

HAVE YOU STARTED SAVING FOR RETIREMENT WITH THE TEXA\$AVER PROGRAM? IF NOT, IT'S AS EASY AS 1 ... 2 ... 3!

1. ENROLL IN THE 401(k) PLAN, 457 PLAN OR BOTH*

401(k)

Part-time and full-time state employees can enroll. Excludes higher education employees.

457

Part-time and full-time higher education employees can enroll.

BOTH

Part-time and full-time state and eligible higher education employees can enroll.*

*Higher education employees may enroll in the 457 plan if their higher education agency offers the plan.

2. DECIDE HOW MUCH TO CONTRIBUTE

Start saving at least 1% or \$20 per paycheck either with a pre-tax or a Roth after-tax 401(k) or 457 contribution.

3. CHOOSE YOUR INVESTMENTS

Select a target date fund or a variety of core funds or open a self-directed brokerage account. The SDBA is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDBA. For more fund information, visit the Texa\$aver website.

Are you looking for additional help? Try the two levels of service offered by the Texa\$aver Advisor Service.

There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.

TWO LEVELS OF THE TEXA\$AVER ADVISOR SERVICE

ONLINE ADVICE
NO ADDITIONAL
COST TO YOU

**MANAGED
ACCOUNT SERVICE**
FEES APPLY

Online Advice and the Managed Account Service are part of the Texa\$aver Advisor Service suite of services offered by Advised Assets Group, LLC, a registered investment adviser.

DO YOU HAVE QUESTIONS OR WANT MORE INFORMATION?

Visit: www.texasaver.com

Call: (800) 634-5091

Email: texasaver@empower-retirement.com

	401(k) PLAN	457 PLAN
Contribution Options	You have the flexibility to designate all or a portion of your contributions as either traditional pre-tax or Roth after-tax (Roth) contributions.	
Maximum Annual Deferral	99% of 401(k) eligible compensation or \$19,500 per year, whichever is less. ¹ The 2020 annual contribution limit is \$26,000 if you are 50 or older. You may put money in the 401(k), 457 or both as either pre-tax, Roth or both.	The 2020 annual contribution limit is \$19,500 per year. ¹ The limit is \$26,000 if you are 50 or older. You may put money in the 401(k), 457 or both (457 only for eligible higher education employees) as either pre-tax, Roth contributions or both.
Transfer of Funds to Purchase Service	You may purchase military service, additional service credit, or refunded or other eligible ERS service by transferring funds from your Texa\$aver program account while employed. Teacher Retirement System (TRS) of Texas service credit may be purchased when distribution eligibility is met. This is not a taxable distribution.	You may purchase military service, additional service credit, or refunded or other eligible ERS/TRS service by transferring funds from your Texa\$aver account while employed. This is not a taxable distribution.
Rollovers/In	If eligible, you may roll over funds from another eligible retirement plan or individual retirement account (IRA). Roth IRAs are not accepted. Only designated Roth accounts from another eligible retirement plan can be rolled over into your Texa\$aver 401(k) and 457 plans. You are encouraged to discuss rolling money from one account to another with your financial advisor/planner and to consider any potential fees and/ or limitations of available investment options. ²	
Age 50 and Over Catch-up	If you are age 50 or older, you may contribute an additional \$6,500 in 2020 for a total of \$26,000 to each plan. ¹ This includes pre-tax and Roth contributions combined. You may not use this provision in the 457 plan while using the special 457 catch-up provision.	
Special 457 Catch-up Provision <i>Cannot be used with the age 50 and over catch-up in the 457 plan</i>	Not available in the 401(k) plan.	Subject to eligibility. If you have unused deferrals, the special 457 catch-up limit is \$39,000 in 2020. You may participate only during the three years before the taxable year in which you attain normal retirement age.
Loans	Loans may be approved for \$1,000 to \$50,000 (subject to plan and IRS provisions). You must have an account balance of at least \$1,050 as there is a \$50 loan application fee that is deducted from the loan proceeds. There is a \$2.08 monthly maintenance fee assessed to your account until your loan is paid in full. Loans are prorated from pre-tax and Roth contributions. Repayments are prorated back to each money type accordingly.	
Financial Hardship Withdrawals ³ <i>Only allowed through approval when you have no other resources, including plan loans</i>	Reasons for hardship include purchase of primary residence, prevention of eviction or foreclosure from your primary residence, tuition expenses, non-reimbursed medical expenses, funeral expenses or repair of damages to your principal residence.	Reasons for financial hardship include prevention of eviction or foreclosure from your primary residence, non-reimbursed medical expenses, funeral expenses, casualty loss or similar extraordinary and unforeseeable circumstances.
Distributions While Employed for Pre-Tax Contributions	You may take a distribution from your 401(k) plan after age 59½ while still employed without a 10% penalty; 20% will be withheld for federal income taxes unless the funds are rolled over to a qualified plan.	If your 457 plan account has less than \$5,000 and has been inactive for two years, you may take a <i>de minimis</i> distribution; 20% may be withheld for federal income tax purposes. You can take a distribution if you are 70½ and still employed.
Distributions After Separation From Employer for Pre-Tax Contributions	You can start taking distributions after separation from state employment. You may roll over funds into other types of employer-sponsored plans, IRAs or other eligible options. Lump-sum distributions have 20% automatically withheld for federal taxes. Periodic distributions are allowed.	You can start taking distributions after separation from state or higher education employment. You may roll over funds into other types of employer-sponsored plans, IRAs or other eligible options. Lump-sum distributions have 20% automatically withheld for federal taxes. Periodic distributions are allowed. ⁴
Distributions From Roth Contributions	Roth money may be withdrawn tax free no earlier than five taxable years after your first Roth contribution AND when you: a) reach age 59½, b) become disabled or c) die. Otherwise, earnings on Roth contributions may be taxed as ordinary income when you take a distribution.	Roth money may be withdrawn tax free no earlier than five taxable years after your first Roth contribution AND when you: a) reach age 59½ and separate from service with your employer, b) become disabled or c) die. Otherwise, earnings on Roth contributions may be taxed as ordinary income when you take a distribution.
Required Minimum Distributions (RMDs)	Must begin no later than April 1 following the year in which you turn 72 unless you are still employed. ⁵	
Tax Penalties	A 10% federal penalty tax applies to distributions made before age 59½. A 50% federal tax penalty applies if RMDs are not taken at age 72 unless you are still employed by the state. ⁵ This applies to both pre-tax and Roth distributions.	No 10% federal penalty tax applies to distributions of 457 money before age 59½. A 50% federal tax penalty applies if RMDs are not taken at age 72 unless you are still employed by the state. ⁵ This applies to both pre-tax and Roth distributions.

Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information, you may obtain mutual fund prospectuses for registered investment options and/or disclosure documents from www.texasaver.com under Investments or by requesting one from your Texa\$aver representative. For prospectuses related to investments in your self-directed brokerage account (SDBA), contact your SDBA provider. Read these materials carefully before investing.

1 Ceiling is adjusted each year per cost-of-living index. Amount shown is for 2020.

2 Money from other types of plans or accounts that are rolled over into a governmental 457 plan may still be subject to the 10% federal early withdrawal penalty upon distribution from the 457 account prior to the investor reaching age 59½.

3 Please refer to the IRS website for 401(k) and 457 information on hardship withdrawals.

4 Governmental 457 dollars rolled over to another type of plan or account may be subject to the 10% federal early withdrawal penalty upon distribution from the non-457 account prior to the investor reaching age 59½.

5 If you reached age 70½ on or before 12/31/2019, you must take RMDs beginning at age 70½.

Both plans are governed by the provisions of the Internal Revenue Code. The State of Texas 401(k) plan began in 1985 and the 457 plan began in 1974.

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