

## HAVE YOU STARTED SAVING FOR RETIREMENT WITH THE TEXA\$AVER PROGRAM? IF NOT, IT'S AS EASY AS 1 ... 2 ... 3!

### 1. ENROLL IN THE 457 PLAN

#### 457

Part-time and full-time higher education employees can enroll.\*

\*Higher education employees may enroll in the 457 plan if their higher education agency offers the plan.

### 2. DECIDE HOW MUCH TO CONTRIBUTE

Start saving at least 1% or \$20 per paycheck either with pre-tax or Roth after-tax 457 plan contributions.

### 3. CHOOSE YOUR INVESTMENTS

Select a target date fund or a variety of core funds, or open a self-directed brokerage account (SDBA). The SDBA is intended for knowledgeable investors who acknowledge and understand the risks associated with the investments contained in the SDBA. For more fund information, visit the Texa\$aver website.

Are you are looking for additional help? Try the two levels of service offered by the Texa\$aver Advisor Service.

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

#### TWO LEVELS OF THE TEXA\$AVER ADVISOR SERVICE

**ONLINE  
ADVICE**  
NO ADDITIONAL  
COST TO YOU

**MANAGED  
ACCOUNT SERVICE**  
FEES APPLY

Online Advice and the Managed Account service are part of the Texa\$aver Advisor Service suite of services offered by Empower Advisory Group LLC, a registered investment adviser.

## DO YOU HAVE QUESTIONS OR WANT MORE INFORMATION?

Visit: [www.texasaver.com](http://www.texasaver.com)  
Call: (800) 634-5091  
Email: [texasaver@empower.com](mailto:texasaver@empower.com)

Schedule a no-cost meeting with your local Retirement Plan Advisor by scanning the QR code.



	457 PLAN	403(b) PLAN (Not available through Texa\$aver)
Contribution Options	You have the flexibility to designate all or a portion of your contributions as either traditional pre-tax or Roth after-tax (Roth) contributions.	Contact your 403(b) administrator to see what it allows.
Maximum Annual Deferral	The 2023 annual contribution limit is \$22,500 per year. <sup>1</sup> The limit is \$30,000 if you are 50 or older. You may put money in as either pre-tax, Roth or both. Employees of higher education agencies that have elected to offer Roth can participate in the Roth option.	99% of 403(b) eligible compensation or \$22,500 per year, whichever is less. <sup>1</sup> The 2023 annual contribution limit is \$30,000 if you are 50 or older.
Transfer of Funds to Purchase Service	You may purchase military service, additional service credit, or refunded or other eligible ERS/TRS service credit by transferring funds from your Texa\$aver program account while employed. This is not a taxable distribution.	Contact your 403(b) administrator to see what it allows.
Rollovers/In	If eligible, you may roll over funds from another eligible retirement plan or individual retirement account (IRA). Any money you roll in that was subject to the 10% early withdrawal penalty continues to be subject to the penalty if taken from the account 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 Texa\$aver 457 plan. Roth IRAs are not accepted. Only designated Roth accounts from another eligible retirement plan can be rolled over into your Texa\$aver 457 plan. Consider all your options and their features and fees before moving money between accounts.	Contact your 403(b) administrator to see what it allows.
Age 50 and Over Catch-up	If you are age 50 or older, you may contribute an additional \$7,500 in 2023 for a total of \$30,000 to each plan. <sup>1</sup> This includes pre-tax and Roth contributions combined. You may not use this provision in the 457 plan while using the special 457 catch-up provision.	
Special 457 Catch-up Provision <i>Cannot be used with the age 50 and over catch-up in the 457 plan</i>	Subject to eligibility. If you have unused deferrals, the special 457 catch-up limit is \$45,000 in 2023. You may participate only during the three years before the taxable year in which you attain normal retirement age.	Not available in a 403(b) plan.
Loans	Loans may be approved for \$1,050 to \$50,000 (subject to plan and IRS provisions). You must have an account balance of at least \$1,050 as there is a \$50 loan application fee that is deducted from the loan proceeds. There is a \$2.08 monthly maintenance fee assessed to your account until your loan is paid in full. Loan withdrawals and payments are prorated from pre-tax and Roth contributions.	Loans may be available to the extent provided by the annuity contract or custodial account. Contact your 403(b) administrator to see what it allows.
Financial Hardship Withdrawals <sup>2</sup> <i>Only allowed through approval when you have no other resources, including plan loans</i>	Reasons for financial hardship include prevention of eviction or foreclosure from your primary residence, non-reimbursed medical expenses, funeral expenses, casualty loss or similar extraordinary and unforeseeable circumstances.	Reasons for hardship may include purchase of a primary residence, prevention of eviction or foreclosure from your primary residence, tuition expenses, funeral expenses or non-reimbursed medical expenses. Contact your 403(b) administrator to see what it allows.
Distributions While Employed for Pre-Tax Contributions	If your 457 plan account has less than \$5,000 and has been inactive for two years, you may take a <i>de minimis</i> distribution; 20% may be withheld for federal income tax purposes. You can take a distribution if you are 72 (or age 70½ if you reached 70½ on or before 12/31/2019).	You may be eligible to take a distribution from your 403(b) plan after age 59½ while still employed without a 10% early withdrawal penalty; 20% is withheld for federal income taxes unless funds are rolled to a qualified plan.
Distributions After Separation From Employer for Pre-Tax Contributions	You can start taking distributions after separation from state or higher education employment. You may roll over funds into other types of employer-sponsored plans, IRAs or other eligible options. Lump-sum distributions have 20% automatically withheld for federal taxes. Periodic distributions are allowed.	You may be eligible to take a distribution from your 403(b) plan after age 59½ without a 10% early withdrawal penalty; 20% is withheld for federal income taxes unless funds are rolled to a qualified plan.
Distributions From Roth Contributions	Roth money may be withdrawn tax-free no earlier than five taxable years after your first Roth contribution <b>AND</b> when you: a) reach age 59½ and separate from service with your employer; b) become disabled; or c) die. Otherwise, earnings on Roth contributions may be taxed as ordinary income when you take a distribution.	Contact your 403(b) administrator to see what it allows.
Required Minimum Distributions (RMDs)	Must begin no later than April 1 following the year in which you turn 73 unless you are still employed. <sup>3</sup>	
Tax Penalties	No 10% federal penalty tax applies to distributions of 457 money before age 59½. A 25% federal tax penalty applies if RMDs are not taken at age 73 unless you are still employed by the state. <sup>3</sup> <b>This applies to both pre-tax and Roth distributions.</b>	A 10% federal penalty tax may apply to distributions made before age 59½. A 25% federal tax penalty applies if RMDs are not taken at age 73 unless you are still employed with the employer sponsoring the plan. <sup>3</sup>

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.

1 Ceiling is adjusted each year per cost-of-living index. Amount shown is for 2022.

2 Please refer to the IRS website for 401(k) and 457 information on hardship withdrawals.

3 As of January 1, 2023, the IRS generally requires you to start taking required minimum distributions (RMDs) at age 73. (If you turned 72 in 2022 and delayed your first-time RMD until April 1, 2023, you must take your 2022 RMD by April 1, 2023, and your 2023 RMD by December 31, 2023.)

Both plans are governed by the provisions of the Internal Revenue Code. The State of Texas 401(k) plan began in 1985, and the 457 plan began in 1974.

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