

Your Guide to Building Wealth at Progressive in 2026

A Practical Guide for Progressive Employees
Looking to Maximize Their Benefits

Tim Farley
Principal, Wealth Advisor

Hello and welcome to your benefits roadmap.

With so many unique benefits on the table at Progressive, it's easy to miss out on hidden opportunities unless you know where to look.

The workplace is always evolving, and Progressive's benefits package is packed with tools to help you build serious wealth while balancing work and life. From 401(k)s to stock awards and unique perks like the Spillover/Mega Roth Plan, Progressive gives you options to secure your financial future.

Our team at Tempo Wealth has worked with Progressive employees at all levels for years, and we're here to break down how you can use these benefits to hit your goals—whether it's a comfy retirement, a dream home, or a legacy for your family.

Let's dive in with a practical guide to make your money work harder for you. What are your big financial dreams, and how can Progressive's benefits get you there?



The 401(k): Your Wealth-Building Workhorse

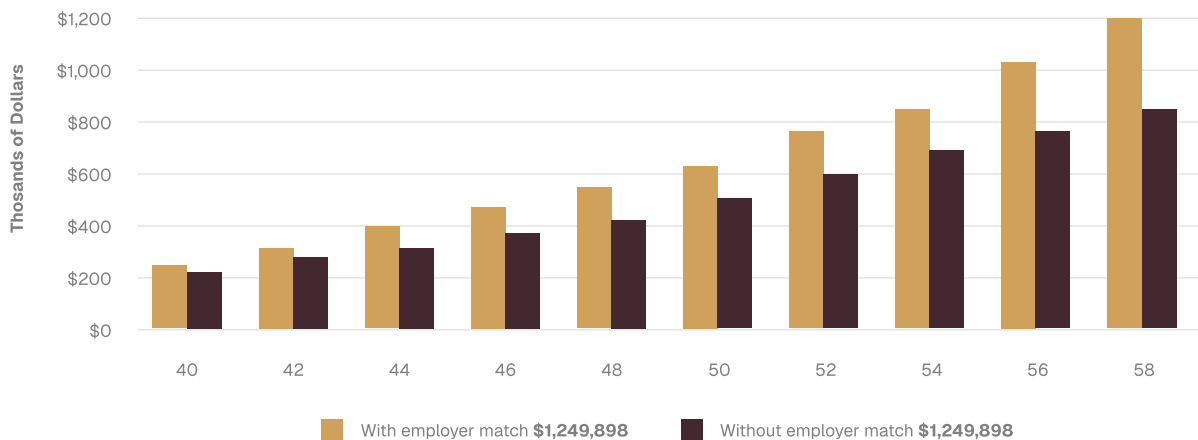
The 401(k) is your go-to for building wealth, and Progressive’s plan is a solid place to start. You can save on a pre-tax basis (get a tax break now, pay taxes later in retirement) or go Roth (pay taxes now, enjoy tax-free withdrawals after age 59½). Pre-tax is great if you think you’ll be in a lower tax bracket in retirement, while Roth hedges against rising tax rates.

Here’s what to think about:

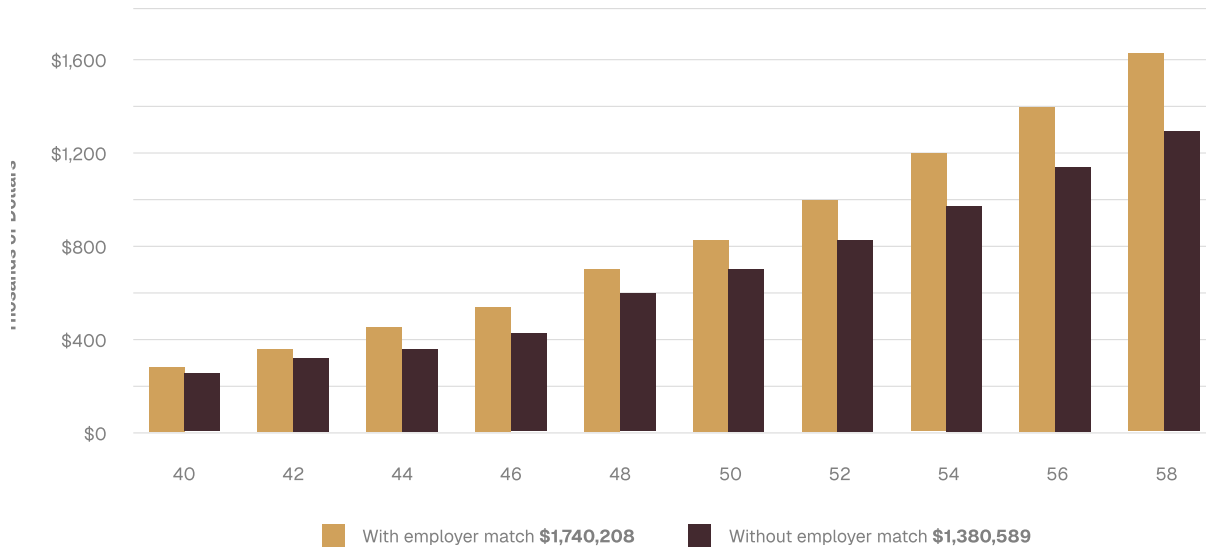
- Do I already have a big pre-tax or Roth account? Should I balance them out?
- Will my income (and tax bracket) go up over time? If so, should I do Roth now and switch to pre-tax later?
- What will my retirement income look like from Social Security, pensions, or 401(k)s? Higher or lower than now?
- How does the Secure Act 2.0 change my 401(k) contributions?

Progressive matches your first 6% of pay, up to \$12,000 a year. For example, if you earn \$150,000 and contribute 6% (\$9,000), Progressive adds another \$9,000—doubling your savings before growth. Even if you’re paying student loans and contributing less than 6%, you might still qualify for the full match. For 2025, you can save up to \$24,500 (up from \$23,500 in 2025). If you’re 50+, add a \$8,000 catch-up contribution (up from \$7,500 in 2025). And heads-up: if you’re 60–63, you can contribute up to \$11,250 in catch-ups, 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).

Let’s say you’re age 40, earning \$150,000 with a 2% annual raise, starting with a \$200,000 401(k) balance, contributing 6% to get the full match, and earning 5% annual returns. After 20 years, you’re looking at solid growth.

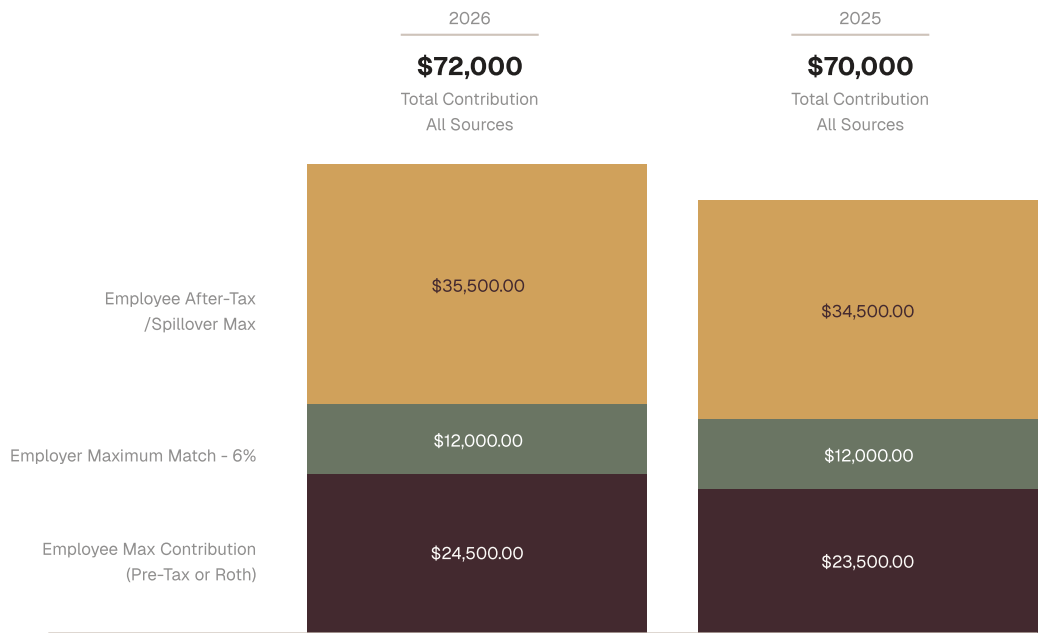


But if you max out at \$24,500 plus the 6% match, you could have approximately \$500,000 more by year 20 (check out Federated Investors’ 401(k) calculator for details). How much can you push your 401(k) contributions to supercharge your savings?



<https://www.federatedinvestors.com/calculators/Retire401k.html?>

Below is a chart indicating the differences in 401(k) plan limits and total contributions from 2024 to 2025. There is a total of \$1,000 additional contribution, \$500 of which towards the employee’s Pre-Tax or Roth contribution and \$500 towards the spillover/after-tax contribution.



After-Tax Spillover: The Mega Roth Hack

Once you hit the 401(k) max, Progressive lets you pour more into an after-tax Spillover account. For 2026, the total 401(k) limit across all contributions is \$72,000 (under age 50):

- \$24,500 max pre-tax or Roth
- \$12,000 max employer match (6% of eligible pay)
- Up to \$35,500 in after-tax Spillover

Since Spillover contributions aren't tax-deductible, you can convert them to a Roth IRA (tax-free growth and withdrawals after age 59½) and roll earnings into a Traditional IRA or back into the 401(k). This is huge if your income is too high for direct Roth IRA contributions. How can the Spillover account help you save more in a tax-smart way?

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

If you're a high earner, Progressive's Deferred Compensation (DC) plan lets you defer gainshare or stock awards to delay taxes. You pick how much to defer during open enrollment, but since gainshare varies (0–2.0 multiplier), it takes some planning. For example, if you defer 50% of a \$100,000 gainshare (at a 1.0 multiplier), you're setting aside \$50,000, but the actual amount depends on the multiplier. You can invest deferred funds based on your risk tolerance, unless you defer stock—it stays in PGR stock until payout.

You choose payout options the year prior to the deferral (lump sum, 5-year, or 10-year) starting at retirement or termination. If you retire early (say, at 57), DC payouts can bridge the gap until you access 401(k) funds penalty-free at 55 or IRAs at 59½. Payout length also affects state taxes. For example, if you're in Ohio (with state income tax) but plan to move to Florida (no state income tax) two years into retirement, a 5-year payout on a \$500,000 DC balance means \$100,000/year with 5% Ohio tax on all five years (\$25,000 total). A 10-year payout (\$50,000/year) taxes only the first two years in Ohio (\$5,000 total). What payout schedule fits your retirement plans and tax situation?

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.

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

Type of Limit		2025	2026	Change
HSA Contribution Limit	Self-only	\$4,300	\$4,400	Up \$100
	Family	\$8,550	\$8,750	Up \$200
HSA Catch-Up Contributions (not subject to adjustment for inflation)	Age 55 and Older	\$1,000	\$1,000	No Change
HDHP Minimum Deductible	Self-only	\$1,650	\$1,700	Up \$50
	Family	\$3,300	\$3,400	Up \$100
HDHP Maximum Out-of-Pocket Expense Limit (deductibles, copayments and other amounts, but not premiums)	Self-only	\$8,300	\$8,500	Up \$200
	Family	\$16,600	\$17,000	Up \$400

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?

RSUs: Your Stock Award Playbook

If you’re stock-eligible, Progressive offers time-based and performance-based RSUs. Time-based RSUs vest over five years (0% in years 1–2, 33% in years 3–5). 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). If you hit the rule of 70 (age 60 with 10 years of service or 55 with 15), unvested RSUs vest at retirement, creating a big income spike. Key questions:

- 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 PGR stock, and what's my exit strategy?
- Should I set up quarterly tax payments since PGR withholds only 22% federal tax on RSUs?
- If my income exceeds \$1M (37% withholding), will that cover my taxes?
- Do I believe PGR stock will grow, and should I make an 83(b) election to pay taxes upfront?

Net Unrealized Appreciation: A Tax-Saving Stock Trick

If you've got PGR stock in your 401(k) (up to 10% of salary deferrals), Net Unrealized Appreciation (NUA) can save you big at retirement (age 55+). For example, with \$300,000 in PGR stock (\$100,000 cost basis, \$200,000 growth), you pay ordinary income tax on the \$100,000 basis when rolling it to a taxable account. The \$200,000 growth is taxed at long-term capital gains rates (0–23.8%) when sold, potentially saving thousands compared to rolling it all into an IRA. How can NUA fit into your retirement tax strategy?

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 your cash flow is tight, you could generate the funding by selling PGR stock 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?

Disability Coverage: Protecting Your Income

Progressive's group disability insurance covers:

- Short-Term Disability: 100% of base pay (weeks 2–13) if under 10 years of service; 100% (weeks 2–5) then 80% (weeks 6–13) if 10+ years.
- Long-Term Disability: After 91 days, basic coverage is 40% of base pay (up to \$10,000/month, taxable). Optional buy-up increases to 60% (up to \$15,000/month, partially taxable).

Note: The original document appears incomplete here. Missing details may include additional disability coverage terms or benefits. Please verify with Progressive's benefits manual for complete information.

For example, an employee earning \$450,000 (base \$225,000, 50% gainshare, 50% RSUs) gets \$135,000/year in disability benefits (30% of income). If that's not enough, supplemental coverage can bridge the gap. Does your disability coverage meet your living expenses, or do you need extra protection?

Your Financial Team

To maximize Progressive's benefits, you need a team: a 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, optimize taxes, protect assets, and plan for your family's future. Have you got the right team to make your benefits work harder?



Let's Get Started

Progressive's benefits are packed with wealth-building potential, but it takes a plan to make them shine. Whether you're saving for retirement, a home, or your kids' future, our team at Tempo Wealth is here to help. Do you have questions or want a second opinion?

Reach out to Tim Farley at tcf@tempowealth.com or call **440-568-3676 ext. 101** for a free consultation.



Tempo Wealth, LLC ("Tempo Wealth") is a Registered Investment Advisor registered with the SEC. Registration as an investment adviser does not imply a certain level of skill or training, and the content of this communication has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

The information contained in this material is intended to provide general information about Tempo Wealth and its services. It is not intended to provide personalized investment advice. Investment advice will only be given after a client engages our services by executing the appropriate investment services agreement. Always check PGR's benefit manual or benefits department for details. All numerical examples and case studies are hypothetical, provided for illustrative purposes only, and do not reflect actual investment results. They are based on assumptions that may not occur and do not account for future market conditions, plan changes, or individual circumstances. This material is not intended to predict or guarantee future performance. Actual results will vary. Information regarding investment products and services are provided solely to read about our investment philosophy and our strategies. You should not rely on any information provided in this material in making investment decisions.

Market data, articles, and other content in this material are based on generally-available information and are believed to be reliable. Tempo Wealth does not guarantee the accuracy of the information contained in this material. This document does not imply any endorsement or affiliation with Progressive or any of its affiliates. All trademarks and company names are the property of their respective owners. Tempo Wealth will provide all prospective clients with a copy of our current Form ADV, Part 2A (Disclosure Brochure) prior to commencing an advisory relationship. However, at any time, you can view our current Form ADV, Part 2A at adviserinfo.sec.gov. In addition, you can contact us to request a hardcopy.