



## DEFERRED COMPENSATION PLAN - SUPPLEMENTAL BENEFIT FEATURES AND HIGHLIGHTS

### About the Pennsylvania State Employees' Deferred Compensation Plan

The Pennsylvania State Employees' Deferred Compensation Plan is a governmental 457(b) retirement savings plan that allows employees to supplement existing retirement and pension benefits by investing through a voluntary salary contribution. The plan was established in 1988 by the Pennsylvania State Employees' Retirement System (SERS), which contracts with Empower Retirement, the retirement business of Great-West Financial®, to serve as the administrator.

### Eligibility Requirements

You are eligible to enroll immediately following your date of hire.

### Enrollment

You may enroll online at [www.SERS.pa.gov](http://www.SERS.pa.gov) – click on *Deferred Compensation Plan* or complete and submit these forms:

1. Participant Enrollment
2. Paycheck Contribution Election
3. Beneficiary Designation

All forms are available online or by calling **1.800.633.5461**.

### 2019 Contribution Limits

- Combined maximum limit of 100% of your compensation or \$19,000, whichever is less, for all retirement contributions in 2019.
  - Dollar amount contributions: \$5 minimum per pay period
  - Percent contributions: 0.5% minimum per pay period (increases are limited to increments of 0.5%)

- Special catch-up allows participants in the three calendar years prior to normal retirement age to contribute more (up to double the annual contribution limit – \$38,000). The amount that you may be able to contribute under the special catch-up option will depend upon the amounts that you were able to contribute in previous years but did not.
- Participants turning age 50 or older in 2019 may contribute an additional \$6,000. This amounts to a maximum contribution of \$25,000 for 2019.

Please note that you may not use the special catch-up and the age 50+ catch-up options in the same calendar year.

### Before-Tax and Roth Contributions

You have the flexibility to choose traditional 457(b) or Roth 457(b) contributions. Traditional contributions are made on a before-tax basis, and you pay income taxes only when you take a distribution. All Roth contributions are made with after-tax dollars.

Your Roth distribution is income tax-free if you are eligible for a distribution from the plan and you withdraw your Roth contributions and any earnings after holding the account for at least five tax years and:

- You are at least age 59½.
- You become disabled.
- You die (in which case, your beneficiaries will take a withdrawal).

If a distribution is made from your Roth 457(b) account before you reach age 59½ and it is not due to death or disability, or reaching the five-tax-year holding period, you will pay income taxes on any earnings that are distributed. Otherwise, there is no income tax due on the Roth contributions distributed from the plan because contributions are made with after-tax dollars.

## Investment Options

A wide array of core investment options is available through your plan. Each option is explained in further detail in the Fund Fact Sheets provided by the plan. Investment option information is also available through the website at [www.SERS.pa.gov](http://www.SERS.pa.gov) or by calling **1.800.633.5461**. The website is available to you 24 hours a day, seven days a week.

In addition to the core investment options, a Self-Directed Brokerage (SDB) account is available. The SDB account allows you to select from numerous investment options for additional fees. The SDB account is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDB account.

## Deferrals, Transfers and Allocation Changes

You can move all or a portion of your existing balances among investment options (subject to plan rules) and change how your payroll contributions are invested by signing into your account or by calling **1.800.633.5461**.<sup>1</sup>

## Rollovers

Balances from an eligible governmental 457(b), 401(k), 403(b) or 401(a) plan or an individual retirement account (IRA) may be rolled over to the plan. You are encouraged to discuss rolling money from one account to another with your financial advisor/planner, considering any potential fees and/or limitations of investment options. Contact your Empower Retirement representative for assistance in the rollover process by calling **1.800.633.5461**.

## Withdrawals

Qualifying distribution events are as follows:

- Retirement
- Severance of employment (as defined by the Internal Revenue Code provisions)
- Death (your beneficiary receives your benefits)
- Unforeseeable emergency (as defined by the Internal Revenue Code)
- Transfer to purchase service credit

Please keep in mind that if you roll over your balance in the plan to a 401(k), 403(b) or 401(a) plan or to an IRA, distributions taken before age 59½ from the new rollover account may be subject to the 10% early withdrawal penalty. The 10% early withdrawal penalty does not apply to deferred comp plan withdrawals.

Each distribution from a traditional 457(b) plan is subject to ordinary income tax with 20% mandatory withholding except for an in-service transfer to purchase service credit. Depending on your personal tax circumstances, you may be responsible for payment of additional estimated tax, or you may owe additional tax when you file your tax return.

## Plan Fees

### Recordkeeping or Administrative Fees

The fees are \$24 plus 0.07% of your account balance per year. The annual fees are prorated and will be deducted from your account on a monthly basis.

### Distribution Fees

There are no plan distribution fees.

### Investment Option Fees

Each investment option has its own investment management fee that varies by investment option and pays other fees for its operations. These fees are deducted before the daily price or performance is calculated. Fees pay for investment management, trading of portfolio securities and other similar expenses.

There may be a recordkeeping or administrative fee for investing in certain investment options. Please contact your Empower Retirement representative for more information about any potential investment option fees.

There are additional quarterly fees and/or transaction fees to participate in the Schwab Self Directed Brokerage account. Please see [www.SERS.pa.gov](http://www.SERS.pa.gov) for more information.

### Managed Account Service Fee:

Empower Retirement Advisory Services is offered by Advised Assets Group, LLC, a registered investment adviser.<sup>2</sup>

The annual fee for this service is charged quarterly and is based on a percentage of your account balance as shown below.

If you are a do-it-for-me investor, you might choose the Managed Account service to give AAG the ability to make investment choices based on your personal goals and financial situation. The Managed Account service provides you with a personalized and strategically designed retirement portfolio that is monitored, and investment changes are made for you each quarter as necessary.

There is no guarantee provided by any party that participation in any of the Advisory Services will result in a profit.

Participant Account Balance	Annual Managed Account Service Fee
Up to \$100,000	0.45%
Next \$150,000	0.35%
Next \$150,000	0.25%
Amounts in excess of \$400,000	0.15%

*Please note the fees in this chart are subject to change. Please log into your account to view the most updated fee schedule.*

### Loans

Currently, the plan does not allow loans.

Read these highlights to learn more about your plan. If there are any discrepancies between this document and the plan document, the plan document will govern.

This material has been prepared for informational and educational purposes only and is not intended to provide investment, legal or tax advice. Investing involves risk, including possible loss of principal.

- 1 Transfer requests received on business days prior to close of the New York Stock Exchange (4 p.m. Eastern time or earlier on some holidays or in other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.
- 2 Online Investment Advice and the Managed Account service are part of the Empower Retirement Advisory Services suite of services offered by Advised Assets Group, LLC, a registered investment adviser.

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Securities available through Schwab Personal Choice Retirement Account® (PCRA) are offered through Charles Schwab & Co., Inc. (Member SIPC), a registered broker-dealer. Additional information can be obtained by calling 888-393-7272. Charles Schwab & Co., Inc. and GWFS Equities, Inc. are separate and unaffiliated.

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1.800.633.5461 | [www.SERS.pa.gov](http://www.SERS.pa.gov)

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