PARTICIPATE

PLAN OVERVIEW



SAVE FOR THE FUTURE

Congratulations!

You are eligible to join the Massachusetts Deferred Compensation SMART Plan. This supplemental retirement savings program offers a convenient way to **S**ave **M**oney **A**nd **R**etire **T**omorrow.

This booklet includes specific information about the SMART Plan, as well as general information about the benefits of saving through the SMART Plan.

Where will your retirement income come from?

Pension benefits and Social Security may help cover some of your expenses in retirement.

Participating in the SMART Plan allows you to defer a portion of your salary now so you will have access to it in the future.





HOW DOES THE SMART PLAN WORK?

The SMART Plan is a retirement savings program authorized under section 457 of the Internal Revenue Code, commonly called a 457 deferred compensation program, that allows eligible employees to save and invest before-tax and after-tax dollars through salary deferrals (contributions).

1. You decide, within IRS limits, how much of your income you want to defer.
2. You decide whether to contribute on a before- or after-tax (Roth) basis.
3. Your contributions will be invested, per your instructions, in the investment options offered under the SMART Plan. You can also choose different fund allocations within your traditional and Roth accounts from your SMART Plan fund lineup.
4. Saving through the SMART Plan on a pretax basis may reduce your current federal income tax responsibility.

Remember: Distributions from a before-tax SMART Plan account will be taxed as ordinary income in the year the money is distributed. Distributions of any earnings from an after-tax SMART Plan account will be taxed as ordinary income if you have not contributed to a Roth account for more than five tax years. Account values fluctuate with market conditions, and when surrendered, the principal value may be worth more or less than the original amount invested.

Fees

An annual recordkeeping and communications fee will be charged at the following rates:

- $10 annually per account (on accounts over $1,000)
- 0.07% on total assets in your account

These fees are capped at $350 annually and assessed monthly.

An annual administration fee of 0.0075% of your account balance will be charged on a monthly basis.

In addition to the administrative fee, each of your investment options has an investment management fee. Fees vary by option and are disclosed in the fund performance document and fund fact sheets. You can obtain copies by visiting the SMART Plan website at **www.mass-smart.com** or by calling the SMART Plan Service Center at **877-457-1900**.

The before-tax advantage

Tax deferral is beneficial in three ways:

1. It lowers your current taxable income because you postpone paying taxes on contributions made to the SMART Plan.
2. It allows more of your money to work for you. This includes money that you ordinarily would have paid in federal income taxes. Tax-deferred compounding occurs when any earnings on your account are reinvested and given the chance to earn more money.
3. The contributions and any earnings that accumulate over the years are not taxed until you receive them. That's usually during retirement, when you may be in a lower tax bracket.

The Roth advantage

The Roth option reduces your take-home pay dollar for dollar and offers the following benefits:

1. It essentially locks in today's tax rates on all contributions.
2. For those who expect to be in a higher tax bracket when they retire, the Roth option allows you to pay taxes on your contributions when they are contributed (presumably at a lower tax rate than you would expect to pay at retirement).



To illustrate how before-tax contributions affect your paycheck, let's assume you earn $30,000 in taxable income annually and you want to defer 8% (approximately $93) from each paycheck to the SMART Plan. You're paid every other week — 26 times a year.

	Paycheck before joining the SMART Plan	Paycheck after joining the SMART Plan
Income after adjustments	$1,154	$1,154
SMART Plan contribution (8%)	$0	$93
Net taxable income	$1,154	$1,061
Federal income tax (15%)	$173	$159
Take-home pay	$981	$902

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration assumes a participant earning $1,154 per paycheck in regular pay who contributes 8% per paycheck in the SMART Plan. It also assumes 15% federal and state income tax withholding but does not account for local income tax withholding or Medicare, Social Security or other taxes.

TRADITIONAL 457 VS. ROTH 457 CONTRIBUTIONS

You may be asking yourself, "How do I know which option is the best choice for me?" It's a good question.

You might want to consult with a financial planner, attorney and/or tax advisor to help evaluate your particular situation. Take time to truly analyze your current financial circumstances, spending habits and long-term retirement aspirations.

The SMART Plan gives you the flexibility to designate all or a portion of your 457 elective deferrals as traditional before-tax contributions or Roth after-tax contributions.

If you are not yet participating in the SMART Plan, you can enroll on the website at **www.mass-smart.com** or by calling the SMART Plan Service Center at **877-457-1900**.

If you're a current SMART Plan participant, you can change your contributions by logging in to your account at **www.mass-smart.com**. Click on *My Accounts*, then *My Contributions*. You can also contact the SMART Plan Service Center at **877-457-1900**.

Here are some key differences between traditional 457 and Roth 457 accounts:

Traditional 457

- Contributions are made with before-tax dollars.
- Contributions are taxed when distributed.
- Any potential earnings on your contributions are taxed when distributed.
- You have more take-home pay in your paycheck than if you made the same contribution to a taxable account.

Roth 457

- Contributions are made with after-tax dollars.
- All qualified distributions are entirely free of income taxes and penalties.
- Any Roth money, including contributions and potential earnings, will grow tax free in your account.
- Your take-home pay in your paycheck is reduced dollar for dollar.

Regardless of which contribution option you select, you should consider contributing as much as you can and participate no matter what. You're saving for your retirement, your future — and that's a good thing.

THE COST OF WAITING

Waiting to save and invest in the SMART Plan could cost you more than you think. The sooner you start, the more time you are giving your investments to potentially grow. So it's important to get started now — no matter how old you are.

Here are two hypothetical employees who both began working at age 25.

Anne

Benefits Coordinator

- Began contributing to the SMART Plan at age 25
- Contributes $100/month for the next 15 years
- At age 40 has to stop contributions to the SMART Plan in order to fulfill other obligations

Total contributions: $18,000

John

Systems Analyst

- Quickly spends his earnings
- Doesn't really save any money
- Waits until after he gets married at age 35 to begin contributing $100/month to the SMART Plan for the next 30 years

Total contributions: $36,000

Here is a hypothetical illustration assuming a 6% annual rate of return.

Who could have more money at age 65?

Age	Anne's monthly contribution	Anne's end-of-year balance	John's monthly contribution	John's end-of-year balance
25	$100	$1,234	$0	$0
30	$100	$6,977	$0	$0
35	$100	$16,388	$100	$1,234
40	$0	$29,082	$100	$6,977
45	$0	$39,227	$100	$16,388
50	$0	$52,912	$100	$29,082
55	$0	$71,370	$100	$46,204
60	$0	$96,267	$100	$69,299
65	$0	$129,850	$100	$100,452

If Anne had the opportunity to keep contributing to the SMART Plan until age 65, her end-of-year balance could be **$199,149**.

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not represent the performance of any investment options. It assumes a $30,000 annual salary, 6% annual rate of return and reinvestment of earnings, with no withdrawals. Rates of return may vary. The illustration does not reflect any charges, expenses or fees that may be associated with the SMART Plan. The tax-deferred accumulations shown above would be reduced if these fees were deducted.

Compounding growth

When you invest money in the SMART Plan, your money can potentially grow from investment gains or dividends.

Any money gained through growth and earnings is then put back into your account, or reinvested. So the total amount includes the new gains, which are added to the original amount you invested. This process of building on any gains continues year after year. It's known as compounding. Anne's longer timeline means she is potentially better able to take advantage of compounding growth.

BENEFITS TO THE SMART PLAN

SMARTPath Retirement Funds

If you do not make an election for investing your retirement account when you enroll in the SMART Plan, your contributions will be invested in the SMART Plan's default investment option, the SMARTPath Retirement Funds. Please see the chart below to determine which SMARTPath Retirement Fund you will be defaulted into. You can find detailed information regarding the default option in which you are enrolled, as well as performance information, prospectuses and the disclosure documents, by logging into your new account at **www.mass-smart.com**.

Generally, the further the fund is from its target retirement year, the greater your SMARTPath Retirement Fund's allocation to stock and diversifying investments.[1] This emphasizes the growth potential to potentially build savings over the long term.

As the fund moves closer to its target retirement year, the fund's asset allocation automatically adjusts to a mix expected to experience lower volatility under a broad range of market conditions. By the time the fund reaches its date, the SMARTPath Retirement Fund will be invested in a mix of stocks, bonds and diversifiers focused on preserving savings and producing income.

Date of Birth	SMARTPath Retirement Fund[2,3]	Expected retirement date range
1947 or before	SMARTPath Retirement Allocation Fund	2012 or before
1948-1952	SMARTPath 2015 Retirement Fund	2013-2017
1953-1957	SMARTPath 2020 Retirement Fund	2018-2022
1958-1962	SMARTPath 2025 Retirement Fund	2023-2027
1963-1967	SMARTPath 2030 Retirement Fund	2028-2032
1968-1972	SMARTPath 2035 Retirement Fund	2033-2037
1973-1977	SMARTPath 2040 Retirement Fund	2038-2042
1978-1982	SMARTPath 2045 Retirement Fund	2043-2047
1983-1987	SMARTPath 2050 Retirement Fund	2048-2052
1988-1992	SMARTPath 2055 Retirement Fund	2053-2057
1993-1997	SMARTPath 2060 Retirement Fund	2058-2062
1998-2002	SMARTPath 2065 Retirement Fund	2063-2067
2003 or after	SMARTPath 2070 Retirement Fund	2068 or after

You can choose how to invest your retirement account — both your current account balance and your future contributions — at any time by calling the SMART Plan Service Center at **877-457-1900** or visiting **www.mass-smart.com**.

The date in a target date fund's name represents an approximate date when an investor is expected to retire (which is assumed to be at age 65) and/or begins withdrawing money. The principal value of the funds is not guaranteed at any time, including at the target date. For more information, please refer to the fund prospectus and/or disclosure document.

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

Carefully consider the investment option's objectives, risks, fees and expenses. Contact Empower for a prospectus, summary prospectus for SEC-registered products or disclosure document for unregistered products, if available, containing this information. Read each carefully before investing.

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

2 Asset allocation and balanced investment options and models are subject to the risks of their underlying investments.

3 As of December 1, 2014, the default investment option is the SMARTPath Retirement Funds.



MORE BENEFITS TO THE SMART PLAN

Contributing made easier

Your contributions to the SMART Plan are conveniently deducted from your paycheck.

Multiple investment options

Choose from a variety of diversified, professionally managed investment options with competitive fees.

Flexibility

Change both the amount you are contributing (within IRS limits) and the way you are investing your contributions.

Portability

The SMART Plan is portable, meaning benefits accumulated from a previous employer's plan and/or a traditional IRA may be rolled into the SMART Plan. Conversely, if you change jobs, you can roll over your SMART Plan benefits into another eligible retirement plan or tax-qualified plan, such as an IRA. You may also leave your benefits in the SMART Plan, where they can continue to accumulate potential earnings tax deferred.

Keep in mind

Amounts rolled into the SMART Plan from other non-457(b) plans will remain subject to the IRS 10% premature distribution tax penalty for distributions taken prior to age 59½, unless an exception applies.

If you roll over your SMART Plan benefits into a plan type other than a 457(b) deferred compensation plan, those benefits will also be subject to the IRS 10% premature distribution penalty tax (unless an exception applies) if any distributions are taken from that new plan prior to age 59½.

Professional oversight

An independent investment consultant advises the treasurer and their staff in the development and implementation of the SMART Plan's investment policy and structure. It also assists in the selection and evaluation of the Plan administrator and investment managers.

2025 contribution limits

Annual limit	Age 50+ catch-up limit	Age 60–63 catch-up limit	Three-year catch-up limit
$23,500	$31,000	$34,750	$47,000

Annual limit: The minimum contribution amount per pay period to participate in the SMART Plan is 1% of your gross income or $10, whichever is less. You can contribute a maximum of 100% of compensation that you can include, not to exceed the annual IRS limit of $23,500 in 2025.

Age 50+ catch-up: If you are age 50 or older during the 2025 calendar year, you may contribute an additional $7,500 for a maximum contribution of $31,000 in 2025.

Age 60–63 catch-up: If you turn age 60, 61, 62 or 63 in 2025, you can contribute an additional $11,250 for a maximum contribution of $34,750 in 2025. (If you turn age 64 in 2025, the catch-up contribution limit returns to $7,500 for a maximum contribution of $31,000 in 2025.)

Three-year catch-up: During the three consecutive years prior to, but not including, the year you attain normal retirement age and if you have undercontributed to the SMART Plan or another employer-sponsored retirement plan in the past, you may be able to contribute an additional $23,500 in 2025. This amounts to a maximum contribution of $47,000 for 2025. If you elect to use the three-year catch-up provision, you are not required to make the maximum allowable contribution.

The three-year catch-up and age 50+ catch-up provisions cannot be used in the same calendar year. You should evaluate which catch-up provision is most favorable to you.

Contribute as much as you can

Contribute as much as you can, based on your individual circumstances, and consider increasing your contributions with each pay raise. Even a small increase can make a big difference over time.

The following chart illustrates the potential long-term effect of increasing contributions from 4% to 8% to 12% per pay period (26 pay periods).

Accumulation years	Contribution of 4% per pay period	Contribution of 8% per pay period	Contribution of 12% per pay period
5	$6,974	$13,945	$20,905
10	$16,307	$32,608	$48,879
20	$45,511	$91,003	$136,415
30	$97,811	$195,579	$293,178

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration does not reflect a particular investment and is not a guarantee of future results. It assumes a $30,000 annual salary, 6% annual rate of return, reinvestment of earnings and no withdrawals. Rates of return may vary. The illustration does not reflect fees, which could change the outcomes provided. Hypothetical examples generated through Empower's growing your investment calculator.

Access to your money

Distributions are allowed under the following circumstances:

- Attainment of age 59½;
- Separation from service;
- Death (upon which your designated beneficiaries have access to benefits);
- Unforeseeable emergency (in accordance with IRS regulations); or
- In-service distributions of $5,000 (available in limited circumstances under the conditions of the SMART Plan). **For more details, please contact your local SMART Plan Retirement Plan Advisor.**

SERVICE YOU CAN COUNT ON

SMART Plan participants can access account information 24 hours a day, seven days a week via the website or by phone. The SMART Plan's approach to service is based on convenience — service is a call, click or visit away.

CALL

SMART Plan Service Center
877-457-1900

- Speak to a customer service representative Monday through Friday, 8 a.m. to 10 p.m. Eastern time and Saturday 9 a.m. to 5:30 p.m. Eastern time.
- Access your automated account information 24 hours a day, seven days a week.

A customer service representative can assist you with your first-time access.

Local SMART Plan Retirement Plan Advisors: 877-457-1900, say "Representative"

Local SMART Plan Retirement Plan Advisors can assist you with your account as well as discuss your retirement objectives. They can provide you with information on all aspects of the SMART Plan, including:

- Enrollment
- Contribution limits
- Investment options
- Catch-up provisions
- Empower Advisory Services suite of services offered by Empower Advisory Group, LLC, a registered investment adviser
- Distribution options
- Retirement readiness

WEB

www.mass-smart.com

In the Participant Login section, log in to:

- Make account inquiries.
- Conduct investment option transfers/allocation changes[4] (subject to Excessive Trading Policy).
- Obtain fund unit values and descriptions.
- Review fund performance (past performance does not guarantee future results).
- Activate automatic account rebalancing.
- Sign up for Advisory Services.

Registration for first-time users and login are required for online account access.

MOBILE APP

Download the Empower app[5] to:

- Check your account balance and history.
- View your estimated retirement income.
- See your paycheck contribution amount.
- Look at your current rate of return.
- Review the investment options in your portfolio.
- Make changes to your account.

VISIT

In-person meetings may be available by appointment only. Please check with your local office in advance by emailing **SMART@empower.com** or by calling **877-457-1900**. Virtual meetings and can be scheduled using the online appointment tool accessible from **www.mass-smart.com** > *Plan resources* > *Find your representative*. Written correspondence should only be directed to the Regional Service Center.

Regional Service Center

255 Bear Hill Road
Waltham, MA 02451

Other locations

Boston
One Winter Street, 8th Floor
Boston, MA 02108

Springfield
One Financial Plaza
1350 Main Street, Suite 1213
Springfield, MA 01103

Worcester
370 Main Street, Suite 610
Worcester, MA 01608

4 Transaction requests received in good order after the close of the New York Stock Exchange will be processed the next business day.

5 Available in the App Store® from Apple® and on Google Play™.

SUPPORT YOU CAN RELY ON

Meeting your retirement objectives is a lot easier when you have the tools and support to help you. As a participant in the SMART Plan, you have access to *free* online planning tools and calculators at **www.mass-smart.com**.

- **Retirement planner**
  See your current savings, projected retirement income and expected Social Security benefits.
- **Savings planner**
  Review your savings to date and progress toward your individual goals.
- **Budgeting**
  View all transactions across accounts.
- **Investments**
  View your holdings, balance and performance.

Financial seminars

These free seminars are designed to help you meet your financial and retirement objectives. For more information, call your local SMART Plan Retirement Plan Advisor.

To find your nearest representative, visit **www.mass-smart.com** > *Plan Resources* > *Find your representative*.

SMART Plan update

This quarterly newsletter keeps you in the know with information about the SMART Plan, as well as interesting and educational articles about general finance topics.

Empower Advisory Services

The Empower Advisory Services suite of services offered by Empower Advisory Group, LLC, a registered investment adviser, offers personalized retirement strategies to help you meet your retirement income goals:

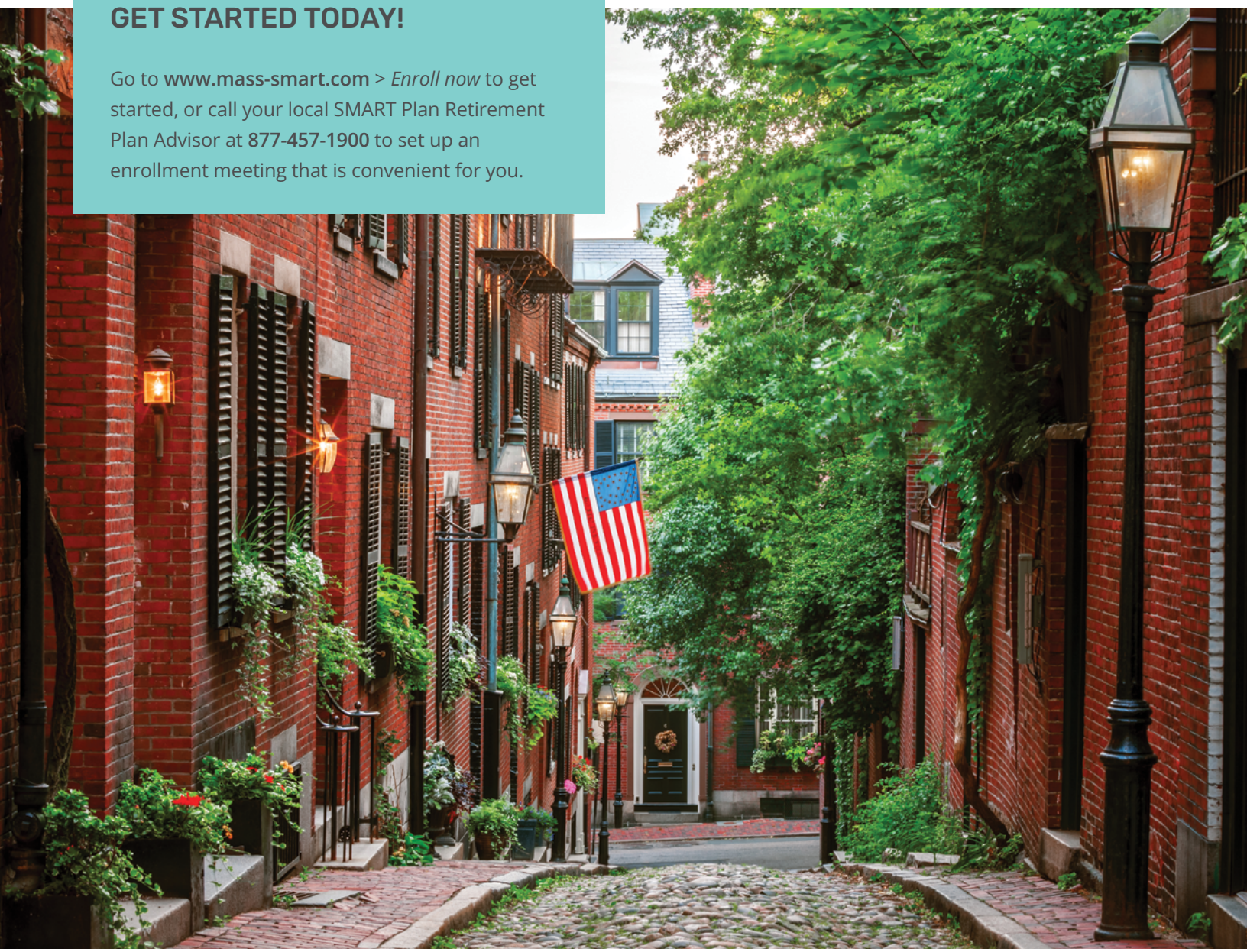
- My Total Retirement™ is based on your personal financial picture, professionally implemented and managed to address your savings, investing and retirement income needs. It also includes customized spending assistance to help you make the most of your savings.
- Online Advice offers fund-specific recommendations to help you validate or adjust your already developed strategy.

For complete details, refer to the *Two Paths to Investing for Retirement* brochure, found at **www.mass-smart.com** > *Plan Resources* > *Resources and Links*.

To learn more about Advisory Services, go to **www.mass-smart.com** > *Investing* > *Investment Overview* or call the SMART Plan Service Center at **877-457-1900** to speak to a local SMART Plan Retirement Plan Advisor. Regardless of which option you choose, you get a personalized approach based on your finances, your risk tolerance and your investment objectives.

GET STARTED TODAY!

Go to **www.mass-smart.com** > *Enroll now* to get started, or call your local SMART Plan Retirement Plan Advisor at **877-457-1900** to set up an enrollment meeting that is convenient for you.



Investing involves risk, including possible loss of principal.

Online Advice and My Total Retirement are part of the Empower Advisory Services suite of services offered by Empower Advisory Group, LLC, a registered investment adviser. Past performance is not indicative of future returns. You may lose money.

The Retirement Readiness Review is provided by an Empower representative registered with Empower Financial Services, Inc. and may provide recommendations at no additional cost to participants. There is no guarantee provided by any party that use of the review will result in a profit.

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