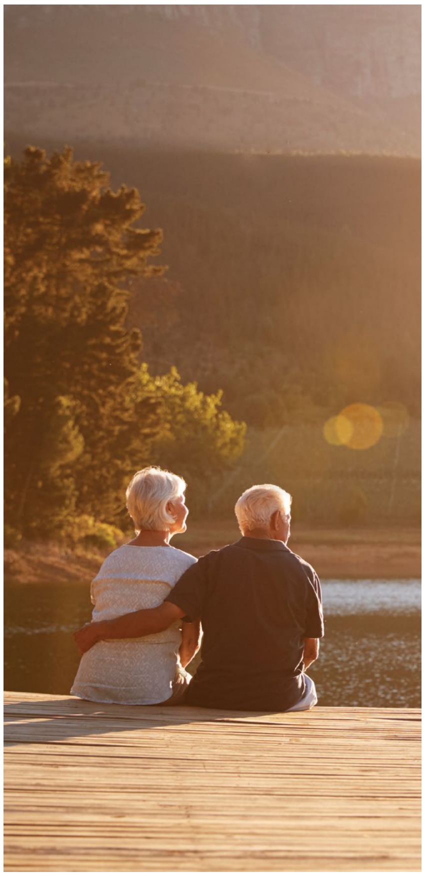
DEFERRED COMPENSATION PLAN

Supplemental Benefit

DEFERRED COMPENSATION PLAN - SUPPLEMENTAL BENEFIT

DEFERRED COMPENSATION PLAN NEWS



Welcome to the digital *Deferred Comp News!*

In addition to the move to this digital format, you will notice that the newsletter is shorter — two pages instead of four — with shorter pieces featuring links to tools and information specific to your plan.

We hope you enjoy this new format that features easy access and increased interactivity. Let us know what you think of this new format and what information you'd like to see in future editions by e-mailing us at RA-ERCommunications@pa.gov.

ETFs now available

If you are a do-it-myself investor with a minimum of $2,500 in the plan, you may want to check out the ETFs (exchange-traded funds) now available through the self-directed brokerage account. The self-directed brokerage account, offered through Charles Schwab & Co., Inc., allows you to select from more than 8,500 mutual funds and now, more than 250 commission-free ETFs. Underlying investment management fees vary based on the funds selected and are available through each fund's respective prospectus.

See the Charles Schwab definition of ETFs, for more information. To learn more about the self-directed brokerage account, see the Charles Schwab Self-Directed Brokerage Account fund fact sheet.

FUND FACT SHEETS

Available for core investment options and provide key information like:

- Investment objective and strategy
- Risk profile
- Fund manager/advisor
- Asset allocation

View them at: http://www.sers.pa.gov/DeferredCompensationPlan-Investing.html

The self-directed brokerage account is intended for knowledgeable investors who acknowledge and understand the risks associated with the available investments.

Run up to retirement: Ramping up for your run-up to retirement

The retirement you've long prepared for is finally within sight. Is it time to put your feet up and coast into the future? Not quite yet. As your time in the workplace winds down, it's time to ramp up on a new phase of retirement planning. That's right — just as you needed a plan to save and invest during your working years, you need a plan for making the transition to your retirement years.

Following are some suggestions for making the process smoother:

Consider catching up: If you are age 50 or older, you may be eligible to contribute an additional $6,000 to your account above the IRS annual contribution limit. Similarly, if you are within three years of your normal retirement age, you may be eligible to make additional catch-up contributions.

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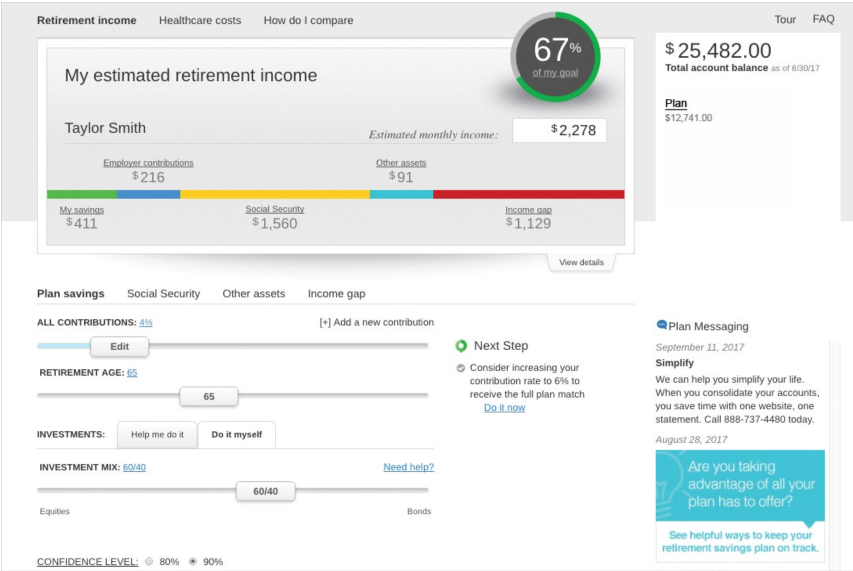

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See 2019 Contribution Limits section of the plan's Features and Highlights. You can find out more about contribution limits on employer-sponsored retirement plans here.

Start planning your spend down: It's time to think about how you'll use the money you've saved for retirement income. Start by estimating how many years you'll spend in retirement and how your various retirement income sources will work together to provide you with a steady income stream. The good news: You don't have to do all the homework by yourself. You can schedule an individual meeting with a local Retirement Representative for a one-on-one Retirement Readiness Review. For a more complete view of your retirement readiness, take your 2018 Defined Benefit Plan member statement, as well as any other statements from any personal savings and investment plans, with you to that meeting. During the session, you'll work together to assess your current progress toward retirement, and you'll identify areas for where you may need to make changes to put you on course toward your goals.

You'll also get a detailed look at your projected income and cash flow throughout your retirement years — with a suggested spend-down plan for which retirement income sources to draw from each year of your retirement. Even if you've already retired, a Retirement Readiness Review can help you make informed decisions about your retirement finances.

Review your distribution options: When you're ready to begin withdrawing money from your deferred comp account, you'll have choices, including periodic payments, a lump-sum distribution, and partial lump-sum distributions. You can even combine some options, such as periodic payments and partial lump-sum distributions.

Think about staying in your plan: The same plan that helped you save for retirement can continue to be a great resource for your post-retirement years. If you're happy with your deferred comp account, you can keep it when you retire.

Remember the required minimum distribution (RMD): If you choose to keep your deferred comp account, remember you can't keep all of your assets in your account indefinitely. The IRS requires that you eventually begin making withdrawals, in most cases when you reach age 70½ (some exceptions can apply). This is known as the required minimum distribution, as detailed here.

If your retirement is coming soon, congratulations on reaching this major milestone! With a little planning, you can make a smooth transition to the future you want.

EMPOWER RETIREMENT