Massachusetts Deferred Compensation SMART Plan

CONTRIBUTING THROUGH TWO PLANS



CONTRIBUTING THROUGH TWO PLANS CAN BENEFIT YOU!

Now you can save more for tomorrow

Did you know that you can save and invest through the Massachusetts Deferred Compensation SMART Plan (457 Plan) and your 403(b) Plan at the same time, giving yourself a powerful opportunity to double your before-tax contributions in 2026? Consider these reasons to contribute to your 457 Plan and 403(b) Plan simultaneously.

Greater retirement savings power

With time and the power of compounding on your side, participating in two plans can provide an incredible boost to your retirement strategy. In 2026:

- If you are under age 50, you may contribute $24,500 to each Plan for a total of $49,000.
- If you are age 50 or older, you may contribute $32,500 to each Plan for a total of $65,000.
- If you turn age 60, 61, 62 or 63 in 2026, you can contribute up to $35,750 to each Plan for a total of $71,500.
- In the year you turn age 64, the catch-up contribution limit returns to an additional $8,000. You may contribute $32,500 to each Plan for a total of $65,000.
- If you are within three years of normal retirement age and have not contributed your maximum in previous years, you may be able to utilize the three-year 457 catch-up, which allows you to contribute up to twice the regular dollar limit to your 457 Plan — $49,000.

Valuable 457 Plan features

- As an employee, you can contribute to one of the most attractive savings and investment vehicles available today: the SMART Plan.
- There is no 10% early withdrawal penalty on 457 Plan funds. The penalty may apply to IRAs and 401(a), 401(k) and 403(b) Plans, or money rolled into a 457 Plan from IRAs and 401(a), 401(k) and 403(b) Plans.
- You can get higher contribution limits in the three years prior to your normal retirement age if you have under-contributed in prior years. The 457 Plan allows for a flexible payout similar to your 403(b) Plan.
- You can contribute up to the maximum contribution limit to both the 457 and 403(b) Plans.

Increased tax benefits

While tax-deferred growth is important regardless of your income tax bracket, it becomes more powerful as your marginal income tax bracket increases. Maximizing your contributions to both the 457 and 403(b) Plans may double your tax benefit each year.

Expanded investment options

Having access to more investment options through both Plans allows you to stay diversified — especially during the inevitable cycles of market volatility.[1]

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

Highlights for 457 and 403(b) Plans in 2026

Feature	457	403(b)
Maximum contribution (under age 50)	$24,500	$24,500
Maximum contribution (age 50 or older)	$32,500	$32,500
Maximum contribution (age 60-63)	$35,750	$35,750
Three-year catch-up allowed	$24,500	No
15 years of service catch-up allowed	No	Yes*
Potential eligibility for tax credit	Yes	Yes
Rollovers to other eligible plans[2,3]	Yes	Yes
Distributions before 59½ without 10% early withdrawal penalty	Yes	No[4]
Payout flexibility	Yes	Yes

* Contact your Plan administrator to confirm availability.

Putting the pieces together

As you establish your long-term goals, look at how saving through your 457 and 403(b) Plans simultaneously can affect your retirement planning efforts. A savings and investment opportunity you don't want to overlook.

For participants under age 50

You may contribute $24,500 to each of the two Plans for a total of $49,000. The hypothetical examples below show the benefit of contributing to both Plans versus just one. The examples assume you make the maximum contribution during each of the next 10 years and a hypothetical 6% annual return.

Contributing to just one Plan

Year	Annual maximum contribution	Total cumulative contribution	Account value
1	$24,500	$24,500	$25,970
3	$24,500	$77,998	$82,678
5	$24,500	$138,109	$146,395
7	$24,500	$205,649	$217,988
10	$24,500	$322,929	$342,305

Contributing to the 457 and 403(b) Plans

Year	Annual maximum contribution	Total cumulative contribution	Account value
1	$49,000	$49,000	$51,940
3	$49,000	$155,996	$165,356
5	$49,000	$276,218	$292,791
7	$49,000	$411,298	$435,976
10	$49,000	$645,859	$684,610

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration is not intended as a projection or prediction of future investment results, nor is it intended as financial planning or investment advice. It assumes a 6% annual rate of return and reinvestment of earnings with no withdrawals. Rates of return may vary. The illustration does not reflect any associated charges, expenses or fees. The tax-deferred accumulation shown would be reduced if these fees were deducted. Hypothetical examples generated through Empower's "Growing Your investment" calculator.

Your local SMART Plan Retirement Plan Advisor can help you get started today!
Schedule a meeting online or call **877-457-1900**.

1 Diversification does not ensure a profit or protect against loss.

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

3 Governmental 457 funds rolled into another type of plan or account may become subject to the 10% early withdrawal penalty if taken before age 59½.

4 Withdrawals may be subject to income tax.

Investing involves risk, including possible loss of principal.

Securities, when presented, are offered and/or distributed by Empower Financial Services, Inc., 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.

©2025 Empower Annuity Insurance Company of America. All rights reserved. 98966-FLY-WF-306559-1225(5410350) RO4038348-1224