



STATE OF TENNESSEE DEFERRED COMPENSATION PROGRAM

# 457(b) Plan Features and Highlights



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

The State of Tennessee 457(b) 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 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 the governmental 457(b) deferred compensation plan, you can invest additional money for retirement and potentially reduce the amount of current federal income tax you pay each year.<sup>1</sup> Your State of Tennessee 457(b) Deferred Compensation 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 the 457(b) 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 457(b) 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 457(b) deferred compensation plan?**

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- Defers tax on contributions and any earnings on contributions until money is withdrawn

### **What is a Roth 457(b) 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- Contributions and any earnings on contributions may be withdrawn tax-free upon reaching age 59½ following the required five-year holding period<sup>2</sup>
- You may designate all or a portion of your 457(b) elective deferrals as Roth contributions
- Defers tax on contributions and any earnings on contributions until money is withdrawn

### **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 RetireReadyTN at **800-922-7772**; representatives are available Monday through Friday between the hours of 9 a.m. and 8 p.m. Eastern time (8 a.m. and 7 p.m. Central time).

If you wish to make changes, you may do so by logging in to your 457(b) account or by calling RetireReadyTN at **800-922-7772** or the TDD line at 800-766-4952.<sup>3</sup>

## ► 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.

<sup>1</sup> All references to the 457(b) plan are to a governmental 457(b) plan.

<sup>2</sup> Earnings on Roth contributions will be taxed unless withdrawals are a qualified distribution as defined by the IRS.

<sup>3</sup> Transaction requests received in good order after the close of the New York Stock Exchange will be processed the next business day.



### **Is there an employer match?**

There is no match offered on contributions to the 457(b) plan.

### **What are the contribution limits?**

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

By participating in the 457(b) plan, you may have two different opportunities to contribute more if you meet certain requirements.

- The Special Catch-up: You may contribute up to double the annual contribution limit — \$49,000 in 2026 — in the three calendar years prior to your normal retirement age. The additional amount that you may be able to contribute will depend upon the amounts that you were eligible to contribute in previous years but did not.
- The Age 50+ Catch-up: If you turn age 50 or older in 2026, you may contribute an additional \$8,000.

You may not use the Special Catch-up provision and the Age 50+ Catch-up provision in the same year.

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 457(b) contributions?**

The Roth 457(b) option will give you the flexibility to designate all or part of your 457(b) elective deferrals as Roth 457(b) contributions.

In 2026, the maximum limit for 457(b) elective deferrals, for both traditional pre-tax and Roth 457(b) contributions combined, is 100% of your compensation or \$24,500, whichever is less.

Roth contributions are made with after-tax dollars as opposed to the pre-tax dollars you contribute traditionally to a 457(b). In other words, with the Roth option, you've already paid taxes on the money you contribute.

## **► What are my investment options?**

A wide array of core investment options is available through your Program. Each option is explained in further detail in your Program's fund data sheets.

Investment option information is also available through the website or by calling RetireReadyTN. These services are available 24 hours a day, seven days a week.

In addition to the core investment options, a self-directed brokerage account (SDBA) is available. The SDBA allows you to select from numerous mutual funds for additional fees.

The SDBA is intended for knowledgeable investors who understand the risks associated with the SDBA.

## ► Managing your account

### **How do I access my account online?**

Go to [RetireReadyTN.gov](http://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 account?**

Your quarterly account statement from Empower is delivered electronically, showing your account balances and activity. You can choose to be notified via 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 457(b) 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.

### **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.<sup>4</sup>

## ► Rollovers

### **May I roll in 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 457(b) plan.

Funds rolled into a governmental 457(b) plan from another type of plan or account may still be subject to the 10% early withdrawal penalty if taken before age 59½. 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 457(b) Deferred Compensation 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.

Always compare fees, commissions, trading expenses, and other transaction costs before making a decision.

Please keep in mind that if you roll over your 457(b) plan balance to a 401(k), 403(b), or 401(a) plan or an IRA, the withdrawals made prior to you reaching age 59½ may become subject to the 10% early withdrawal federal tax penalty.

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

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

## ► When am I vested in the 457(b) plan?

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

Your contributions to the Program (including rollovers from previous employers) and any earnings they generate are always 100% vested.

<sup>4</sup> Transaction requests received in good order after the close of the New York Stock Exchange will be processed the next business day.



## ► **Distributions**

### **When can I receive a distribution from my account?**

#### **Pre-tax contributions**

457(b) plan qualifying distribution events are as follows:

- Retirement
- Disability retirement, allowed but as defined by Social Security Administration or the Tennessee Consolidated Retirement System
- Unforeseeable emergency as defined by the Internal Revenue Code, and if allowed by your Program's provisions
- Severance of employment as defined by Internal Revenue Code provisions
- Death, upon which your beneficiary(ies) receives your benefits
- Purchase of service credit
- Distribution requested by a qualified retired public safety officer to be made directly to a health or long-term care insurance provider
- Attainment of age 59½, if still employed

Each distribution of pre-tax contributions is subject to ordinary income tax. There is no tax penalty for withdrawing funds prior to reaching age 59½.

#### **Roth 457(b) contributions**

If you withdraw your Roth 457(b) contributions and any 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 457(b) contributions prior to the end of the five-year period beginning with your first Roth 457(b) 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 457(b) contributions because contributions are made with after-tax dollars.

#### **What are my distribution options?**

1. Leave the value of your account in the Plan until a future date.
2. Receive:
  - periodic payments,
  - partial lump sum with remainder paid as periodic payments, or
  - 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. Funds rolled into a governmental 457(b) plan from a non-governmental 457(b) plan may still be subject to the 10% early withdrawal penalty if taken before age 59½.

#### **What happens to my account when I die?**

Your designated beneficiary(ies) will receive the remaining value of your account, 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 457(b) plan?

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 quarterly 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 is charged an investment management fee and other operating expenses that vary 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 compensate the investment manager for its services in managing the investment option and other administrative expenses such as trading portfolio securities and maintaining custody of its assets.

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 (SDBA) expenses

To participate in the 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. For more information, log in to your account, select *Account* at the top of the page, then *Brokerage* under *Investments*.

## ► May I take a loan from my account?

Your 457(b) plan does not allow loans.

## ► How does my participation in the Program affect my taxes?

### Pre-tax 457(b) 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 457(b) 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 Program account 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.

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

### What fees 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 assets under management as follows:

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 under management are \$50,000, the quarterly fee will be 0.1125%. If your assets under management 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%; the next \$150,000 will be subject to a quarterly fee of 0.0625%; and any amount more than \$400,000 will be subject to a quarterly fee of 0.0375%.



## ► How do I get more information?

Visit the website at **RetireReadyTN.gov**, select *Log in to 401(k)/457(b) Self-Service* and enter your username and password, or call RetireReadyTN, toll-free, at **800-922-7772** or the TDD line at 800-766-4952 for more information. The website provides information regarding your 457(b) 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](http://retirereadytn.empowermytime.com).



## ► About Empower

Empower specializes in servicing government deferred compensation retirement plans. Headquartered in Greenwood Village, Colorado, Empower helps more than 19 million\* 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.



\*As of September 30, 2025.

RetireReadyTN is the state's retirement program, combining the strengths of a defined benefit plan provided by the Tennessee Consolidated Retirement System (TCRS), 401(k), and 457(b) plans 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.

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.

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