Plan highlights

Learn more about the State of Illinois Deferred Compensation Plan

Having a State of Illinois Deferred Compensation Plan account may help provide a more secure financial future. You receive quality investment options, access to a local retirement plan counselor, call center support, and planning tools that can help you better prepare for retirement.

What is a section 457(b) deferred compensation program?
A number of voluntary retirement programs are defined in the Internal Revenue Code (IRC). These include section 457(b) programs, commonly called 457 deferred compensation programs. Deferred compensation programs allow eligible employees to save and invest before-tax and Roth (after-tax) dollars through voluntary paycheck contributions, supplementing any existing retirement/pension benefits.

Who is eligible to participate?
The Plan is a voluntary retirement savings program for all State of Illinois employees. If you are a new State of Illinois employee and a member of the State Employees' Retirement System (SERS), the General Assembly Retirement System (GARS), or the Judges' Retirement System (JRS), you will be automatically enrolled in the Plan. If you are not a member of SERS, GRS, or JRS, you will not be automatically enrolled in the Plan; however, you may enroll at any time.

What do I need to know about automatic enrollment?
If you are automatically enrolled, 3% of your before-tax pay will be deducted from your paycheck. You will receive additional details related to automatic enrollment directly from Empower. You may review your account details and make changes to your account by logging in to **myillinoisdcplan.com** or calling the Empower Customer Care Center at **833-969-ILDC** (833-969-4532).

Contributing to your Plan

Choose before-tax or Roth contributions

	BEFORE-TAX	ROTH
When is my contribution taxed?	When you take a distribution	When you make the contribution
Is my taxable income lowered?	Yes, contributions are taken before your taxable income is calculated	No, contributions are made after you pay taxes on your income
Are potential earnings on my contributions taxed when I take a distribution?	Yes, withdrawals are subject to ordinary income tax	No, as long as the distribution occurs after age 59½, death, or disability and no earlier than five years after your first Roth contribution

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What are the advantages of before-tax savings?
With tax-deferred savings, you pay no income taxes on any contributions or their potential earnings until you withdraw the money. This further enhances the benefit of compounding — generating returns on money that you would have paid in taxes if those taxes had not been deferred. Any earnings are reinvested in your account, where they have the potential for continued growth because they are not reduced by taxes each year.

What are the advantages of Roth savings?
Roth contributions are made with after-tax dollars. Roth contributions reduce your take-home pay because you pay taxes on any earnings immediately rather than deferring those taxes until you take a distribution. Therefore, your contributions and any earnings are not taxed upon distribution. This can be beneficial if you expect to be in a higher tax bracket during retirement than in your working years.

Can I convert before-tax money into Roth savings?
The Plan allows in-plan Roth conversions, meaning you may elect to convert all or a portion of your before-tax account balance into Roth after-tax dollars at any time. If you have questions, please speak with a tax advisor prior to making any decisions.

How much can I contribute?
You may contribute as little as $10 or 1% of your gross pay per pay period. The State of Illinois allows you to select either a flat dollar amount or a percentage of your pay. The maximum amount you can elect to contribute is 75% of your pay, subject to annual IRS limits. Visit irs.gov to find the latest contribution limits.

Investments

The Plan provides participants with a choice of investment options, recognizing that people have different levels of desire, experience, and comfort with investing. The Plan's investment options are discussed below and on **myillinoisdcplan.com**. Please keep in mind that you decide how to invest your Plan account, and neither the Plan nor the State of Illinois is responsible for your decisions or any losses that may occur.

OPTION 1: AGE-BASED INVESTMENT

Age-based investment options automatically adjust the mix of stocks, bonds, cash, and other investments over time. Instead of choosing and managing a mix of several funds, you can simply invest in the Target Retirement Fund closest to the year you expect to retire or withdraw your money.

OPTION 2: BUILD YOUR OWN PORTFOLIO

To help reach the retirement destination you desire, you can build your own investment strategy. The Plan offers core fund choices to help meet your needs for today and for tomorrow.

Asset allocation, diversification, and/or rebalancing do not ensure a profit or protect against loss.

Age-based investment
Here is what you get with a Target Retirement Fund:

- An age-based investment strategy designed to help you maximize your savings over the course of your working years.
- Diversification across different asset classes through a single investment path[1]
- Continuous rebalancing and performance monitoring
- Fund management through retirement that automatically adjusts to a more conservative risk level as you get older

The date in the name of the Target Retirement Fund is the assumed date of retirement. The asset allocation becomes more conservative as the fund nears the target retirement date; however, the principal value of the fund is never guaranteed. Asset allocation and balanced investment options and models are subject to the risks of their underlying investments.

Please note that if you are automatically enrolled in the Plan, contributions initially invested in the Auto-Enrollment Stable 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.

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 you may choose a fund with the year in which you intend to retire.

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 Income Fund	

Build your own portfolio

STOCK INVESTMENTS	CATEGORY
Non-US Company Stocks Fund	Passive Non-US Stocks
US Small/Mid Company Stocks Fund	Passive US Small and Mid Company Stocks
US Large Company Stocks Fund	Passive US Large Company Stocks
BOND INVESTMENT	
Bond Fund	Passive Investment Grade Bonds
STABLE VALUE INVESTMENT	
Stable Return Fund	Active Capital Preservation

Review your investments on a regular basis to ensure they still align with your goals, your comfort level with risk, and when you plan to retire.

Rollovers[2]

Can I combine assets from my other retirement plans into my before-tax Plan account?
Yes. By rolling your other retirement savings accounts (401(k), 403(b), 457(b), IRA, etc.) into your Plan account, you can simplify your life in the following ways:

- Save time by only having to use one website.
- Reduce clutter with one statement.
- Enjoy the convenience of having a diversified portfolio in one place.
- Know your beneficiary(ies) have the ease of one account upon payout.

Consider all your options and their features and fees before moving money between accounts.

Please note: All non-457 plan assets transferred into the Plan remain subject to an early withdrawal penalty that does not apply to 457 plan assets. In addition, 457 plan assets transferred into another plan (IRA, 401(k), 403(b), etc.) may become subject to the early withdrawal penalty when distributed from the new, non-457 plan. Consider all your options and their features and fees before moving money between accounts.

For more information and/or to begin the rollover process, contact the Empower Customer Care Center at **833-969-ILDC** (833-969-4532).

Can I combine assets from my other retirement plans into my Roth account?
Yes. You may transfer a prior employer-sponsored Roth account into your Roth account. However, per Internal Revenue Service (IRS) regulations, you are not allowed to transfer Roth IRAs into your Roth account.

Distributions

What are my distribution options?
When you are eligible for a distribution, you may:

- Leave the value of your account in the Plan until a future date.
- Receive periodic payments, a lump-sum payment, or a partial lump-sum payment, and change this payment type at any time.
- Roll over or transfer your funds to another eligible plan.

When can I withdraw the money from my before-tax account?[3]
Your before-tax money may be withdrawn:

- 30 days after separation from employment for any reason.
- If you experience an unforeseeable emergency within the Plan guidelines.
- If you are still working at age 59½ and want to take an in-service distribution.
- Upon death (your designated beneficiary(ies) will receive your benefits).
- If you have $5,000 or less in your account and have not taken a distribution or contributed to the Plan in the last two years, you may take your balance as a lump sum.

Withdrawals from money rolled into the Plan are allowed at any time.

When can I withdraw the money from my Roth account on a tax-free basis?[4]
Your Roth distributions are free from income taxes and penalties if you withdraw your Roth contributions and earnings after holding the account for at least five years and meet one of the following criteria:

- You are at least age 59½.
- You become disabled.
- You experience an unforeseeable emergency within the Plan guidelines.
- Upon death (after which your beneficiary(ies) will take the withdrawal).

A qualified distribution is tax-free if you have reached age 59½, are totally disabled, or upon your death **and** at least five years have passed since your first Roth contribution. If your distribution is not qualified, the earnings portion of your withdrawal will be taxable. These rules apply to Roth distributions only from employer-sponsored retirement plans. Additional Plan distribution rules apply.

Are distributions from the Plan required?
Yes, required minimum distributions (RMDs) from retirement programs are mandatory at a certain age. 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.)

What qualifies as an unforeseeable emergency?
If you need to request a distribution due to an unforeseeable emergency, call the Empower Customer Care Center at **833-969-ILDC** (833-969-4532) for requirements and necessary documentation and forms.

What happens to my money upon my death?
Your designated beneficiary(ies) will receive the remaining value of your account, if any. Your beneficiary(ies) should contact Empower to provide a certified copy of the death certificate. Your beneficiary may contact the Empower Customer Care Center to discuss the available distribution options and apply for a distribution. If no beneficiary designation is on file, your estate will be your beneficiary. To elect or update your beneficiary(ies), log in to **myillinoisdcplan.com**, navigate to *I want to…*, and select *View/edit beneficiary*.

Does the State of Illinois Deferred Compensation Plan offer loans?
Yes, the Plan allows you to borrow the lesser of $50,000 or 50% of your total account balance. The minimum loan amount is $1,000, and you have up to five years to repay your loan. There is a $75 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.

To learn more, log in to your account at **myillinoisdcplan.com**, click *Account*, then *Request a Loan* to find out how much you can borrow and to calculate the costs of taking a loan. You may also call the Customer Care Center at **833-969-ILDC** (833-969-4532) for more information.

Fees

What administrative fees will I pay?
Your administrative fee is determined by your account balance. If you have a balance greater than $6,701, you will pay an administrative fee of $16.75 per quarter. If your account balance is $6,700 or below, you will pay an administrative fee of 0.25% of your account balance per quarter.

Are there any other fees I should know about?
Yes, there are investment management fees (also known as expense ratios) that vary by investment option. These fees are deducted by each investment option's management company (not by the Plan) before the daily price or performance is calculated. Expense ratio fees are used to pay for securities trading in the underlying funds and other management expenses. You can find the Plan's investment option expense ratios on the website at **myillinoisdcplan.com**. For more information, please refer to the fund's prospectus.

There is also a $25 disbursement fee on all distributions except for required minimum distributions and periodic payments.

Enroll in the Plan today!

Online: Visit **myillinoisdcplan.com** and click on *Register*, then *I do not have a PIN*. Follow the prompts to verify your information and enroll.

Phone: Contact the Empower Customer Care Center at **833-969-ILDC** (833-969-4532) for assistance.

Mobile app: If you choose to enroll from your mobile phone or tablet, download the Empower app. Search for "Empower" in the App Store® from Apple® or on Google Play™. Click on *Register* to begin.

Set up a meeting: Contact your local retirement plan counselor to discuss plan details and learn more at **ildcp.empowermytime.com** or scan the QR code.

1 Diversification and rebalancing do not ensure a profit or protect against loss.

2 Funds rolled into a governmental 457 plan from another type of plan or account may still be subject to the 10% early withdrawal penalty if taken before age 59½.

3 Withdrawals may be subject to income tax.

4 Earnings on Roth contributions will be taxed unless withdrawals are a qualified distribution as defined by the IRS.