TEMPO

Your Guide to Building Wealth at Rockwell Automation in 2026

A Practical Guide for Rockwell Employees to Maximize Their Benefits

Updated for 2026

A White Paper by Tempo Wealth

Welcome to your benefits roadmap

In a dynamic work environment, Rockwell's benefits package offers a comprehensive toolkit to help you build financial strength and balance your work-life priorities. With options like 401(k)s, Spillover/Mega Roth Plan, and stock awards you're equipped to plan for a secure future.

At Tempo Wealth, we've guided Rockwell employees across all levels for years. We're here to help you leverage these benefits toward your goals—whether that means a comfortable retirement, purchasing your dream home, or building a lasting legacy.

Let's explore your ambitions and determine how Rockwell's benefits can help you achieve them.

401(k) — Your Primary Wealth-Building Vehicle

The 401(k) plan is a cornerstone of long-term wealth building, and Rockwell's program provides strong opportunities for growth. You can contribute on a pre-tax basis—deferring taxes until retirement—or through the Roth option, which allows for tax-free withdrawals after age 59½.

- Pre-tax contributions may be beneficial if you expect a lower tax bracket in retirement.
- Roth contributions can help manage future tax-rate uncertainty.

Key questions to consider:

- How balanced are my pre-tax and Roth accounts?
- Do I expect my income and tax bracket to increase over time?
- How will Social Security, pensions, and 401(k)s shape my retirement income?
- What impact does the SECURE Act 2.0 have on my contribution strategy?

Company Match and Contributions

Rockwell matches $0.50 per $1.00 contributed, up to 7% of eligible pay—a 3.5% total match.

For example, if you earn $150,000 and contribute 7% ($10,500), Rockwell contributes $5,250, boosting your savings by 50% before investment growth.

- Employees age 50+ may contribute an additional $8,000 in catch-up contributions.
- Employees ages 60–63 can contribute up to $11,500, indexed for inflation.
- Starting in 2026, if you're 50+ and earn over $145,000, catch-up contributions must go into the Roth 401(k).

In addition to the match, Rockwell provides a Non-Elective Contribution (NEC) based on your age and years of service, further enhancing your retirement savings.

Total Points (Age + Years of Service as of Dec 31)	Percentage of Pay Contributed as NEC
<40	3%
40-59	4%
60-79	5%
80+	7%

Important! After three years of service at Rockwell Automation, you're 100% vested in the Rockwell contributions (company match and NEC). If you were an employee of a company acquired by Rockwell Automation, your service with that acquired company will count toward vesting and your NEC points. If you leave Rockwell before then, you forfeit the Rockwell contributions.

Consider a 40-year-old Rockwell employee with 10 years of service, earning $150,000 with a 2% annual raise, a starting 401(k) balance of $200,000, and contributing 7% to receive the full 3.5% match. Assuming 5% annual investment returns, plus a 4% Non-Elective Contribution (NEC) for the next 10 years and 5% NEC thereafter, the projected balance at age 60 is approximately $1.44 million.

If the same employee instead maxes out contributions at $23,500 per year (plus the $7,500 catch-up after age 50), while continuing to receive the 3.5% match and NEC contributions, the projected balance rises to $1.89 million—an increase of roughly $450,000.

This example highlights the power of consistent contributions and compound growth over time.

Below is a chart outlining 2026 401(k) contribution limits, including total contributions from all sources—an important reference for understanding after-tax voluntary contributions, discussed in the next section.

2026 401(k) Contribution Limits Chart

Contribution Source	Age Group	Projected 2026 Limit	Notes
Elective Deferrals	Under 50	$24,500	What the employee contributes from their salary, including traditional and Roth 401(k) contributions.
Catch-Up Contributions	Age 50-59 and 64+	$8,000	The standard additional amount that can be contributed by those age 50 and older.
“Super” Catch-Up	Age 60-63	$11,500	A higher catch-up limit introduced by the SECURE 2.0 Act for those in this specific age range.
Combined Total (Employee & Employer)	Under 50	$72,000	The maximum combined limit for all contributions to a defined contribution plan.
Combined Total (Employee & Employer)	Age 50-59 and 64+	$80,000	The combined limit including the standard catch-up contribution ($72,000 + $8,000).
Combined Total (Employee & Employer)	Age 60-63	$83,500	The combined limit including the higher “super” catch-up contribution ($72,000 + $11,500).

After-Tax Spillover: The Mega Roth Strategy

Once you reach the 401(k) contribution limit, Rockwell allows additional savings through an after-tax Spillover account.

For 2026, the total 401(k) contribution limits (from all sources) are:

- $72,000 for employees under age 50
- $80,000 for those ages 50–59 and 64+
- $83,500 for employees ages 60–63, which includes the super catch-up contribution

Within these limits, employees can calculate their available room for after-tax contributions based on income and other deferrals.

In the earlier example, this would allow the individual to save an additional $35,250 in after-tax savings from age 40-49 and slightly less in the after-tax account from age 50+ due to the catch-up contribution provisions.

While after-tax contributions are not tax-deductible, they can be converted to a Roth IRA for tax-free growth and withdrawals after age 59½, or the cost basis can be rolled into a Roth IRA and the growth can be rolled into a Traditional IRA or back into the 401(k) to maintain tax-deferral. This feature provides a valuable opportunity for high-income earners who exceed the limits for direct Roth IRA contributions.

How can the Spillover account enhance your long-term, tax-efficient savings strategy?

Net Unrealized Appreciation: A Tax-Saving Stock Trick

If an employee holds Rockwell Automation (ROK) stock within their 401(k) plan (up to 10% of salary deferrals), the Net Unrealized Appreciation (NUA) strategy can offer potential tax advantages, depending on your individual tax situation upon retirement (age 55+).

Example:

- **ROK Stock Value:** $500,000
  - Cost Basis: $100,000
  - Appreciation: $400,000

By utilizing the NUA strategy:

- **Ordinary Income Tax:** Applies to the $100,000 cost basis when transferring the stock to a taxable brokerage account.
- **Capital Gains Tax:** Applies to the $400,000 appreciation upon sale of the stock, potentially at a lower long-term capital gains rate (0–23.8%), depending on your tax bracket and holding period.

This approach may result in lower taxes in certain circumstances compared to rolling the entire amount into an IRA, where the full $500,000 would be subject to ordinary income tax rates once withdrawn in retirement.

Here's a few additional considerations when determining if this planning option is right for an individual:

- **Eligibility:** Ensure you meet the requirements for NUA treatment, including a qualifying event such as reaching age 59.5 or termination of employment/retirement.
- **Holding Period:** To benefit from long-term capital gains rates, consider holding the stock for more than one year after distribution.
- **Tax Planning:** Coordinate the timing of the distribution and sale to optimize tax outcomes, especially in relation to other income sources in retirement.

Integrating NUA into your retirement tax strategy can potentially enhance after-tax returns and support more efficient wealth accumulation. Our recommendation is to talk with a CPA and Financial Planner together to determine whether this strategy is viable given your situation and goals.

Deferred Compensation Plan: A High-Earner's Secret Weapon

For high earners, Rockwell's Deferred Compensation (DC) Plan offers an opportunity to defer income—and taxes—until a later date. During open enrollment, you can elect how much compensation to defer and select a payout option: a lump sum or various annual installments beginning at retirement or termination.

Thoughtful planning is essential. For example, an early retiree (age 57) could use DC payouts to bridge income until 401(k) funds are accessible penalty-free at 55 or IRA funds at 59½. Payout structure also impacts state tax exposure. For instance, an Ohio resident planning to move to Florida may reduce state taxes by spreading distributions over more years.

Key considerations:

- Retirement Eligibility: You qualify if you are age 55+ with 10 years of service, age 65+, or your age plus years of service equal at least 75. If not eligible, your DC balance is paid in a lump sum upon separation.
- Timing: Payout elections must be made at least 12 months prior to retirement, making timing a critical part of planning.
- Tax Withholding: The plan withholds 25% federal tax per distribution. If you're in a higher bracket, additional tax planning may be required.

The DC plan can be a valuable tool for managing income and taxes in retirement—when aligned with a broader financial strategy.

Non-Qualified Pension Plan

Rockwell's Non-Qualified Pension Plan is designed for employees impacted by IRS compensation limits on the traditional pension plan or those who previously participated in the Deferred Compensation Plan. This plan generally applies to employees hired before July 1, 2010, so eligibility is limited.

Key considerations:

- Payouts could be made as a lump sum, which cannot be rolled over to an IRA or qualified retirement plan and are taxable when received.
- Depending on IRS limits and elections, payments may occur anywhere from six months to five years after the day of last pay.

Understanding how this benefit interacts with other income sources is essential. Modeling annual cash flows across all benefit plans helps clarify expected retirement income, anticipate tax implications, and support informed financial decision-making.

Health Savings Account: Your Healthcare Savings Ace

If you're on a High-Deductible Health Plan (HDHP), you can contribute to a Health Savings Account (HSA)—a triple-tax-advantaged gem. Contributions are pre-tax, growth is tax-deferred, and withdrawals for qualified medical expenses are tax-free.

For 2026, Rockwell will contribute $500 for an Individual in the HSA or $1,000 for a Family using the HSA.

Below is a chart showing the maximum contribution limits annually in 2026 according to the IRS.

	2025	2026
HSA Contribution Limits		
Self-Only	$4,300	$4,400
Family	$8,550	$8,750
Catch-Up Contribution (Age 55+)	$1,000	$1,000
HDHP Qualification		
Minimum Deductible (Self-Only)	$1,650	$1,700
Minimum Deductible (Family)	$3,300	$3,400
Maximum Out-of-Pocket (Self-Only)	$8,300	$8,500
Maximum Out-of-Pocket (Family)	$16,600	$17,000

Once your HSA hits $1,000–$2,000, you can invest the funds. If you can pay medical expenses out-of-pocket, let the HSA grow for future healthcare needs. Should you use your HSA now or let it grow for future medical costs?

NQSOs: First Layer of Stock Option Planning

Non-Qualified Stock Options (NQSOs) give employees the right—but not the obligation—to purchase company stock at a fixed exercise price (typically the fair market value at grant).

NQSOs follow four stages:

1. Grant: Options are awarded.
2. Vesting: Options become exercisable based on tenure or performance.
3. Exercise: You purchase shares at the strike price.
4. Sale: You sell shares, realizing a gain or loss.

Tax treatment:

At exercise, the difference between the stock's fair market value and the exercise price is taxed as ordinary income and subject to payroll withholding. When shares are later sold, any additional gain or loss is taxed as capital gains—short-term if held one year or less, long-term if held longer. Because of the ordinary income tax at exercise, timing and planning are essential.

Retirement considerations:

- Employees age 55+ with at least 10 years of service, or age 65+ with at least 5 years, qualify for favorable vesting treatment.
    - Options granted within one year of the final pay date are forfeited.
    - Options granted more than one year prior continue to vest on schedule.
    - Vested options must be exercised by the earlier of five years from termination or the original grant expiration.

Careful planning around option exercises can help manage taxes, Social Security timing, and Medicare premiums in retirement.

Additional considerations:

- Are other forms of compensation—such as RSUs, AEIP, or ICP payouts—occurring in the same year?
- Should you hold or sell shares based on diversification needs or market outlook?
- Can charitable giving strategies (e.g., a Donor-Advised Fund) offset taxable income?

Thoughtful coordination of equity, income, and tax strategies can significantly enhance long-term financial outcomes.

RSUs: Your Stock Award Playbook

If you're stock-eligible, Rockwell Automation offers both traditional time-based RSUs and performance-based RSUs. When they vest, the full value is taxed as ordinary income. You can hold or sell during open trading windows, with gains taxed as short-term (if sold within a year) or long-term capital gains (0–23.8% after a year).Key questions to consider:

- Do I need the cash from selling RSUs for other goals, or can I hold for growth?
- How can I sell shares in a tax-smart way?
- Am I too invested in ROK stock, and what's my exit strategy?
- Should I set up quarterly tax payments since ROK withholds only 22% federal tax on RSUs?
- If my income exceeds $1M (37% withholding), will that cover my taxes?
- Do I believe ROK stock will grow, and should I make an 83(b) election to pay taxes upfront?
- If I retire, what is the prorated amount of my unvested shares granted more than 1 year prior to the last date paid that will vest at retirement? If granted Performance RSUs, those (that were granted at least 1 year prior to the last day paid) may continue to vest according to their 3-year performance cycle. How does an employee plan for this in retirement?

Non-Deductible IRAs: A Roth Backdoor

If your income is too high to contribute directly to a Roth IRA, in 2026 you can contribute up to $7,500 (or $8,600 if age 50 +) to a non-deductible Traditional IRA and then convert it to a Roth IRA—allowing tax-free growth and qualified withdrawals after age 59½ (provided the Roth account is at least five years old). This strategy is only effective if you have no existing pre-tax Traditional IRA balances.

For high-cash-flow individuals, this approach offers an additional way to build tax-deferred and tax-free savings. If cash flow is tight, employees sometimes generate IRA contribution funds by selling other assets or adjusting savings elsewhere, to support this annual contribution. This shifts a taxable investment into a vehicle that is tax-free in retirement, also known as income shifting.

Ask yourself: Could a backdoor Roth IRA enhance your tax-free savings strategy?

Group Life Insurance: Protecting your Loved Ones Future Needs

Rockwell Automation provides eligible full-time employees with a Basic Life Insurance benefit equal to 2 times your annual base salary, with a minimum coverage of $150,000. Additionally, employees have the option to elect Supplemental Life Insurance coverage ranging from 1 to 8 times your annual base salary, up to a maximum of $2,000,000. This supplemental coverage is available in $10,000 increments.

Determining the appropriate level of life insurance coverage involves considering several personal factors:

- Marital Status: Are you married?
- Dependents: Do you have children or other dependents?
- Financial Goals: What financial objectives would you want to achieve in the event of your passing? For example, paying off a mortgage or funding your children's education.

Below is a summary of the available life insurance coverage options:

Coverage Type	Employee Coverage Options	Spouse Coverage Options	Child Coverage Options
Basic Life Insurance	2x annual base salary (min. $150,000)	N/A	N/A
Supplemental Life Insurance	1–8x annual base salary (up to $2,000,000)	$10,000–$100,000	$5,000 or $10,000

Note: Coverage amounts for spouse and child dependents are available only if the employee elects supplemental life insurance for themselves.

For more detailed information or assistance in determining the appropriate coverage for your situation, please refer to Rockwell Automation's benefits portal or consult with a benefits advisor.

When evaluating your life insurance needs, it's essential to address several key questions:

- Coverage Duration: Determine how long you require coverage and consider the impact of group life insurance premiums, which may increase in 5-year increments.
- Group vs. Individual Policies: Assess whether purchasing supplemental group life insurance is more advantageous than obtaining a level term life insurance policy independently.
- Policy Conversion: Understand the implications of converting group life insurance to an individual policy, including potential changes in premiums and coverage terms.

Consulting with a financial advisor can provide personalized guidance tailored to your specific circumstances and long-term financial goals.

Disability Coverage: Protecting Your Income

Rockwell Automation offers comprehensive disability coverage to support employees during periods of illness or injury:

- Short-Term Disability (STD): Provides 100% of annual benefits pay for the first 16 weeks, followed by 70% for the subsequent 10 weeks.
- Long-Term Disability (LTD): After a 180-day elimination period, employees can choose between two options:
  - Option 1: 60% of monthly pay, up to a $5,000 maximum benefit.
  - Option 2: 60% of monthly pay, up to a $15,000 maximum benefit, with a 3% annual cost-of-living adjustment for up to five years. raquickfind.com

For high-income earners, electing LTD Option 2 may be advantageous, depending on other income sources and assets available during a disability. It's crucial to evaluate whether additional disability coverage aligns with your financial goals and addresses potential income gaps.

We encourage employees to consult with a financial advisor to assess the adequacy of their disability coverage and its impact on their overall financial plan.

Your Financial Team

To maximize Rockwell's benefits, you need to build a team, similar to other professions whether its education, medical, etc.. The team an individual builds should include a Fiduciary Financial Planner, CPA, Estate Planning Attorney, Debt Specialist, and independent P&C Advisor. They'll align your 401(k), RSUs, HSA, and more with your goals, help coordinate your benefits, tax planning, asset protection strategies, and long-term financial planning. Do you have the right team in place to make your benefits work harder?

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Let’s Get Started

Rockwell Automation’s benefits are packed with a wide range of planning opportunities, but it takes a plan to make everything work together. Whether you’re saving for retirement/getting ready to retire, purchasing a home, or funding education needs, our team at Tempo Wealth is here to help.

Do you have questions or want a second opinion? Reach out to us at **info@tempowealth.com** or call **440.568.3676** for a free consultation.

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