains in the After-Tax RSP will needed to be rolled over to a traditional IRA. If you also have interest in controlling your own investments or converting your GE employer matching contributions to a Roth account, you can also roll those funds over to the traditional IRA as well. One word of caution is that GE contributions made in the last two years to your RSP cannot be rolled out of the plan or else the employer match will be suspended. Work with a financial professional to make sure you do this technique correctly.

GE Super Roth



- 3) Max the Match** – Did you know that if you reach your 401k plan limit early in the year, you actually miss out on GE matching dollars? When you stop contributing to the plan, GE stops contributing as well – this is how

all 401k plans work that don't have a plan true-up provision. So, if you earn \$290,000 per year and hit your \$19,500 maximum contribution six months into the year, only the first \$145,000 of your income will be matched for an employer contribution of \$10,150. But if you spread your contributions out evenly through the year then you will get the full GE employer matching contribution (\$20,300 in this example) on your entire \$290,000 of income.

Max the Match Contribution Chart

Annual Income	Contribution to Max The Match	Employer Contribution
\$125,000	15.6%	\$8,750
\$150,000	13.0%	\$10,500
\$175,000	11.1%	\$12,250
\$200,000	9.8%	\$14,000
\$225,000	8.7%	\$15,750
\$250,000	7.8%	\$17,500
\$275,000	7.1%	\$19,250
\$300,000+	7.0%	\$20,300

4) Stay for the Profit-Sharing Contribution; AKA Don't Quit in November – Ever notice that your GE employer contributions don't seem to be as much as you thought? That's because GE makes a one-time profit-sharing contribution after year end. If you leave for your next venture before December 15th, you forfeit the 3% profit sharing you would have earned if you had stayed a little longer. Also, keep in mind the 3-year cliff vesting on employer contributions to your RSP that begins at the time you were hired. Time your exit well if you decide to make one – it might be worth it!

5) Know the Limits – So far, we have covered a lot of information and the last tip is to know your limit. The GE RSP plan has several different contribution limits that come into play based on a combination of factors. The first limit is the most well-known, which is the \$19,500 limit for the Roth and Pre-Tax contributions. The second limit to know includes the limit on After-Tax and employer contributions, which is \$58,000 in total. If you are over 50 then you can contribute a catch-up contribution in addition to these limits of \$6,500.

The last limit is for those folks deemed Highly Compensation Employees (HCE). For 2021, HCE's with earnings of \$130,000 to \$245,000 can contribute a total of 16% to any combination of the Pre-Tax, Roth, and After-Tax. For those with earnings over \$245,000, they are limited to contributions of 13% in total. These percentages do not include or consider catch-up contributions.

With all the recent changes at GE, this is a great time to revisit your financial plan – LiveWell Capital can help. Many changes to the retirement plan were implemented as of 1/1/2021 and now is the time to review your plans for the future. Meet with us today to plan for your tomorrow.

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GE RSP plan can change. The GE RSP summary plan document should be consulted when making decisions about how or whether to defer income.

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