



State of Tennessee 401(k) & 457
Deferred Compensation Retirement Plan

Program Features and Highlights

The State of Tennessee 401(k) and 457 Deferred Compensation Program is a powerful tool to help you reach your retirement dreams. As a supplement to other retirement benefits or savings that you may have, these tax-advantaged voluntary plans allow you to save and invest extra money for retirement.

You may choose to defer taxes immediately or pay the taxes now (available for the 401(k) plan only) and watch potential earnings 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.

Local Government Employees

Plan availability may vary by employer. Check with your HR/Benefits Specialist to determine the availability of plan options and your eligibility to participate.

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

What is a 401(k) plan?

A 401(k) plan is a retirement savings plan designed to allow eligible employees to supplement any existing retirement and pension benefits by saving and investing your tax-advantaged dollars through voluntary salary deferral. You may select from pre-tax and after-tax (Roth 401(k)) deferral options. Pre-tax contributions and any earnings on contributions are tax-deferred until money is withdrawn.

Distributions are usually taken during retirement, when many participants are typically receiving less income and may be in a lower income tax bracket than while working. Distributions from pre-tax contributions are subject to ordinary income tax. If taken before you reach age 59½, distributions may be subject to an additional 10% federal early withdrawal tax.

What is a Roth 401(k) contribution?

A Roth 401(k) contribution is an option under the 401(k) plan that allows eligible employees to supplement any existing retirement and pension benefits by saving and investing after-tax dollars through voluntary salary deferral. Contributions and any potential earnings can be distributed on a tax-free basis after you have reached age 59½ and after the required five-year holding period has passed. You have to designate all or a portion of your 401(k) elective deferrals as Roth contributions.

What is a 457 deferred compensation plan?

A governmental 457(b) deferred compensation plan (457 plan) is a retirement savings plan that allows eligible employees to supplement any existing retirement and pension benefits by saving and investing pre-tax dollars through a voluntary salary contribution.

Contributions and any earnings on contributions are tax-deferred until money is withdrawn. Distributions are usually taken during retirement, when many participants typically receive less income and may be in a lower income tax bracket than while working. Distributions are subject to ordinary income tax. The early withdrawal penalty does not apply to 457 plan withdrawals.

The 457 deferred compensation plan does not offer a Roth option.

Why should I participate in the Program?

You may want to participate in the traditional 401(k) and 457 plans if you are interested in saving and investing additional money for retirement and/or reducing the amount of current state and federal income tax you pay each year. Your State of Tennessee 401(k) and 457 Deferred Compensation Program 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 Program. For more information about this tax credit, please contact your RetireReadyTN representative.²

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 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.

Is there any reason why I should not participate in the Program?

Participating may not be advantageous if you are experiencing financial difficulties, have excessive debt, do not have an adequate emergency fund (typically in an easy-to-access account), or expect to need the money you would contribute prior to retirement.

Who is eligible to enroll?

State of Tennessee, Tennessee Board of Regents, or University of Tennessee Employees

All current employees who are eligible to enroll in the Tennessee Consolidated Retirement System (TCRS) or the Optional Retirement Program (ORP) are also immediately eligible to participate in the 401(k) and 457 plans.

Local Government Employees

Check with your HR/Benefits Specialist to determine the availability of plan options and your eligibility to participate.

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.

How do I enroll?

State of Tennessee Employees

1. Enroll online at www.RetireReadyTN.gov. Click on *Let's Get Started!* You will need your Social Security number and either a personal identification number (PIN) or personal identifying information to enroll.³
2. Or complete a paper enrollment form and mail it to the appropriate address on the form.

Local Government, Tennessee Board of Regents, or University of Tennessee Employees

1. Complete the paper enrollment form.

All employees can also visit www.RetireReadyTN.gov to obtain online enrollment instructions. Contact your RetireReadyTN representative with additional questions regarding the enrollment process and/or investment options.

Is there an employer match?

State of Tennessee, Tennessee Board of Regents, or University of Tennessee Employees

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.

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

Local Government Employees

The employer match does not apply.

What are the contribution limits for the 457 plan?

In 2017, the maximum contribution amount is 100% of your includible compensation, less any mandatory before-tax contributions to a governmental pension plan, or \$18,000, whichever is less. It may be indexed for inflation in \$500 increments after 2017.

If you participate in the 457 plan, you may have two different opportunities to contribute more if you meet certain requirements. The "Special Catch-up" option allows you to contribute more to the 457 plan (up to double the annual contribution limit—\$36,000 in 2017) in the three calendar years prior to normal retirement age.

The additional amount that you may be able to contribute under the Special Catch-up option will depend upon the amounts that you were eligible to contribute in previous years but did not.

Under the Age 50+ Catch-up option, if you turn age 50 or older in 2017, you may contribute an additional \$6,000.

However, you may not use the Special Catch-up provision and the Age 50+ Catch-up provision in the same calendar year.

What are the contribution limits for the 401(k) plan?

In 2017, the maximum contribution amount is 100% of your includible compensation, less any mandatory before-tax contributions to a governmental pension plan, or \$18,000, whichever is less. It may be indexed for inflation in \$500 increments after 2017.

If you turn age 50 or older in 2017, you may contribute an additional \$6,000.

Can I contribute to both plans?

If you participate in both the 457 and 401(k) plans, you can contribute up to \$18,000 to each plan, for a possible total of \$36,000. If you turn age 50 or older in 2017, you may also contribute an additional \$6,000 to each plan.

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 2017, 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 \$18,000, 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. Additionally, Roth 401(k) contributions could grow on a tax-free basis. With traditional pre-tax contributions, your contribution is tax-deferred, meaning you pay taxes only when you take a distribution. Pre-tax contributions could also grow and will be taxed upon distribution.

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; by calling RetireReadyTN at **(800) 922-7772**; or the TDD line at **(800) 766-4952**.⁴

These services are available 24 hours a day, seven days a week. You may also email your RetireReadyTN representative at RetireReadyTN@empower-retirement.com.²

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. These securities are not offered through GWFS Equities, Inc.

The SDBA is intended for investors who acknowledge and understand the risks associated with investing through the SDBA.

Managing your accounts

How do I keep track of my accounts?

You will receive a quarterly account statement from Empower Retirement showing your account balances and activity. Or, you may choose to receive your statements online. Sign up to “Go Paperless” to receive statements electronically and access past online statements for free. You will be notified by email when statements are issued if you have elected electronic statements. Please read the special messages when your statement arrives.

You can also check your account balances and move money among investment options by accessing your account on the website or by calling RetireReadyTN.⁴

You will also receive quarterly statements on your SDBA from your SDBA provider. The SDBA provider will send you a monthly statement if you have account activity in any given month.

How do I make investment option changes?

Use your username and PIN³ to access the RetireReadyTN website. You can also use your Social Security number and PIN to contact RetireReadyTN. 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.⁴

How do I make contribution changes?

[State of Tennessee, Tennessee Board of Regents, or University of Tennessee Employees](#)

Fill out a Salary Reduction Agreement, which is available on the RetireReadyTN website, or through your RetireReadyTN representative at **(800) 922-7772**.

Local Government Employees

Contact your RetireReadyTN representative at **(800) 922-7772**.

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 457 or 401(k) plan.

Distributions from these plans, other than a 457 plan rolling into the 457 plan, may be subject to the 10% early withdrawal federal tax penalty.

Please check with your RetireReadyTN representative regarding any applicable fees on the rollover account.²

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) and 457 Deferred Compensation Program 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 plan balance to a 401(k), 403(b), or 401(a) plan, or to an IRA, distributions taken before you reach age 59½ may be subject to the 10% early withdrawal federal tax penalty. Please contact your RetireReadyTN representative or your tax advisor for more information.

Vesting

When am I vested in the 457 and 401(k) plans?

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

State of Tennessee, Tennessee Board of Regents, or University of Tennessee Employees

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

Local Government Employees

The vesting schedule on any matching 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 as defined by the Social Security Administration or TCRS)
- Financial hardship (401(k) plan only, as defined by the Internal Revenue Code and your Program’s provisions)
- Attainment of age 59½ for the 401(k) plan (for participant contributions only)
- In-service distribution at retirement age of 60 for the 401(k) only (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

457 qualifying distribution events are as follows:

- Retirement
- Disability retirement (allowed but as defined by the Social Security Administration or TCRS)
- Unforeseeable emergency (457 plan only, as defined by the Internal Revenue Code and if allowed by your Program’s provisions)

- Severance of employment (as defined by the Internal Revenue Code provisions)
- Death (upon which your beneficiary 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 70½

Each distribution of pre-tax contributions is subject to ordinary income tax. Distributions from the 401(k) plan taken before you reach age 59½ may also be subject to a 10% early withdrawal federal tax penalty.

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 before age 59½, death, retirement, or 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. No income or penalty taxes are 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 Program until a future date.
2. Receive one of the following:
 - 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 to an IRA.

What happens to my accounts when I die?

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

Fees

Are there any fees for participating in the 457 and 401(k) plans?

For the 457 plan, the annual administration fee is 0.23% (23 bps) of assets in your account. For the 401(k) plan, the annual administration fee is 0.23% (23 bps) with a minimum fee of \$12 per year (deducted quarterly).

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.

Are there any fees for the investment options?

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 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 and balanced investment options and models are subject to the risks of the underlying funds, which can be a mix of stocks/stock funds and bonds/bond funds.

For more information, see the prospectus and/or disclosure documents.

Funds are subject to the risks of the underlying funds.

To participate in the SDBA option, there is a \$50 annual administrative fee, charged at \$12.50 quarterly, and a 0.23% recordkeeping fee, charged at 0.0575% 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.

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. 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 \$50 origination fee for each loan, which is deducted from the loan proceeds, plus a quarterly fee of \$6.25. Employer contributions are not eligible for loans.

Loan payments are made through payroll as after-tax deductions.

Your 457 plan does not allow loans.

For more information about loans, please contact your RetireReadyTN representative.

Taxes

How does my participation in the Program affect my taxes?

Because your traditional contributions are taken out of your paycheck before taxes are calculated, you pay less in current income tax. You do not report any current earnings or losses on your accounts or on your current income tax return. Your accounts are tax-deferred until you withdraw money, usually during retirement.

Pre-Tax 401(k) and 457 Contributions

Distributions from the plans are taxable as ordinary income during the years in which they are distributed or made available to you or to your beneficiary(ies). Distributions taken before age 59½ from the 401(k) plan may also be subject to a 10% early withdrawal federal tax penalty. The 10% early withdrawal penalty does not apply to 457 plan withdrawals.

Roth 401(k) Contributions

Roth contributions are made with after-tax money. Distributions of contributions and earnings are not taxable if you have reached age 59½ or severed employment due to retirement, disability, or death 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 you have reached age 59½, you have retired, become disabled, or died, or before the five-year period beginning with your first Roth contribution has ended.

Investment Assistance

Can I get help with my investment decisions?

Employees of Empower Retirement and the State of Tennessee cannot give investment advice. Financial calculators and tools provided on the website can help you determine which investment options might be best for you if you would like to construct your Program accounts yourself.

Your Program offers access to three levels of investment advisory tools and services called Empower Retirement Advisory Services. You can have Advised Assets Group, LLC (AAG), a registered investment adviser, manage your retirement account for you. Or, if you prefer to manage your retirement account on your own, you can use Online Investment Guidance and Advice tools. These services provide a personalized retirement strategy for you based on your investment goals, time horizon, and tolerance for risk. There is no guarantee that participation in Empower Retirement Advisory Services will result in a profit or that your account will outperform a self-managed portfolio.

For more detailed information, log in to your Program account by visiting www.RetireReadyTN.gov and click on the *Advisory Services* tile. Or, you may call **(800) 888-4952, ext. 41066**, to speak to an AAG adviser representative.

What fees do I pay to participate in Empower Retirement Advisory Services?

There is no cost to use either the Online Investment Guidance tool or the Online Investment Advice tool.

If you choose to have AAG manage your account for you, the annual Managed Account service fee will be assessed in quarterly installments based on your account balance, as follows:

Participant Account Balance	Managed Account Quarterly Fee
Less than \$100,000	0.1125%
Next \$150,000	0.0875%
Next \$150,000	0.0625%
Greater than \$400,000	0.0375%

For example, if your account balance is \$50,000, the maximum quarterly fee will be 0.1125% of the account balance. If your account balance is \$500,000, the first \$100,000 will be subject to a maximum quarterly fee of 0.1125%; the next \$150,000 will be subject to a maximum quarterly fee of 0.0875%; the next \$150,000 will be subject to a maximum quarterly fee of 0.0625%; and any amounts over \$400,000 will be subject to a maximum quarterly fee of 0.0375%.

How do I get more information?

Visit the *RetireReadyTN* website at www.RetireReadyTN.gov 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 Program and financial education, as well as financial calculators and other tools to help you manage your accounts.

Local RetireReadyTN representatives are available to meet with you one-on-one or in a group setting.

To schedule an appointment:

- Call your local representative² (visit www.retirereadytn.gov to find your representative)
- Contact **RetireReadyTN** at **(800) 922-7772** between the hours of 8 a.m. - 7 p.m. Central Time

Call or visit your local RetireReadyTN office at:

545 Mainstream Drive, Suite 407
Nashville, TN 37228
(800) 922-7772
TDD line: (800) 766-4952

- 1 All references to the 457 plan are to a governmental 457(b) plan.
- 2 Representatives of Empower Retirement do not offer or provide 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.
- 3 The account owner is responsible for keeping their PIN/passcode confidential. Please contact Client Services immediately if you suspect any unauthorized use.
- 4 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.

Managed Account, Guidance and Advice services are offered by Advised Assets Group, LLC (AAG), a registered investment adviser and wholly owned subsidiary of Great-West Life & Annuity Insurance Company (GWL&A).

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