

Choose  
your own  
path.

## Introducing new ways to save on the road to retirement.

There are several ways to contribute to your retirement savings within your Arhaus, LLC 401(k) Plan (the "Plan"). All your contribution options have unique advantages and tax implications. Take time to learn more about each of them and which ones may work for you.

See where you stand and explore your options.



Log in to [workplace.schwab.com](https://workplace.schwab.com) to review your elections.



Find out more about the different ways you can save.

*Own your tomorrow<sup>®</sup>*

## Pre-tax contributions.

Pre-tax contributions are deducted from your eligible pay and may provide an immediate tax benefit since they help reduce your current taxable income. Upon withdrawal, you are required to pay taxes on the contributions and any earnings. You may contribute up to 100% of your eligible pay on a pre-tax and/or Roth 401(k) basis each year. Your total pre-tax and Roth 401(k) contributions cannot exceed the IRS limit for 2024—\$23,000, or \$30,500 if you are age 50 or older by calendar year-end.

## Roth 401(k) contributions.

Roth 401(k) contributions are made to your Plan account after taxes are deducted from your eligible pay and do not provide an upfront tax benefit. However, withdrawals of Roth 401(k) contributions are tax-free. Any earnings on Roth 401(k) contributions may be withdrawn tax-free if certain criteria are met.<sup>1</sup> As a reminder, your combined pre-tax and Roth 401(k) contributions cannot exceed Plan contribution limits or the IRS limit for 2024—\$23,000, or \$30,500 if you are age 50 or older by calendar year-end.



## In-plan Roth rollovers.

In-plan Roth rollovers allow you to convert all or a portion of your eligible balances to Roth savings while leaving the money in your Plan account. When you retire, you will not pay taxes on the converted balances and any related earnings, as long as certain criteria are met.<sup>†</sup>

While there is no fee for in-plan Roth rollovers, you must pay income taxes on any money you roll over that has not been taxed before. Specifically, pre-tax contributions (including any earnings on them) and any earnings generated on after-tax contributions before conversion are taxable in the year they're converted.

Income taxes are not withheld at conversion. You will receive an annual Form 1099-R by early February that includes the amount of any in-plan Roth rollover you made the year prior. Requests for in-plan Roth rollovers are generally processed within 10 business days of receipt. Talk to a tax advisor for help deciding if an in-plan Roth rollover makes sense for you.


### **When considering if an in-plan Roth Rollover is right for you, ask yourself the following questions:**

- Are you likely to be in a higher tax bracket at retirement?
- Can you wait at least five years before withdrawing the money you intend to roll over?
- Can you afford to pay income taxes on the rollover now?
- Do you intend to leave the money to your beneficiary(s)?



# Compare your contribution options.

Explore this comparison of pre-tax and Roth 401(k) contributions. Each offers unique benefits and tax implications to help keep your plans for retirement on track and give you more flexibility in the future. Your Plan may limit the amount you can defer for each contribution type, and IRS limits may change from year to year.

	Pre-tax	Roth 401(k)
 <b>Key considerations</b>	May be appropriate for those expecting to be in a lower tax bracket at time of withdrawal.	May be beneficial for those expecting to be in a higher tax bracket at time of withdrawal.
 <b>Tax implications</b>	Taxes on contributions are deferred. Provides immediate tax benefits. Taxes are paid at withdrawal.	Contributions are made after taxes, and any earnings may grow tax-free. No immediate tax benefit. No taxes at withdrawal if certain conditions are met. <sup>†</sup>
 <b>Rollover options if you leave your employer<sup>§</sup></b>	New employer's tax-qualified plan, if new employer allows; leave in the Plan; traditional IRA; Roth IRA; <sup>**</sup> or cash out. <sup>#</sup>	New employer's tax-qualified plan, if new employer allows; <sup>§§</sup> leave in the Plan; Roth IRA; <sup>**</sup> or cash out. <sup>#</sup>
 <b>Mandatory distributions at age 73</b>	Generally, required minimum distributions must begin no later than April 1 of the year following the calendar year you reach age 73 <sup>***</sup> or retire, whichever is later.	You are not required to take a minimum distribution from your Roth accounts during your lifetime.
 <b>Withdrawals before age 59½</b>	Yes, for a qualified financial hardship, if permitted by the Plan. <sup>#</sup>	Yes, for a qualified financial hardship, if permitted by the Plan. <sup>#</sup>
 <b>In-plan Roth rollover eligible</b>	Yes, contributions and any earnings are taxable in the year converted.	Not applicable.
 <b>Key takeaway</b>	May provide immediate tax benefits.	May provide future tax benefits.

## Consult. Review. Questions?



Consult with a tax advisor for help choosing the option(s) right for you.



Review or update your contribution elections at [workplace.schwab.com](https://workplace.schwab.com). Select the **Manage Account** tab and then **Contributions > In-Plan Roth Rollover** to get started.



Questions? Call Participant Services at **1-800-724-7526**.

\* Your employer may have a maximum contribution rate as well as other restrictions. Employer contributions are paid on a pre-tax basis and may be taxable at withdrawal.

† Earnings on Roth 401(k) contributions are eligible for tax-free treatment as long as the distribution occurs at least five years after the year you made your first Roth 401(k) contribution and you have reached age 59½, have become disabled, or have died.

§ A rollover of retirement plan assets to an IRA is not your only option. Carefully consider all of your available options which may include but not be limited to keeping your assets in your former employer's plan; rolling over assets to a new employer's plan; or taking a cash distribution (taxes and possible withdrawal penalties may apply). Prior to a decision, be sure to understand the benefits and limitations of your available options and consider factors such as differences in investment-related expenses, plan or account fees, available investment options, distribution options, legal and creditor protections, the availability of loan provisions, tax treatment, and other concerns specific to your individual circumstances.

\*\*\* When a participant rolls over a balance to a new Roth IRA, the five-year qualification period may start over. This may impact the rollover decision. If the participant has an established Roth IRA, then the qualification period is calculated from the initial deposit into the IRA, and the rollover will be eligible for tax-free withdrawals when that five-year period has ended (and the age qualifier has been met).

†† You will be subject to income taxation if you roll over a pre-tax 401(k) account to a Roth IRA. Additionally, you may be subject to a 10% early distribution recapture penalty if you take a distribution from the Roth IRA within 5 years of the rollover from the Plan and you are under age 59½.

††† Withdrawals may be subject to income tax and/or early distribution penalties.

§§ Must be transferred via direct rollover.

\*\*\* You generally have to start taking required minimum distributions (RMDs) no later than April 1 of the year following the calendar year you reach age 73 or retire, whichever is later. If you were born on or before June 30, 1949, the required minimum distribution age is 70½. If you were born after June 30, 1949, and before January 1, 1951, the required minimum distribution age is 72. If you own 5% or more of the business sponsoring the Plan, other provisions may apply. Refer to your Plan document for details. However, you are not required to take a minimum distribution from your Roth accounts during your lifetime.

You must be a U.S. citizen and resident to request an in-plan Roth rollover online or by phone. If you are not a U.S. citizen and resident, you may mail or fax your in-plan Roth rollover election to Schwab Retirement Plan Services, Inc. Election forms are available at [workplace.schwab.com](https://workplace.schwab.com). Other restrictions may apply based on Plan provisions.

This information is not intended to be a substitute for specific individualized tax, legal, or investment planning advice. Where specific advice is necessary or appropriate, you should consult with a qualified tax advisor, CPA, financial planner, or investment manager.

Schwab Retirement Plan Services, Inc. provides recordkeeping and related services with respect to retirement plans and has provided this communication to you as part of the recordkeeping services it provides to the Plan.