State of Illinois Deferred Compensation Plan

Define your journey.

Your Plan for the future.

No matter where you are in your journey to retirement, saving through your workplace retirement plan can be a smart way to grow your retirement savings. Remember that the sooner you save, the more time your money has to grow.

Continue reading to learn more about the features of the State of Illinois Deferred Compensation Plan (Plan) and how to make the most of them. **Ready? Let's get your journey started.**

First, some basics

What is the Deferred Compensation Plan?
The Deferred Compensation Plan is a 457 retirement plan, offered by the State of Illinois, which allows you to save a portion of your pay through payroll deductions, or "contributions." These contributions are then invested and allowed to compound on a tax-advantaged basis until you make qualified withdrawals, typically in retirement.

The Plan automatically enrolls eligible State employees. The following will help you determine whether or not you will be automatically enrolled:

If you are not a member of the State Employee Retirement System (SERS), the General Assembly Retirement System (GRS), or the Judges Retirement System (JRS)—or if you were a member of one of those systems beginning June 30, 2020, or earlier—you will not be automatically enrolled in the Plan; however, **you may enroll at any time (details in blue box)**.

If you are a new State of Illinois employee and a member of SERS, GRS, or JRS and have not previously contributed to one of these retirement systems before July 1, 2020, **you will be automatically enrolled in the Plan** (details below):

About automatic enrollment

If you are automatically enrolled, **3%** of your before-tax pay will be deducted from your paycheck, deposited into your Plan account, and invested in the **Auto-Enrollment Stable Value Return Fund**.

Unless you change the default investment within 140 days after your hire date, any balance you have in the Auto-Enrollment Stable Value Return Fund and all future contributions will be invested in the **Target Retirement Fund** with the year closest to when you will turn age 65.

- Once your contributions begin, effective the pay period following the 30th day of employment, you can change your contribution rate or investments at any time. Contact T. Rowe Price at **rps.troweprice.com** or call **1-888-457-5770**.
- If you do not want to participate in the Plan, you can opt out within 30 days of your hire date. If you do not want to participate in the Plan and fail to opt out within 30 days, you can contact T. Rowe Price within 90 days of being automatically enrolled to request that your contributions be returned to you. Should you choose to opt out of the Plan, your contribution rate will automatically be changed to 0%

ENROLLING IN THE PLAN:

Visit **rps.troweprice.com**. Or contact a T. Rowe Price representative at **1-888-457-5770**. For TTY access, call 1-800-521-0325.

1. Decide how much you want to save each pay period
The more you save now, the longer your account balance will have to grow. Financial experts suggest saving as much as you can afford right now and increasing your contribution amount each year until you reach your savings goal.

2. Choose your investments
You can choose an age-based investment option that automatically adjusts over time (see page 7). Or if you prefer, choose among the Plan's other investment options (see page 8).

The Plan offers investment options that allow you to create your own asset allocation strategy, should you so choose.

3. Name your beneficiary
Make sure your savings will go to the person or people you choose in the event of your death.

4. Verify your preferred email
Confirm the email address where you would like to receive timely information and helpful planning guidance about your Plan account.

Let's get started

Three things to do right now:

Confirm or change your enrollment selections.

Review your savings rate (the auto-enrollment rate is 3% of your before-tax pay) and investment mix to ensure that they fit within your overall retirement planning needs. You can change the amount you save each pay period and change your investment mix at any time.

- Don't cut yourself short when deciding how much you'll need to invest for retirement. Consider your goals and factors that may affect how far your money will go. This includes other sources of income or savings, the lifestyle you want in retirement, inflation (things will likely cost more in the future), health care costs, and longevity (living past 100 is becoming more and more common).
- **Age-Based Investment Path:** If you prefer an investment option that automatically adjusts the mix of stocks, bonds, and other investments for you over time, you may prefer to invest your account balance in a **Target Retirement Fund** (see page 7). If so, once you are automatically enrolled in the Plan, you don't need to do anything unless you want to make changes to your investments.
- **Build-Your-Own Portfolio Path:** If you prefer to build your own investment mix from the Plan's investment options, choose the **build-your-own portfolio path** (see page 8).

Name your beneficiary.

Make sure your savings will go to the person or people you choose in the event of your death. You can do this online at **rps.troweprice.com**.

Verify your preferred email.

Visit **rps.troweprice.com** and confirm the email address you prefer so that you can receive timely information and helpful planning guidance about your Plan account.

RESOURCES AT YOUR FINGERTIPS

Here's where you can find support and education about retirement saving and your Plan account anytime, from anywhere:

Retirement Plan Account Website

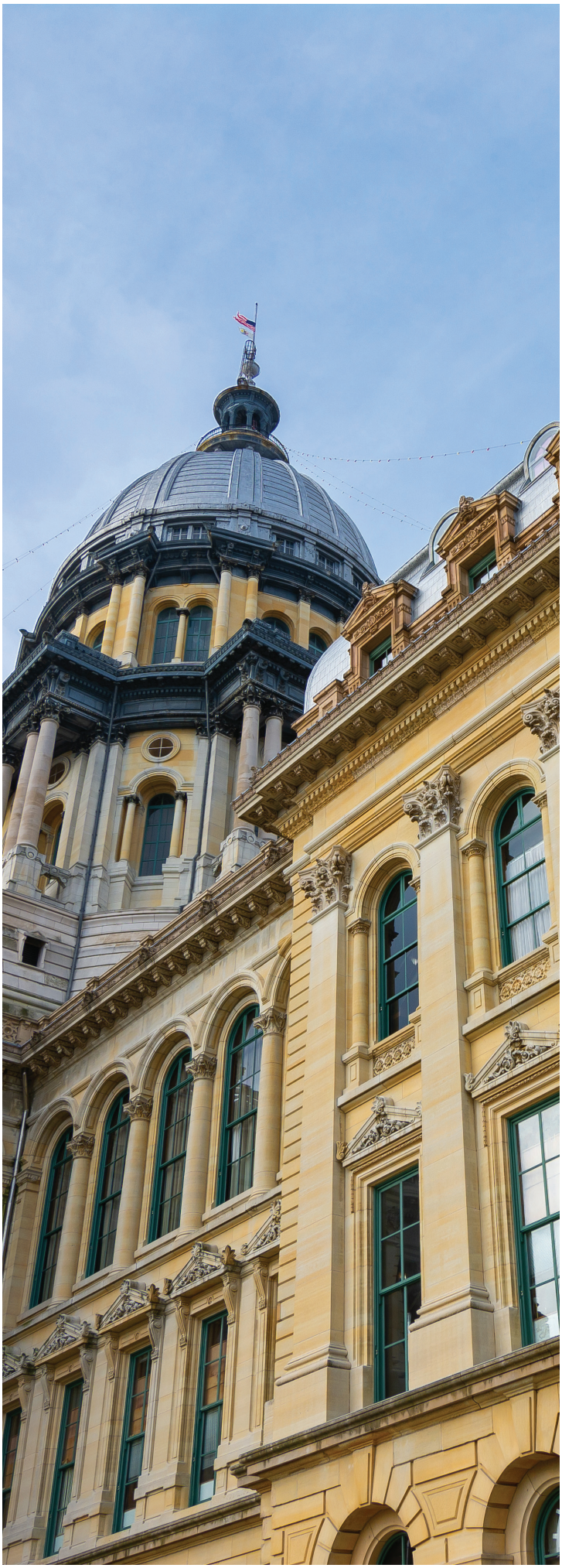
Go to **rps.troweprice.com**.

Dedicated Phone Representatives

You may also contact a T. Rowe Price representative at **1-888-457-5770**. For TTY access, call 1-800-521-0325.

Mobile Solutions

Connect to your account on any device. Visit **troweprice.com/mobilesolutions** and choose the option that's best for you.



Plan details

Before-tax contributions

Through payroll deductions, you may contribute to the Plan by making before-tax contributions, which are made before taxes are taken out of your paycheck.

Before-tax contributions lower your current taxable income. Before-tax contributions also have the opportunity to grow on a tax-deferred basis. You pay taxes on the Plan contributions and any earnings only when you take a distribution—typically when you retire.

Roth contributions

You may also contribute to the Plan by making Roth after-tax contributions. Unlike before-tax contributions, Roth contributions are made with after-tax dollars, or money on which you've already paid taxes. The good news is that your Roth contributions and any earnings are not taxed when you take a qualified distribution from your Plan account.*

Catch-up contributions**

If you will turn 50 or older this year—and you plan to contribute the maximum allowed by the Plan—you can also make catch-up contributions (additional contributions beyond the regular IRS maximum). The IRS catch-up contribution limit may vary each year. For current limits, visit the T. Rowe Price website at **rps.troweprice.com**.

Special 457 catch-up contributions**

If you do not defer up to the IRS contribution limit in any given year you are eligible, this special catch-up provision allows you the opportunity to contribute some or all of these unused or underutilized deferral amounts from prior years.

You may defer the special 457 catch-up contributions during the last three years before you reach "normal retirement age" as defined in the Plan document. During these three years, you are able to defer the regular IRS limit plus an amount that you were eligible to contribute in previous years but did not. Additionally, during those three years, you can defer before-tax and Roth contributions up to twice the IRS deferral limit amount in effect for that year.

For more information, contact T. Rowe Price at **1-888-457-5770**. For TTY access, call 1-800-521-0325.

Contribution limits

You may contribute as little as $10 per pay period or 1% of your gross pay per pay period to the Plan. The maximum amount you can contribute is 100% of your pay, subject to IRS limits. (For current limits, visit the T. Rowe Price website at **rps.troweprice.com**.)

Mandatory payroll deductions will be taken before salary deferrals into the Plan.

Excess contributions

Contributions that exceed the maximum limit set by the IRS are not allowed to remain in the Plan. If you contribute over the applicable IRS limit and a correction cannot be made through the payroll process, the excess contributions will be returned to you as taxable income as soon as possible.

Rollover contributions

Your Plan accepts rollover contributions of vested balances from other employers' eligible plans. For more information, contact T. Rowe Price at **1-888-457-5770**.

In-Plan Roth rollovers

In addition to before-tax and Roth contributions, the Plan allows in-Plan Roth rollovers. An in-Plan Roth rollover allows you to convert non-Roth amounts (e.g., elective salary deferrals or rollover contributions) to a Roth account inside the Plan instead of rolling them into a Roth IRA outside the Plan. The in-Plan Roth rollover applies Roth tax advantages to more of your Plan savings. **This option is only available to Plan participants.**

For more information about potential tax advantages of an in-Plan Roth rollover, consult your tax advisor.

To learn more about eligible amounts and how often rollovers can occur, call T. Rowe Price at **1-888-457-5770** For TTY access, call 1-800-521-0325.

Plan administrative fees

Participants with an account balance that is more than $6,700 are charged an administrative fee of $16.75 per quarter. Account balances less than $6,700 are charged 0.25% of the account balance per quarter (not to exceed 1% annually).

*A qualified distribution is tax-free if taken upon the participant reaching age 59½, becoming totally disabled, or upon the participant's death **and** at least 5 years have passed since participant's first Roth contribution. If your distribution is not qualified, any withdrawal from your account will be partially taxable. These rules apply to Roth distributions only from employer-sponsored retirement plans. Additional Plan distribution rules apply.

**Please note that you cannot use both catch-up contribution options in the same calendar year, and you may not exceed the IRS catch-up contribution limits, which may vary each year.

Plan investment options—two “paths”

The Plan provides participants with two paths to invest, recognizing that people have different levels of desire, experience, and comfort with investing.

Age-Based Investment Path

If you prefer to invest in a portfolio that automatically adjusts the mix of stocks, bonds, cash, and other investments over time, you may choose a Target Retirement Fund.

Please note that if you are automatically enrolled in the Plan, contributions initially invested in the Auto-Enrollment Stable Value Return Fund, and all future contributions, will be transferred and invested in the Target Retirement Fund with the year closest to when you’ll turn age 65.

Features include:

- A diversified portfolio in a single investment based on the year you want to retire.
- A risk/return objective that changes over time, gradually reducing exposure to risk as your target retirement date nears.

Which Target Retirement Fund is right for you?

You don’t have to choose the fund that matches the year you’ll turn age 65 or your expected retirement year. Once you review that fund’s mix of stocks and bonds, you can choose a fund with a later target date if you’d prefer a more aggressive investment mix. Likewise, if you prefer a more conservative mix, you can choose a Fund with an earlier target date. Or simply ask yourself when you want to retire.

The principal value of target date funds is not guaranteed at any time, including at or after the target date, which is the approximate year an investor plans to retire. These funds typically invest in a broad range of underlying funds that include stocks, bonds, and short-term investments and are subject to the risks of different areas of the market. In addition, the objectives of target date funds typically change over time to become more conservative.

Target Retirement Funds
Target Retirement 2065 Fund
Target Retirement 2060 Fund
Target Retirement 2055 Fund
Target Retirement 2050 Fund
Target Retirement 2045 Fund
Target Retirement 2040 Fund
Target Retirement 2035 Fund
Target Retirement 2030 Fund
Target Retirement 2025 Fund
Target Retirement 2020 Fund
Target Retirement 2015 Fund
Target Retirement Income Fund

Build-Your-Own Portfolio Path

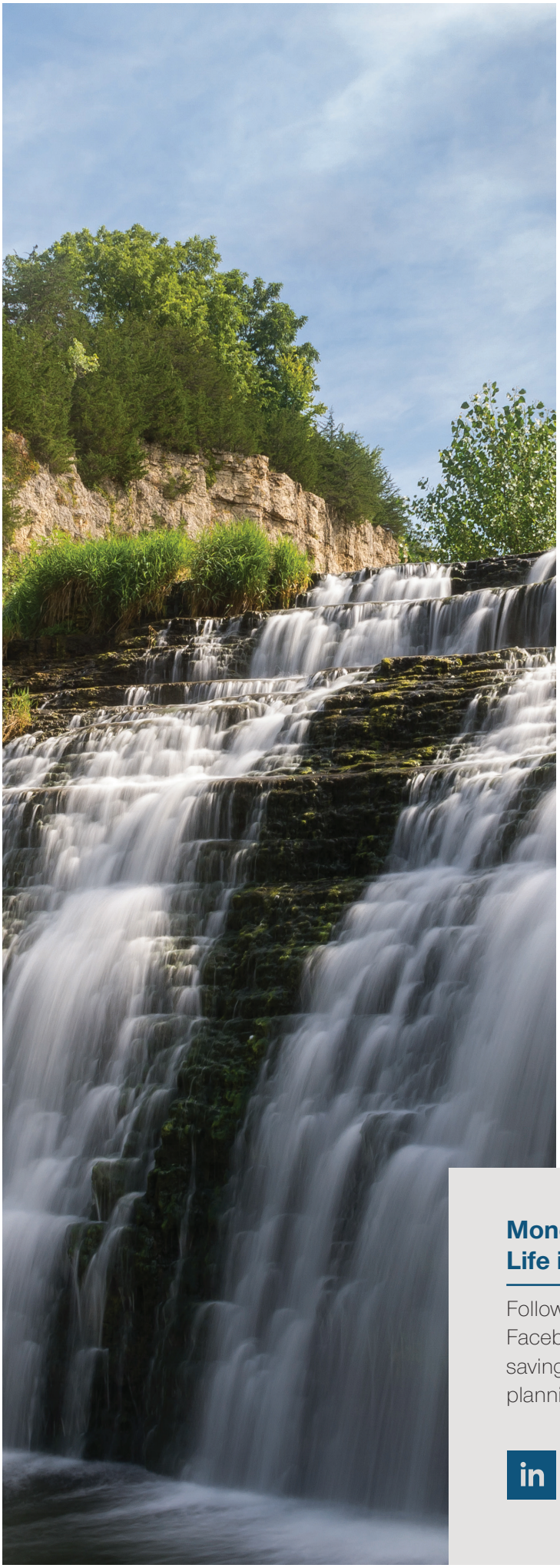
If you prefer having more control over selecting and monitoring your investment strategy, you can choose from among the other investment options offered in the Plan to create your own diversified portfolio.

Stock Investments	Category
Non-US Company Stocks Fund	Passive Non-U.S. Stocks
US Large Company Stocks Fund	U.S. Large-Company Stocks
US Small/Mid Company Stocks Fund	U.S. Small-/Mid-Company Stocks
Bond Investment	
Bond Fund	Passive Investment-Grade Bonds
Stable Value Investment	
Stable Return Fund	Active Capital Preservation

For more information on the investment options offered within the Plan, visit **rps.troweprice.com** for investment option details, including strategy, performance, risks, fees, etc.

For all investments in the lineup, participants can check daily valuations online at **rps.troweprice.com**.

Consider the investment objectives, risks, and charges and expenses carefully before investing. For a fund fact sheet containing this and other information, call 1-888-457-5770. Read it carefully.



Questions?
Want to talk with someone?

We can help.

Contact T. Rowe Price

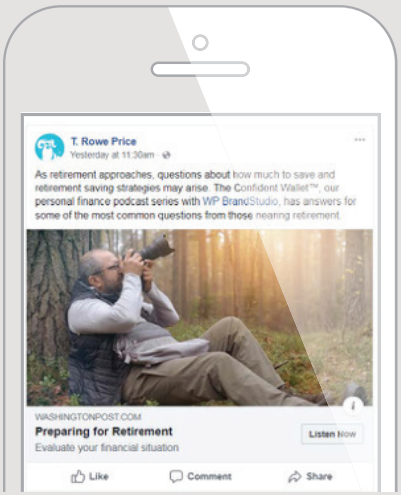
Visit **rps.troweprice.com** to manage your account, change investment elections, review investment information, use planning tools, and more. Or call **1-888-457-5770** to speak with a T. Rowe Price representative. For TTY access, call 1-800-521-0325.

About T. Rowe Price

Your retirement Plan service provider, T. Rowe Price, is one of the nation's most respected leaders in retirement plan services and investment management. The Baltimore-based firm offers a unique combination of investment management expertise, world-class service, and extensive resources to help you prepare for a more secure retirement.

Money is personal. Life is social.

Follow T. Rowe Price on Facebook, and learn valuable saving tips from financial planning experts.



Notes

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