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*Texa\$aver is a powerful retirement savings program offered through the Employees Retirement System of Texas (ERS). The more you know about the Texa\$aver program, the better you'll be able to plan your financial future.*

## CONTRIBUTING TO THE TEXA\$AVER PROGRAM

The minimum contribution amount to the 401(k) and 457 plans is either \$20 or 1% of your monthly gross salary. The annual maximum contribution limit is 99% of your eligible compensation or the IRS limited amount per year, whichever is less. Federal tax law has set the limit, which is subject to annual adjustments based on the cost of living index. Contributions are automatically deducted from your paycheck and traditionally withdrawn on a pre-tax basis.

Contribution amounts can be changed at any time by logging in to your account or by calling the Texa\$aver customer service center. Contribution changes must be completed before 3 p.m. CT on the last business day of the month to start, change or stop for your next month's pay period. For example, a contribution change made before 3 p.m. CT on July 31 will be effective for the August pay period, which is paid to employees on September 1. Changes may be made at any time. Market conditions or other circumstances may on occasion delay processing.

Transactions completed before 3 p.m. CT are effective the same business day. Transactions completed at or after 3 p.m. are effective the next business day. Market conditions or other circumstances may on occasion delay processing. Transactions can be canceled any time before 3 p.m. CT on the same day the transaction was made.

For the 2020 IRS contribution limits, please see the following information:

ANNUAL MAXIMUM DEFERRAL LIMIT:

**\$19,500**

AGE 50 AND OVER CATCH-UP CONTRIBUTIONS:

**\$6,500**

SPECIAL CATCH-UP (457 PLAN ONLY):

**\$19,500**

### ENROLLING IN THE TEXA\$AVER PROGRAM

Please [click here](#) for information on enrolling.

# CATCH-UP CONTRIBUTIONS

## AGE 50 AND OVER CATCH-UP

If you're age 50 or over by year-end, you can make up for lost time. If you contribute the maximum amount, you can make an additional catch-up contribution above what you're already contributing to the plan.

## SPECIAL CATCH-UP (457 PLAN ONLY)

If you are within three years of your normal retirement age and under-contributed in prior years, you may use the special catch-up provision, which allows you to contribute up to twice the normal contribution limit to your 457 plan. In order to use the special catch-up option, you must have contributed less than the maximum amount in prior years of eligibility. For help determining your eligibility, contact the Texa\$aver office at **(800) 634-5091**.

Note: You cannot participate in the age 50 and over catch-up and the 457 special catch-up at the same time.

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# ROTH CONTRIBUTIONS

Roth contributions allow participants to contribute to the Texa\$aver 401(k) or 457 plan with after-tax dollars. Traditional contributions are made with pre-tax dollars. You can designate all or a portion of your contributions as Roth contributions. No income taxes are withheld from Roth contributions or their earnings when a distribution is taken as long as it is a qualified distribution. A qualified Roth distribution is generally one that is made after five taxable years of Roth participation and is either:

- made on or after the date the employee attains age 59½,
- made after the employee's death, or
- attributable to the employee being disabled.

The Texa\$aver Roth contribution option allows you to pay taxes on your contributions when they are contributed. Roth contributions essentially lock in today's tax rate on your contributions. If you expect to be in a higher tax bracket when you retire, then Roth contributions may make sense for you. You may contribute up to the lesser of your includible compensation or the current IRS limits. That includes pre-tax and Roth contributions.



# ROLLOVERS – DIRECT AND INDIRECT

When you consolidate plan accounts, you only pay fees on one account. This means you could pay less in fees and have fewer accounts to manage.

It's easy to roll over your money. First, decide whether it is a direct or indirect rollover. The following explains each type.

## DIRECT ROLLOVERS

A direct rollover is when a distribution from your former employer is made to your TexaSaver 401(k) or 457 plan. This lets you avoid a 20% withholding by the IRS.

You may roll over your:

- TexaSaver 401(k) into your TexaSaver 457, or
- TexaSaver 457 into your TexaSaver 401(k).

You can also roll money from a prior employer's 401(k), 401(a), 403(b) or eligible governmental 457 plan into the TexaSaver 401(k) or 457 plan. The 457 assets you roll into the 401(k) plan may be subject to a 10% early withdrawal penalty if taken from the 401(k) plan before you are 59½. Money from other types of plans or accounts that you roll into the 457 plan may still be subject to a 10% early withdrawal penalty if taken from the 457 plan before you are 59½. Rollovers from other eligible governmental 457 plans will not be subject to an early withdrawal penalty if directly rolled into the TexaSaver 457 plan.

Participants with outside accounts of \$10,000 or more can roll in those assets to their TexaSaver program account via the phone. No need to fill out a form and send it back. Just call the Incoming Rollover Assistance Department at **(888) 737-4480** and they will take care of the entire process over the phone. For more information, call **(800) 634-5091** or email [texasaver@empower-retirement.com](mailto:texasaver@empower-retirement.com).

Participants with less than \$10,000 to roll in and participants who prefer to send in a rollover contribution check with a form should follow these steps:

1. Complete the appropriate Incoming Transfer/Rollover Request form, sign it and mail to Empower Retirement with a copy of your statement from your former employer's retirement plan.
2. Once you receive the Empower Retirement approval letter, complete your previous employer's required form using the payment instructions indicated on the Empower Retirement approval letter.

## INDIRECT ROLLOVER

An indirect rollover is when you get a check from your previous employer's 401(k), 401(a), 403(b) or 457 plan. The previous employer usually withholds 20% of this check for federal income tax. Follow these steps:

1. Complete the appropriate Incoming Transfer/Rollover Request form.
2. Sign the form and mail it to Empower Retirement. Include a copy of your statement from your previous employer's retirement plan and the check for the amount you are transferring.
3. To avoid any potential IRS penalties, mail the rollover distribution check to Empower Retirement within 60 days of receipt. You will need to send the entire amount, including the 20% that was withheld by your previous employer. Any funds not rolled over within 60 days of the beginning of the process will be taxed and may be subject to a 10% early withdrawal penalty.

Consider all your options and their features and fees before moving money between accounts.

# SERVICE PURCHASES

Before retiring from the State of Texas, ERS members may purchase refunded service, military service, waiting period service or Additional Service Credit (ASC) to retire earlier or enhance their retirement annuities. Members may use funds from savings or may transfer funds from their Texa\$aver 401(k) or 457 plans or from another eligible qualified plan, such as a conduit IRA.

Refunded ERS service purchases may also be made by employees of the Teacher Retirement System of Texas (TRS) or other retirement systems participating in the Proportionate Retirement Program. [Learn more about purchasing service credit from ERS.](#)<sup>1</sup>

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# UNUSED ANNUAL LEAVE

If you already have an account or open a new Texa\$aver program account before you leave employment, you can defer the tax and turn your unused annual leave payment into retirement savings. Before your last day on payroll, inform your benefits coordinator or payroll office that you wish to deposit all or part of your annual leave payment into your Texa\$aver 401(k) or 457 program account. This must be completed within 75 days (2.5 months) of termination or retirement. State employees can defer their annual leave payment to their 401(k) and/or 457 plan account. Eligible higher education employees can defer annual leave payments to the Texa\$aver 457 plan if the plan is offered by their employer.

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# SELF-DIRECTED BROKERAGE ACCOUNT

Through Charles Schwab, the Texa\$aver program also offers the Schwab Personal Choice Retirement Account® (PCRA). This PCRA is a self-directed brokerage option that offers you the ability to invest in your choice of most any New York Stock Exchange, American Stock Exchange and NASDAQ listed stocks; most corporate and government bonds; and thousands of mutual funds with no transaction fees. Additional fees are associated with the PCRA. For information about these fees, visit the PCRA section on [www.schwab.com](http://www.schwab.com).

Find out more about the [Schwab PCRA](#).



Please remember that Texa\$aver program fees are deducted monthly. You must keep a minimum of \$500 in the core Texa\$aver funds to cover fees. Otherwise, your PCRA investments can be sold to cover monthly program fees.

The SDBA is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDBA.

# TEXA\$AVER ADVISOR SERVICE

The Texa\$aver program provides access to the Texa\$aver Advisor Service.<sup>2</sup> These services include Online Advice and the Managed Account service to help you create a savings and investment strategy based on your personal retirement goals. Online Advice is available at no additional cost to you. The Managed Account service is offered with a 90-day period to try out the service at no additional cost to you. After the 90-day period, a fee based on a percentage of your assets under management applies for continued access to the service. The Texa\$aver Advisor Service is available 24 hours a day, seven days a week from this website. If you would like information about the Texa\$aver Advisor Service over the phone, call the Texa\$aver customer service center Monday through Friday, 7 a.m. to 6 p.m. CT, to speak with an investment adviser representative.

For more information about the Texa\$aver Advisor Service, visit the [Texa\\$aver Advisor Service](#) section of the website. There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.

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# LOANS FROM YOUR ACCOUNT

As a current, active employee and a participant in the Texa\$aver 401(k) and/or 457 plan, you may borrow a portion of your account balance in the form of a loan if you have an account balance of \$1,050 or greater. A one-time, non-refundable \$50 loan application fee will be applied to each loan, and a \$2.08 monthly maintenance fee is deducted from your account for each loan until the loan is paid in full, with interest. The interest rate is the prime lending rate (declared in *The Wall Street Journal* on the first business day of the month in which the loan is processed) plus one percent. This amount is fixed for the life of the loan. All interest payments are paid directly into your account, and are invested according to your current deferral allocations at the time of repayment. Loan payoffs may be subject to a hold period. Additional restrictions apply.

# WITHDRAWING MONEY FROM YOUR ACCOUNT

There are two types of withdrawals available through the Texa\$aver program while you are an active employee: Age 59½ withdrawals and financial hardship/unforeseeable emergency withdrawals.

Age 59½ withdrawals<sup>3</sup> can only be taken from your 401(k) account if you are age 59½ or older. You will not have a penalty; however, a 20% tax on your withdrawal will be withheld if the funds are not rolled over to an IRA or other qualified plan. Funds that are rolled over will not be subject to taxes at that time. For more information or withdrawal assistance, please call the Texa\$aver customer service center at **(800) 634-5091**.

Financial hardship withdrawals<sup>3</sup> can be taken from your 401(k) account for any of the following reasons:

- payment of non-reimbursed medical expenses,
- purchase of your primary residence,
- prevent eviction from or foreclosure on your primary residence,
- qualified post-secondary education expenses,
- funeral expenses for family members, and
- principal residence repair.

Unforeseeable emergency withdrawals can be taken from your 457 account for any of the following reasons:

- illness or accident,
- loss of property due to casualty,
- imminent foreclosure of, or eviction from, a primary residence,
- medical expenses, including nonrefundable deductibles, as well as the cost of prescription drug medication, or
- funeral expenses of a spouse or dependent.

You must exhaust your 401(k) and/or 457 loan option (if applicable) before you can apply for a financial hardship or unforeseeable emergency withdrawal. You can request a form by calling the Texa\$aver customer service center.

# ACCOUNT OPTIONS UPON LEAVING STATE EMPLOYMENT

Your account options are:

- stay in the family and leave your account invested as is,
- take periodic payments,
- take partial distributions,
- leave the money in the Texa\$aver program, though you must start taking distributions once you reach age 70½ or 72 (for specific age requirements see “**Required Minimum Distribution Rules**”),
- roll over the balance or part of the balance to another qualified plan or an IRA, or
- take all of the money in a lump-sum distribution.

You can initiate a distribution from the Texa\$aver program after you retire or terminate employment online, over the phone with a Texa\$aver Customer Service Representative, or by submitting a distribution form.



We encourage you to talk with your tax advisor or financial planner before deciding to take any distribution.

Money from other 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.<sup>4</sup> If you roll over any governmental 457 dollars to another type of plan or account, the withdrawals made prior to you reaching age 59½ may be subject to a 10% federal early withdrawal penalty upon distribution from the non-457 account.

If you do not elect a distribution method, your account will automatically stay in the Texa\$aver program.

# REQUIRED MINIMUM DISTRIBUTION RULES

When you turn age 70½ or 72 and are retired, the law mandates that you begin to take a required minimum distribution (RMD) from your Texa\$aver 401(k) and/or 457 plan(s). If you have an account balance in both plans, you will need to complete a separate RMD form for each. The RMD is calculated separately for each plan using your account balance as of the last day of the previous year.

- **If you are still employed and have already begun taking your RMD**, you may choose to stop receiving distributions until you retire. If you are receiving installment payments, Empower Retirement will continue these payments unless you notify Empower Retirement in writing to discontinue them.
- **If you turned 70½ on or before December 31, 2019**, you will need to take your RMD by April 1 in the year following the year in which you turned 70½. If you wait until January 1, you will need to take another RMD by December 31 of that year and will be taxed on both in that year.
- **If you turned 72 in the calendar year beginning January 1, 2020**, you will have until April 1 in the following calendar year to take your RMD for the current tax year. If you wait until January 1, you will need to take another RMD by December 31 of that year and will be taxed on both in that year.
- **If you have retired and do not take the RMD in a given year**, you will have a penalty of 50% of the amount that should have been distributed.



Due to the recent legislation changes and RMD law complexity, we encourage you to consult with your own tax advisor or the IRS to discuss the best way to comply with the rules based on your individual financial needs.

When you are ready to set up or receive your annual RMD, please contact a Texa\$aver Customer Service Representative and request that an RMD form be mailed to you.

# KEEPING TRACK OF YOUR ACCOUNT

The Texa\$aver website offers you the most convenient and efficient way to manage your Texa\$aver program account. Check as often as you'd like for the most current information available. Once you have logged in, the *My Accounts* section gives you a summary of your account status.

An account statement is generally available online within 15 business days after the end of each calendar quarter. Account statements are also available on demand by logging in to the website. You will receive a separate monthly statement from Schwab for your PCRA that details the investment holdings and activity within your PCRA, including any fees and charges imposed.

# TRANSFERRING MONEY AMONG CORE FUNDS

You may move money among investment options<sup>5</sup> any time after logging in to this website. Click on *My Accounts*, then the *View/Manage my investments* link. You may also call the Texa\$aver customer service center.

Transfers must be made in 1% increments. You cannot transfer funds from one investment option to another and back to the original option within the same day.

Transfer requests received on business days prior to close of the New York Stock Exchange (3 p.m. CT or earlier on some holidays or in other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected. You may cancel a transaction prior to 3 p.m. CT on the same day the transaction was made. Market conditions or other circumstances may on occasion delay processing.

## TEXA\$AVER PROGRAM FEES

### ADMINISTRATIVE FEES

- cover the cost of program recordkeeping expenses, and
- are assessed to the 401(k) and 457 plans separately.

ACCOUNT BALANCE	MONTHLY FEE (PER PARTICIPANT, PER ACCOUNT)
\$1,000.00 OR LESS	\$0.60
BETWEEN \$1,000.01 AND \$16,000.00	\$2.05
BETWEEN \$16,000.01 AND \$32,000.00	\$3.08
BETWEEN \$32,000.01 AND \$48,000.00	\$4.19
BETWEEN \$48,000.01 AND \$64,000.00	\$5.58
\$64,000.01 OR MORE	\$6.99

### FUND EXPENSES

Each investment option charges an investment fee, which is deducted from its earnings (investment return). Some fund expenses may be offset by fund reimbursements. For more information, review the [Fund Expense Ratios](#) flier.

### TEXA\$AVER ADVISOR SERVICE FEES

Online Advice is available at no additional cost to you. The monthly Managed Account service fee is 0.0292% (0.35% annually) of assets under management.

### LOAN FEES

These fees are charged to the participant. There is a \$50 loan initiation fee, plus a \$2.08 monthly fee for loan maintenance.

### REDEMPTION FEE

The redemption fee is designed to benefit long-term investors by protecting the fund's performance from short-term trading. Redemption fees are set by the individual funds themselves, not by the Texa\$aver program. Charged as a percentage of the money withdrawn, redemption fees only apply if you sell your shares before the required holding period. Redemption fees are paid to the fund at the time of withdrawal or exchange. The fund then adds the fee to the assets of the fund to benefit all shareholders.

# NATIONAL CUSTOMER SERVICE CENTER

The TexaSaver customer service center is an automated telephone system that lets you perform most account transactions over the phone. When you call the TexaSaver customer service center, you're asked to enter or say your Social Security number and personal identification number (PIN). Then a recorded voice guides you through the menus.

At any time during your call, you can press or say:

- 9 — from any point to return to the Main Menu, or
- 0 — from the Main Menu to reach a Customer Service Representative. You will need your Social Security number and PIN.

TexaSaver Customer Service Representatives are available toll-free at **(800) 634-5091** or TTY: **(877) 606-4790** Monday through Friday, 7 a.m. to 9 p.m. and Saturdays, 8 a.m. to 4:30 p.m. CT.

The following transactions and services are available via the telephone:

- check account balances,
- check fund performance,
- request a confirmation of your account balance,
- change the percentage of future contributions going into each fund,
- transfer balances from one fund to another,
- request an age 59½ withdrawal,
- request a distribution,
- change PIN/request PIN reminder, and
- request plan literature.

You must have your Social Security number and PIN to request any type of distribution from the plan. Alternate security can be used for all other transactions.

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- 1 Empower Retirement is not responsible for, nor does it endorse, the content contained in the additional third-party material provided. The material provided in the link is being provided to you at the request of your Plan Sponsor. Neither Great-West Life & Annuity Insurance Company nor any of its subsidiaries have reviewed or approved these materials or are responsible for the materials or for providing updated information with respect to the materials. For information pertaining to investment options, please make sure you understand what specific investment option, including share class, is actually offered in your plan.
  - 2 Online Advice and the Managed Account service are part of the TexaSaver Advisor Service suite of services offered by Advised Assets Group, LLC, a registered investment adviser.
  - 3 Withdrawals may be subject to ordinary income tax. Withdrawals made prior to the investor reaching age 59½ may incur a 10% early withdrawal penalty. Withdrawals that are rolled over to an IRA or qualified plan are not taxable and are not subject to withholding. Employee deferrals (pre-tax contributions) that are part of a hardship withdrawal are not subject to the 20% mandatory withholding but are subject to a 10% voluntary withholding. State and local taxes and withholding may also apply.
  - 4 Distributions from the TexaSaver program are taxable and will be subject to 20% federal tax withholding. If you are younger than 59½, a 10% early withdrawal penalty will also apply. State and local taxes may also apply. Distributions that are rolled into another qualified plan or an IRA are not taxable and are not subject to withholding.
  - 5 The Vanguard Group requires participants who withdraw or transfer funds out of Vanguard mutual funds to wait 30 days before transferring balances back into the same fund. Fidelity charges a 1% redemption fee when participants buy and sell shares within 30 days. The Vanguard Group and Fidelity are not affiliated with GWFS Equities, Inc.

**Securities offered by the TexaSaver<sup>SM</sup> Program through GWFS Equities, Inc., Member FINRA/SIPC.** GWFS is an affiliate of Empower Retirement, LLC; Great-West Funds, Inc.; and registered investment adviser Advised Assets Group, LLC. This material is for informational purposes only and is not intended to provide investment, legal or tax recommendations or advice. Investing involves risk, including possible loss of principal.

Securities available through Schwab Personal Choice Retirement Account<sup>®</sup> (PCRA) are offered through Charles Schwab & Co., Inc. (Member SIPC), a registered broker-dealer. Additional information can be obtained by calling (888) 393-7272. Charles Schwab & Co., Inc. and GWFS Equities, Inc. are separate and unaffiliated. 98960-FBK-WF-123958-0420 (503146) R01166819-0420