



DEFERRED COMPENSATION PLAN

Supplemental Benefit

DEFERRED COMPENSATION PLAN - SUPPLEMENTAL BENEFIT FEATURES AND HIGHLIGHTS

Most SERS members have access to the Deferred Compensation Plan — a voluntary supplemental investment plan with tax-deferred savings.

“Deferred comp” makes it easy to save more money for retirement by allowing you to have some of your pay automatically deferred to an investment account.

There is a range of investments from which you may choose — from conservative to aggressive. You can easily change the amount you defer from your pay and your investment options at any time.

Established in 1988, the deferred comp plan offers certain tax advantages as outlined in Section 457(b) of the IRS tax code. The SERS Board has contracted with Empower as the third-party administrator of this supplemental investment plan.

Eligibility Requirements

Eligible employees may enroll immediately after joining SERS.

Enrollment

You can enroll at www.SERS.pa.gov, where you also can designate the amount you want to contribute toward your retirement and your beneficiary for this account.

As an alternative, you can request a copy of the enrollment form by calling **1.866.737.7457**.

Contribution Limits

You may contribute a maximum of \$24,500 or 100% of your compensation, whichever is less, to your deferred comp plan in 2026.

In addition, there are catch-up provisions in the Internal Revenue Code Section 457(b) that allow you to make additional contributions.

Catch-up Provisions:

- If you are age 50 or older, you may make additional contributions up to an additional \$8,000 for a maximum of \$32,500 in 2026.
- If you turn age 60, 61, 62, or 63 in 2026, you may make additional contributions, up to an additional \$11,250 for a maximum of \$35,750.
- If you are within three calendar years of your SERS retirement age/date,¹ 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 any one tax year. 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.²

Before considering other investment plans, consider the benefits of contributing the maximum amount to your SERS deferred comp plan. For more information, talk with a plan specialist at **1.866.737.7457**.

Minimum: \$5 each pay period or 0.5% of pay each pay period (increases may be in increments of 0.5%).

Traditional Before-tax and Roth After-tax Contributions

You have the flexibility to make traditional before-tax and Roth after-tax contributions.

Traditional before-tax contributions are made on a before-tax basis, and you pay income taxes only when

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you take a distribution. Roth after-tax contributions are made with after-tax dollars. Your distribution is income tax-free if you are eligible for a distribution from your deferred comp plan, and you withdraw your Roth contributions and any earnings after holding the Roth option 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 does not meet the above criteria, the earnings portion of the distribution will be subject to ordinary income taxes.⁴

For more information, see ***The Deferred Comp Roth Option: Is It Right for You?***

Investment Options

A wide array of core investment options is available. Each option is explained in further detail in the fund fact sheets at www.SERS.pa.gov or by calling **1.866.737.7457**.

In addition to the core investment options, a self-directed brokerage account is available. The brokerage account allows you to select from numerous investment options for additional fees and is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments.

Deferrals, Transfers, and Allocation Changes

You can move all or a portion of your existing balances among investment options⁵ (subject to plan rules) and change how your payroll contributions are invested after **signing into your account** or by calling **1.866.737.7457**.

Rollovers – Into Your Deferred Comp Plan

Balances from an eligible governmental 457(b) plan; a 401(k), 403(b), or 401(a) plan; or an individual retirement account (IRA) may be rolled over to your SERS deferred comp plan.⁶ You are encouraged to discuss rolling money from one account to another with your financial advisor/planner. Consider all your options, including taxes, fees and expenses, before

moving money between accounts. Assess all benefits of current accounts before moving money. Contact a plan specialist for assistance in the rollover process by calling **1.866.737.7457**.

Withdrawals/Distributions

Qualifying distribution events:

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

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.

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

Plan Fees

Recordkeeping Fee

As of January 1, 2025, \$3.00 per month.

Plan Administration Fee

Accounts with a balance of more than \$5,000:

- \$1 flat fee per month; plus
- 0.02% of account value annually, to be withheld on a monthly basis, not to exceed \$50 annually

Distribution Fees

There are no plan distribution fees.

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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.

If you participate in the Schwab Self-Directed Brokerage Account, there is a \$60 annual administrative fee. Additional fees may be charged for trades depending on the investment option(s) selected. A fee schedule can be found at www.Schwab.com. The self-directed brokerage account (SDBA) is intended for knowledgeable investors who understand the risks associated with the SDBA.

Please contact a plan specialist for more information about any potential investment option fees by calling **1.866.737.7457**.

My Total Retirement™

If you participate in the Empower Advisory Services offered by Empower Advisory Group, LLC (EAG), a registered investment adviser, there is an annual fee that is charged quarterly based on a percentage of your assets under management as shown in the table to the right.

If you are a do-it-for-me investor, you might choose My Total Retirement to give EAG the ability to make investment choices based on your personal goals and financial situation. My Total Retirement provides you with a personalized and strategically designed retirement portfolio that is monitored, and investment changes are made for you as necessary.

Assets Under Management	Annual 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 in to your account to view the most updated fee schedule.

Loans

Currently, the plan does not allow loans.

Unforeseeable Emergency Withdrawals

While the plan does not offer loans, you may be eligible for an emergency withdrawal as defined by the Internal Revenue Code.

- 1 Generally, age 67, 65, 60, 55, or 50, depending on your SERS class of service, as listed on your annual member statement.
- 2 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.
- 3 The Retirement Readiness Review is provided by an Empower representative registered with Empower Financial Services, Inc. and may provide tailored retirement education and guidance at no additional cost to participants.
- 4 A withdrawal from a Roth account is not subject to federal taxation as long as it is qualified as defined under IRS regulations. However, state and local taxes may still apply.
- 5 Transaction requests received in good order after the close of the New York Stock Exchange will be processed the next business day.
- 6 Funds rolled into a governmental 457 plan from another type of plan or account may still be subject to the 10% early withdrawal penalty if taken before age 59½. Assess benefits of current accounts before moving money.

Carefully consider the investment option's objectives, risks, fees, and expenses. Contact Empower for a prospectus, summary prospectus for SEC-registered products, or disclosure document for unregistered products, if available, containing this information. For prospectuses related to investments in your self-directed brokerage account (SDBA), contact your SDBA provider. Read them carefully before investing.

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.

Investing involves risk, including possible loss of principal.

Online Advice and My Total Retirement are part of the Empower Advisory Services suite of services offered by Empower Advisory Group, LLC, a registered investment adviser. Past performance is not indicative of future returns. You may lose money.

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