DEFERRED COMPENSATION PLAN

Supplemental Benefit

FALL 2024

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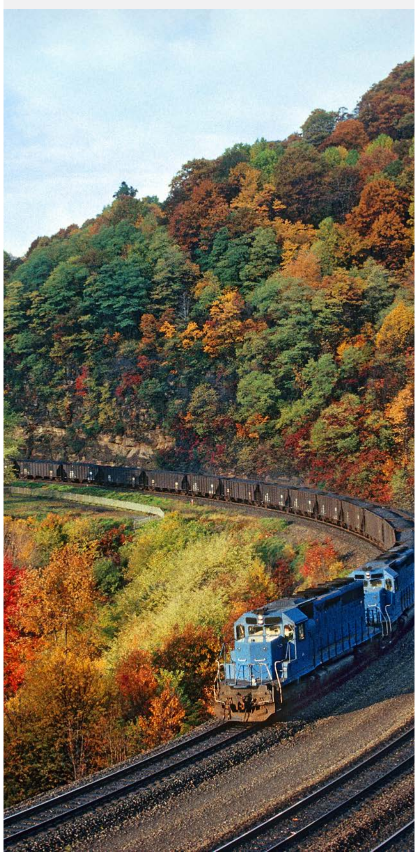

DEFERRED COMPENSATION PLAN - SUPPLEMENTAL BENEFIT

DEFERRED COMPENSATION PLAN NEWS

Be ready for what's next in retirement

When we're older, we tend to reevaluate some of the decisions we made when younger. And that's especially true with our outlook on retirement. If you're nearing retirement age or recently retired, your view of something like investment risk has probably evolved. What does that mean for your retirement plans? What should you do to manage risk and similar age-related factors?

Review your asset allocation — and adjust as needed[1]

In general, older investors tend to shift toward a more conservative mix of investments (i.e., their asset allocation) to manage the risk of the assets they'll rely on for retirement income. This is because older investors have less time to make up for losses than their younger counterparts.

If your mix of investments is too aggressive for your age, you may be incurring "equity risk," the risk that a sudden drop in stock values can hurt your retirement income viability. However, if you invest too conservatively, you're also at risk of inflation eating into your spending power because the rate of growth in your portfolio is lower than the rate of inflation. It's all about finding the right balance for your age, risk tolerance, and retirement income needs.

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Percentage or dollar amount: How do you contribute?

As our careers progress, our salaries tend to progress with them. But in some cases, the amount people contribute to their retirement account doesn't increase as their salary increases. Why? They contribute a fixed dollar amount to their account from each paycheck rather than a percentage of their income. And unless those people remember to update their contribution amount, that means their retirement saving strategy stays stuck in the past.

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Plan enhancements coming in 2025

Quicker access to your money and lower plan costs are two enhancements that SERS, Empower, and the state Treasury are working to achieve by restructuring the administration of your deferred comp plan. Stay tuned for more details.

Stay in the know

Is your email address up to date in your online deferred comp account? **Sign in to your account** and click on your initials to add or update your email address so you don't miss any details.

Questions or Request Your Free Retirement Readiness Review[2]
1.866.737.7457 | www.SERS.pa.gov

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Be ready for what's next in retirement (continued)

Clarify your "spend-down plan"

How will you use the funds in your deferred comp account as a retirement income source? How will your multiple retirement income sources — such as Social Security benefits, pension benefits, personal savings, IRAs, and your retirement accounts — work together to provide you with the income you'll need? How much of your deferred comp account should stay invested in stocks as your retirement progresses? The answers to these and similar questions compose what's known as a "spend-down plan," a systematic approach to withdrawing your assets over the course of your retirement. A well-designed spend-down plan can help you minimize your tax obligations and stretch your savings across your entire retirement.

The right formula for managing risk and creating a smart spend-down plan is highly personal. Everyone's situation is different. If you have questions on these issues and how to make a smooth transition to retirement, **schedule a meeting** with your local plan specialist.

Percentage or dollar amount: How do you contribute? (continued)

If you're contributing a fixed dollar amount to your deferred comp plan each paycheck, you may want to consider switching to a percentage contribution instead. That way, when your salary goes up, your contribution to your retirement account will also go up — automatically.

Another thing to consider is whether you're contributing enough to reach your future retirement income goals, especially if you haven't increased your contribution amount since you first enrolled in your plan. Regularly increasing the amount you contribute to your account is a smart way to build up the nest egg you'll rely on in retirement.

Remember, even a small increase in the amount you save can have a big impact on your future retirement income. Thanks to the power of compound growth potential, any earnings from your contributions get reinvested and can generate additional earnings. So, if you haven't recently reviewed your contribution amount, there's no time like the present. **Sign in to your account** to update your contribution.

Empower's Harrisburg office closing

In-person meeting space available at SERS HQ

As of November 1, 2024, Empower, the third-party administrator for your deferred comp plan, is closing their Harrisburg office on Locust Street. If you prefer to meet with your deferred comp plan specialist in person, meeting space will continue to be available by appointment in Harrisburg, including at SERS headquarters, 30 North Third Street, Harrisburg, PA 17101-1716. Empower's Scranton office remains open and available for in-person meetings by appointment at 30 Ed Preate Drive, Suite 100, Moosic, PA 18507-1789.

Plan specialists are located across the state and can meet with you by phone, on Teams, or in person. **Contact your dedicated plan specialist** to schedule a meeting at a time and place convenient for you.

1 Asset allocation, diversification, or rebalancing does not ensure a profit or protect against loss.

2 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.

EMPOWER