HELP NEWS

The Monthly Newsletter of Helping Employees Learn Prosperity (HELP)

Job Rights Q&A

General Answers to advise you on your job & workplace

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Your HELP Benefits & Perks

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Feb 2026

Welcome!

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Helping Employees Learn Prosperity (HELP) is an IRC 501 (c)(4) charitable non-profit, tax-exempt, non-partisan, independent employee affiliation.

HELP is a Registered Employee Organization with the County of Los Angeles and has a County assigned payroll deduction code.

HELP's status with the City of Los Angeles is a Qualified Employee Organization.

Religion and Your Job

The United States has no official religion. Since its founding, America has guaranteed citizens the right to free choice and free exercise of religion. In public agencies, these principles are not just abstractions. There are many situations in which employees' religious beliefs can become a source of conflict. The U.S. Constitution, the California Constitution, state and federal statutes, and many legal decisions establish rules intended to separate government and religion, prevent religious discrimination in the workplace, and protect individual freedom of religious expression. In practice, these rules can easily contradict one another. It can be a difficult subject to manage. Religious issues can involve strong, personal beliefs on matters ranging from daily dress to the very meaning of life and can quickly escalate in emotional intensity. Conflicts can lead to stress, poor productivity, legal conflict, or even violence. This month, we explore the legal rules governing religion in the workplace, including what rights local government employees have when their religious beliefs intersect with their public employment.

The Establishment Clause:

The First Amendment of the U.S. Constitution prohibits government agencies from establishing a religion, from favoring one religion over another, or from favoring religion over non-religion. This is known as the Establishment Clause. It is designed to create a separation of church and state.

Legal decisions regarding the Establishment Clause typically involve issues like public funding, school prayer, and religious displays on public property. In Lemon v. Kurtzman (1971), the U.S. Supreme Court announced a three-part test to determine whether government action violates the Establishment Clause. Courts look at whether the government action has a secular purpose, has the primary effect of neither advancing nor inhibiting religion, and avoids excessive government entanglement with religion. In recent years, the U.S. Supreme Court has largely moved away from this test, favoring a more historical approach.

The Free Exercise Clause:

The First Amendment also protects the rights of an individual to practice their religion freely. This is known as the Free Exercise Clause. It is designed to limit government action that restricts religious worship, beliefs, or practices, unless the government can establish a compelling government interest. In Employment Division v. Smith (1990), the U.S. Supreme Court held that the state could deny unemployment benefits to a person fired for violating a state prohibition on the use of peyote even though the use of the drug was part of a religious ritual. The Court said that the Free Exercise Clause does not prevent states from passing neutral laws of general applicability and does not allow a person to use religious motivations as a reason not to obey generally applicable laws. The Court said the state law banning peyote applied to everyone who might possess peyote, regardless of the reason, including religious use. The Court said religious beliefs do not excuse people from complying with generally applicable laws, such as those on polygamy, child labor, requiring citizens to register for Selective Service, educating children, or requiring citizens to pay taxes.

Discrimination and Accommodation Laws:

Title VII of the Civil Rights Act of 1964, a federal civil rights statute, and California's Fair Employment and Housing Act ("FEHA"), both prohibit employers from discriminating because of religion, and both laws require employers to reasonably accommodate an employee's religious beliefs or practices. Employers must honor legitimate requests for workplace accommodation based on religion. This might include religious dress, such as tzizits, turbans, headscarves, hijabs, or the need to leave one's desk briefly to pray. It might also include allowing public employees to display religious symbols in their workspace. The law requires employers to provide reasonable accommodation unless doing so would impose an "undue hardship." Undue hardship means "an action requiring significant difficulty or expense." This could be a considerable expense, or impairment of workplace safety (such as interfering with the need to wear certain safety gear to operate equipment).

Headscarves:

In a 2015 case, EEOC v. Abercrombie & Fitch Stores, Inc., the U.S. Supreme Court held that, under Title VII, an employer may not make an applicant's religious practice, confirmed or otherwise, a factor in employment decisions. Samantha Elauf was a practicing Muslim. Abercrombie refused to hire her because the headscarf she wore pursuant to her religious practice conflicted with Abercrombie's employee dress policy. The company's "Look Policy" prohibited "caps" as too informal for their desired image. The policy did not define "caps," but the company ultimately determined that the headscarf violates the policy, as does all other headwear, religious or otherwise. The company refused to hire her. The EEOC filed a lawsuit on her behalf, alleging a violation of Title VII. An appeals court dismissed the lawsuit, saying that liability for failure-to-accommodate only attaches if the applicant provides the employer with actual knowledge of the need for accommodation. The Court reversed and reinstated her lawsuit.

The Court said that an employer that acts with a motive of avoiding accommodation may violate Title VII even if it has no more than an unsubstantiated suspicion that accommodation is needed. Doing so constitutes unlawful religious discrimination under Title VII. The Court also said that religion is defined under Title VII to include "all

aspects of religious observance and practice, as well as belief." Therefore, employers must accommodate religious practices as well as religious beliefs. The Court said that Title VII does not demand "mere neutrality" regarding religious practices – i.e. that they be treated no worse than other practices. Instead, the law affirmatively obligates employers not to discriminate against an individual because of their religious observance and practice. Although Title VII does not prohibit an employer from having a no-headwear policy, it does require policies to allow for accommodation.

Private prayer is constitutionally protected

Prayer:

In a 2022 U.S. Supreme Court case, Kennedy v. Bremerton School District, a high school football coach sued the school district after he was terminated from employment for kneeling at midfield after games to offer a quiet personal prayer. The District's termination decision was based solely on the fact that the District believed others may sue the District for violating the Establishment Clause – i.e., that others would attribute his praying as the District endorsing religion. The Supreme Court disagreed and held that terminating the coach for engaging in private prayer violated the Free Exercise clause. The Court said, "the Establishment Clause does not include anything like a modified heckler's veto in which religious activity can be proscribed based on perceptions or discomfort." A public agency cannot restrict religious speech based solely on how they think others may react.

Work Schedules:

In a 2023 U.S. Supreme Court case, Groff v. Dejoy, the Court unanimously said that a hardship is not considered undue simply based on an employee's animosity to a particular religion, to religion in general, or to the very notion of accommodating religious practice. Under Title VII and FEHA, an employer must reasonably accommodate the sincerely held religious beliefs or practices of its employees unless doing so is an undue hardship. Undue hardships are actions that would require the employer to incur significant difficulty or expense in relation to the conduct of its operation. Bias or hostility to a religious practice or accommodation cannot supply an employer with a defense.

Gerald Groff was an evangelical Christian who believed that Sunday should be devoted to worship and rest. In

2012, he accepted a mail delivery job with the United States Postal Service. Groff's position generally did not involve Sunday work, but that changed after USPS agreed to begin facilitating Sunday deliveries for Amazon. USPS redistributed his
Sunday deliveries to other USPS staff. Groff received progressive discipline for failing to work on Sundays. He eventually resigned. Groff sued under Title VII, claiming that USPS could have accommodated his Sunday Sabbath practice without undue hardship. USPS argued that exempting Groff from Sunday work had imposed a hardship on his coworkers, disrupted the workplace, and diminished employee morale. The Court rejected that defense and sided with Groff.

Courts require bona fide beliefs

At issue in the Groff case was an earlier decision, Hardison v. Trans World Airlines, Inc. (1977). Hardison worked in a department that operated 24 hours per day, 365 days per year. He played an essential role for the airline by providing parts needed to repair and maintain aircraft. After a religious conversion, he began missing work to observe his Sabbath on Saturdays. He was transferred to another position where he lacked seniority to avoid work on Saturday. After failed accommodation attempts, the airline terminated his employment for insubordination. He then sued the airline and his union.

The Court in Hardison held that Title VII does not require employers to violate seniority systems (in this case, in a collective bargaining agreement) to accommodate an employee's religious practices. The Court said the airline made reasonable efforts to accommodate Hardison's religious practices and any alternatives would have been unduly burdensome or would have violated the union contract. Title VII does not require the airline to violate the contract's seniority rules or to force other workers to swap shifts.

Groff established a higher standard than Hardison for employers in accommodation cases. Under Title VII, employers that deny religious accommodation must show that granting accommodation results in substantial increased costs in relation to the conduct of their business. Title VII requires an employer to reasonably accommodate an employee's practice of religion, not merely assessing the reasonableness of a particular accommodation request. For an accommodation request like Groff's, an employer must do more than conclude that forcing others to work overtime would constitute an undue hardship. Consideration of other options, like voluntary shift swapping, is necessary.

COVID Vaccine & Testing:

Workers should be careful, however, before automatically assuming the public employer must grant them the accommodation they seek. In a recent Federal Ninth Circuit Court of Appeal decision, Detwiler v. Mid-Columbia Medical Center (2025), the court held that a worker did not sufficiently articulate a bona fide religious belief in conflict with her former employer's COVID 19 testing requirement.

Sherry Detwiler was a practicing Christian who believed her body is a temple of the Holy Spirit and that she has a religious duty to avoid defiling her temple by taking in substances that the Bible explicitly condemns or which could potentially cause physical harm to her body. She sought an exemption from the COVID-19 vaccination requirement imposed by the hospital where she worked. She told the hospital that her Christian beliefs against abortion and the introduction of harmful substances into her body conflicted with the vaccine requirement. The hospital approved her request for a religious exemption from vaccination on October 1, 2021. As part of that accommodation, she was required to wear personal protective equipment while in the office and submit to weekly antigen testing for COVID-19. The hospital's test required inserting a cotton swab dipped in ethylene oxide (EtO) into her nostril, swirling the swab against the skin to collect a sample from the nasal tissue, and submitting the swab to a lab for analysis. Detwiler requested accommodation from the antigen testing, citing "multiple sources" indicating that EtO is a carcinogenic substance, and that this violated her body is a Temple of God belief. She proposed saliva testing or full-time remote work. The hospital denied both requests.

News Release - CPI Data (from Dec)

The U.S. Department of Labor, Bureau of Labor Statistics, publishes monthly consumer price index figures that look back over a rolling 12-month period to measure inflation.

2.7% - CPI for All Urban Consumers (CPI-U) Nationally

2.9% - CPI-U for the West Region

3.0% - CPI-U for the Los Angeles Area

3.0% - CPI-U for San Francisco Bay Area

4.5% - CPI-U for the Riverside Area (from Nov)

4.0% - CPI-U for San Diego Area (from Nov)

The hospital placed her on unpaid leave and extended her deadline to agree to antigen testing or be reassigned. She did neither. The hospital terminated her employment. She sued the hospital alleging religious discrimination under Title VII.

The Court of Appeal dismissed her lawsuit. Title VII claims of failure to accommodate a religious objection are analyzed under a burden-shifting framework. Detwiler had to establish that she had a bona fide religious belief, the practice of which conflicted with an employment duty; she informed her employer of the belief and conflict; and the employer threatened or subjected her to discriminatory treatment because of her inability to fulfill the job requirements. She also had to show that the accommodation request "springs from a bona fide religious belief." The employer can prevail by showing it was nonetheless justified in refusing to accommodate.

The Court of Appeal said Title VII's protection is not limitless and does not encompass secular preferences. The Court held Detwiler's lawsuit failed because the belief motivating her accommodation request is not religious. Courts do not have to accept conclusory assertions of religious belief. Some inquiry into the religious or secular nature of a belief "is necessary to prevent religious labels from becoming carte blanche to ignore any obligation." Detwiler had to establish a sufficient nexus between her religion and the specific belief that conflicts with the work requirement. Invocations of broad, religious tenets cannot, on their own, convert a secular preference into a religious conviction.

According to the Court of Appeal, Detwiler's belief that the testing swab is harmful, and specifically that EtO is a carcinogen, is personal and secular, premised on her interpretation of medical research. This concern about the harmful nature of EtO has no relationship with her religious beliefs. The court analogized this belief about the swab to accommodation requests in other Title VII cases that are based on concerns about health consequences, which lower courts have generally dismissed. The Court of Appeal said that invoking prayer, "without more, is insufficient to elevate personal medical judgments to the level of religious significance. Treating every secular objection bolstered by a minimal reference to prayer as religious would amount to a blanket privilege and a limitless excuse for avoiding all unwanted obligations." The Court of Appeal said Detwiler failed to show how her belief in the harmfulness of the swabs was related to her Christian faith. "Detwiler's references to prayer and a broad belief that her body is a temple do not render her medical evaluation of the swabs religious. Such personal preferences are not entitled to Title VII protections."

The Court of Appeal gave a further illustration. For example, an individual believes her body is a temple and interprets that belief as a requirement to exercise daily. She finds evidence suggesting that exercise is most effective when done in the morning. "While the generic principle and [her] chosen implementation are both understandable, they are not equivalent. She may prefer to exercise in the mornings, but she is not entitled to an exemption from attendance at early meetings. Nothing in her religion conflicts with morning work requirements. Instead, [she] relies on personal and practical preferences rather than a religious mandate. Even though her belief in her body as a temple is religious, the rational for her specific exemption request is not."

Religious Symbols:

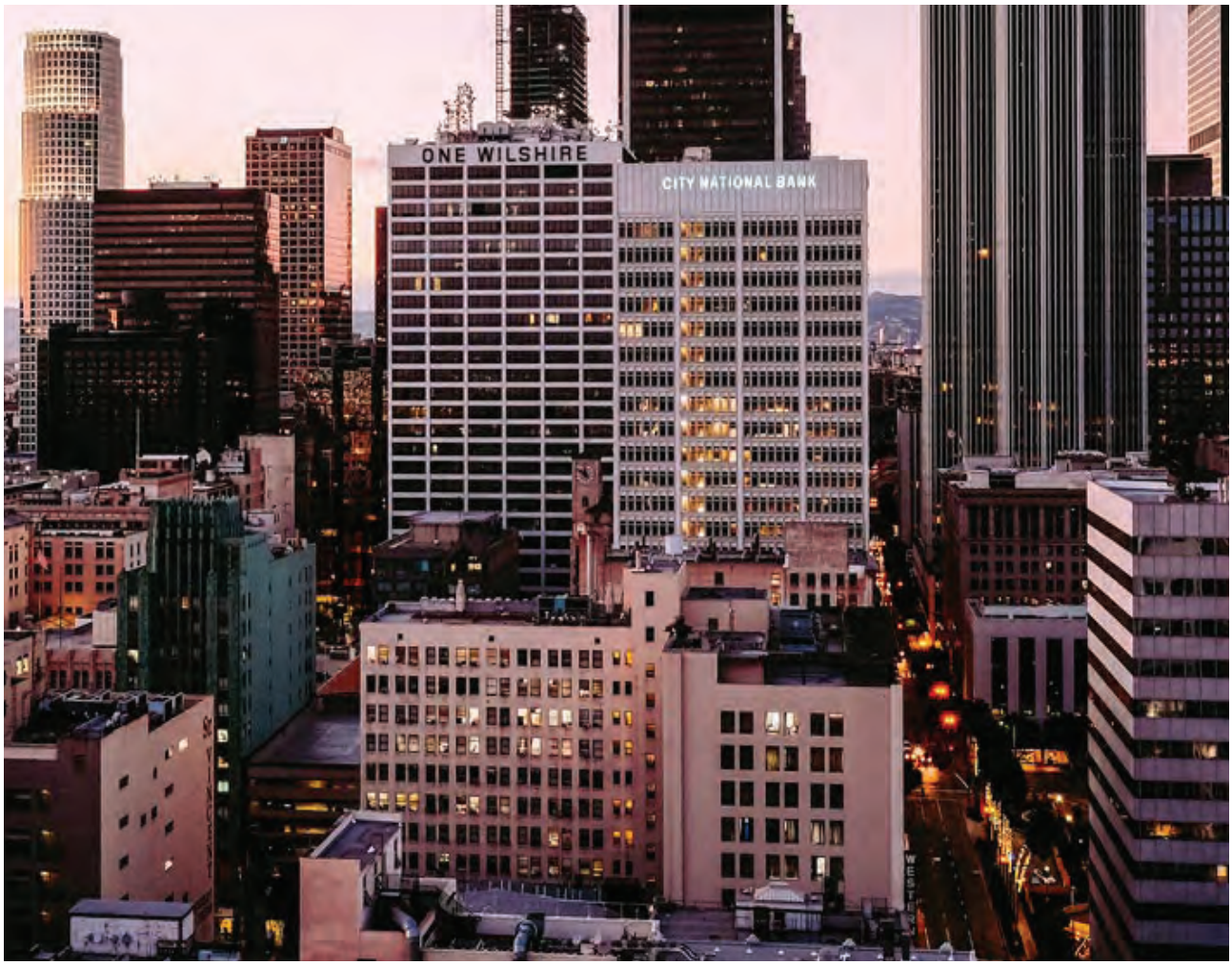
Another common dispute is over the use of religious symbols on public property. The U.S. Supreme Court decided two cases in the 1980s on the use of a nativity scene in Christmas displays. In Lynch v. Donnelly (1984), the dispute was over a Christmas display that the City of Pawtucket Rhode Island erected every year in a park near the heart of the city's shopping district. The display included secular symbols such as a Santa Claus house, a Christmas tree, and a Seasons Greetings banner. It also included a Nativity scene, which had been part of the annual display for over 40 years. The Court held that the city did not violate the Establishment Clause by including the creche in the display. The Court said the First Amendment affirmatively mandates accommodation, not merely tolerance or "callous indifference," of all religions, and it forbids hostility toward any religion. The Court referred to chaplains offering daily prayers in Congress as an example of the

accommodation of religious beliefs that the First Amendment requires. The Court said that focusing exclusively on the religious component of any activity would inevitably lead to its invalidation. However, in this case, the city had a secular purpose of celebrating the holiday and the city included the religious display with other secular symbols.
In County of Allegheny v. ACLU (1989), involving two recurring holiday displays on public property in downtown Pittsburgh, the Court said one display went a step too far. The county erected a creche depicting the Christian nativity scene with the phrase "Glory to God in the Highest" placed on the grand staircase of the county courthouse. The city erected a different display including an 18-ft Chanukah menorah placed just outside the city-county building next to the city's 45-foot decorated Christmas tree with the phrase "salute to liberty." The Court said the creche violated the Establishment Clause because, when viewed in its overall context, it was endorsing Christianity. The Court said the government may acknowledge Christmas as a cultural phenomenon, but it may not observe it as a Christian holy day by suggesting that people praise God for the birth of Jesus or otherwise express an impermissible allegiance to Christian beliefs. The Court said the menorah display does not have the prohibited effect of endorsing religion, given its placement with a combined display of secular symbols and slogan saluting liberty. Although the menorah is a central religious symbol and ritual object, by including it with the 45-ft tree and sign saluting liberty, the Court said the city conveyed a message of pluralism and freedom of belief during the holiday season. Such a display could not be seen as an endorsement of Judaism or Christianity or disapproval of alternative beliefs.
There has been recent litigation over state laws (in Texas, Louisiana, and Arkansas) that require the Ten Commandments be displayed in public school classrooms. The U.S. Supreme Court, in Stone v. Graham (1980), held that such a law violates the Establishment Clause because it is plainly religious in nature and serves no secular or educational purpose. In McCreary County v. ACLU (2005), the Court said a display of the Ten Commandments in the county courthouse violated the Establishment Clause. However, the same day, in Van Orden v. Perry (2005), the Court held that displaying the Ten Commandments on a monument at the state capitol was permissible.
In Town of Greece v. Galloway (2014), the U.S. Supreme Court held that the town's practice of beginning legislative sessions with prayer did not violate the Establishment Clause. In American Legion v. American Humanist Association (2019), the U.S. Supreme Court held that a 90-year-old World War I memorial shaped after a Latin cross on government owned land did not violate the Establishment Clause.
As these cases show, local governments can display religious symbols on public property, with some limitations. The important question for most local government employees is whether individual workers can display religious symbols at their workplace. Employees have even more latitude in decorating their own work area, office, or cubicle, than a public agency has in decorating their public property. An employee who displays a religious symbol at work cannot generally be attributable to the public agency as an endorsement of that expression in violation of the Establishment Clause. (Kennedy).
Instead, the question is whether the employee's display significantly disrupts the employer's operations. Under Title VII and FEHA, workers have a legal right to display religious symbols in their cubicle, at least insofar as doing so does not significantly disrupt the employer's operations. The employer cannot legally require a worker to remove a religious symbol from their personal workspace, absent exceptional circumstances. A public agency cannot suppress religious expression of employees who decorate their own personal workspaces unless it creates undue hardship on business operations.

Courts favor sincere religious accommodation

Conclusion:

Public employers may have and enforce generally applicable policies, including those on dress codes, vaccine mandates, and employer-provided equipment or work areas. However, if a neutral policy



conflicts with an employee's religious belief or practices, the employee should request religious accommodation before violating the policy. As long as the religious belief is bona fide, and the employee can establish the nexus between the belief and the work directive, it may be hard for a public employer to establish an undue hardship defense, as the cases in Abercrombie, Kennedy, and Groff make clear. Ultimately, the court decisions can be seen as a positive development for those workers who want or need to express their religious beliefs in the workplace.

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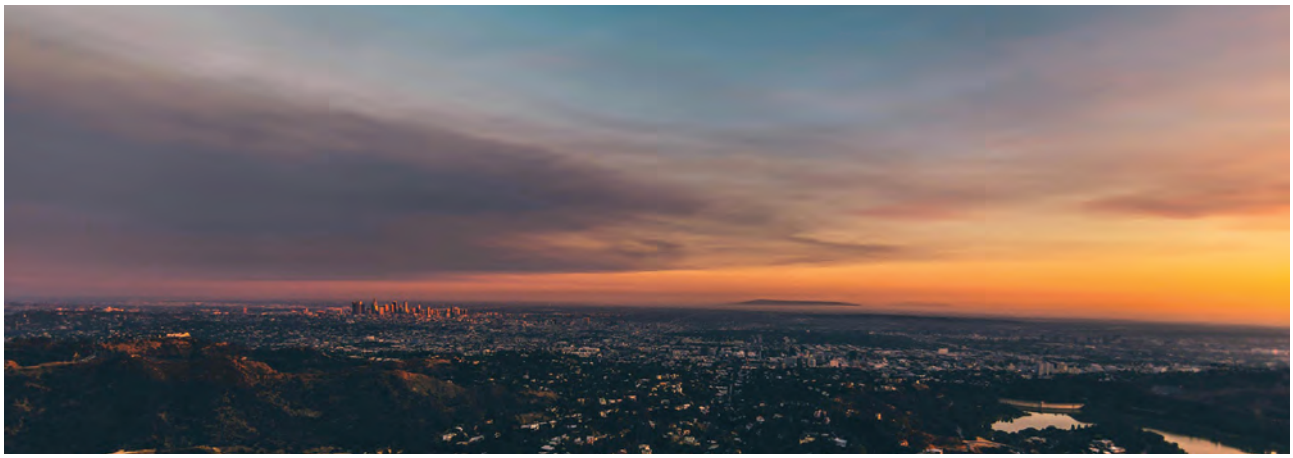
Questions & Answers about Your Job

Each month we receive dozens of questions about your rights on the job.
The following are some GENERAL answers.
If you have a specific problem, talk to your professional staff.

Question: I have a meeting with management. I have asked a co-worker who is in my work group to attend the meeting with me for support. She is also an official employee organization leader. Human Resources said that I can't bring her to the meeting with me and I need to select someone else. Does the employer have a say about who the employee can bring to the meeting?

Answer: Generally, no. Under the Meyers-Milias-Brown Act (MMBA), employees have the right to have a representative of their choosing from the employee organization at any investigatory meeting that could reasonably lead to discipline. However, the employer can exclude the employee from bringing in a representative who might also be a subject or witness in that same investigation. This often happens when the investigation involves a particular workgroup and both the employee and the representative are from the same workgroup that is under investigation. The employer also does not have to delay the investigatory meeting because the employee's chosen representative is unavailable for an extended period. You can ask HR why they are prohibiting that representative. If they do not have a legitimate reason, it may violate Government Code Sec-



tion 3506, which prohibits public agencies from interfering with, intimidating, restraining, coercing, or discriminating against public employees because of their exercise of their rights under the MMBA.

Question: **AB 339 says the public agency must give our employee organization 45 days' written notice before soliciting bids if they want to contract out bargaining unit work. Notice is also required for renewing or extending an existing contract to perform services that are within our bargaining unit. Our agency seems to think that they must negotiate with our employee organization only over the initial contracting out, not any renewal or extension. They say AB 339 only requires notice for renewals, not a meet and confer. Does the law require the employer to negotiate over renewals as well? Does AB 339 create a new requirement for agencies to meet and confer when renewing a contract?**

Answer: The text of AB 339 only requires notice to an employee organization when a public agency proposes to contract out bargaining unit work. This includes renewals or extensions of an existing contract with an outside contractor. It does not specifically include an obligation to meet and confer, though it might be inferred.

However, the initial text of the bill, introduced on January 28, 2025, included language that if the employee organization demands to meet and confer within 30 days of receiving the written notice, the public agency shall, within a reasonable time, meet and confer with the employee organization relating to the public agency's proposed decision to enter into the contract and any negotiable effects thereof. The language was deleted as part of a later amendment to the bill.

The initial bill was also amended to include language that exempts specified services for public works or other infrastructure projects from the new notice requirement. With that amendment, the bill added and revised subsection (e) which now says "nothing in this section exempts contracts from the notice, meet and confer, or other requirements of applicable laws, including this chapter," and that "this section shall not be interpreted to affect other bargaining rights and obligations under this chapter that were not created by this section." It also added language that "this section shall not diminish any rights of an employee or recognized employee organization provided by a memorandum of understanding."

The legislative history establishes that AB 339 did not create a new bargaining obligation. Whether a proposed renewal or extension requires a meet and confer is something that must be analyzed under current bargaining law and the MOU. This may depend on whether the proposed renewal or extension is a change to the current status quo

– for example, a significant expansion of any initial contracting out. It may also depend on whether the parties agreed upon the initial contracting out, and the scope of what was agreed to.

The language in the initial bill may also have been deleted because under current law, in some instances, only the effects are negotiable, not the decision itself. Deleting the proposed language and adding the new language essentially left bargaining obligations exactly where they were prior to the bill's passage.

If your employee organization receives a renewal or extension notice in accordance with AB 339, and the employee organization believes the proposed renewal or extension is objectionable, contact your professional staff for guidance. The employee organization may be able to request to meet and confer. However, it is also possible the employee organization may have grounds to legally object to the proposed expansion.

Question: Risk management is now requiring a new medical exam that had not previously been required. They say it is required for one of the basic job duties of our classification that involves emergency response. They have done a review of guidelines and policies and procedures to ensure compliance with state and federal laws. We are still trying to find out if OSHA requires an annual medical exam for each member who is involved with these operations. We must undergo other medical exams to maintain a special vehicle license and to wear specific protective equipment. Can they institute a new medical exam without a meet and confer with the employee organization? If a medical exam could potentially disqualify the member from continuing to hold the position, can an employee refuse to be examined? I realize there is an accommodation process, but I'm asking about the worst-case scenario where a current employee is unable to pass the medical exam and unable to be accommodated.

Answer: This appears to be a change in terms and conditions of employment. A new medical exam, like other job requirements, must be negotiated with the employee organization. A public employer may not unilaterally impose it without first notifying the employee organization and, if the employee organization elects to meet and confer, exhausting the bargaining process. Under the Federal Americans with Disabilities Act (ADA) and the California Fair Employment & Housing Act (FEHA), the employer can require a medical examination if it is job-related and consistent with business necessity. Verifying the need for a medical examination should be a priority in the meet and confer sessions. The employee organization should also confirm during the meet and confer process whether the new exam is in fact required by state or federal law. The Federal Equal Employment Opportunity Commission (EEOC's) Interpretive Guidance recognizes that the ADA permits periodic physicals to determine fitness for duty or other medical monitoring if such physicals or monitoring are required by medical standards established by federal, state, or local law. (Interpretive Guidance on Title I of the ADA, 29 CFR Pt 1630). For example, the Federal Occupational Safety and Health Act (OSHA) requires that employees exposed to certain hazardous substances be periodically monitored. (29 CFR § 1910.1001(d), (e)). OSHA also requires that employees who wear respirators undergo a medical examination to ensure that the employee may safely wear a respirator. (29 CFR § 1910.134(e)). Also, California law requires that peace officers be found free from any physical, mental, or emotional condition that might adversely affect their exercise of peace officer powers. (Gov't Code § 1031(f)). This includes evaluation and diagnosis by a licensed physician or psychologist, as appropriate. Even if the new medical exam is legally mandated, the employee organization still has a right to meet and confer but there might not be a lot that can be accomplished. The employee organization can propose a provision that allows members to re-test within a specified amount of time if they initially fail the test. As you indicate, the employer would still need to go through the accommodation process prior to medically separating someone. There may also be another role the member could be reassigned to that does not require passing the new medical exam.

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help
Helping Employees Learn Prosperity

Know your IRA options

CAPITAL GROUP® | AMERICAN FUNDS®

Put an IRA to work for your retirement

1 | What you need to know about IRAs

What's an IRA?

An individual retirement account (IRA) offers tax benefits that can help you save the money you'll need for your retirement. IRAs come in two versions:

- **Traditional IRA.** Invest after-tax money (may be deductible when filing taxes); defer taxes on earnings until withdrawal, usually during retirement.
- **Roth IRA.** Invest after-tax money; withdrawals of contributions are always tax-free, while the withdrawal of earnings are tax-free if it is a qualified distribution. (See page 6.)

Both choices offer significant tax advantages and investment compounding potential, giving you the flexibility to make withdrawals during retirement as tax rates rise or fall. (See page 4 to learn more and find out about eligibility and deductibility.)

Why would I need an IRA?

- We're living longer and, as a result, your retirement could last 30 years or more. This, however, means your lifestyle during those years may be significantly impacted by the amount you've saved during your working years.
- Social Security is intended to replace only about 40% of your pre-retirement income, which means accumulating the other 60% is your responsibility.
- **An IRA could:**
  - Be particularly important if your employer doesn't offer a retirement plan – or if you're already saving the maximum in your employer's plan, but want to save more.
  - Supplement other retirement income sources such as Social Security, pensions, employer-sponsored plans, sale of property, inheritances and annuities, while also acting as a potential hedge against inflation.
  - Help cover health care costs during retirement, as medical bills are often more costly and frequent as we age.

When you might consider an IRA

Changing jobs?

If you have money in a retirement plan when changing employers, consider the pros and cons of all your options, which may include leaving the money in the plan or rolling the assets into an IRA.

About to retire?

As you prepare to retire, you may wish to consider consolidating retirement plan assets into a traditional or Roth IRA.

Spouse not employed?

Although you must earn an income to contribute to an IRA account, the IRS allows couples who file as "married filing jointly" to open an IRA in the nonworking spouse's name.

Benefits of a traditional IRA

- **No income limits** – Everyone is eligible to open a traditional IRA.
- **Annual income tax deductions** – Part or all of annual contributions to a traditional IRA may be deductible on your tax return. (See pages 4 and 5 for more information.)
- **Tax-deferred growth** – You don't have to pay taxes on your earnings until you make withdrawals.
- **Estate planning** – Beneficiaries will not pay taxes at the point of inheritance, but are subject to required minimum distributions, which are taxable.

We chose a traditional IRA

Age: 48

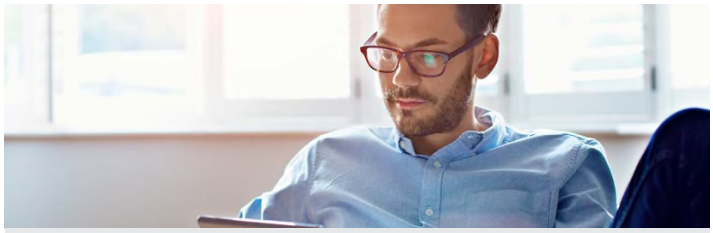
Filing status: Married

Modified adjusted gross income: $152,000

"We picked a traditional IRA to complement my husband's employer plan. Our traditional IRA allows us to deduct the contribution on our tax return – a definite advantage."

Benefits of a Roth IRA

- **Tax-free growth** – Earnings are tax-free if you (1) delay withdrawals until at least five years after the first contribution made to a Roth IRA set up for your benefit, and (2) you're at least age 59½, disabled or using the money for a first-home purchase ($10,000 lifetime limit).
- **Liquidity** – Contributions to your Roth IRA can be withdrawn tax-free at any time, although earnings will be taxable if the withdrawal doesn't meet certain conditions. The withdrawal may also be subject to an early withdrawal penalty unless you met an exception.
- **Delay withdrawals as long as you like** – You are not required to make minimum withdrawals during your lifetime. This gives you the ability to leave money in your IRA, which means your assets can continue to grow tax-free.
- **Estate planning** – Your IRA beneficiaries receive the inheritance without having to pay income taxes but are subject to required minimum distributions. However, distributions (both earnings and contributions) from the inherited IRA will not be taxable if it is a "qualified" distribution.



I chose a Roth IRA

Age: 38

Filing status: Single

Modified adjusted gross income: $88,000

"Although I could take a tax deduction for a traditional IRA, I'm going with a Roth because I like the idea of taking tax-free distributions when I reach age 59½.* Who knows how high federal income taxes will be by the time I retire?"

* Distributions are tax-free as long as you're age 59½ or older and it's been at least five years since the first Roth contribution was made. (See "Withdrawals" on page 6.)

IRA contribution limits

	If younger than age 50	If age 50 or older
2022	$6,000	$7,000
2023	$6,500	$7,500

Future contribution limits may be adjusted for cost-of-living increases. Contributions for the current tax year must be made by April 15 of the following year, unless April 15 falls on a Saturday, Sunday or legal holiday. In those cases, the due date is delayed until the next business day.

2 | Determine your eligibility for IRAs

What's your MAGI?

Your **modified adjusted gross income (MAGI)** is used to determine your eligibility to claim deductions for traditional IRA contributions and determines how much you may directly contribute to a Roth IRA. MAGI is calculated by subtracting certain expenses and allowable adjustments from your gross income.

For more information, see below and on page 5. To determine your MAGI, review your most recent IRS income tax filing or contact your tax advisor.

Traditional IRA tax deductibility

If you **are covered by a retirement plan at work**, use this table:

Cutting to the chase

- You may contribute money to a traditional IRA each year as long as you have earned income from employment.
- However, your ability to deduct contributions to a traditional IRA will depend on whether you participate in a retirement plan at work, your tax filing status and your MAGI.
- Your ability to contribute to a Roth IRA depends on your household income. (For more details, see the chart at the bottom of page 5.)

If your filing status is ...	And your MAGI for 2022 is ...	And your MAGI for 2023 is ...	Then you can take...
Single or **head of household**	$68,000 or less	$73,000 or less	full deduction
	$68,001–$77,999	$73,0001–$82,999	partial deduction
	$78,000 or more	$83,000 or more	no deduction
Married filing jointly or **qualifying widow(er)**	$109,000 or less	$116,000 or less	full deduction
	$109,001–$128,999	$116,001–$135,999	partial deduction
	$129,000 or more	$136,000 or more	no deduction
Married filing separately	$9,999 or less	$9,999 or less	partial deduction
	$10,000 or more	$10,000 or more	no deduction

Traditional IRA tax deductibility

If you **are not covered by a retirement plan at work** (a spouse or married partner could be covered), use this table:

If your filing status is ...	And your MAGI for 2022 is ...	And your MAGI for 2023 is ...	Then you can take ...
Single, head of household or **qualifying widow(er)**	any amount	any amount	full deduction
Married filing jointly or **separately** with a spouse who is not covered by a plan at work	any amount	any amount	full deduction
Married filing jointly with a spouse who is covered by a plan at work	$204,000 or less	$218,000 or less	full deduction
	$204,001–$213,999	$218,001–$227,999	partial deduction
	$214,000 or more	$228,000 or more	no deduction
Married filing separately with a spouse who is covered by a plan at work	$9,999 or less	$9,999 or less	partial deduction
	$10,000 or more	$10,000 or more	no deduction

If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "single" filing status.

Roth IRA eligibility

If you **are interested in a Roth IRA,** use this table to find out if you're eligible and, if you are, how much you can contribute:

If your filing status is ...	And your MAGI for 2022 is ...	And your MAGI for 2023 is ...	Then you can contribute ...
Single, head of household, or **married filing separately,** and you did not live with your spouse at any time during the year	$128,999 or less	$137,999 or less	full contribution
	$129,000–$143,999	$138,000–$152,999	reduced amount
	$144,000 or more	$153,000 or more	nothing/not eligible
Married filing jointly or **qualifying widow(er)**	$203,999 or less	$217,999 or less	full contribution
	$204,000–$213,999	$218,000–$227,999	reduced amount
	$214,000 or more	$228,000 or more	nothing/not eligible
Married filing separately, and you lived with your spouse at any time during the year	$9,999 or less	$9,999 or less	reduced amount
	$10,000 or more	$10,000 or more	nothing/not eligible

3 | Comparing IRA options

This side-by-side chart provides a comparison of each IRA option and the various factors you should keep in mind. For additional information about distributions, tax treatments and more, see *IRS Publication 590-A* and *IRS Publication 590-B*.

	Traditional IRA	Roth IRA
Annual tax credit	The maximum is 50% of your annual contribution, not to exceed $2,000, so long as your household income doesn't exceed certain limits.	
Tax advantages	Earnings, until withdrawn, grow tax-deferred.	Earnings grow tax-deferred and can be withdrawn tax-free if certain conditions are met. *See below.*
Withdrawals	Withdrawals are taxable and those made before age 59½ are subject to a 10% federal tax penalty unless the IRA owner is disabled or qualifies for an exception, including but not limited to the following: • Taken as substantially equal periodic payments • Used for one of the following payments or purchases: – Certain unreimbursed medical bills – Health insurance premiums during unemployment lasting at least 12 weeks – Qualified education expenses – Qualified first-time homebuyer (up to $10,000) – Birth or adoption expenses (up to $5,000) • Payments after owner's death (i.e., taken by beneficiaries)	Qualified withdrawals are tax-free and penalty-free, if the withdrawal is made at least five years after the first contribution was made to a Roth IRA set up for your benefit, and the IRA owner meets one of the following conditions: • Age 59½ or older • Disability • First-time homebuyer* If these conditions are not met, earnings are taxable and may be subject to a penalty, unless an exception applies. (See the traditional IRA "Withdrawals" section to the left.)
	Withdrawals made by beneficiaries are not subject to the 10% early withdrawal tax penalty. In addition, if the first Roth contribution was made at least five years earlier, these withdrawals aren't subject to taxes either.	
Age limit for contributions	Contributions can be made as long as the owner has earned income at the end of the calendar year for which it is being made.	None, as long as the IRA owner's income meets the annual eligibility requirements.
Required minimum distributions (RMDs)	Must begin taking RMDs no later than April 1 of the year following the year in which the owner reached age 73.	Not required during the Roth IRA owner's lifetime.
	For beneficiaries, distribution rules vary depending on the age of and relationship to owner at death.	
Taxability of retirement plan rollovers	May roll any non-Roth portion of a retirement plan account into a traditional IRA without tax consequences.	• Rolling the non-Roth portion of a retirement plan account into a Roth IRA is a taxable event, but the amount is not subject to a 10% early withdrawal penalty. • Rolling over the Roth portion isn't a taxable event.

Key IRA age milestones and tips

Catch-up contributions	Penalty-free withdrawals	Take your RMDs
Age 50	**Age 59½**	**Age 73**
Starting at age 50, your annual contribution limit increases, enabling you to put more money into an IRA.	Once you turn 59½, you are permitted to withdraw funds from your IRAs without incurring a penalty, even if you are still working.	You must begin taking RMDs from your traditional IRAs upon reaching age 73, whether or not you have actually retired from work.

* In accordance with IRS qualification requirements.

4 | Other considerations

Can I convert a traditional IRA to a Roth IRA?

Yes, you may convert a traditional IRA to a Roth IRA regardless of your income or tax-filing status. A Roth conversion may be worth considering if you:

- Can leave the money in the account for at least five years after your first contribution and not withdraw assets until you reach age 59½.
- Expect your tax rate to rise in the future and, as a result, would rather pay income taxes now.
- Can pay the resulting income taxes from a source other than the IRA so that the full amount of the traditional IRA goes into the Roth IRA. You may be able to offset the tax due on the conversion if you have other losses or deductions on your tax return.

Could I be eligible to contribute to both types of IRAs?

Yes, as long as you meet eligibility rules for both traditional and Roth IRAs, and your combined contribution doesn't exceed the annual contribution limits shown on page 3. An advantage of investing in both a tax-deferred account (such as a 401(k) plan or a traditional IRA) and a tax-free account (such as a Roth IRA) is that you'll gain the flexibility to choose which account to make withdrawals from during retirement as your tax rate rises or falls.

Does having multiple IRAs affect the amount that is considered taxable on a Roth IRA conversion?

Yes. Even if all of the assets are not converting, the IRS requires that the tax calculation accounts for the value of all your IRA assets owned on December 31 of the conversion year. Taxable amounts converted are treated as taxable income; consult a tax advisor for your specific scenario.

Should I withdraw money from my IRA before I retire?

In moments of stress, reaching for the easiest solution is often attractive, but not always wise. While financial circumstances may require you to take a withdrawal from your IRA, doing so can carry a penalty and additional taxes. So, before you take an early withdrawal, review the following considerations:

- Is this a financial emergency?
- Have you considered other financial sources?
- What impact will it have on your long-term retirement savings program?

Is your beneficiary designation up to date?

Who will inherit your IRA account? Some investors forget to name a beneficiary or update an obsolete designation. In the event you fail to name a beneficiary, the IRA agreement explains how your account will be distributed.

Are you on track for retirement?

To help, we encourage you to:

- ☐ Review your quarterly statements.
- ☐ Check in with your financial professional at least once a year.
- ☐ Discuss with your financial professional whether you're still eligible to contribute to your IRA.

Ready? Set? Go!

Now that you know more about IRAs and the powerful role one or more could play in your financial well-being during retirement, it may be time to consider opening an IRA with Capital Group. Contact your financial professional today to get started.

The Capital Advantage®

Since 1931, Capital Group, home of American Funds, has helped investors pursue long-term investment success. Our consistent approach – in combination with The Capital System™ – has resulted in superior outcomes.

Aligned with investor success

We base our decisions on a long-term perspective, which we believe aligns our goals with the interests of our clients. Our portfolio managers average 28 years of investment industry experience, including 22 years at our company, reflecting a career commitment to our long-term approach.[1]

The Capital System

The Capital System combines individual accountability with teamwork. Funds using The Capital System are divided into portions that are managed independently by investment professionals with diverse backgrounds, ages and investment approaches. An extensive global research effort is the backbone of our system.

American Funds' superior outcomes

Equity-focused funds have beaten their Lipper peer indexes in 90% of 10-year periods and 99% of 20-year periods.[2] Relative to their peers, our fixed income funds have helped investors achieve better diversification through attention to correlation between bonds and equities.[3] Fund management fees have been among the lowest in the industry.[4]

[1] Investment industry experience as of December 31, 2022.

[2] Based on Class F-2 share results for rolling monthly 10- and 20-year periods starting with the first 10- or 20-year period after each mutual fund's inception through December 31, 2022. Periods covered are the shorter of the fund's lifetime or since the comparable Lipper index inception date (except Capital Income Builder and SMALLCAP World Fund, for which the Lipper average was used). Expenses differ for each share class, so results will vary. Past results are not predictive of results in future periods.

[3] Based on Class F-2 share results as of December 31, 2022. Sixteen of the 18 fixed income American Funds that have been in existence for the three-year period showed a three-year correlation lower than their respective Morningstar peer group averages. S&P 500 Index was used as an equity market proxy. Correlation based on monthly total returns. Correlation is a statistical measure of how two securities move in relation to each other. A correlation ranges from –1 to 1. A positive correlation close to 1 implies that as one security moves, either up or down, the other security will move in "lockstep," in the same direction. A negative correlation close to –1 indicates that the securities have moved in the opposite direction.

[4] On average, our mutual fund management fees were in the lowest quintile 62% of the time, based on the 20-year period ended December 31, 2022, versus comparable Lipper categories, excluding funds of funds.

Class F-2 shares were first offered on August 1, 2008. Class F-2 share results prior to the date of first sale are hypothetical based on the results of the original share class of the fund without a sales charge, adjusted for typical estimated expenses. Results for certain funds with an inception date after August 1, 2008, also include hypothetical returns because those funds' Class F-2 shares sold after the funds' date of first offering. Refer to **capitalgroup.com** for more information on specific expense adjustments and the actual dates of first sale.

Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses and summary prospectuses, which can be obtained from a financial professional and should be read carefully before investing.

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