ENDOWMENT
WEALTH MANAGEMENT®
Fee-Only Fiduciary Advisors

EWM Personal Finance
Tips & Solutions

401(k)/403(b) In-Service Rollovers & Mega-Backdoor Roth Conversions

In-Service Rollover:

Transferring funds from a qualified, employer-sponsored retirement plan, such as a 401(k)/403(b) while you are still employed at the company. The main advantage of completing an in-service rollover is to expand your investment options and unlock more flexibility with your retirement account. Depending on your retirement plan, costs, investment options, creditor protections, and other benefits vary and should be evaluated based on individual circumstances.

Notes:
- Many plans allow in-service distributions beginning at age 59½, although plan rules vary and certain amounts may be available earlier.
- Check with your plan administrator to determine whether your plan permits in-service distributions and which account balances are eligible.
- Some plans may permit earlier distributions of certain account balances, including after-tax contributions, depending on plan terms.
- Be sure you check with your employer to see if your plan allows in-service withdrawals.

Mega-Backdoor Roth Conversion:

A strategy that allows individuals to contribute additional amounts to Roth accounts by utilizing after-tax contributions to a 401(k) plan and then converting or rolling those funds into Roth accounts.

In 2026, the employee elective-deferral limit for most 401(k) plans is $24,500. The total annual contribution limit, including employer and after-tax employee contributions, may reach $72,000, or up to $83,250 for eligible participants ages 60–63 who make catch-up contributions.

Individuals who exceed Roth IRA income or contribution limits may be able to use this strategy to contribute additional amounts to Roth accounts, depending on their plan and individual circumstances. Here are some advantages to your funds being in a Roth account:

1) Potential for tax-free growth
2) Tax-free qualified withdrawals
3) No RMDs for Roth IRAs during the owner's lifetime
4) Potential Estate Planning Benefits

**Availability of this strategy depends on the rules of an individual's retirement plan and personal circumstances. Not all plans permit after-tax contributions or in-service distributions.*

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Notes:

- Mega-Backdoor Roth strategies generally use after-tax employee contributions; the treatment of employer contributions depends on the plan's terms and applicable rollover rules.

- Not all 401(k)/403(b) plans offer the option for after-tax contributions or in-service withdrawals. Reach out to your plan administrator to understand the specific rules and limitations that apply to your 401(k).

To learn more about Endowment Wealth Management and our Fee-Only Fiduciary Advice:

Call: (920) 785-6010

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Tax rules governing retirement plans and Roth conversions are complex and subject to change. Potential tax benefits and consequences depend on individual circumstances. Individuals should consult qualified tax and financial professionals before implementing any rollover or conversion strategy.

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