DEFERRED COMPENSATION PLAN

Supplemental Benefit

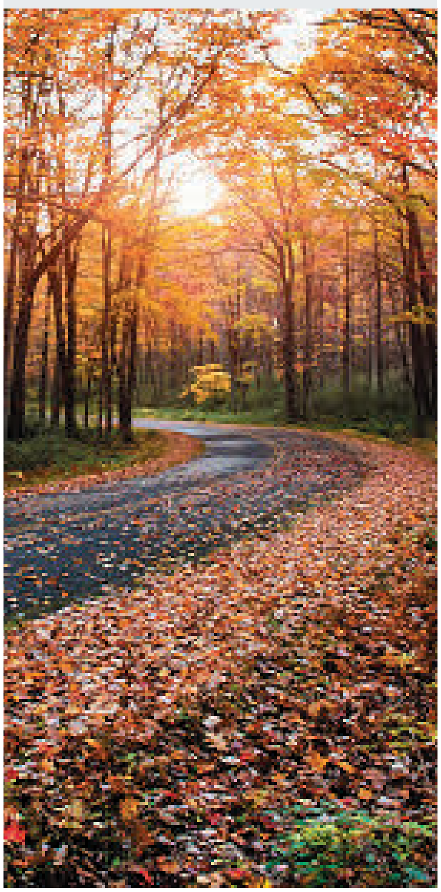
FALL 2023

IN THIS ISSUE

Plan now for how you'll use your account in retirement

Time to catch up with the changes to catch-up contributions

Is your email address up to date?



DEFERRED COMPENSATION PLAN - SUPPLEMENTAL BENEFIT

DEFERRED COMPENSATION PLAN NEWS

Plan now for how you'll use your account in retirement

Will you be ready to make the transition from retirement saving to retirement income? Just as you needed a plan to save and invest to meet your goals, you'll need a plan for how to use the money you've worked so hard to save for your future.

The 4% guideline

A good place to start is to estimate how much you can withdraw from your retirement account each year without the risk of running out of money over the long run. This is known as a safe withdrawal rate. Many people use 4% as their annual withdrawal guideline. So, let's take a quick look at how the 4% guideline would work with a retirement account balance of $250,000.

Withdrawing 4% of $250,000 translates into $10,000 of annual retirement income — or $833.33 a month. Assuming that the initial nest egg doesn't fluctuate due to market performance, the $250,000 balance would provide that level of income for 25 years.

Continued on page 2

Time to catch up with the changes to catch-up contributions

Have you ever heard someone say they wish they'd saved less for retirement? Chances are you're more likely to hear people say they wish they'd saved more. It's not always easy to set aside savings for a retirement that's years or even decades away. But as you get nearer to your retirement date, you may feel the urgency to save as much as you can.

That's where catch-up contributions can help. Catch-up contributions can help you turbocharge your savings level in the run-up to retirement. And the recent passage of the SECURE 2.0 Act has changed some of the regulations regarding catch-up contributions.

First things first, what's a catch-up contribution? With catch-up contributions, people age 50 and older can contribute an additional amount to their retirement accounts each year above the IRS annual contribution limit. In 2023, if you are eligible for catch-up contributions, you can contribute an additional $7,500 to your plan. You can make catch-up contributions in the same way you would make other contributions to your plan: Simply log in to your account at **www.SERS.pa.gov** to adjust your contribution amount.

Continued on page 2

Plan now for how you'll use your account in retirement *(continued)*

Keep in mind that the 4% rate is just a shortcut for the planning process — it doesn't guarantee that you won't run out of money in retirement. And investment performance in adverse market conditions and exceptionally high inflation can complicate your retirement income picture. Also, remember that your retirement account is just one potential retirement income source. You may have others, such as Social Security benefits, pension income, IRAs, and other accounts.

Consider all the factors

Other factors may also figure into your withdrawal strategy. For example, it may make sense to rely more on one income source than another some years to minimize your tax burden. You may also need to withdraw more in a particular year to cover a major expense, or plan to leave a given amount of your account to your beneficiaries. The situation is different for everyone — and it can change from year to year.

To get started on your withdrawal strategy, **log in to your deferred comp account** and check out the available calculators and planning tools. You can also **schedule a meeting with your deferred comp plan specialist** to discuss your specific situation and develop a personalized plan.[1]

Time to catch up with the changes to catch-up contributions *(continued)*

With the passage of SECURE 2.0, the rules for catch-up contributions will change. Starting January 1, 2025, savers ages 60 to 63 will be able to contribute $10,000 or 150% of the current catch-up limit, whichever is larger. (The amount may change due to adjustments in the catch-up limit.)

In addition, beginning in 2026, if you earn $145,000 or more, catch-up contributions have to be made on a Roth basis. This means that your catch-up contributions will come out of your paycheck *after* taxes have been deducted (as opposed to traditional pretax contributions, which come out of your check *before* taxes are calculated).

Do you have questions on catch-up contributions and how SECURE 2.0 may help you save even more? **Meet with your deferred comp plan specialist** to discuss your options.[1]

Is your email address up to date?

Take control of your retirement account, and your future, by getting the information you need sent securely to your inbox. Adding an email address to your profile can help protect your account. It's the fastest, easiest way to receive important security notices, stay up to date about your account, and discover ways to help enhance your savings. **Log in to your account** and click on your initials to add or update your email address.

Tip: If you are planning to retire soon, be sure to add your personal email, since your commonwealth-issued email will not work after you retire.

1 The Retirement Readiness Review is provided by an Empower representative registered with Empower Advisory Group, LLC and may provide investment counseling and/or recommendations at no additional cost to participants. There is no guarantee provided by any party that use of the review will result in a profit.

Investing involves risk, including possible loss of principal.

Securities, when presented, are offered and/or distributed by Empower Financial Services, Inc., Member FINRA/SIPC. EFSI is an affiliate of Empower Retirement, LLC; Empower Funds, Inc.; and registered investment adviser Empower Advisory Group, LLC. This material is for informational purposes only and is not intended to provide investment, legal, or tax recommendations or advice.

EMPOWER