NIKE EMPLOYEE PLANNING SERIES

The Nike 401(k) Decision

How to coordinate the 5% match, pre-tax, Roth, and 3% after-tax contribution choices

The Nike 401(k) is not one election. It is a set of connected decisions about savings, taxes, the company match, after-tax contributions, Roth conversion, and Nike stock. The objective is to give every dollar a purpose before payroll timing or market movement makes the decision for you.

CAPTURE THE FULL MATCH Nike matches 100% of the first 5% of eligible pay contributed through pre-tax or Roth deferrals. Set the payroll election intentionally and confirm how the current plan handles contribution timing and any year-end true-up.

CHOOSE THE TAX BUCKET Pre-tax contributions may reduce current taxable income; Roth contributions use after-tax pay and may provide tax-free qualified distributions. The right mix depends on today's tax exposure, expected future taxes, and the value of tax diversification.

USE THE 3% AFTER-TAX FEATURE DELIBERATELY Nike's public filing permits non-Roth after-tax contributions of up to 3% of annual compensation. This is separate from a Roth deferral. Before using it, verify the conversion workflow, total plan limits, and how the election fits your cash flow and long-term strategy.

Build the Contribution Strategy

Begin with a contribution hierarchy. First, contribute enough through pre-tax and/or Roth deferrals to capture the full Nike match. Next, decide how to divide the annual elective-deferral limit between current tax relief and future tax-free income. If cash flow still permits, evaluate the additional 3% non-Roth after-tax contribution and any available in-plan conversion feature. Then invest every source as part of one retirement portfolio.

2026 LIMITS THAT CHANGE THE CALCULATION

BASE ELECTIVE DEFERRAL $24,500 is the combined 2026 limit for employee pre-tax and designated Roth 401(k) deferrals. Using both does not create two separate limits.

AGE 50+ (EXCEPT AGES 60 THROUGH 63) The regular 2026 catch-up limit is $8,000, allowing total employee deferrals of up to $32,500 when the plan and compensation permit.

AGES 60 THROUGH 63 The higher 2026 catch-up limit is $11,250, allowing total employee deferrals of up to $35,750 for participants who reach one of those ages during 2026.

ROTH CATCH-UP RULE If 2025 wages from Nike exceeded $150,000, 2026 catch-up contributions generally must be designated Roth contributions. Confirm implementation through Nike payroll and Fidelity before relying on the election.

PRE-TAX, ROTH, AND AFTER-TAX ARE DIFFERENT SOURCES

PRE-TAX Creates a current income-tax deferral and generally taxable retirement distributions. It can be useful when current marginal rates are high, but it also adds to future taxable income.

ROTH Uses after-tax dollars today. Qualified distributions may be tax-free, which can provide future flexibility when coordinated with pensions, Social Security, deferred compensation, and required distributions from other accounts.

NON-ROTH AFTER-TAX Does not reduce current taxable income and is not itself a designated Roth contribution. It is an additional source that counts with employee deferrals and employer contributions toward the $72,000 2026 annual-additions limit; catch-up contributions are generally outside that limit.

VERIFY THE CONVERSION WORKFLOW

Nike's public Form 11-K confirms the 3% after-tax contribution, but it does not describe an automatic in-plan Roth conversion. If Fidelity displays that feature, confirm that it is available for your account, affirmatively activated, and converting at the expected frequency. After-tax principal can convert without a second income-tax cost, while earnings that accumulate before conversion may be taxable. Different rules apply to a conversion of pre-tax dollars.

COORDINATE WITH NIKE COMPENSATION

A pre-tax versus Roth decision should be revisited after estimating salary, PSP or other bonus income, September equity vesting, option exercises, and deferred-compensation elections. A year with unusually high compensation may make current tax deferral more valuable; a lower-income year may make Roth funding more attractive. Neither conclusion should be automatic, and payroll withholding should be reviewed at the same time.

Protect the Strategy

A strong contribution election can still be weakened by an uncoordinated investment, loan, withdrawal, or rollover decision. Review the entire account - by contribution source, investment, vesting status, and tax basis - before making a transaction that may be difficult to reverse.

INVEST EVERY SOURCE AS ONE PORTFOLIO Review the core investment lineup, any self-directed brokerage account, and the Nike Stock Fund together. More investment choices do not replace a deliberate asset allocation, rebalancing policy, or review of fees and risk.

MEASURE NIKE STOCK EVERYWHERE The public plan filing limits new deferrals and the corresponding match directed to the Nike Stock Fund to 10%. Transfers into the fund are restricted when the account allocation exceeds 20%, while transfers out are permitted at any time. These are plan guardrails, not a personalized concentration target. Include ESPP shares, vested awards, options, future grants, and career income in the exposure review.

SEPARATE MATCH FROM PROFIT SHARING Employee deferrals, rollovers, and Nike matching contributions are immediately vested under the public filing. Profit-sharing contributions follow different eligibility and vesting rules, and an unvested amount may be forfeited at termination. Verify the source-level statement before making an employment or rollover decision.

PAUSE BEFORE A LOAN, WITHDRAWAL, OR ROLLOVER These transactions can change taxes, liquidity, investment exposure, and future options. If the account holds materially appreciated Nike shares, complete a net unrealized appreciation (NUA) review before selling the shares inside the plan or rolling them to an IRA. NUA may allow actual employer shares in a qualifying lump-sum distribution to receive special tax treatment, but the plan, tax, and execution requirements are exacting.

> **Planning principle:** The best 401(k) strategy is not a single election. It is the coordination of every contribution source with the same tax and retirement plan.

QUESTIONS TO RESOLVE BEFORE YOU ACT

HOW MUCH OF THE MATCH AM I CAPTURING? Review the election across regular pay and other eligible compensation, and confirm the current true-up rules rather than assuming a year-end correction.

WHICH TAX SOURCES DO I WANT? Choose the pre-tax, Roth, and after-tax mix after considering current taxes, future income, cash flow, and the rest of the household balance sheet.

IS CONVERSION AVAILABLE AND ACTIVE? Verify the feature, activation date, conversion frequency, taxable earnings, and source-level reporting directly in current Fidelity materials.

DO NIKE SHARES CHANGE THE DECISION? Obtain market value and cost basis by contribution source before selling, rolling over, or changing an after-tax conversion election when an NUA strategy may be relevant.

Educational overview. Current plan documents, the Summary Plan Description, Fidelity participant instructions, payroll records, and professional tax advice control. Sources: NIKE, Inc. 2025 Form 11-K; IRS Notice 2025-67; IRS Retirement Topics - Catch-up Contributions; IRS Designated Roth Account FAQs; and IRS Publication 575. Reviewed August 2026.