

DEFERRED COMPENSATION PLAN

Supplemental Benefit

SPRING 2026

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Required minimum distributions: What to know and how to stay on track

A required minimum distribution (RMD) is the minimum amount you must withdraw each year from certain retirement accounts once you reach the applicable age, as required by the IRS. RMDs generally apply to pretax (tax-deferred) retirement accounts, such as traditional IRAs, and pretax balances in employer-sponsored plans, like the deferred comp plan. Beginning in 2024, RMDs no longer apply to Roth accounts in employer-sponsored plans (for example, Roth 457(b)).

When do RMDs start?

Under SECURE 2.0, the RMD age increased to 73 in 2024. The RMD age is scheduled to increase again to 75 for individuals who turn 73 after December 31, 2032 (which generally includes those born in 1960 or later).

Your first RMD applies to the year you reach the required age, but you may be able to take that first withdrawal as late as April 1 of the following year. After that, RMDs are generally due by December 31 each year. If you delay the first RMD into the next year, you may have two RMDs in the same calendar year, which could increase taxable income for that year. All subsequent RMDs are due annually by December 31.

What if I miss an RMD?

If you miss or under-withdraw an RMD, the IRS penalty can be significant, generally 25% of the amount not withdrawn, potentially reduced to 10% if corrected within the allowed timeframe. A common correction step is to withdraw the shortfall as soon as possible, then follow the IRS reporting/correction process (often including Form 5329 and an explanation).

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Spring clean your finances

Spring is a season of renewal and a great time to refresh your financial life, especially your retirement planning.

- **Start by organizing key documents** – If you currently work for a SERS-participating employer, your annual SERS statement was mailed to you and saved in your online SERS account last month. It provides you with a year-end summary of all your SERS retirement plans in one concise document. Also, gather your other retirement account statements, Social Security statements, tax returns, insurance policies, and any estate planning documents such as wills or powers of attorney. Store them in a secure location and let a trusted family member know how to access them.
- **Register your online SERS and Empower accounts, if you haven't already** – Your online accounts provide access to helpful tools, including a pension estimate calculator (SERS account), and let you check your investment account balances, contributions, and performance, and access other calculators and planning resources (Empower account).
 - o You can register your SERS account at members.sers.pa.gov.
 - o You can register your Empower account at sers.empower-retirement.com, select *Register*, and complete the information under the *I do not have a PIN* tab.

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Questions or Request Your Free Retirement Readiness Review¹
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Required minimum distributions: What to know and how to stay on track (continued)

How do I take an RMD?

- Confirm which account(s) require an RMD. If you have multiple retirement accounts, RMDs are generally determined by account type and provider. Don't assume one distribution covers everything.
- Find your required amount. RMDs are typically calculated using your prior year-end (December 31) balance and an IRS life-expectancy factor. You can [use this calculator](#) to help estimate your RMD.
- Choose a payment method. You can take the RMD in a lump sum or in installments as long as the total meets the annual requirement.
- Select tax withholding. You can choose to have the RMD delivered via check (fees may apply) or electronic deposit to the bank account on file.
- Select a delivery method. RMDs are generally treated as ordinary taxable income; your withholding rate is determined by the type of payment you will receive. State tax withholding is based on your state of residence.
- Provide signature and consent and complete your RMD by the deadline. Submit your request electronically or via mail by December 31 (or April 1, with the first-year exception noted above).

If you have not elected a fixed or periodic payment from your account, Empower — the third-party administrator for the deferred comp plan — will mail a letter to the address on file in July, beginning the year you reach RMD age as a reminder about your upcoming RMD requirements.

If you're approaching RMD age, taking your first RMD, or want help confirming your deadline and distribution setup, consider [scheduling time with your plan specialist](#). They can walk you through the plan's distribution process, show you where to find RMD information in your account, and help you set up a one-time or recurring withdrawal that meets plan requirements.

Spring clean your finances (continued)

- **Update your contact information** — Make sure your email address and phone number are up-to-date so you receive important account updates and security alerts without delay. If an account is still linked to a work email, consider switching to a personal email to help maintain access after you retire or change jobs.
- **Review your beneficiaries** — Beneficiaries are plan-specific, so if you participate in more than one SERS retirement plan, you'll need to name beneficiaries for each one. Your beneficiaries are listed on your annual SERS statement and in your online Empower account. Be sure those listed match your current wishes.
- **Take time to review your retirement goals** — Has your target retirement age changed? Do you plan to work part time, travel more, or move? If your goals look different than they did a few years ago, you may want to adjust your deferred comp savings rate or investment mix.
- **Review your investments** — Market swings can shift your portfolio away from your intended mix. Rebalancing periodically can help keep your risk level aligned with your time horizon and comfort level.²

A little spring cleaning now can create more clarity, organization, and peace of mind in the years ahead.

¹ The Retirement Readiness Review is provided by an Empower representative registered with Empower Financial Services, Inc. and may provide tailored retirement education and guidance at no additional cost to participants. .

² Asset allocation, diversification, or rebalancing does not ensure a profit or protect against loss.

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Investing involves risk, including possible loss of principal.

This calculator is for information purposes only and is not intended to provide investment, legal, tax, or accounting advice, nor is it intended to indicate the performance, availability, or applicability of any product or service.

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