



STATE OF TENNESSEE DEFERRED COMPENSATION PROGRAM

401(k) Plan Features and Highlights



A program of the
Tennessee Department of Treasury
David H. Lillard, Jr., Treasurer

The State of Tennessee 401(k) Deferred Compensation Program is a powerful tool to help you reach your retirement dreams. It complements other retirement benefits or savings that you may have and allows you to save and invest extra money for retirement.

You may choose to defer taxes immediately or pay the taxes now and watch any earnings potentially grow tax-free. You may build extra savings consistently and automatically, select from a variety of investment options, and learn more about saving and investing for your financial future.

Read these highlights to learn more about your Program and how simple it is to enroll. If there are any discrepancies between this document and the Plan Document, the Plan Document will govern.

► Getting Started

Why should I participate in the Program?

By participating in your traditional 401(k), you can save and invest additional money for retirement and/or reduce the amount of current state and federal income tax you pay each year. Your State of Tennessee 401(k) Plan can be an excellent tool to help make your future more secure.

You may also qualify for a federal income tax credit by participating in this Plan. For more information about this tax credit, please contact your tax advisor.

The Program also offers a Roth contribution option, which allows you to contribute on an after-tax basis. This may be an attractive feature if you expect to be in a higher tax bracket during your retirement. The “qualified” distributions of Roth contributions and any earnings from the 401(k) account are generally tax-free if they satisfy the five-year minimum deposit restriction. Please refer to the Distributions and Taxes sections for additional information.

What is a 401(k) plan?

- A voluntary retirement savings plan
- Allows eligible employees to complement any existing retirement and pension benefits
- Lets you save and invest before-tax dollars
- Defers tax on contributions and any earnings on contributions until money is withdrawn

What is a Roth 401(k) contribution?

- An after-tax contribution that may complement your current retirement plan savings and defined benefit plans
- Contributions and any earnings on contributions may be withdrawn tax-free upon reaching age 59½ following the required five-year holding period
- You may designate all or a portion of your 401(k) elective deferrals as Roth contributions

How do I enroll?

If you are eligible to participate in the Program, you can enroll on a voluntary basis by:

1. Enrolling online at **RetireReadyTN.gov**. Select *Log in to 401(k)/457(b) Self-Service* and click on the *Register* button. Follow the prompts to provide your Social Security number and other personal information to enroll.
2. Calling the RetireReadyTN Call Center at **800-922-7772**; representatives are available Monday through Friday between the hours of 8 a.m. and 7 p.m. Central time.

If you wish to make changes, you may do so by logging in to your 401(k) account or by calling RetireReadyTN at **800-922-7772** or the TDD line at 800-766-4952.

► Important notice

Local government employees should note that plan availability may vary by employer. Check with your HR/Benefits Specialist to determine the availability of Plan options and your eligibility to participate.

► Contributions

Is there an employer match?

State of Tennessee and Employees of Tennessee Public Colleges and Universities—Your employer may match your 401(k) contributions up to an annually appropriated limit.

Check with your HR/Benefits Specialist or campus resource office for current information on employer contributions.

Local Education Agency Employees and Local Government Employees—For K-12 Public School teachers, the employer match does not apply. For local government employees, check with your HR/Benefits Specialist to determine the availability of an employer contribution (matching or non-matching).

What are the contribution limits?

In 2026, the maximum contribution amount is 100% of your eligible compensation, less any mandatory before-tax contributions to a governmental pension plan, or \$24,500, whichever is less.

If you turn age 50 or older in 2026, you may contribute an additional \$8,000. If you are age 60, 61, 62, or 63, you can set aside even more in your Plan. For people in this age group, the limit for catch-up contributions increases to \$11,250 instead of the regular annual catch-up contribution limit of \$8,000.

New rules for catch-up contributions

If you earned more than \$150,000 in FICA wages in 2025, are age 50 or older, and make age-based catch-up contributions, catch-up contributions must be made as Roth (after-tax) contributions beginning January 1, 2026.

Can I make Roth 401(k) contributions?

The Roth 401(k) option will give you the flexibility to designate all or part of your 401(k) elective deferrals as Roth 401(k) contributions.

In 2026, the maximum limit for 401(k) elective deferrals, for both traditional pre-tax and Roth 401(k) contributions combined, is 100% of your compensation or \$24,500, whichever is less.

The maximum contribution amount may then be indexed for inflation in \$500 increments in subsequent years.

Roth contributions are made with after-tax dollars as opposed to the pre-tax dollars you contribute traditionally to a 401(k). In other words, with the Roth option, you've already paid taxes on the money you contribute.

Can employees contribute to multiple plans?

Yes; however, if an employee contributes to another plan, such as a 403(b) plan, the combined total of all contributions cannot exceed the maximum limit of \$24,500 in 2026, or \$32,500 if age 50 or older. In addition, if you are age 60, 61, 62, or 63, you may contribute an extra \$11,250 to your Plan for a total of \$35,750 in 2026. Governmental 457(b) plans have separate deferral limits, so employees who contribute to a 457(b) plan may be able to contribute an additional \$24,500 to that plan in 2026 (plus any applicable catch-up contributions). For more information about contribution limits for multiple plans, visit irs.gov.



► Managing Your Accounts

How do I access my account online?

Go to RetireReadyTN.gov, select *Log in to 401(k)/457(b) Self-Service*, and enter your username and password.

How do I keep track of my accounts?

Your quarterly account statement from Empower is delivered electronically, showing your account balances and activity. Or, you may choose to receive your statements in paper form by opting out of electronic delivery. You can choose to be notified by email when statements are issued by adding a current email address to your online profile. Log in to your account, click your initials at the top of the screen, and click on *Settings*. Please read the special messages when your statement arrives.

You can also check your account balances and make changes by accessing your account on the website or by calling RetireReadyTN.

How do I make contribution changes?

Once you are enrolled in the 401(k) Plan, log in to your account and click the slider bar in the *Plan savings* section of the landing page.

You may also contact the RetireReadyTN Call Center at **800-922-7772**.

How do I make investment option changes?

Log in to your account, click on *Account*, then *Investments* to view and manage your investments. You may also contact the RetireReadyTN Call Center at **800-922-7772** to change your investments. You can move all or a portion of your existing balances among investment options (subject to Plan rules) and change how your payroll contributions are invested.¹

► Rollovers

May I roll over my account from my former employer's plan?

Yes, but only approved balances from an eligible governmental 457(b), 401(k), 403(b), or 401(a) plan or an Individual Retirement Account (IRA) may be rolled over to the 401(k) Plan.

Distributions from these plans may be subject to a 10% early withdrawal federal tax penalty. Please check with your local RetireReadyTN Advisor regarding any applicable fees on the rollover account.

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

What are my account options if I leave my current employment?

You can leave your entire account balance in your State of Tennessee 401(k) Plan account. If you sever employment with your current employer, you may also roll over your account balances to another eligible governmental 457(b), 401(k), 403(b), or 401(a) plan, if your new employer's plan accepts such rollovers, or to an IRA.

Consider all your options and their features and fees before moving money between accounts. Always compare fees, commissions, trading expenses, and other transaction costs before making a decision.

Please contact the RetireReadyTN Call Center or your tax advisor for more information.

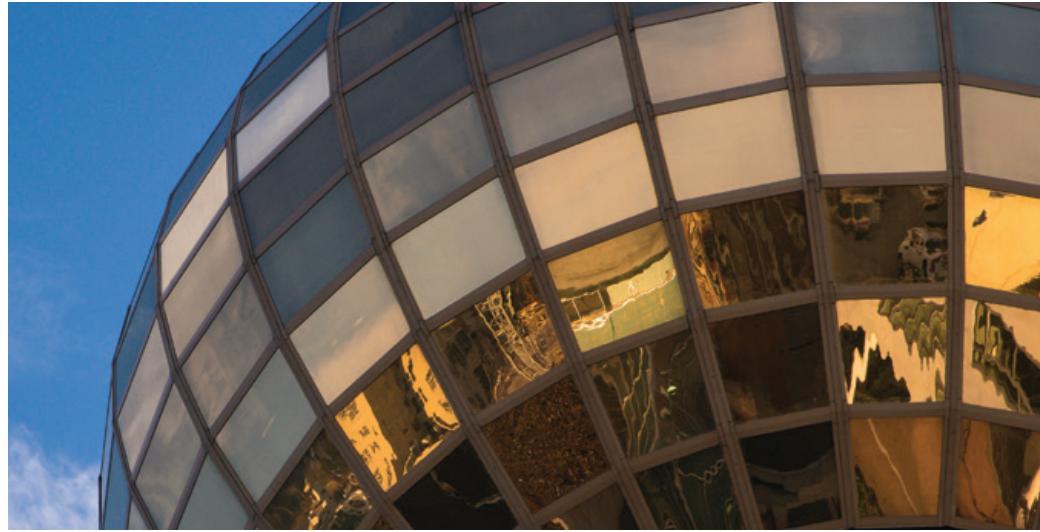
► Vesting

When am I vested in the 401(k) plan?

Vesting refers to the percentage of your account you are entitled to receive from the Program upon the occurrence of a distributable event.

For State of Tennessee and all Tennessee Public Colleges and Universities employees—Your contributions to the Program (including rollovers from previous employers), the employer match, and any earnings they generate are always 100% vested.

For local government and Local Education Agency employees—Your contributions to the Program are always 100% vested. The vesting schedule on any employer contributions is determined by your employer. Please contact your HR/Benefits Specialist.



► **Distributions**

When can I receive a distribution from my accounts?

Pre-tax contributions

401(k) qualifying distribution events are as follows:

- Retirement
- Disability retirement (allowed but is defined by the Social Security Administration or the Tennessee Consolidated Retirement System)
- Financial hardship as defined by the Internal Revenue Code
- Attainment of age 59½, for participant contributions only
- In-service distribution at retirement age of 60, all money types allowed
- Severance of employment as defined by Internal Revenue Code provisions
- Death, upon which your beneficiary receives your benefits
- Purchase of service credit

Withdrawals may be subject to income tax and a 10% early withdrawal penalty if taken before age 59½.

Roth 401(k) contributions

If you withdraw your Roth 401(k) contributions and earnings after you've reached age 59½ or severed employment due to death or disability and have held the account for at least five years, the distribution is income tax-free and penalty-free.

If you take a distribution of your Roth 401(k) contributions prior to the end of the five-year period beginning with your first Roth 401(k) contribution, you will pay income taxes plus a 10% penalty tax on any earnings that are distributed.

There is no income or penalty tax due on qualified distributions of Roth 401(k) contributions because contributions are made with after-tax dollars.

What are my distribution options?

1. Leave the value of your accounts in the Plan until a future date.
2. Receive:
 - Periodic payments,
 - Partial lump sum with remainder paid as periodic payments, or
 - A lump sum.
3. Roll over your account balances to an eligible governmental 457(b), 401(k), 403(b), or 401(a) plan or an IRA.

What happens to my account when I die?

Your designated beneficiary(ies) will receive the remaining value of your accounts, if any. Your beneficiary(ies) must contact the Call Center to request a Death Benefit Claim Form.

► Expenses

What are the administrative costs for participating in the 401(k) Plans?

The annual administration fee is 0.149% (14.9 bps) with a minimum fee of \$12 per year (deducted monthly).

For example, if you have a \$10,000 account balance, your total annual fee would be \$14.90. This would be assessed monthly at \$1.24 per month.

Account balance	Annual fee	Monthly fee
\$10,000	\$14.90	\$1.24
\$20,000	\$29.80	\$2.48

Investment Expenses

Some investment options give voluntary and/or contractual fee reimbursements. These reimbursements are given at the end of each quarter or month, depending on the fund. Reimbursements may offset the Plan administrative fees, depending on the investment options in which you are invested. Each investment option has an investment management fee that varies by investment option. For more information, log in to your account, select *Account*, then *Investing*. Your current investments are shown, as well as the full investment lineup.

These fees are deducted by each investment option's management company before the daily price or performance is calculated. Fees pay for trading individual securities in the underlying investment options and other management expenses.

Funds may impose redemption fees on certain transfers, redemptions, or exchanges resulting from presumed market timing. Asset allocation funds may be subject to operating expenses for the fund and for each underlying fund. For more information, see the prospectus and/or disclosure documents. Funds are subject to the risks of the underlying funds.

Self-Directed Brokerage Account Expenses

To participate in the Self-Directed Brokerage Account (SDBA) option, there is a \$60 annual administrative fee, charged at \$15 quarterly. In order to start an SDBA, you must have a balance of \$20,000 in core investments, with a minimum initial deposit of \$5,000. There must be \$15,000 remaining in core investments. Additional SDBA deposits must be a minimum of \$1,000.

The SDBA is intended for knowledgeable investors who understand the risks associated with the SDBA. For more information, log into your account, select *Account* at the top of the page, then *Brokerage* under *Investments*.

► Loans

May I take a loan from my account?

The 401(k) Plan allows you to borrow the lesser of \$50,000 or 50% of your total account balance (employee contributions only). Employer dollars are not eligible for loans. The minimum loan amount is \$2,000, and you have up to five years to repay your loan—up to 15 years if the money is used to purchase your primary residence.

There is also a \$75 origination fee for each loan, which is deducted from the loan proceeds, plus a quarterly fee of \$12.50. Loan payments are made through payroll as after-tax deductions.

For more information about loans, please contact the RetireReadyTN Call Center.

► Taxes

How does my participation in the Program affect my taxes?

Pre-tax 401(k) contributions

Your contributions are taken out of your paycheck before taxes are calculated, so you pay less in current income tax. Distributions from the Plans are taxable as ordinary income during the years in which they are distributed. Any withdrawals taken before age 59½ from the Plan may also be subject to a 10% early withdrawal federal tax penalty.

Roth 401(k) contributions

Roth contributions are made with after-tax money. Distributions of any earnings and contributions are not taxable if you have reached age 59½ or severed employment due to death, disability, or retirement and have held the account for at least five years. Income taxes and a 10% early withdrawal federal tax penalty may apply to any earnings distributed before age 59½, death, disability, retirement, or the end of the five-year period beginning with your first Roth contribution.

► Investment Assistance

Can I get help with my investment decisions?

There are financial calculators and tools on the website that can help you determine which investment options might be best for you if you would like to manage your Plan accounts yourself.

Your Plan offers access to two different levels of investment advisory tools and services called Empower Advisory Services, offered by Empower Advisory Group, LLC (EAG), a registered investment adviser. You can have EAG manage your retirement account for you through My Total Retirement™. Or, if you prefer to manage your retirement account on your own, you can use Online Advice. These tools and services provide a personalized retirement strategy for you based on your investment goals, time horizon, and tolerance for risk. Online Advice and My Total Retirement are part of the Empower Advisory Services suite of services offered by Empower Advisory Group, LLC, a registered investment adviser.

For more detailed information, log in to your account and click on *Account* at the top of the page, then select *Investment help*. Or you may call **800-922-7772** to speak to a representative..

What expenses do I pay to participate in Empower Advisory Services?

Online Advice is available at no additional cost to you. The annual My Total Retirement fee will be assessed in quarterly installments based on a percentage of your managed account balance, as follows:

Participant assets under management	My Total Retirement quarterly fee
Up to \$100,000	0.1125%
Next \$150,000	0.0875%
Next \$150,000	0.0625%
Greater than \$400,000	0.0375%

For example, if your assets are \$50,000, the quarterly fee will be 0.1125%. If your assets are \$500,000, the first \$100,000 will be subject to a quarterly fee of 0.1125%; the next \$150,000 will be subject to a quarterly fee of 0.0875%.

► How do I get more information?

Visit **RetireReadyTN.gov**, select *Log in to 401(k)/457(b) Self-Service*, and enter your username and password. You may also call RetireReadyTN at **800-922-7772** or the TDD line at 800-766-4952 for more information. The website provides information regarding your 401(k) Plan and financial education, as well as financial calculators and other tools to help you manage your accounts. Look for *Planning* at the top of the page, then select *My Financial Path* for helpful tools.

Local RetireReadyTN Plan Advisors are available to meet with you one-on-one.

To set up a meeting, scan the QR code to the right or visit retirereadytn.empowermytime.com.



► About Empower

Empower specializes in servicing government deferred compensation retirement plans. Headquartered in Greenwood Village, Colorado, Empower helps more than 19 million² people work toward replacing—for life—the income they made while working.

After a comprehensive selection process, Empower was chosen by RetireReadyTN to provide administrative, education, and communication services. In conjunction with RetireReadyTN, Empower is committed to helping you understand and evaluate your financial situation by providing you with the information you need to help you make financial decisions to and through retirement.



RetireReadyTN is the state's retirement program, combining the strengths of a defined benefit Plan provided by the Tennessee Consolidated Retirement System (TCRS), a 401(k) Plan offered by Empower, and retirement readiness education. We strive to empower public employees to take actionable steps toward preparing for the future.

You should carefully consider your risk tolerance, investment horizon, retirement savings goals, and overall investment and retirement objectives prior to making investment decisions.

1 Transaction requests received in good order after the close of the New York Stock Exchange will be processed the next business day.

2 As of September 30, 2025.

Investing involves risk, including possible loss of principal.

Online Advice and My Total Retirement are part of the Empower Advisory Services suite of services offered by Empower Advisory Group, LLC, a registered investment adviser. Past performance is not indicative of future returns. You may lose money.

Securities available through Schwab Personal Choice Retirement Account (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 Empower Financial Services, Inc. are separate and unaffiliated.

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