

DEFERRED COMPENSATION PLAN

Supplemental Benefit

WINTER 2023

IN THIS ISSUE

Tax-advantaged options for your unused annual leave payout

It's time for your end-of-year retirement checklist

New fund profiles

2024 contribution limits

New fund profiles

Your deferred comp plan has switched from static fund fact sheets to interactive fund profiles by the independent investment research firm, Morningstar. **The new fund profiles** detail each fund's investment strategy, performance, portfolio structure/asset allocation, holdings, risk profile and much more.

Review pertinent, timely data about your investment options to help you determine which funds make sense for your investment strategy. If you have any questions or for assistance with your investment strategy, **schedule a personalized one-on-one meeting with your plan specialist.**²

DEFERRED COMPENSATION PLAN - SUPPLEMENTAL BENEFIT

DEFERRED COMPENSATION PLAN NEWS

Tax-advantaged options for your unused annual leave payout

If you are eligible, your earned, unused annual leave may be paid at 100% in a lump sum, typically in your final paycheck. There may be significant tax advantages to deferring your leave payout into the deferred comp plan rather than taking it as a lump sum at retirement or separation from service.

Can I defer my entire payout?

Unlike rollovers from other retirement accounts that may be unlimited, leave payout contributions count toward **IRS annual contribution limits**.

Continued on page 2

It's time for your end-of-year retirement checklist

Are you the type of person who loves to cross off items from a checklist? Completing a task can lessen the stress we experience due to the nagging feeling that there's something we need to take care of. Making an end-of-year to-do list for your retirement account and ticking off a few items won't just make you feel better, it can also help you be more proactive with your retirement readiness. Here are a few suggestions for your list:

- Verify your account details** – **Log in to your account** to make sure your contact details such as mailing address, phone number, and email address are all up to date.
- Get a complete view of your financial picture** – Take advantage of online retirement planning tools and resources. Use the sliders under your estimated retirement income to see how a small change may make a big impact on your future.
- Review/update your beneficiary designation** – Check to make sure that you've designated a beneficiary for your account — or that your previous beneficiary selection is up to date.
- Adjust your asset allocation** – As you near retirement age, it's a smart idea to take a fresh look at the risk level of your investments to ensure that your portfolio stays aligned with your risk tolerance and your planned retirement date.¹
- Make a plan for your required minimum distribution** – The SECURE Act 2.0 raised the age for required minimum distributions from 72 to 73 beginning in 2023. So, if you turned 73 in 2023, be sure to take your distribution for 2023 no later than April 1, 2024.

Continued on page 2

Questions or Request Your Free Retirement Readiness Review
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Tax-advantaged options for your unused annual leave payout *(continued)*

Where do I start?

1. Contact your HR office to learn if you are eligible for a leave payout and the dollar amount.
2. Meet with your deferred comp specialist.² This is an important step to:
 - Determine the maximum amount you may be eligible to contribute.
 - Obtain assistance with the paperwork necessary to contribute your unused time.
 - Ensure that contact information and beneficiary information on file is correct.
3. Submit a **Sick and Annual Leave Deduction Agreement form** at least 45 days before your last day on the job. If you do not submit your form through your online account, please mail it in a way that you can track delivery.

Payout amounts that are paid directly to you (for instance, not deferred to your deferred comp plan) are fully taxable in the year in which they are paid. To reduce tax liability on your unused annual leave payout, consider deferring all or a portion to your deferred comp plan and withdrawing on an as-needed basis from there. *Distributions may be taxable at that time in the amount withdrawn.*

It's time for your end-of-year retirement checklist

(continued)

Also, keep in mind that if you delay your 2023 withdrawal until early 2024, you will need to take two distributions next year — one for 2023 and one for 2024.

- Schedule some time with your deferred comp specialist** — **Scheduling a meeting with your deferred comp specialist** is a great way to help improve your retirement readiness. They can help you analyze whether your retirement plans are on course — and walk you through any changes you may want to make to reach your retirement income goals.³

Log in to your account to start crossing off items on your end-of-year retirement checklist!

1 Asset allocation, diversification, and/or rebalancing do not ensure a profit or protect against loss.

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 The Retirement Readiness Review is provided by an Empower representative registered with Empower Financial Services, Inc. and may provide 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.

4 Only one catch-up provision may be used in any one tax year, and the amounts you may contribute are based on the amounts you were eligible to contribute to the plan in previous years but did not.

IMPORTANT: The projections or other information generated on the website by the investment analysis tool regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. The results may vary with each use and over time.

Investing involves risk, including possible loss of principal.

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2024 contribution limits

Maximum

If you are not eligible for one of the special catch-up provisions, you may contribute a maximum \$23,000 or 100% of your compensation, whichever is less.

Catch-up provisions:⁴

- If you are age 50 or older, you can make additional contributions, up to an additional \$7,500 for a maximum of \$30,500 for 2024.
- If you are within three years of the SERS retirement age for your SERS plan and/or class of service, you may be able to contribute up to \$46,000 in 2024. Special catch-up contributions are not permitted in, or after, the year you turn 70½.

Minimum

The minimum contribution election is \$5 each pay period or 0.5% of pay each pay period (the latter may be increased in 0.5% increments).

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



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