



# OVERVIEW

# AGENDA

- The facts
- Getting started
- Saving and investing
- Texa\$aver Advisor Service<sup>1</sup>
- Distribution options
- Account information

<sup>1</sup> 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.

# THE FACTS

- Most financial advisors say you'll need about 70% of your pre-retirement earnings to comfortably maintain your pre-retirement standard of living.<sup>1</sup>
- More people are living longer and healthier lives than ever before.
- Social Security may not be enough.
- Don't forget about inflation.

<sup>1</sup> Source: <https://www.ssa.gov/planners/retire/r&m6.html>, July 2019

# THE FACTS

## Three sources of retirement income:

- Employee Retirement (ERS Retirement program)
- Social Security
- Texa\$aver 401(k) and 457 plans (IRA or other personal savings and investments)

### The “three-legged stool”



# THE FACTS

## The Texa\$aver program

- Pre-tax traditional and/or after-tax Roth contribution options
  - Automatic payroll deduction
  - Eligibility for Saver's Tax Credit
  - Manage account online or by phone
  - Roll over previous IRAs, 401(k) or 457 accounts
- Access to professional investment advice
  - Purchase service credit
  - Defer unused annual leave
  - Flexible distribution options

**Saving through the Texa\$aver program puts you in control of your retirement.**



# GETTING STARTED

## ENROLLING IN THE PLAN

### Enrolling in the plan

1. Speak with a Texa\$aver Education Counselor
2. On the website
3. Calling the national customer service center
4. Complete an enrollment form
  - Found online or by calling
  - Mail to:
    - Empower Retirement
    - P.O. Box 173764
    - Denver, CO 80217-3764

# GETTING STARTED

## ROLLOVER OR TRANSFER

### Eligible plans for rollover or transfer

- Prior eligible employer's 401(k), 401(a), 403(b) or government 457
- IRA\*
- Roth rollovers from other qualified plans, excluding Roth IRAs

### Two ways to roll over or transfer:

- Call the national customer service center
- Mail or fax the completed Transfer/Rollover forms
  - Consider all your options and their features and fees before moving money between accounts.

\* You can only rollover an IRA if you have a qualifying event.

# SAVING

## THREE EASY STEPS

### 1. Select a plan

- 401(k) plan
- 457 plan
- 401(k) and 457 plans

### 2. Determine a contribution type and amount

- Pre-tax traditional
- After-tax Roth

### 3. Choose your investment options

- Target date funds
- Core investments
- Self-directed brokerage account



# SAVING

## SELECT A PLAN: 401(K) OR 457

### The Texa\$aver 401(k) Plan

### The Texa\$aver 457 Plan

Contribute a percentage or dollar amount per month

10% federal penalty for distributions made pre age 59½

No early withdrawal penalty<sup>1</sup>

Past age 59½ in-service withdrawal

N/A

Available to part-time and full-time state employees

Available to part-time and full-time state and higher education<sup>2</sup> employees

Age 50 and Over Catch-up contributions

Age 50 and Over Catch-up contributions PLUS Special 457 Catch-up provision<sup>3</sup>

Purchase ERS service  
Purchase TRS service (but only if eligible for a distribution)

Purchase ERS and TRS service

1 Governmental 457 funds rolled into another type of plan may become subject to the 10% early withdrawal penalty if taken before age 59½.

2 Available to all four-year institutions and some community colleges.

3 The Age 50+ Catch-Up provision and the Special Catch-Up provision cannot be used in the same calendar year.

# SAVING 403(B) PLAN

## 403(b) Plan

Eligibility	Part-time and full-time higher education employees, upon date of hire or anytime thereafter. <u>Excludes</u> state employees.
Contribution Options	Contact your 403(b) administrator to see what is allowed.
Maximum Annual Deferral	99% of 403(b) eligible compensation or \$19,500 per year, whichever is less. The 2021 annual contribution limit is \$26,000 if you are 50 or older.
Tax Penalties	A 10% federal penalty tax may apply to distributions made before age 59½. A 50% federal tax penalty applies if required minimum distributions (RMDs) are not taken at age 72*, unless you are still employed with the employer sponsoring the plan.

\* If you reached age 70½ on or before December 31, 2019, you must take RMDs beginning at age 70½.

# SAVING

## DETERMINE THE AMOUNT

### 2021 minimum

- 401(k) and 457: 1% or \$20

### 2021 maximum

- \$19,500 or 99% of allowable compensation, whichever is less
- Age 50 and Over Catch-up = additional \$6,500 for both plans
- 457 plan allows for Special 457 Catch-up provision
  - Subject to eligibility
  - Special Catch-up limit is \$19,500 for unused deferrals, in addition to the \$19,500 you may contribute under the standard limit
  - Only available during the three years prior to the taxable year in which you reach normal retirement age
- May contribute maximum to both plans

*Amounts for 2022 and beyond may be adjusted for inflation.*

# SAVING

## PRE-TAX TRADITIONAL VS. AFTER-TAX ROTH

	Pre-tax Traditional	After-tax Roth
Is my contribution taxable in the year I make it?	No	Yes
Is my contribution taxed when distributed?	Yes	No
Are the earnings, if any, on my contributions taxed when distributed?	Yes	No, provided the distribution occurs after age 59½, death or disability and at least five years after your first contribution
If I roll over non-Roth money from other accounts into my Texa\$aver account, will I pay taxes?	No	Yes, you will pay ordinary income taxes on the rollover amount

# SAVING

## CONTRIBUTING MORE COULD MAKE A DIFFERENCE

### Increasing your contribution over time could make a difference

12 Pay Periods Annually

For 24 pay periods, double the dollar amounts for each column (except Contribution Per Pay Period)

Contribution		10 Years		20 Years		30 Years	
Per Pay Period	Annual Amount	Contribution	Potential Growth	Contribution	Potential Growth	Contribution	Potential Growth
\$50	\$600	\$6,000	\$8,194	\$12,000	\$23,102	\$18,000	\$50,226
\$75	\$900	\$9,000	\$12,291	\$18,000	\$34,653	\$27,000	\$75,339
\$100	\$1,200	\$12,000	\$16,388	\$24,000	\$46,204	\$36,000	\$100,452
\$150	\$1,800	\$18,000	\$24,582	\$36,000	\$69,306	\$54,000	\$150,677

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration is not intended as a projection or prediction of future investment results, nor is it intended as financial planning or investment advice. It assumes 12 pay periods per year and an effective annual return of 6%, compounded monthly, with reinvestment of earnings and no withdrawals. The illustration does not reflect any charges, expenses or fees that may be associated with your plan. The tax-deferred accumulations shown above would be reduced if these fees had been deducted. Rates of return may vary.

# SAVING COMPETITIVE COST TO PARTICIPATE

## Administrative fee structure per participant

- Covers the cost of program recordkeeping expenses.
- Charged per participant, per month.
- Assessed monthly for the 401(k) and 457 plans separately.
- The fee is typically charged the first week of the month. The fee will be displayed on your statement under: “What activity took place this period?” / Expenses / Account Admin Fee.



# SAVING

## COMPETITIVE COST TO PARTICIPATE

### Administrative fees per participant

Account Balance	Monthly Fee*
\$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 and more	\$6.99

\* Per participant, per account

For new accounts, a one-time fee waiver period will be applied for the first six months. At the end of the new account waiver period, participants will pay the monthly fees based on their account balance, as outlined above.

# INVESTING

## Core Funds

- Select your own mix of investment options

## Target Date Funds

- Pre-diversified option based on the date you expect to retire

## Self-Directed Brokerage Account: Schwab Personal Choice Retirement Account<sup>®</sup> (PCRA)

- The PCRA is intended for knowledgeable investors who understand the risks associated with the PCRA

*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](http://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.*

# INVESTING

## MANAGEMENT FEES

### Investment management fees<sup>1</sup>

- Fees are deducted from the investment return of the fund.
- Fees are included in daily fund pricing.
- Certain funds may impose redemption fees and/or transfer restrictions.
- Some investment options give voluntary and/or contractual reimbursements.
- View the management fees charged for each investment option on the Investment Performance document on the website.

<sup>1</sup> Each fund has its own fund operating expenses that vary depending on the investment options you select. *Target date funds may be subject to a fund operating expense at the target date fund level, as well as a prorated fund operating expense fee for each underlying fund. For more information, please refer to the fund's prospectus and/or disclosure document.*

# TEXA\$AVER ADVISOR SERVICE

## Online Advice

No additional cost to you

- Personalized investment and savings recommendations

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

## Managed Account Service

Additional fee

- Personalized investment and savings recommendations
- Reviews the account and makes investment choices based on personal financial situation and goals
- Additional fee based on a percentage of your assets under management

More information can be found on the Texa\$aver website. 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.

# TEXA\$AVER ADVISOR SERVICE

## Managed Account Service Fee (Full-Service Investment Help)

Per Account, Monthly	Annual Fee
0.0292%	0.35%

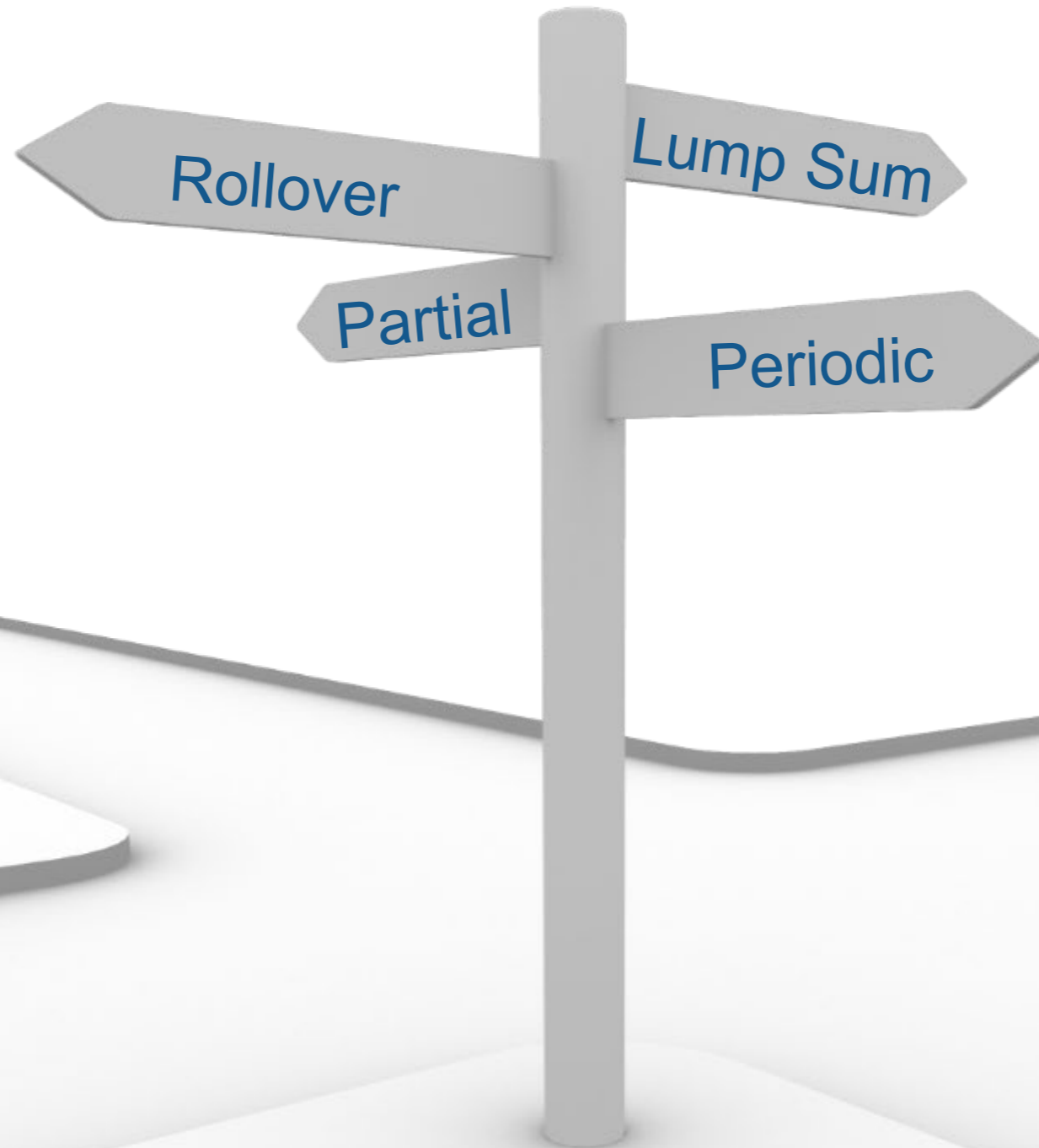
### Examples:

**\$10,000 assets under management = \$2.92 monthly fee**

**\$20,000 assets under management = \$5.84 monthly fee**

**\$50,000 assets under management = \$14.60 monthly fee**

# DISTRIBUTION OPTIONS





# DISTRIBUTION OPTIONS

## BENEFITS OF STAYING IN THE PLAN

### Leave your money in the Texa\$aver program

- Competitively priced program
- Variety of payout options
- Texa\$aver Advisor Service
- Easy transfer among funds<sup>1</sup>

You must start taking distributions at age 72 if you are no longer employed by the State.

- If you reached age 70½ on or before December 31, 2019, you must take required minimum distributions beginning at age 70½. If you are unsure about when to take distributions, talk to a Texa\$aver Education Counselor.

<sup>1</sup> Transfer requests received on business days prior to close of the New York Stock Exchange (3 p.m. CST 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.

# DISTRIBUTION OPTIONS

## WITHDRAWALS

### Periodic withdrawals

- Choose monthly, quarterly, semi-annual or annual payments

### Partial withdrawals

- Receive a portion of your savings

### Lump sum

- Take a full withdrawal of your savings

### Rollover

- Transfer your savings directly to another qualified plan or IRA
- 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.

Withdrawals may be subject to ordinary income tax. The 10% federal early withdrawal penalty does not apply to 457 plan withdrawals except for withdrawals attributable to rollovers from another type of plan or account.

# DISTRIBUTION OPTIONS

## “QUALIFIED” ROTH DISTRIBUTION

### 401(k) “qualified” Roth distribution

- 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.

### 457 “qualified” Roth distribution

- Made after five taxable years of Roth participation **and** is either:
  - Made on or after the date the employee attains age 59½ and has separated from employment;
  - Made after the employee’s death; or
  - Attributable to the employee being disabled.

Remember, you must otherwise meet one of the general plan distribution events before you can take a distribution of Roth contributions. The information above discusses when a distribution is "qualified," which determines whether the earnings on your Roth contributions are taxed.

# ACCOUNT INFORMATION

## KEEPING YOUR ACCOUNT CURRENT

### Beneficiary designation

- Beneficiary form (signed and mailed)

### Change of address

- Active members, retirees or members no longer employed
- To update with ERS: log in to the website or call
- To update with Texa\$aver: visit the website or call
- For hearing impaired or deaf callers only, call 7-1-1 or (800) 735-2989.

### Manage your investments

- Quarterly statements

# ACCOUNT INFORMATION

## ADDITIONAL RESOURCES

### National Customer Service Center: (800) 634-5091

- Representatives available Monday-Friday, 7 a.m. - 9 p.m. CT and Saturdays, 8 a.m. – 4:30 p.m CT.
- Automated line available 24/7

### Website:

[www.texasaver.com](http://www.texasaver.com)

- Available 24/7
- Contains a wealth of information, tools and resources to help you make the most of your plan.

# THANK YOU!

**Securities offered by the Texa\$aver<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 advisers Advised Assets Group, LLC and Personal Capital. This material is for informational purposes only and is not intended to provide investment, legal or tax recommendations or advice.

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Investing involves risk, including possible loss of principal.

**IMPORTANT:** The projections, or other information generated on the website by the investment analysis tool regarding the likelihood of various investment outcomes, are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. The results may vary with each use and over time.

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## **Important information regarding your meeting with representatives of Empower Retirement**

Your Empower Retirement representative is a retirement plan advisor (RPA) acting on behalf of Advised Assets Group, LLC (AAG) and GWFS Equities, Inc. (GWFS). AAG is a federally registered investment adviser that provides investment advisory services to retirement plan participants and IRA accountholders nationwide. AAG's goal, through the RPAs and otherwise, is for you to leverage AAG's investment expertise to make retirement planning smarter and more accessible than ever before. GWFS is a broker-dealer registered with FINRA and the U.S. Securities and Exchange Commission. GWFS primarily provides broker-dealer services to employer-sponsored retirement plans. Both AAG and GWFS are members of the Empower Retirement family of companies.

Your RPA is authorized to act as both an investment advisor representative of AAG and a registered representative of GWFS. Your RPA acts as an AAG investment advisor representative when providing investment counseling or recommendations and as a GWFS registered representative when executing securities transactions on your behalf.

Your RPA may conduct a Retirement Readiness Review with you and educate you about available investment options and products offered by AAG. During a Retirement Readiness Review, you will meet with a plan advisor to discuss your current and future goals. Your RPA will look at your full financial picture and provide tailored recommendations in order to help you achieve your personal retirement readiness. Your RPA will assist you with learning about (and, when appropriate, enrolling in) Empower managed accounts solutions, rollovers into plan options, optimized investment allocation and savings amounts, financial planning, general financial wellness, health savings accounts (HSAs), distribution options, and additional products/ solutions offered by your plan and aligned with your needs. While basic investment strategies consider only your age, the service of your RPA includes consideration of a wide range of factors to develop a more in-depth picture of who you are before creating a strategy that best fits your individual needs. Your RPA considers your individual financial situation and goals to create a plan designed to help you reach the future you want. Your RPA, acting on behalf of GWFS, can assist you with executing securities transactions related to the recommendations they provide. There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.

By engaging in a dialogue with your RPA, you will receive ongoing direction and advice, including professional support through education when it comes to making important savings, investing and retirement income decisions. Although your RPA cannot provide you with advice on your tax situation, they will share information related to the potential tax implications of taking receipt of the proceeds from your retirement investments. If you feel that you need specific tax advice, please consult with your personal tax advisor.

To obtain the AAG and GWFS Form CRS, or for more information about Empower Retirement representatives, visit **[empower-retirement.com](https://empower-retirement.com)**

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