

Frequently Asked Questions

After-tax and Roth Conversions in the Salesforce.com 401(k) Plan

WAYS TO SAVE IN THE 401(K) PLAN

Q: What are my contribution options for the Salesforce 401(k) Plan?

A: You can make pretax and Roth contributions to your Salesforce 401(k) Plan (the “Plan”). Plus, you can make after-tax contributions to the Plan and have the option to convert them to Roth using a Roth In-plan Conversion. That means you have four ways to save for retirement, with significant tax advantages:

1. **Pretax contributions.** Contribute pretax now; pay taxes when you withdraw your money in retirement.
2. **Roth contributions.** Contribute Roth now; withdraw your money tax-free* in retirement.
3. **After-tax contributions.** Contribute after-tax dollars; save more than the IRS contribution limit.
4. **Roth In-plan Conversions.** Build potentially more tax-free retirement income by converting after-tax contributions to Roth.

Pretax and Roth contributions are limited to \$19,500 in 2021 (or \$26,000 if you’ll be at least 50 in 2021). Roth distributions are federally tax-free when withdrawn after the five-year holding period has been met (generally at least five years from your first Roth contribution or Roth In-plan Conversion) and after you reach age 59½, or due to disability or death.

* A distribution from a Roth 401(k) is federally tax free and penalty free, provided the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, or death.

HOW MUCH CAN YOU SAVE?

Q: How much can I contribute to the 401(k) Plan?

A: You may already know that you can contribute up to the annual IRS limit of \$19,500 in 2021, (or \$26,000 if you’ll be at least 50 in 2021) in any combination of pretax and Roth contributions.

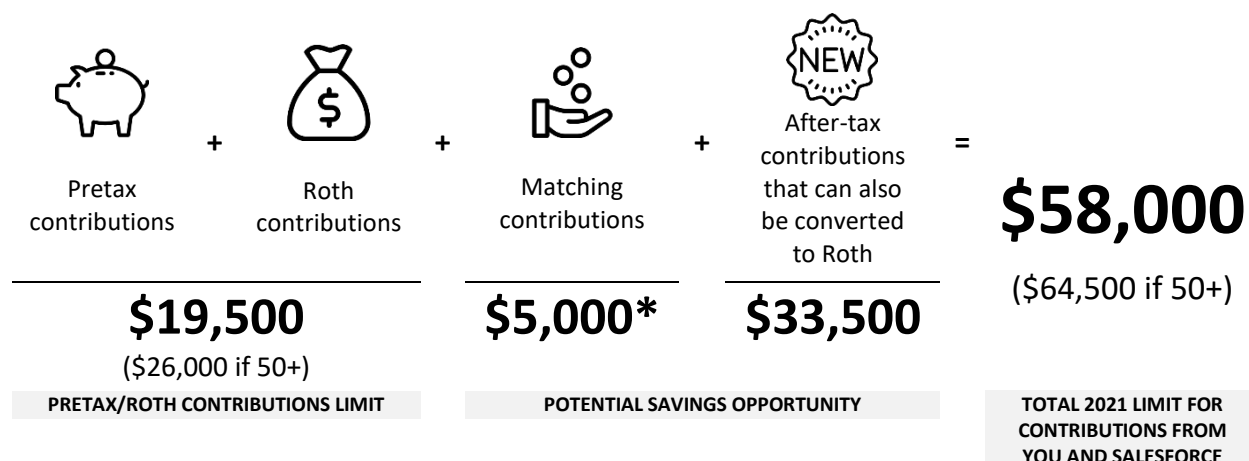
However, after-tax contributions are subject to a different IRS limit. It’s called the “annual additions limit,” and it lets you and Salesforce together contribute up to \$58,000 in 2021 (\$64,500 if you’ll be at least 50 in 2021). This includes all of your pretax and Roth contributions, your matching contributions from Salesforce, and any after-tax contributions you make.

And that’s the power of the Plan. You can use after-tax contributions to save more for your future.

- In fact, with after-tax contributions, you may be able to add up to \$33,500 more to your 401(k) account in 2021, assuming you get the full Salesforce \$5,000 match.*
- And if you convert your after-tax contributions to Roth 401(k) within the Plan, you can also take advantage of extra tax benefits.

* For all employees with eligible earnings \$83,333.33 or more, the match is limited to \$5,000.

HERE'S YOUR SAVINGS OPPORTUNITY IN 2021



* For all employees with eligible earnings \$83,333.33 or more, the match is limited to \$5,000.

Q: What's the difference between my contribution options?

A: The chart below highlights the key differences between your contribution options. Keep in mind, if you choose a combination of pretax, Roth, and after-tax contributions, these deductions will all be taken from your paycheck at the same time.

	PRETAX CONTRIBUTIONS	ROTH CONTRIBUTIONS	AFTER-TAX CONTRIBUTIONS
How much can I contribute?	Contribute up to 50% of eligible pay, up to IRS limits.		
What are the IRS contribution limits?	\$19,500 in 2021 (\$26,000 if at least 50 in 2021) in any combination of pretax and Roth dollars.		\$58,000 in 2021 (\$64,500 if at least 50 in 2021) between all your contributions and the match combined.
Is it eligible for the match?	Yes. Salesforce matches 100% of the first 6% of eligible pay you contribute to a maximum of \$5,000 per year.		No.
Will I pay taxes on these contributions?	Contributions are deducted from your paycheck <i>before</i> taxes, so it costs you less to save. You'll pay taxes on both contributions and any related earnings at withdrawal.	Contributions are deducted from your paycheck <i>after</i> taxes, so your take-home pay will be lower than if you made an equivalent pretax contribution. You can withdraw both contributions and related earnings tax-free in retirement.*	Contributions are deducted from your paycheck <i>after</i> taxes, so your take-home pay will be lower than if you made an equivalent pretax contribution.
What are my investment options?	You can choose from a wide range of investment options based on which best suit your goals, time horizon and risk tolerance. To view each option and other fund specifics, go to www.401k.com .		

*A distribution from a Roth 401(k) is federally tax free and penalty free, provided the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, or death.

HOW AFTER-TAX CONTRIBUTIONS WORK

Q: How do after-tax contributions work?

A: Like Roth contributions, after-tax contributions come out of your pay after taxes. You pay taxes upfront, at your current tax rate. Because you've already paid taxes on your contributions, you won't pay taxes when you withdraw those contributions. You will owe taxes on the value of any related investment earnings at the rates in effect at the time of withdrawal.

If you want to help limit your tax liability, you can use the Roth In-plan Conversion feature to convert after-tax contributions to Roth.

- When you make a conversion, you will pay taxes on any investment earnings in the year of conversion.
- After conversion, both your contributions and investment earnings are tax-free for a qualified withdrawal.
- And if you sign up for automated daily Roth conversions, the Fidelity system will convert any new after-tax contributions to Roth almost as soon as they are added to your account. This gives your after-tax contributions less time to gain taxable earnings, which helps to further limit your tax liability.

Q: Does Salesforce match my after-tax contributions?

A: No. After-tax contributions are not eligible for the Salesforce match.

Q: Can I make after-tax contributions without converting them to Roth?

A: Yes. However, keep in mind that earnings on after-tax contributions will be taxable when withdrawn.

Q: Who might consider after-tax contributions?

A: You might consider after-tax contributions if you:

- Plan to save to the IRS limit using pretax and/or Roth contributions, and want to save beyond that limit.
- Want the option to build more tax-free retirement income by converting after-tax to Roth.
- Understand that any earnings on your contributions are taxable.

Q: How do I sign up for after-tax contributions?

A: You can elect to make after-tax contributions and/or update your contribution elections online or by phone.



Go to www.401k.com and select *Contributions* from the *Quick Links* menu.



Call Fidelity at 1-800-835-5097, or call 1-800-603-4015 to speak directly with knowledgeable representatives who can provide one-on-one help understanding after-tax contributions and Roth In-plan Conversions.

Contribution rate changes may take up to two pay periods to take effect. Note that if you choose any combination of pretax, Roth, and after-tax contributions, the total of these deductions will be taken during the same pay period.

Q: Can I roll over after-tax money to a Roth IRA while still employed at Salesforce?

A: You can roll over your after-tax contributions to a Roth IRA at any time, including when you're still employed at Salesforce. However, to roll over your Roth contributions, you must wait until you are age 59½ or after you reach a distributable event, such as termination, disability or death.

Q: Can I receive an in-service withdrawal of my after-tax dollars?

A: Yes, you can request an in-service withdrawal of your after-tax dollars at any time. There are no restrictions for when and how often you can request an after-tax withdrawal; however, there is no automatic option. You must make the request each time you would like to withdraw your after-tax dollars. To request an in-service withdrawal, call Fidelity at **1-800-835-5097** to initiate the process.

HOW ROTH 401(K) WORKS

Q: When can I withdraw my Roth dollars tax-free?

A: In exchange for tax benefits, the IRS limits when you can withdraw Roth money tax-free by requiring a five-year holding period. In general, Roth withdrawals are tax-free if taken after age 59 ½, or due to disability or death, and after the five-year holding period is met. The five-year "clock" generally starts from the first Roth contribution or from the first Roth In-plan Conversion. For example, if you made your first after-tax contributions in 2019, and then make your first Roth In-plan Conversion in 2020, you'll be able to make a qualified, tax-free withdrawal in 2025, assuming you are at least age 59 ½ or due to disability or death.

Before you convert or withdraw your money, talk to your financial or tax advisor or call Fidelity at **1-800-835-5097**, or **1-800-603-4015** to speak directly with knowledgeable representatives.

Q: What's the difference between Roth in the 401(k) Plan and a Roth IRA?

A: Roth in the 401(k) Plan is similar to a Roth IRA, but there are a few key differences.

A Roth 401(k) has no income limit.

You can make Roth 401(k) contributions and Roth In-plan Conversions no matter how much you earn. Your ability to contribute to a Roth IRA starts to phase out if your income is \$125,000 for single filers in 2021, and \$198,000 for married couples filing jointly.

You can contribute more to a Roth 401(k).

You can contribute up to \$19,500 in pre-tax and Roth 401(k) contributions combined (\$26,000 if you'll be at least 50) in 2021. Contributions to a Roth IRA are limited to \$6,000 (\$7,000 if you'll be at least 50) in 2021, depending on your income.

Your 401(k) has required minimum distributions at age 70½.

Your 401(k) requires you to begin taking minimum distributions at age 70½ if you are not actively employed. Roth IRAs don't have this requirement for their original owners.

Q: I have an IRA outside of the 401(k) Plan. Does that affect how much I can contribute to the 401(k)?

A: No. Your IRA accounts have no effect on the amount you can contribute to your 401(k) account. However, if you recently joined Salesforce and made pretax or Roth contributions to your previous employer's plan during the current calendar year, those contributions will affect how much you can contribute to your Salesforce 401(k) Plan in the same year.

Q: Who might benefit from Roth 401(k) contributions?

A: Roth 401(k) contributions are designed for anyone who likes the idea of potentially tax-free retirement income. In addition, there are certain scenarios in which Roth 401(k) contributions might be especially beneficial:

- **If you're young.** In general, the younger you are when you start making Roth 401(k) contributions, the more you might benefit. That's because you generally have more time to let your contributions grow.
- **If you want tax flexibility in retirement.** Once you retire, your expenses may vary more year-to-year than they do today. Roth dollars can help you cover your expenses without increasing your taxable income for the year.
- **If your income tax rate will be higher in the future.** If you expect your pay to rise over time, making Roth contributions or a Roth In-plan Conversion lets you pay taxes upfront at your current rate.
- **If you're not eligible to contribute to a Roth IRA.** Unlike a Roth IRA, there are no income limits for contributing to the 401(k) Plan. So if you're not eligible to contribute to a Roth IRA but would like potentially tax-free income in retirement, consider Roth contributions.
- **If you'd like to leave tax-free money to your heirs.** If you're planning to leave your retirement savings to your beneficiaries, Roth dollars are potentially free of federal income taxes. The pros and cons are subtle and complex, however, so consult an attorney or estate planning expert before attempting to use your 401(k) Plan as part of your estate plan.

Q: I'm close to retirement. Can Roth 401(k) contributions or an In-plan Conversion benefit me?

A: Potentially. You could live 30 years or longer in retirement, so you still have time to invest your money. If you earn too much to contribute to a Roth IRA, then Roth 401(k) contributions or an In-plan Conversion might be a way to shelter more of your retirement income from taxes. Talk to your financial or tax advisor about your personal situation, or call Fidelity at **1-800-835-5097**, or **1-800-603-4015** to speak directly with knowledgeable representatives.

HOW ROTH IN-PLAN CONVERSIONS WORK

Q: How does a Roth In-plan Conversion work?

A: A Roth In-plan Conversion allows you to convert after-tax contributions to a Roth 401(k) within the Plan. This gives you the chance to build tax-free retirement income, and it can help you to manage your taxes both now and in the future. Once contributions are converted, you generally can withdraw those converted dollars—including any related earnings—tax-free in retirement under the terms of the 401(k) Plan. In general, that will be at least five years from your first Roth contribution or Roth In-plan Conversion, and once you reach age 59½ or due to death or disability.

There's no limit to how much you can convert. However, if you are converting money that has not been taxed before, you must pay income taxes on your earnings. You can limit your tax exposure by signing up for automatic daily conversions of your after-tax contributions. That's because daily conversions give your contributions less time to gain earnings.

If you already have after-tax contributions in your account, talk with a Fidelity representative or your financial or tax advisor first about options for limiting your tax exposure.

See "**How do I make a Roth In-plan Conversion?**" for more information.

Q: How will Roth In-plan Conversions appear in my 401(k) account?

A: Once your after-tax contributions have been converted, those contributions will be re-characterized as Roth contributions within your Plan account.

From an accounting perspective, your Plan account shows the different types, or "sources," of money that are in your account, including pretax, Roth, after-tax, rollover, and company matching contributions. Each time you convert after-tax contributions to Roth, the total of the after-tax money in your account will be reduced by the amount of your conversion, and those dollars will appear in a Roth In-plan Conversion "source" within your account.

You will see your conversions under the transaction history in your account.

Q: How are taxes handled for a Roth conversion?

A: If you convert after-tax money, you'll owe taxes on any investment earnings generated before your conversion date. Income taxes are not withheld at the time of conversion. At tax time, you'll receive a Form 1099-R showing the value of any Roth conversions you made during the previous year. You must report these amounts when you file your taxes, and pay any required tax on the investment earnings. For more information, talk to your financial or tax advisor or call Fidelity at **1-800-835-5097**, or **1-800-603-4015** to speak directly with knowledgeable representatives.

Q: How do I make a Roth In-plan Conversion?

A: To convert, just call Fidelity at **1-800-835-5097** (or **1-800-603-4015** to speak directly with knowledgeable representatives). You have two options:

- **Sign up for automatic daily conversions** to convert new after-tax contributions almost as soon as you make them. This limits your tax exposure because contributions have less time to gain taxable earnings. If you already have after-tax contributions in your account, talk with the representative about options for limiting your tax exposure.
- **Or request a one-time conversion** whenever you wish.

Each time you convert, you'll owe taxes on any earnings prior to conversion. That's one reason to consider automatic daily conversions.

Taxes aren't withheld when you convert, so you'll receive a 1099-R form at tax time and you'll need to include this amount on your taxes.

Q: Can you explain more about automated daily conversions?

A: Automated daily conversions are designed to make converting simpler, and to help limit your tax liability when you convert. Once you sign up, the Fidelity system will look every day for new 401(k) after-tax contributions from Salesforce payroll, loan repayments or rollovers, and immediately convert them to Roth. These automatic conversions reduce your tax liability by eliminating the time that incoming money has to accrue taxable earnings.

Q: Is there a fee to convert?

A: There is no fee for Roth In-plan Conversions. Be aware that conversions are irreversible.

Q: Can a Roth In-plan Conversion really make a difference?

A: While after-tax contributions come out of your account tax-free, the earnings on those contributions are taxable. But, you won't pay taxes on earnings when you make a qualified withdrawal if you convert your after-tax dollars to Roth. As a result, the taxes you may pay if you don't convert your after-tax contributions could be substantial.

Here's an example: Imagine you contribute \$10,000 in after-tax contributions every year from age 35 to 65. Assuming a hypothetical annual return of 6%, the table below outlines what your after-tax balance might look like depending on if you convert your after-tax contributions.

Without Making Roth In-plan Conversions	With In-Plan Conversions
After-tax contributions: \$300,000 <i>(\$10,000 for 30 years)</i>	After-tax contributions: \$300,000 <i>(\$10,000 for 30 years)</i>
Estimated earnings*: \$490,000	Estimated earnings*: \$490,000
Estimated taxes at retirement*: \$137,500	Estimated taxes at retirement*: \$0
After-tax account at 65: \$652,500	After-tax account at 65: \$790,000

In the example, the participant saves **\$137,500** in taxes on earnings by signing up for automatic daily Roth In-plan Conversions.

*Taxes on earnings are due in the year of conversion.

This hypothetical example is calculated using a 28% federal income tax bracket and annual contributions of \$10,000 made each year until age 65 with tax-deferred compounding at a hypothetical 6% annual rate of return. No loans or withdrawals are taken before 65. This example is for illustrative purposes only, is not intended to provide tax advice, and does not represent the performance of any security. Consider your anticipated investment horizon when making an investment decision, as the illustration may not reflect this. This example is not guaranteed. Investments that have the potential for a 6% rate of return also come with the risk of loss. Earnings on after-tax contributions are subject to taxes when withdrawn or converted and may be subject to a 10% penalty.

MAKING THE MOST OF YOUR 401(K) PLAN

Q: How can I make the most of the 401(k) Plan?

A: First, consider contributing 6% or more of your pay in pretax and/or Roth contributions. Salesforce will match 100% of the first 6% that you contribute, up to a maximum of \$5,000 each year.

Then, consider saving up to the IRS limit (\$19,500 in 2021, or \$26,000 if you'll be at least 50 in 2021) in pretax and/or Roth contributions.

Next, consider making after-tax contributions. You and Salesforce together can contribute a total of \$58,000 in pretax, Roth, matching and after-tax contributions (\$63,500 if you'll be at least 50 in 2021) in 2021. Finally, consider converting your after-tax contributions to Roth with a Roth In-plan Conversion to build potentially more tax-free income.

Q: What should I consider before requesting a conversion?

A: There are several things to keep in mind when considering a Roth In-plan Conversion. Before you convert or withdraw your money, talk to your financial or tax advisor or call Fidelity at **1-800-835-5097**, or **1-800-603-4015** to speak directly with knowledgeable representatives.

Rolling over to an IRA.

You can roll over your after-tax contributions to a Roth IRA at any time, including while you're still employed at Salesforce.

You can't roll over your Roth 401(k) money while you're still employed at Salesforce without losing the tax benefits.*

Withdrawals while you are working for Salesforce.

You can request an in-service withdrawal of your after-tax dollars at any time.

You can't take an in-service withdrawal of your Roth 401(k) money while you're still employed at Salesforce without losing the tax benefits.*

Converting existing after-tax money.

If you have existing after-tax money that has been in your account for a while, you will owe taxes on any earnings. You may have a hefty tax bill if you convert it.

There are options for that money, however, so talk with your financial or tax advisor, or call Fidelity at **1-800-603-4015** to understand your options for limiting your tax exposure.

* You must satisfy the five-year aging requirement (generally, five years after your first Roth contribution or conversion), and be at least age 59½ or have reached a distributable event such as termination, disability or death.

WHERE TO GO FOR HELP

Q: Can I get one-on-one help with next steps?

A: Yes. Call Fidelity at **1-800-603-4015** and ask to speak with a Fidelity representative who can:

- Review your personal financial situation.
- Help you understand your contribution options.
- Explain the Roth In-plan Conversion feature.

We also encourage you to connect with your own tax or financial advisor.

Q: Is there a way to compare Roth and pretax contributions?

A: Yes. You can use the Roth 401(k) Modeler to compare Roth and pretax contributions. Go to **www.401k.com** and select *Library*, then *Tools & Calculators*.

Q: How can I change my contribution elections?

A: You can make contribution elections at **www.401k.com** or by calling Fidelity at **1-800-835-5097**. Contribution rate changes may take up to two pay periods to take effect. Note that if you choose any combination of pretax, Roth, and after-tax contributions, the total of these deductions will be taken during the same pay period.

Investing involves risk, including risk of loss.

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