INTEL EMPLOYEE PLANNING SERIES

The Intel Tax Diversification Decision

How to coordinate pre-tax, Roth, voluntary after-tax, taxable, and SERPLUS money across a lifetime

The goal is not to prove that Roth always wins or that every Intel employee should make the same election. It is to build enough tax diversification that future decisions are not controlled by one tax treatment. A coordinated mix of pre-tax, Roth, voluntary after-tax, taxable, and deferred-compensation assets can create choices about when income appears on a tax return and which account funds the next goal.

KNOW THE TAX PROMISE Pre-tax contributions may reduce taxable income now and generally create ordinary income later. Roth contributions use after-tax dollars and can produce tax-free qualified withdrawals. Taxable accounts give up the retirement-plan shelter but preserve access and capital-gain planning flexibility.

USE AFTER-TAX AS A CONVERSION PATHWAY Intel's voluntary after-tax contribution is not Roth money by itself. Its strategic value can come from moving the contribution to Roth before significant taxable earnings accumulate. Intel's public filing confirms the contribution source but not an automatic conversion feature; confirm the current Fidelity workflow before acting.

PLAN ACROSS LIFE STAGES The best mix can change between high-earning Intel years, a career transition, early retirement, Social Security and Medicare enrollment, required-distribution years, and an eventual legacy. Annual elections should be tested against that lifetime income map.

Pre-Tax, Roth, and Voluntary After-Tax Are Different Tools

Paper 4 addressed Intel 401(k) contribution mechanics. This paper asks a different question: what future tax flexibility is each dollar buying? The categories should not be blended together, because each makes a different promise about current tax cost, future tax treatment, access, and control.

THE FOUR CORE TAX BUCKETS

PRE-TAX 401(K) Employee deferrals may lower current federal taxable income, while distributions are generally taxed as ordinary income. A current deduction can be valuable when the marginal rate is high, but a large balance also creates future taxable withdrawals and required minimum distributions.

ROTH 401(K) Contributions are taxed today. A qualified distribution is generally tax-free after the applicable five-tax-year period and age 59½, death, or disability. Designated Roth accounts no longer require lifetime distributions for the owner, but the current tax cost still must be justified.

VOLUNTARY AFTER-TAX Contributions have already been taxed, but their earnings are tax-deferred and generally taxable unless moved to Roth. Intel's filing permits this source within the combined contribution rules and annual IRS limits. If the plan currently permits a recurring or on-demand conversion, acting promptly can limit taxable earnings; Fidelity's current procedures control.

TAXABLE ACCOUNTS Cash and diversified brokerage assets funded from salary, vested awards, ESPP sales, or option proceeds provide access without a retirement-plan distribution. Interest, dividends, and realized gains can create annual tax, but specific-lot sales, loss harvesting, charitable gifts, and capital-gain timing offer a different kind of control.

OTHER FUTURE ORDINARY INCOME

SERPLUS Intel SERPLUS is not another 401(k). It can postpone ordinary income, but the elected payout schedule may create taxable income in years that also contain equity sales, Roth conversions, Social Security, or Medicare. The balance is also an unsecured obligation of Intel under the plan's terms.

> **Planning principle:** Tax diversification is the ability to choose which bucket funds a decision. It does not require predicting future tax law perfectly, and it does not mean dividing every contribution equally.

2026 federal context: the elective-deferral limit is $24,500; the general age-50 catch-up is $8,000; the age-60-to-63 catch-up is $11,250; and the defined-contribution annual-additions limit is $72,000. For 2026, catch-up contributions generally must be Roth when 2025 FICA wages from the sponsoring employer exceeded $150,000. Intel plan terms, payroll implementation, eligible compensation, and employer contributions determine actual capacity.

Build a Lifetime Tax Map

The highest-value election is rarely found by looking at one tax year. Place salary, bonus, equity awards, SERPLUS payments, portfolio income, Social Security, and future required distributions on the same timeline. Then decide where a current deduction or a current Roth tax payment has the greatest lifetime value.

1. HIGH-EARNING INTEL YEARS

BALANCE TODAY AND TOMORROW Pre-tax deferrals may be attractive when current income and marginal rates are high. Roth contributions or conversions can still be valuable when the household would otherwise enter retirement with nearly every dollar taxable as ordinary income. Coordinate the election with salary, bonus, vesting income, option activity, ESPP decisions, and SERPLUS elections.

2. TRANSITION AND EARLY-RETIREMENT YEARS

MODEL THE CONVERSION WINDOW The years after separation and before Social Security or required distributions may create room for Roth conversions. Model the amount year by year instead of using an all-or-nothing rule. A conversion creates taxable income in the conversion year and generally cannot be reversed.

WATCH THE TAX RETURN AROUND IT Higher adjusted gross income can affect estimated taxes, the taxation of Social Security benefits, income-related Medicare premiums, exposure of other investment income to the net investment income tax, and - before age 65 - potential health-insurance subsidies. Medicare generally uses tax-return information from two years earlier.

3. SOCIAL SECURITY, MEDICARE, AND RMD YEARS

PRESERVE WITHDRAWAL CHOICE Pre-tax withdrawals can increase ordinary income and may cause more Social Security benefits to become taxable. Qualified Roth withdrawals generally do not enter gross income. Designated Roth accounts have no lifetime required minimum distributions for the owner; pre-tax balances generally do once the applicable starting age and plan rules are met.

KNOW THE STARTING RULE Current IRS guidance generally begins RMDs at age 73, with later rules applying to certain younger birth years. A workplace-plan participant may be able to delay that plan's RMD until retirement unless the participant is a 5% owner. Birth year, employment status, account type, beneficiary rules, and current law control.

The Net Unrealized Appreciation (NUA) Coordination Check

Do not automatically convert or move every source if an Intel stock NUA strategy remains plausible. IRS guidance treats employer securities included in an in-plan Roth rollover as a distribution for NUA purposes. Before conversion or rollover, obtain source-level cost basis and compare 'convert now' with 'preserve the NUA option for a qualifying lump-sum distribution.' Intel plan procedures, recordkeeper allocation methods, and tax advice control the result.

> **Planning principle:** The right conversion amount is the amount that improves the lifetime plan after current tax, future ordinary income, Medicare timing, liquidity, and any NUA opportunity are considered together.

Turn Annual Elections Into a Lifetime Strategy

Tax diversification is built one election, conversion, distribution, and liquidity decision at a time. A written sequence keeps the household from maximizing one account while unintentionally creating a future tax concentration elsewhere.

A PRACTICAL ANNUAL DECISION SEQUENCE

1. SECURE THE FULL MATCH Start with the contribution level required for Intel's full employer match, subject to current plan eligibility and contribution rules.

2. CHOOSE THE REGULAR DEFERRAL MIX Compare today's marginal tax cost with the household's future income map. Use pre-tax for a valuable current deduction and Roth for future tax-free flexibility; the answer can be a blend.

3. EVALUATE THE VOLUNTARY AFTER-TAX PATHWAY Determine whether cash flow and the annual-additions limit support the contribution. Confirm Intel's current cap, whether conversion is available, how it is activated, its frequency, and how earnings are taxed. Voluntary after-tax is not Roth until a conversion occurs.

4. PRESERVE NUA UNTIL IT IS ANALYZED If Intel stock remains in the 401(k), review Paper 5 and obtain source-level cost-basis records before a conversion, rollover, stock sale, or distribution closes an option.

5. MAINTAIN TAXABLE LIQUIDITY Do not direct every available dollar into retirement or SERPLUS if near-term taxes, spending, a career transition, or an early-retirement bridge require accessible assets.

6. REVIEW THE FULL TIMELINE Revisit the mix after compensation changes, a major vest or option exercise, SERPLUS elections, retirement-date changes, tax-law changes, and the approach of Medicare or an RMD starting age.

QUESTIONS TO RESOLVE BEFORE THE NEXT ELECTION

WHAT TAX BUCKETS DO WE ALREADY HAVE? Inventory pre-tax, Roth, after-tax basis, taxable assets, and scheduled SERPLUS income.

WHAT FUTURE INCOME IS ALREADY SCHEDULED? Map salary, bonus, equity awards, SERPLUS payments, Social Security, and expected RMDs.

HOW WILL AFTER-TAX MONEY BECOME ROTH? Confirm Intel's current cap, conversion availability and settings, timing, taxes, and source-account records.

WHAT COULD A CONVERSION AFFECT? Model current tax, cash to pay it, Medicare timing, Social Security taxation, NIIT exposure, and NUA before acting.

Educational overview. Current Intel 401(k) plan documents, participant election materials, Fidelity source-account records, conversion procedures, SERPLUS elections, and professional tax advice control. Sources: Intel 401(k) Savings Plan Form 11-K for 2025; IRS Notice 2025-67; IRS, Roth Comparison Chart; IRS Publication 575 (2025); IRS, Rollovers of After-Tax Contributions in Retirement Plans; IRS, Required Minimum Distributions FAQs; SSA, Medicare IRMAA guidance. Intel Corporation is not affiliated with Oswego Legacy Partners or Prudential. Reviewed August 2026.