457 Deferred Compensation Plan
Features and Highlights

The State of Alaska 457 Deferred Compensation Plan (DCP) allows you to set aside and invest a portion of your income for your retirement on a voluntary basis. It is designed to complement the Alaska SBS Supplemental Annuity Plan and the Alaska PERS/TRS Defined Contribution Retirement Plan.

The amount set aside, plus any potential gains on the money you invest, is payable to you or your beneficiary at a future date. You have the option of making pretax contributions, after-tax/Roth contributions, or both. See below for more information on the differences between these contribution types.

WHY PARTICIPATE?

According to one commonly used measure, our annual retirement income needs will be roughly 70% of our annual pre-retirement earnings.* The benefits from your Alaska Supplemental Annuity Plan or PERS/TRS Defined Contribution Retirement Plan may not be enough to help you reach that 70% level. The DCP provides you with a tax-advantaged way to save and invest an additional portion from each paycheck for your future retirement income. Some of the advantages of participating include:

›› Automatic contributions with each paycheck
›› A wide range of investment options in multiple asset classes
›› Low fees that help you put more from each contribution toward your future
›› Online and over-the-phone account management
›› Representatives who can help you get the most from your participation
›› Education, training, and planning tools to help you make informed decisions

*Social Security Administration, https://www.ssa.gov/policy/docs/ssb/v68n2/v68n2p1.html

ELIGIBILITY AND ENROLLMENT

Who is eligible to participate?

Any permanent employee, long-term non-permanent employee, or elected official of the State of Alaska may participate.

How do I enroll?

Enroll online at www.akdrb.com (select Register on the home page), through the Anchorage office at 1-800-526-0560 or 1-907-276-1500, or through Empower Retirement (Empower) at 1-800-232-0859.

CONTRIBUTIONS

How much can I contribute?

You can contribute a maximum of 100% of includible compensation in a combination of before-tax and Roth contributions up to the tax code’s limit of $19,500 in 2020. Participants age 50 or older in 2020 can make additional catch-up contributions up to $6,500 — for a maximum of $26,000 in 2020. You may increase or decrease your contribution amount once per month.

What is the special catch-up provision?

Employees who are within three years of their normal retirement can make up for under-contributing during previous years of State employment. The catch-up limit is double the regular contribution limit. For 2020, this equals $39,000. You may contribute under the catch-up provision for a maximum of three consecutive years. Once you elect catch-up, if you do not utilize it for all three consecutive years, you cannot make up the amounts not utilized at a later time or with another employer. The age 50 and over catch-up and the regular catch-up provisions cannot be used in the same year.

What are pre-tax contributions?

With pre-tax contributions, you do not pay income tax on the contribution amount or any earnings until you withdraw the money. One potential advantage of this approach is that the money that you would have paid in taxes may generate additional earnings during your working years. The Plan also reinvests any earnings in your account, where they may

Continued on page 2
CONTRIBUTIONS (continued)

You then pay taxes when you make a withdrawal. You may withdraw funds at any age in the event of:
- Leaving State employment (including retirement)
- Proven unforeseeable emergency (as defined by the Internal Revenue Code)
- Death

The State Division of Retirement and Benefits (DRB) must authorize any withdrawal. No early withdrawal penalty applies to distributions taken before age 59½. All funds are subject to federal income tax as they are paid out, and state-mandatory withholding will be taken from your distribution depending on your state of residency. Residency for this purpose is determined by the address supplied for payment mailing. DCP monies can be transferred to another governmental 457(b) plan, an IRA or any other qualified plan that accepts them.

What are Roth contributions?
With Roth contributions, you contribute to your account after taxes have been deducted. In other words, you pay taxes on your Roth 457 contribution up front rather than deferring those taxes until you take a distribution. Your Roth distributions are income tax-free if you withdraw your Roth contributions and any earnings after holding the account for at least five tax years and meeting one of the following criteria:
- You are at least age 59½.
- You become disabled.
- You die (after which your beneficiaries will take the withdrawal).

Any withdrawal must be authorized by the State DRB. If you take a distribution from your Roth 457 account before you reach age 59½ and it is not due to death or disability or you have not reached the five-tax-year period beginning with your first Roth contribution, you will owe income tax on any earnings the Plan distributes. Otherwise, you do not owe income tax on the Roth contributions that the Plan distributes because you made these contributions with after-tax dollars.

Can I make both pre-tax and Roth contributions?
Yes. You may also change from one type to the other. You may make a change once a month.

How can I invest my contributions?
The DCP is a participant-directed plan. You choose from the investment options offered by the Plan. You can invest your contributions in any of the following ways, depending on your knowledge and comfort level with researching and selecting investments:

Build and manage your own portfolio – You can build and manage your own portfolio by investing in one or more of your plan’s investment options. The plan offers investments in a mix of asset classes to help you create a portfolio suits your retirement goals and risk tolerance.

The Alaska Retirement Management Board has selected the plan’s investment options, which are described in detail in the Plan Information Booklet and in the individual Fund Overviews, which are available at www.akdrb.com by selecting Investment information under the Investing menu.

You can also find a variety of online calculators and planning tools to help you on www.akdrb.com. From there, you select the investment options and implement your own retirement savings strategy.

Choose an Alaska Target Date Retirement Trust based on your planned retirement date and risk tolerance – Each Target Date Retirement Trust offers a professionally selected, diversified portfolio in a single investment option. The mix of assets automatically adjusts to become more conservative as the target retirement date approaches, and they are automatically rebalanced. One of these trusts may be appropriate for you if you don’t have the time or expertise to manage your retirement investments. Complete information on each Target Date Retirement Trust is available at www.akdrb.com.

INVESTMENTS
Your Plan investment option lineup at a glance:

| HIGH | U.S. Small-Cap Trust¹ |
|      | International Equity Fund² |
|      | World Equity Ex-US Index Fund¹¹ |
|      | Environmental, Social, and Governance Fund³ |
|      | Russell 3000 Index Fund¹¹ |
|      | S&P 500® Stock Index Fund⁴ |
|      | Alaska Target Retirement Trusts (2010-2065)³ |
|      | Strategic Completion Fund⁶,⁷,⁸ |
|      | Alaska Long-Term Balanced Trust¹ |
|      | Alaska Balanced Trust⁵ |
|      | Passive U.S. Bond Index Fund⁹ |
|      | Stable Value Fund¹⁰,¹² |
|      | State Street Treasury Money Market Fund – Inst.¹² |

| LOW  | Low Risk Options |

FOR ILLUSTRATIVE PURPOSES ONLY. The chart reflects the expected relative risk/return potential over the long term. Past performance is not a guarantee of future results.
The date in a target date fund’s name is the approximate date when investors are expected to start withdrawing their money (generally assumed to be at age 65). The principal value of the fund(s) is not guaranteed at any time, including at the time of the target date and/or withdrawal.

Get help choosing your investment options with Advisory Services – Your Plan offers two different levels of investment support called Empower Retirement Advisory Services, offered by Advised Assets Group, LLC, a registered investment adviser.

My Total Retirement™ – With this service, AAG builds and manages a portfolio for you, based on your specific goals. AAG makes adjustments as you get closer to retirement and/or as you provide additional information when your financial picture changes. You have access to a team of investment adviser representatives to help answer your questions.

The annual fee for this service is based on a percentage of your assets under management and deducted from your account on a quarterly basis as follows:

<table>
<thead>
<tr>
<th>Assets Under Management</th>
<th>Annual Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $100,000</td>
<td>0.45%</td>
</tr>
<tr>
<td>Next $150,000</td>
<td>0.35%</td>
</tr>
<tr>
<td>Next $150,000</td>
<td>0.25%</td>
</tr>
<tr>
<td>Greater than $400,000</td>
<td>0.15%</td>
</tr>
</tbody>
</table>

Online Advice – This online service provides fund-specific recommendations to support you as you make your investment decisions. You select and implement your own retirement savings strategy. The service provides you with access to investment adviser representatives to answer your questions.

Online Advice is available at no additional cost to you. These services provide a retirement strategy based on your income replacement goals, desired retirement age and current savings. There is no guarantee provided by any party that participation in any of the advisory services will result in a profit. For more information visit www.akdrb.com, click Investing and select Investment assistance.

Online Advice and My Total Retirement™ are part of the Empower Retirement Advisory Services suite of services offered by Advised Assets Group, LLC, a registered investment adviser.

How can I make changes to my investment selections?
You can move all or a portion of your existing balances among investment options and change how your future contributions are invested by visiting the website at www.akdrb.com or by calling the voice response system toll free at 1-800-232-0859.

You can transfer assets among existing fund options and allocation changes for future contributions once a day at no charge. However, your chosen funds may impose redemption fees, and/or transfer restrictions, on certain transfers, redemptions or exchanges if assets are held for less than the period stated in the fund’s disclosure documents. For more information, please refer to the fund’s disclosure documents at www.akdrb.com.

Carefully consider the investment option’s objectives, risks, fees, and expenses. Contact us for a disclosure document containing this information. Read each carefully before investing.

FEES/CHARGES
What fees do I pay to participate?

All plan participants pay an annual recordkeeping/administration fee of 0.17% of their account balance, which is assessed monthly. The Plan may also charge fees for the use of specific features, such as My Total Retirement. The Plan’s investment options do not charge front-end loads (commissions or sales charges made at the time of the initial investment). The Plan’s investment options have annual investment expenses that vary fund by fund. These costs are factored into the rate of return from the investment. For more detailed information, please read the corresponding Fund Overview available at www.akdrb.com. There are no front-end sales charges with any of the Plan’s investments.

WITHDRAWALS
When and how can I make withdrawals?
When you qualify for a withdrawal (also known as a distribution), you have the following options available:

- Deferred payment until you reach the age for a required minimum distribution (usually age 72)
- Lump-sum payment (full or partial)
- Five, 10, and 15 year period-certain annuity
- Single life annuity and single life annuity with 10 or 15 year period-certain
- 50% or 100% joint/survivor annuity
- Periodic payment
- Direct rollover to an IRA or other qualified plan

You may begin receiving funds immediately or defer receipt until no later than April 1 of the year following the year in which you turn 70½ or the year in which you retire, whichever is later. You will be allowed to take partial distributions, and there is no limit on the number of payments you can take. However, if you do not receive payment of your entire account, you must maintain a minimum $1,000 account balance. As with any financial decision, you are encouraged to discuss moving money between accounts, including rollovers, with a financial advisor and to consider costs, risks, investment options and limitations prior to investing.

See the above discussions of pre-tax and Roth contribution types for information on taxes related to distributions.

You could lose money by investing in a money market fund. Although the fund seeks to preserve the value of your investment at $1 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund’s sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.
ACCOUNT MANAGEMENT
How do I make changes to my account and get more information?
You have a variety of ways to manage your account:

ONLINE – After registering your account online at www.akdrb.com, you can log in to perform the following:
» Enroll in the Plan.
» Change your contribution amount.
» Obtain your current account balance.
» Obtain daily fund values.
» Transfer funds from one investment option to another without submitting forms.
» Change allocations of future deposits without submitting forms.

THE VOICE RESPONSE SYSTEM (VRS) – The VRS is a toll-free, voice-response telephone service that allows you to access your account seven days a week, 24 hours a day. Call 1-800-232-0859.

EMPOWER REPRESENTATIVES – To speak to a client services representative, call the VRS at 1-800-232-0859 and say “representative.” Representatives are available Monday through Friday from 4 a.m. to 6 p.m. Alaska time and Saturday from 5 a.m. to 1:30 p.m. Alaska time to assist you with the following:
» Enrollment and changing or stopping monthly deferral.
» Changing your address or your name if you are an inactive or retired employee (active employees must contact their employer to change their address or name.)

Account withdrawals (Empower processes all Plan payments and should be contacted for information on how to complete disbursement forms and for the status of pending payments).
» Hardship (proven unforeseeable emergency) withdrawals from your account.

ANCHORAGE OFFICE – You can also contact the Anchorage office at 1-800-526-0560 or 1-907-276-1500 with your questions.

JUNEAU DRB OFFICE – Contact the Juneau DRB office at 1-800-821-2251 (or 465-4460 from Juneau) for the following:
» Participating in catch-up.
» Deferring from an annual leave cash-in or final leave payout.

TEXT TELEPHONE (TTY) – Participants with a hearing impairment can use a special toll-free TTY (text telephone) number to contact client service representatives. The TTY line is available Monday through Friday from 4 a.m. to 6 p.m. Alaska time and Saturday from 5 a.m. to 1:30 p.m. Alaska time. The number is 1-800-766-4952.

1 Equity securities of small and mid-size companies may be more volatile than securities of larger, more established companies.
2 Foreign investments involve special risks, including currency fluctuations, taxation differences and political developments.
3 Specialty funds invest in a limited number of companies and are generally non-diversified. As a result, changes in market value of a single issuer could cause greater volatility than with a more diversified fund.
4 S&P 500® Index is a registered trademark of Standard & Poor’s Financial Services LLC and an unmanaged index considered indicative of the domestic large-cap equity market. The fund is not sponsored, endorsed, sold or promoted by Standard & Poor’s, and Standard & Poor’s makes no representation regarding the advisability of investing in the fund.
5 Asset allocation and balanced investment options and models are subject to the risks of the underlying investments, which can be a mix of stocks/stock funds and bonds/bond funds. For more information, see the prospectus and/or disclosure documents.
6 Asset allocation and balanced investment options and models are subject to the risks of the underlying investments, which can be a mix of stocks/stock funds and bonds/bond funds.
7 Real estate securities and trusts involve greater risks than other non-diversified investments, including but not limited to: declining property values, varying economic conditions, changes in zoning laws or losses from casualty. Real estate securities that invest in foreign real estate involve additional risk, including currency fluctuations and political developments.
8 U.S. Treasury securities are guaranteed as to the timely payment of principal and interest if held to maturity. Investment options are neither issued nor guaranteed by the U.S. government.
9 A bond fund’s yield, share price and total return change daily and are based on changes in interest rates, market conditions, economic and political news and the quality and maturity of its investments. In general, bond prices fall when interest rates rise and vice versa.
10 A stable value fund is not federally guaranteed and may lose value. It has interest rate, inflation and credit risks associated with the underlying assets owned by the fund. A guaranteed separate account stable value fund is offered through an insurance company group annuity contract or funding agreement. The strength of the guarantee is dependent on the financial strength of the insurance company issuing the contracts.
11 30-day frequent trading restrictions exist on the World Equity EX-US Index Funds and Russell 3000 Index.
12 90-day equity wash provision exists between the Stable Value and State Street Treasury Money Market Funds.
13 Transfer requests received on business days prior to close of the New York Stock Exchange (12 p.m. Alaska time or earlier on some holidays or in other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.

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