



State of Tennessee Deferred Compensation Program

401(k) Plan Features and Highlights

The State of Tennessee 401(k) 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 choose to defer taxes immediately or pay the taxes now 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.

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 your traditional 401(k), you can save and invest additional money for retirement and/or reduce the amount of current state and federal income tax you pay each year. Your State of Tennessee 401(k) 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 this Plan. For more information about this tax credit, please contact your RetireReadyTN advisor.¹

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.

What is a 401(k) plan?

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- Defers tax on contributions and any earnings on contributions until money is withdrawn

What is a Roth 401(k) Contribution?

- Allows eligible employees to complement any existing retirement savings and defined benefit plans
- Lets you save and invest after-tax dollars
- Distributions and any potential earnings are tax-free upon reaching the age of 59½ (if taken after the required five-year holding period)
- Allows you to designate all or a portion of your 401(k) elective deferrals as Roth contributions

Who is eligible to enroll?

All current employees of the following are eligible to participate in the 401(k) plan:

- State of Tennessee
- All Tennessee Public Colleges and Universities
- Local Education Agencies (including K-12 Public Schools)
- Local Government Employees
Employees are eligible to enroll if the plan is adopted by your governing body.

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

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 **www.RetireReadyTN.gov**. Click on the *Register* button. You will need your Social Security number and either a personal identification number (PIN) or personal identifying information to enroll.²
2. Calling RetireReadyTN at **(800) 922-7772**; representatives are available between the hours of 8 a.m. and 7 p.m. Central time.
3. Completing a paper enrollment form. Enrollment forms are available through your RetireReadyTN advisor. Mail the completed form to the appropriate address on the form.

If you wish to make changes, you may do so by logging on to the website or by calling RetireReadyTN or the TDD line at **(800) 766-4952**.³

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.

Is there an employer match?

State of Tennessee and Employees of Tennessee Public Colleges and Universities

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.

Local Education Agency Employees and Local Government Employees

For K-12 Public School teachers, the employer match does not apply. For local government employees, check with your HR/Benefits Specialist to determine the availability of a plan match.

What are the contribution limits?

In 2018, the maximum contribution amount is 100% of your includible compensation, less any mandatory before-tax contributions to a governmental pension plan, or \$18,500, whichever is less. It may be indexed for inflation in \$500 increments after 2018.

If you turn age 50 or older in 2018, you may contribute an additional \$6,000.

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 2018, 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 \$18,500, 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.

Can employees contribute to multiple plans?

Yes; however, if an employee contributes to another plan, such as a 403(b) plan, the combined total of all contributions cannot exceed the maximum limit of \$18,500 in 2018, or \$24,500 if age 50 or older. Governmental 457(b) plans have separate deferral limits, so employees who contribute to a 457(b) plan may be able to contribute an additional \$18,500 to that plan in 2018 (plus any applicable catch-up contributions). For more information about contribution limits for multiple plans, visit www.irs.gov.

Managing your accounts

How do I keep track of my accounts?

Your quarterly account statement from Empower Retirement is delivered electronically, showing your account balances and activity. Or, you may choose to receive your statements in paper form by opting out of electronic delivery. You can choose to be notified by email when statements are issued by adding a current email address to your online profile. 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.

How do I make investment option changes?

Use your username and PIN 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.³

How do I make contribution changes?

Once enrolled in the Program, access your account on the website and click the *Edit* slider bar in the *Plan savings* section of the landing page.

You may also contact RetireReadyTN 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 401(k) plan.

Distributions from these plans may be subject to a 10% early withdrawal federal tax penalty. Please check with your RetireReadyTN advisor regarding any applicable fees on the rollover account.

You are encouraged to discuss rolling money from one account to another with your financial advisor/planner, considering any potential fees and/or limitations of investment options.

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) 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 contact your RetireReadyTN advisor or your tax advisor for more information.¹

You are encouraged to discuss rolling money from one account to another with your financial advisor/planner, considering any potential fees and/or limitations of investment options.

Vesting

When am I vested in the 401(k) plan?

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

For the following agencies:

- State of Tennessee
- All Tennessee Public Colleges and Universities
- Local Education Agency Employees

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

For 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 is defined by the Social Security Administration or TCRS)
- Financial hardship (401(k) plan only, as defined by the Internal Revenue Code)
- Attainment of age 59½ (for participant contributions only)
- In-service distribution at retirement age of 60 (all money types allowed)
- Severance of employment (as defined by the Internal Revenue Code provisions)
- Death (upon which your beneficiary receives your benefits)
- Purchase of service credit

Each distribution of pre-tax contributions is subject to ordinary income tax. Distributions taken before age 59½ from the 401(k) plan 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, disability 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. There is no income or penalty tax 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:
 - Periodic payments,
 - Partial lump sum with remainder paid as periodic payments,
 - A 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.

What happens to my account 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.

Expenses

What are the administrative costs for participating in the 401(k) plans?

The annual administration fee is 0.23% (23 bps) with a minimum fee of \$12 per year (deducted quarterly).

For example, if you have a \$10,000 account balance, your total annual fee would be \$23. This would be assessed quarterly at \$5.75 per quarter.

Account Balance	Annual Fee	Quarterly Fee
\$10,000	\$23	\$5.75
\$20,000	\$46	\$11.50

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 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 Self-Directed Brokerage Account (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 (employee contributions only). Employer dollars are not eligible for loans. 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.

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

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

Taxes

How does my participation in the Program affect my taxes?

Pre-Tax 401(k) 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 401(k) Contributions

Roth contributions are made with after-tax money. Distributions of earnings and contributions are not taxable if you have reached age 59½ or severed employment due to death or disability 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 five-year period beginning with your first Roth contribution.

Investment Assistance

Can I get help with my investment decisions?

Employees of Empower Retirement and the State of Tennessee cannot give investment advice. 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 accounts yourself.

Your Program offers access to three different levels of investment advisory tools and services called Empower Retirement Advisory Services, offered by Advised Assets Group, LLC (AAG), a registered investment adviser. You can have AAG 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 tools and services provide a personalized retirement strategy for you based on your investment goals, time horizon and tolerance for risk. There is no guarantee provided by any party that participation in any of the Advisory Services will result in a profit or that the related account will outperform a self-managed portfolio invested without assistance.

For more detailed information, log in to your Program account by visiting www.RetireReadyTN.gov and clicking on the tabs in the *Investment* section at the bottom of the page. Or you may call **(800) 888-4952, ext. 41066**, to speak to an AAG investment adviser representative.

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

Online Investment Guidance and Online Investment Advice are available at no additional cost to you. 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 a percentage of your account balance, as follows:

Participant Account Balance	Managed Account Service 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 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 more than \$400,000 will be subject to a maximum quarterly fee of 0.0375%.

How do I get more information?

Visit the 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 advisors are available to meet with you one-on-one or in a group setting.

To schedule an appointment:

- Call your local advisor¹ (visit www.RetireReadyTN.gov to find your representative)
- Contact **RetireReadyTN** at **(800) 922-7772** between the hours of 8 a.m. and 7 p.m. Central time

About Empower Retirement

Empower Retirement specializes in servicing government deferred compensation retirement plans. Headquartered in Greenwood Village, Colorado, Empower helps more than 8 million people work towards replacing — for life — the income they made while working.

After a comprehensive selection process, Empower Retirement 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.

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 GWFS Equities, Inc. registered representatives may also be investment adviser representatives of GWFS affiliate, Advised Assets Group, LLC. Representatives 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.

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

3 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.

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