



▶ RetireReadyTN Plan Comparison

457(b) Plan vs. 401(k) Plan

	457(b)		401(k)	
	Before-tax	After-tax Roth	Before-tax	After-tax Roth
Eligibility	<p>State, Higher Education, and Local Education Agency employees—upon date of hire or anytime thereafter.</p> <p>Local Government employees—upon employer adoption of the Plan or anytime thereafter.</p>			
<p>Annual Contribution Limit</p> <p><i>The annual contribution limit may be indexed for inflation in future years. Check irs.gov for more information.</i></p>	<p>If you are under age 50 You may contribute up to \$24,500 in 2026 to the 457 Plan and the Roth 457 Plan. This amount does not include any employer contributions.</p> <p>If you are age 50 or older Take advantage of the Age 50+ Catch-up option. In 2026, you can contribute an additional \$8,000 for a total of \$32,500.</p> <p>Special Catch-up If you choose not to use the Age 50+ Catch-up contributions, the Special Catch-up is available during the last three calendar years before the year you attain normal retirement age. You may be eligible to make contributions up to a maximum annual contribution of \$49,000 in 2026.</p> <p>The Special Catch-up and Age 50+ Catch-up cannot be used in the same tax year.</p> <p>If you are age 60, 61, 62, or 63 For people in this age group, the limit for catch-up contributions increases to \$11,250 instead of the regular annual catch-up contribution limit of \$8,000.</p> <p>New rules for catch-up contributions If you earned more than \$150,000 in FICA wages in 2025, are age 50 or older, and make age-based catch-up contributions, catch-up contributions must be made as Roth (after-tax) contributions beginning January 1, 2026. This does not apply to the Special Catch-up.</p>		<p>If you are under age 50 You may defer a combined maximum of \$24,500 in 2026 to the 401(k) Plan and the Roth 401(k) Plan. This amount does not include any employer contributions.</p> <p>If you are age 50 or older Take advantage of the Age 50+ Catch-up option. In 2026, you can contribute an additional \$8,000 for a total of \$32,500.</p> <p>If you are age 60, 61, 62, or 63 For people in this age group, the limit for catch-up contributions increases to \$11,250 instead of the regular annual catch-up contribution limit of \$8,000.</p> <p>New rules for catch-up contributions If you earned more than \$150,000 in FICA wages in 2025, are age 50 or older, and make age-based catch-up contributions, catch-up contributions must be made as Roth (after-tax) contributions beginning January 1, 2026.</p>	

	457(b)		401(k)	
	Before-tax	After-tax Roth	Before-tax	After-tax Roth
Hybrid Plan Contributions¹	Not applicable.		If eligible, you're auto-enrolled in the Hybrid Plan at 2% of your salary. You can voluntarily contribute up to 100% of your salary. Your employer will also contribute 5% on your behalf to the State's 401(k) Plan.	
Legacy Plan Contributions	You can contribute as little as \$10 per pay period or 1% of your salary, up to 100% of your salary.			
Employer-Matching Contributions	Not applicable.		<p>In order to receive the match, you must be contributing to the 401(k) Plan.</p> <p>Employees of the State of Tennessee and 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-matching contributions.</p> <p>Local Education Agency employees Check with your HR/Benefits Specialist to determine the availability of a Plan match.</p> <p>Local government employees Check with your HR/Benefits Specialist to determine the availability of a Plan match.</p>	
Transfers/Rollovers out of the Plan <i>Consider all your options and their features and fees before moving money between accounts.</i>	Funds may be rolled over into a 401(k) plan, a governmental 457 plan, a 401(a) plan, a 403(b) plan, or an IRA once you have met the eligibility requirements for withdrawal. Please check with your new plan provider to determine if rollovers are allowed into your new plan. Funds may also be transferred to the Tennessee Consolidated Retirement System (TCRS) for purchasing prior service credit. ²	Funds may be transferred to a Roth IRA, 401(k), or other plan with a designated Roth account that accepts rollovers.	Funds may be rolled over into another 401(k) plan, a governmental 457 plan, a 401(a) plan, a 403(b) plan, or an IRA once you have met the eligibility requirements for withdrawal. Please check with your new plan provider to determine if rollovers are allowed into your new plan. Funds may also be transferred to TCRS for purchasing prior service credit. ³	Funds may be transferred to a Roth IRA, 401(k), or other plan with a designated Roth account that accepts rollovers.

- 1 The Hybrid Plan, effective for new hires on or after July 1, 2014, or as of the Amendment Effective Date for certain local government employers, provides a combination of a defined benefit plan and a defined contribution plan. Contributions into the defined benefit portion of the Hybrid Plan are managed by the Tennessee Consolidated Retirement System (TCRS). Check with your HR/Benefits Specialist to determine the availability of Plan options and your eligibility to participate.
- 2 Withdrawals may be subject to income tax. Governmental 457 funds rolled into another type of plan may become subject to the 10% early withdrawal penalty if taken before age 59½.
- 3 Money from other types of plans or accounts that are rolled over into a governmental 457 plan may still be subject to the 10% federal early withdrawal penalty upon distribution from the 457 account prior to the investor reaching age 59½.

	457(b)		401(k)	
	Before-tax	After-tax Roth	Before-tax	After-tax Roth
Saver's Credit	If eligible, you may receive a non-refundable tax credit of up to 50% on an annual contribution of \$2,000 in elective deferrals in addition to the tax deferral. This credit generally applies to joint filers with an adjusted gross income (AGI) of up to \$80,500 and single filers with an AGI of \$40,250 in 2026. Eligible participants must complete a federal income tax return and claim the credit on an appropriate form.			
Tax Penalties	No 10% penalty tax for distributions of 457(b) money taken prior to age 59½. A 25% excise tax applies if minimum required distributions are not taken before April 1 of the year following the attainment of age 73 ¹ or retirement, if later.	Premature distributions of any Roth earnings are taxed, plus a 10% penalty tax may apply unless an exception applies. If a distribution is made from your account before you reach age 59½ and it is not due to death or disability, or if you have not reached the five-tax-year period beginning with your first Roth contribution, you will pay income tax on any earnings that are distributed.	A 10% federal penalty tax may apply to distributions taken prior to age 59½. A 25% excise tax applies if minimum required distributions are not taken before April 1 of the year following the attainment of age 73 ⁴ or retirement, if later.	Premature distributions of any Roth earnings are taxed, plus a 10% penalty tax may apply unless an exception applies. If a distribution is made from your account before you reach age 59½ and it is not due to death or disability, or if you have not reached the five-tax-year period beginning with your first Roth contribution, you will pay income tax on any earnings that are distributed.
Withdrawals	Withdrawals may be taken if they meet the following criteria: retirement, disability retirement, approved financial hardship (as defined by the IRS), attainment of age 59½, in-service distribution at age 60, severance of employment, death, or purchase of service credits.		Withdrawals may be taken if they meet the following criteria: retirement, disability retirement, approved financial hardship (as defined by the IRS), attainment of age 59½, in-service distribution at age 60, severance of employment, death, or purchase of service credits.	
Loan Provisions	None.		Active employees who have \$4,000 in the Plan may borrow up to half of their account balance, not to exceed \$50,000. The \$4,000 minimum balance requirement is based on employee contributions only. Employer contributions are not eligible for loans. If you leave employment while having an active loan, you may set up ACH payments through the 401(k)/457(b) Self-Service website.	

1 The IRS generally requires you to start taking required minimum distributions (RMDs) at age 73.



QUESTIONS?

Contact the RetireReadyTN Call Center at **800-922-7772** or the TTY line at 800-766-4952.

Note: Statements regarding federal income tax requirements and Plan rules are based upon the State of Tennessee's current understanding of the law and are subject to change as a result of subsequent amendments, regulations, and interpretations. Participants are urged to consult their own tax advisors for advice concerning their particular circumstances.

The above is only a brief discussion of applicable tax requirements. Specific limitations and requirements are stated in detail in the Plan documents and IRS regulations.

Investing involves risk, including possible loss of principal.

Securities, when presented, are offered and/or distributed by Empower Financial Services, Inc. (EFSI), Member FINRA/SIPC. EFSI is an affiliate of Empower Retirement, LLC; Empower Funds, Inc.; and registered investment adviser Empower Advisory Group, LLC. This material is for informational purposes only and is not intended to provide investment, legal, or tax recommendations or advice.

"EMPOWER" and all associated logos and product names are trademarks of Empower Annuity Insurance Company of America.

©2026 Empower Annuity Insurance Company of America. All rights reserved. 98986-FBK-WF-355873-0126(5320371) R05007634-1225