

DEFERRED COMPENSATION PLAN

Supplemental Benefit

WINTER 2025

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DEFERRED COMPENSATION PLAN — SUPPLEMENTAL BENEFIT

DEFERRED COMPENSATION PLAN NEWS

2026 contribution limits

The more you contribute to your deferred comp plan today, the more income you may have to enjoy in retirement. Increasing your contributions — even by a small amount — can make a meaningful difference over time thanks to compounding growth and tax advantages. With 2026 bringing higher contribution limits, now is a great time to plan ahead and make the most of your saving power.

Standard contribution limit – In 2026, the annual contribution limit increased to \$24,500 — or the lesser of 100% of your eligible compensation.

Age 50+ catch-up – If you're age 50 or older, you can contribute an additional \$8,000 in catch-up contributions in 2026.

Age 60-63 "super" catch-up – If you're age 60 to 63, you can contribute an additional \$11,250.

Please note, beginning in 2026, if you're eligible for age-based catch-up contributions (age 50+ or age 60-63) and your Federal Insurance Contributions Act (FICA) wages from your employer sponsoring the plan in the prior calendar year exceeded \$150,000, your catch-up contributions must be made as Roth (after-tax) contributions.¹

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Why retirement planning doesn't stop with retirement

It's tempting to think of retirement as a finish line. You're finally reaching a goal that you've spent years working toward. But one thing many new retirees discover is that retirement is the start of a new phase of their lives — one that requires ongoing planning, especially as their personal and financial circumstances evolve.

In other words, planning for retirement doesn't stop when you retire. And just as you may have needed some support during your working years to plan for the retirement you want, you may need a little help adjusting and implementing your retirement plans after you leave the workplace.

Whether you're in the run-up to retirement or have already retired, your local plan specialist is available to help you make your plans for a more comfortable retirement a reality.² Some of the areas where they can help include:

- **Using your account in your retirement years** – You don't have to close your account when you retire. You can continue to access the services and tools you used to build your nest egg — including regular meetings with your local plan specialist.
- **Creating a spend-down strategy** – Your plan specialist can help you design a strategy for converting your assets — such as your retirement account funds, personal savings, and other sources — into retirement income in the most advantageous way.
- **Selecting and managing investments** – Your retirement could last for decades, and your plan specialist can help you create a plan for smart investing during that period. Otherwise, you may run the risk of inflation depleting your spending power.

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Questions or Request Your Free Retirement Readiness Review²
1.866.737.7457 | www.SERS.pa.gov



2026 contribution limits (continued)

Special catch-up – If you're within three calendar years of your SERS retirement age/date,³ you can contribute up to double the annual contribution limit, or \$49,000 in 2026, with special catch-up contributions. The amount you may be able to contribute depends on the amounts you were eligible to contribute in previous years but did not. Special catch-up contributions are not permitted in, or after, the year you turn 70½.

Only one catch-up provision may be used in a single tax year.

Questions on annual contribution limits or catch-up contributions? **Meet with your local plan specialist** or speak with a tax professional. You can also visit irs.gov for more information.

Why retirement planning doesn't stop with retirement (continued)

■ **Consolidating accounts** – If you have IRAs and/or retirement accounts from other employers, your plan specialist can show you how consolidating those accounts can help you simplify management of your assets and potentially lower your fees. Consider all your options, including taxes, fees, and expenses, before moving money between accounts. Assess all benefits of current accounts before moving money.

If you've reached the milestone of retirement, you deserve a pat on the back. But even though you may have said goodbye to the workplace, you can still take action to make your retirement more comfortable. And a great place to start is by **scheduling some time with your local plan specialist** to discuss your plans and practical steps toward reaching them.

1 For the SECURE 2.0 Act Roth catch-up provision, the \$150,000+ wage limit aligns with the wages used for Social Security taxes, as reported in Box 3 ("Social Security wages") on your W-2 form. The threshold is determined for each employer separately, not by combining wages from multiple employers. The limit is indexed to inflation and may increase on an annual basis.

2 Point-in-time advice provided by an Empower representative may include savings, investment allocation, distribution, and rollover advice, including advice on consolidating outside retirement accounts.

3 Generally, age 67, 65, 60, 55, or 50, depending on your SERS class of service, as listed on your annual member statement.

Point-in-time advice is provided by an Empower representative registered with Empower Financial Services, Inc. at no additional cost to account owners. There is no guarantee provided by any party that use of the advice will result in a profit.

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Secure your funds

Take a few simple steps to better protect your deferred comp plan account and help ensure you receive important alerts, stay reachable if anything looks suspicious, and keep key details current. Here's how:

- 1. Register your account** – If you haven't registered your online account, you can do it on the **plan website** or **mobile app**. Registering your online account allows Empower to send you proactive security alerts if certain changes are made to your account. And it makes it easier for you to monitor your account, investment performance, and other factors so you can keep making progress toward your goals.
- 2. Update your contact information** – People are always changing jobs, moving, and setting up new email addresses. It's important to let Empower know if your contact information has changed so you can be contacted when necessary. This is one more step to help protect you from potential fraud.
- 3. Verify/update your beneficiary designation** – By keeping your beneficiary information up-to-date, you can make it easier for the people you care about to access the funds in your account in the event of your death. Please note: If you contribute to more than one SERS retirement plan, you need to name beneficiaries for each plan, individually.

Visit sers.empower-retirement.com to complete these three tasks and strengthen the security of your account. Even small updates like these can make a big difference in protecting what you've saved.



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