

## DEFERRED COMPENSATION PLAN

Supplemental Benefit

### DEFERRED COMPENSATION PLAN - SUPPLEMENTAL BENEFIT

## DEFERRED COMPENSATION PLAN NEWS

### SUMMER 2023

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### SECURE 2.0 raises age for required minimum distributions

While the IRS had required that you withdraw at least the minimum amount from your retirement plan account each year starting in the year you reach age 72 (70½ if you reached that age before January 1, 2020), federal legislation commonly referred to as "SECURE 2.0" raised the required minimum distribution (RMD) age from 72 to 73 beginning in 2023.<sup>1</sup> The RMD age will increase again to 75 in 2033.

If you turn 73 this year, you must take your first distribution no later than April 1, 2024. Distributions in each subsequent year would need to be made by December 31 of that year. 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.

Why is it important to understand RMDs? Failure to take a distribution when you reach the age threshold can result in a tax penalty on the amount not withdrawn. Under SECURE 2.0, the tax penalty is now 25% for a missed RMD.

You will receive reminder communications from Empower with additional information about RMD requirements, including an email after you reach age 72½ and an annual notice every July once you have reached RMD age. For more information on RMDs, [view the IRS Required Minimum Distributions FAQs](#). If you have questions on how the change in RMD age affects you, [schedule a meeting with your deferred comp plan specialist](#).

### See the big picture on your finances with the Savings Planner

Chances are that funding your future retirement is just one of the savings goals you have. For example, many people make it a priority to save for an emergency fund to help them weather uncertain times. And then there's debt. Nearly 50% of credit-card holders carry debt from month to month — not to mention mortgage debt, student loans, and auto loans.<sup>2</sup>

With all those priorities competing for your hard-earned dollars, it can be confusing to decide how much to save for each area. But the Savings Planner available on your plan website is here to help. It gives you a comprehensive overview of your savings activity so you can stay on top of your progress in three areas:

**Retirement** – Track your progress toward your retirement income goals across all your retirement-related accounts, with a recommended savings level for the entire year.

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Questions or Request Your Free Retirement Readiness Review  
1.866.737.7457 | [www.SERS.pa.gov](http://www.SERS.pa.gov)



# See the big picture on your finances with the Savings Planner

(continued)

**Emergency fund** – Instantly see a recommended amount for how much you should save for emergency scenarios based on the monthly budget you define.

**Debt paydown** – Monitor your current debt levels and your progress toward paying them down.

When you reach retirement age, the Savings Planner automatically converts into a withdrawal planner — so you can set up a data-driven plan to turn your nest egg into retirement income.

Finally, if you're the type who likes the convenience of checking in on your savings goals from anywhere at any time, all the capabilities listed above are available on the Empower mobile app for both iOS® and Android™ devices. To download the app, just scan the QR code or visit the app marketplace for your specific device.



Saving for retirement is just one part of your overall financial health. The Savings Planner from Empower can help you keep your eye on the big picture — and make savings decisions that can help you reach all your financial goals.

## Who is Empower?

Empower is the third-party administrator of your deferred comp plan. Empower partners with the Pennsylvania State Employees' Retirement System to provide administrative, educational, and communication services to help you reach your long-term financial goals with the plan.

One of the most important services Empower offers is access to local deferred comp plan specialists, available at no cost to you. They can help you stay on course to and through retirement by providing you with the personalized support and education you need based on your financial circumstances.<sup>3</sup> When you meet, your deferred comp specialist can:

- Answer questions about your deferred comp plan, and help you register or update your account.
- Review your retirement income sources and income replacement needs.
- Help you determine a possible retirement age.
- Discuss how your saving and investment strategies align with your goals.
- Provide recommendations for a withdrawal strategy in retirement.

Deferred comp specialists are available to meet with you one-on-one, at your convenience. **Schedule a meeting today.**

1 As of January 1, 2023, the IRS generally requires you to start taking required minimum distributions (RMDs) at age 73. (If you turned 72 in 2022 and delayed your first-time RMD until April 1, 2023, you must take your 2022 RMD by April 1, 2023, and your 2023 RMD by December 31, 2023.)

2 CNBC.com, "Americans lean more on credit cards as expenses stay high," January 2023, cnbc.com/2023/01/10/americans-lean-heavily-on-credit-cards-amid-inflation.html.

3 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.

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