

Questions and Answers about Roth 401(k) Contributions

Q. When is the Roth 401(k) feature being added to the Nielsen 401(k) Plan?

A. Effective January 1, 2010, the Roth 401(k) feature will be added to the Nielsen 401(k) Plan. You should always consult with your accountant or tax advisor to determine if making Roth 401(k) contributions is right for you.

Q. What is a Roth 401(k)?

A. A Roth 401(k) is a separate account in your 401(k) plan (similar to the pre-tax account) that allows you to designate all or part of your elective deferrals on an after-tax basis and to receive the earnings at time of distribution free of federal income taxes.

Q. Can I make both pre-tax and Roth after-tax contributions at the same time?

A. Yes. The plan has been designed so that you can make both types of contributions at the same time.

Q. What is the maximum percentage of my pay that I can contribute to a Roth 401(k) account?

A. The maximum percentage of your Roth after-tax contribution is subject to the 50% maximum combined percentage (in whole percentages only) of pre-tax and after-tax contributions allowed under the plan, exclusive of any catch-up contributions you make (if you are eligible).

Q. What is the maximum annual dollar amount I can contribute to a Roth 401(k) account?

A. Your combined pre-tax and Roth after-tax contributions cannot exceed the IRS dollar limit each year (\$16,500 for 2010, or \$22,000 if you are age 50 or older in 2010).

Q. Can I make Roth after-tax catch-up contributions?

A. If you are at least age 50 in 2010, you may make Roth after-tax catch-up contributions effective as of January 1, 2010. Your combined pre-tax and Roth after-tax catch-up contributions cannot exceed the maximum IRS catch-up contribution dollar limit for the year (\$5,500 for 2010). Nielsen does *not* match catch-up contributions.

Q. What is the maximum percentage of my pay that I can contribute as Roth after-tax catch-up contributions?

A. The maximum percentage Roth after-tax catch-up and pre-tax catch-up is subject to the combined annual contribution maximum of 50% of your pay (in whole percentages only).

Q. Does Nielsen match my Roth 401(k) contributions?

A. Yes. Nielsen matches Roth 401(k) contributions up to a maximum matching contribution of 3% of your eligible compensation for each pay period. No matching contribution will be made on your combined pre-tax or Roth contributions that exceed 6% of your eligible compensation.

Q. Can I change my Roth contribution in my 401(k) to a pre-tax contribution during the year?

A. No. Once you elect to make Roth contributions, that election is irrevocable for the year.

Q. Are there any tax advantages to making Roth 401(k) contributions?

A. Since you make your Roth contributions with after-tax dollars, your contributions are not tax deductible in the year you make them (unlike your pre-tax contributions). If certain conditions are met, your contributions plus earnings are entirely free from federal income taxes when you withdraw them from the Plan.

Q. What conditions must be met in order to be eligible to receive a tax-free distribution of any earnings on my Roth 401(k) account earnings?

A. Your Roth 401(k) account earnings distribution will not be subject to federal income taxes if it occurs after the five-year-taxable period during which your contribution is first deposited to your Roth 401(k) account and the distribution is attributable to your attainment of age 59½, disability, or death.

Q. What if I receive a distribution from my Roth 401(k) account before these conditions are satisfied?

A. In that case, the portion of the distribution that represents your Roth contribution is not subject to federal income taxes, since you made your contributions with after-tax dollars, and the portion that represents your earnings will be taxable and is subject to a 10% additional tax if you are not age 59½ on the distribution date.

Q. Is a Roth 401(k) the right choice for me?

A. The choice between making Roth contributions and pre-tax contributions is a difficult one. In part, the analysis involves your tax bracket while the contributions are made and your expected tax bracket when you withdraw your money. Also, the period of time remaining until your retirement can be a factor. Your accountant or tax advisor can assist you in making the determination of what is right for you.

Q. What do I need to do in order to make Roth after-tax and/or Roth after-tax catch-up contributions in 2010?

A. You will need to make a separate election for each by logging onto <http://netbenefits.fidelity.com> or by calling 1-800-500-2363 Monday through Friday (except New York Stock Exchange holidays) between 8:30 a.m. and 8:30 p.m Eastern time.

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