FEATURES AND HIGHLIGHTS

READ THESE HIGHLIGHTS TO LEARN MORE ABOUT YOUR PROGRAM. IF THERE ARE ANY DISCREPANCIES BETWEEN THIS DOCUMENT AND THE PLAN DOCUMENT, THE PLAN DOCUMENT WILL GOVERN.

About the 457(b) Deferred Compensation Program

The Pennsylvania State Employees’ Retirement System’s Deferred Compensation Program is a governmental 457(b) retirement savings plan that allows employees to supplement existing retirement and pension benefits by investing through a voluntary salary contribution. The Program was established in 1988 by the Pennsylvania State Employees’ Retirement System (SERS), which contracts with Empower Retirement™, the retirement business of Great-West Financial®, to serve as the administrator.

Eligibility Requirements

You are eligible to enroll immediately following your date of hire.

Enrollment

You may enroll online at www.sers457.com, or by completing and submitting these forms:

1. Participant Enrollment
2. Paycheck Contribution Election
3. Beneficiary Designation

All forms are available online or by calling (866) SERS457 (866-737-7457).

2017 Contribution Limits

- Combined maximum limit of 100% of your compensation or $18,000, whichever is less, for all retirement contributions.
  - Dollar amount contributions: $5 minimum per pay period.
  - Percent contributions: 0.5% minimum per pay period (increases are limited to increments of 0.5%).
- Special Catch-up allows participants in the three calendar years prior to normal retirement age to contribute more (up to double the annual contribution limit—$36,000). The amount that you may be able to contribute under the Special Catch-up option will depend upon the amounts that you were able to contribute in previous years but did not.
- Participants turning age 50 or older in 2017 may contribute an additional $6,000. This amounts to a maximum contribution of $24,000 for 2017. Please note that you may not use the Special Catch-up and the Age 50+ Catch-up options in the same calendar year.
Before-Tax and Roth Contributions

You have the flexibility to choose traditional or Roth contributions. Traditional 457 contributions are made on a before-tax basis, and you pay income taxes only when you take a distribution. All Roth contributions are made with after-tax dollars.

Your distribution is income tax-free if you are eligible for a distribution from the Program and you withdraw your Roth contributions and any earnings after holding the account for at least five tax years and:

- You are at least age 59½; or
- You become disabled; or
- You die (in which case, your beneficiaries will take a withdrawal).

If a distribution is made from your Roth 457 account before you reach age 59½ and it is not due to death or disability, or reaching the five-tax-year holding period, you will pay income taxes on any earnings that are distributed. Otherwise, there is no income tax due on the Roth contributions distributed from the Program because contributions are made with after-tax dollars.

Vesting Schedule

Vesting refers to the percentage of your account you are entitled to receive upon the occurrence of distributable events. Your contributions and any earnings are always 100% vested (including rollovers from previous employers).

Investment Options

A wide array of core investment options is available through your Program. Each option is explained in further detail in the Fund Fact Sheets provided by the Program. Investment option information is also available through the website at www.sers457.com or by calling the voice response system toll free at (866) SERS457. The website and the voice response system (VRS) are available to you 24 hours a day, seven days a week.

In addition to the core investment options, a Self-Directed Brokerage (SDB) account is available. The SDB account allows you to select from numerous investment options for additional fees. The SDB account is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDB account.

Deferrals, Transfers and Allocation Changes

Use your passcode and username to access the website, or you can use your Social Security number and personal identification number (PIN) to access the VRS. You can move all or a portion of your existing balances among investment options (subject to Program rules) and change how your payroll contributions are invested.

Rollovers

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 Program. You are encouraged to discuss rolling money from one account to another with your financial advisor/planner, considering any potential fees and/or limitation of investment options. Contact your Empower Retirement representative for assistance in the rollover process by calling (866) SERS457.

Withdrawals

Qualifying distribution events are as follows:

- Retirement
- Severance of employment (as defined by the Internal Revenue Code provisions)
- Death (your beneficiary receives your benefits)
- Unforeseeable emergency (as defined by the Internal Revenue Code)
- Transfer to purchase service credit

Please keep in mind that if you roll over your balance in the Program to a 401(k), 403(b) or 401(a) plan or to an IRA, distributions taken before age 59½ from the new rollover account may be subject to the 10% early withdrawal penalty. The 10% early withdrawal penalty does not apply to 457 plan withdrawals.

Each distribution from a traditional 457(b) plan is subject to ordinary income tax with 20% mandatory withholding except for an in-service transfer to purchase service credit. Depending on your personal tax circumstances, you may be responsible for payment of additional estimated tax, or you may owe additional tax when you file your tax return.
Program Fees

Recordkeeping or Administrative Fees
The fees are $24 plus 0.07% of your account balance per year. They will be deducted from your account on a monthly basis.

Distribution Fees
There are no Program distribution fees.

Investment Option Fees
Each investment option has an investment management fee that varies by investment option. These fees are deducted by each investment option’s management company before the daily price or performance is calculated. Fees pay for trading of securities within the investment options and other management expenses.

There may be a recordkeeping or administrative fee for investing in certain investment options. Please contact your Empower Retirement representative for more information about any potential investment option fees.

There are additional quarterly fees and/or transaction fees to participate in an SDB account. Please see your Program’s website for more information.

Loans
Currently, the Pennsylvania State Employees’ Retirement System’s Deferred Compensation Program does not allow loans.

Empower Retirement Advisory Services (Advisory Services)
Your Program has a suite of services called the Empower Retirement Advisory Services. You can have Advised Assets Group, LLC (AAG), a registered investment adviser, manage your retirement account for you through the Managed Account service. Or if you prefer to manage your retirement account on your own, you can use Online Investment Guidance or Online Investment Advice. These services help create a personalized retirement strategy for you.

For more detailed information about Advisory Services, including any applicable fees, log in to your Program’s website at www.sers457.com (click on “Advisory Services”) or call the voice response system at (866) SERS457 to speak to an AAG investment adviser representative.

There is no guarantee that participation in any of the advisory services will result in a profit or that the account will outperform a self-managed portfolio invested without assistance.
How can I get more information?

Visit the website at www.sers457.com or call the voice response system toll free at (866) SERS457 for more information. The website provides information regarding your Program, as well as financial education information, financial calculators and other tools to help you manage your account.

MORE QUESTIONS?

Representatives of Empower Retirement do not offer investment, fiduciary, financial, legal or tax advice, or act in a fiduciary capacity, for any client unless explicitly described in writing. Please consult with your investment advisor, attorney and/or tax advisor as needed.

1 The account owner is responsible for keeping the assigned PIN/passcode confidential. Please contact Client Services immediately if you suspect any unauthorized use.

2 Transfer requests received on business days prior to close of the New York Stock Exchange (4 p.m., Eastern time 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.

Core Securities when offered, are offered through GWFS Equities, Inc. and/or other broker-dealers.

GWFS Equities, Inc., Member FINRA/SIPC, is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company. Recordkeeping and administrative services are provided by Empower Retirement.

Empower Retirement Advisory Services are offered by Advised Assets Group, LLC (AAG), a registered investment adviser and wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

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