Invest in your future with the State of Illinois Deferred Compensation Plan.

State of Illinois Deferred Compensation Plan
Congratulations!

You are immediately eligible to participate in the State of Illinois Deferred Compensation Plan (DCP). This brochure will provide you with the information you need to take advantage of this benefit. Take a moment to read it carefully.

What is the DCP?
The DCP is a 457 retirement plan that allows you to invest for your future by contributing part of your pay, through payroll deduction, to a special retirement account. The DCP offers tax benefits that can help you save both today and tomorrow.

Eligibility
All State of Illinois employees, including contractual and temporary employees, are eligible to join the DCP. Once you enroll, you may take one or two pay periods for contributions to start being deducted from your paycheck.

It is easy to enroll
Follow these simple steps to get started:

1. Decide how much you’d like to save each pay period.
   - The DCP makes it convenient to save with every paycheck. The important thing is to choose a savings amount and get started.
   - Right now, save what you can. Just a little bit of savings today can go a long way in retirement. Consider setting aside 1% or 2% of your pay now—for many, that’s a few dollars a week—and increasing the amount by 1% or 2% each year. Retirement investors should consider saving at least 15% of their salary each year.

2. Select how you want to contribute.
   - The DCP offers various ways you can contribute. You’ll find information about your contribution choices, such as before-tax and Roth contributions, in this guide.

3. Choose your investments.
   - Choose the path that suits your style and comfort with investing. Choose the age-based investment path if you want a portfolio that automatically adjusts over time or the build-your-own portfolio path by choosing among the investment options offered in the DCP. For more information about these two paths and a full list of investment options available to you, see page 3 in this guide.

Don’t forget to name your beneficiary
When enrolling in the DCP, it’s important that you name a beneficiary for your account so that your account balance will be handled the way you’d want it in the event of your death. Contact Central Management Services (CMS) at 1-800-442-1300 for information on how to name your beneficiary. Or download and complete a beneficiary form at state.il.us/cms/employee/defcom.

Contributions to the DCP

Employee contribution limits
You may contribute as little as $10 per pay period or $20 per month to the DCP, whichever is greater. 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.

Employee before-tax contributions
Through your payroll deductions, you may contribute to the DCP by making before-tax contributions, which are made before taxes are taken out of your paycheck. Before-tax contributions help you to lower your current taxable income. This means you can get a tax break now and keep more of your money in your pocket. Before-tax contributions also have the chance to compound tax-deferred. You pay taxes on the contributions and any earnings only when you take a distribution—generally when you retire.

Employee Roth contributions
You may also contribute to the DCP 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 the balance of your Roth contributions and any earnings are not taxed when you take a qualified distribution. *

Employee catch-up contributions**
If you will turn 50 or older this year and are already contributing the maximum amount allowed by the DCP, you may contribute an additional amount of catch-up contributions up to the IRS limit. For current limits, visit the T. Rowe Price website at rps.troweprice.com.

Employee special 457 catch-up contributions**
If you do not defer up to the IRS contribution limit in any given year you are eligible, this provision allows you the opportunity to contribute some or all of these unused or underutilized deferral amounts. You may defer the special 457 catch-up contributions during the last three years before you reach your “normal retirement age” as defined in the Plan document. During these three years, you are able to defer your regular 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 CMS at 1-800-442-1300.

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 DCP allows in-plan Roth rollovers. An in-plan Roth rollover lets you convert non-Roth amounts (e.g., elective salary deferrals or rollover contributions) to a Roth account inside your Plan instead of rolling them into a Roth IRA outside your Plan. The in-plan Roth rollover applies Roth tax advantages to more of your Plan savings. This option is only available to participants. For more information about tax advantages for an in-plan Roth rollover, consult your tax advisor.

To learn more, such as which amounts are eligible and how often rollovers can occur, contact T. Rowe Price at 1-888-457-5770 during business days between 6 a.m. and 9 p.m. central time.

Excess contributions
Contributions that exceed the maximum Plan limit are not allowed to remain in the DCP. It is your responsibility to stop or change the amount of your contributions so that you will not exceed the limit. If you go over the 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.

* Roth qualified distributions: A qualified distribution is tax-free if taken upon the participant reaching age 59 ½, becoming totally disabled, or upon the participant’s death and at least five 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 Roth 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.

Now that you’re ready to enroll, complete the CMS enrollment form. To download the form, visit the CMS website at state.il.us/cms/employee/defcom or call 1-800-442-1300.
Investments available in the DCP

Understanding that participants have different levels of experience and comfort with investing, the DCP gives you two ways to invest.

The age-based investment path
Choose a Retirement Trust if you prefer an age-based portfolio that automatically adjusts over time.

The build-your-own portfolio path
Choose among the DCP’s other investment options to create your own diversified portfolio if you prefer to have more control over choosing and monitoring your investment strategy.

Option 1: Age-based investment
Pre-assembled Vanguard Target Retirement Trusts offer a single investing solution

Vanguard Target Retirement Trusts are now available for your age-based portfolio.

Features include:
- A diversified portfolio in a single investment based on the year you want to retire.
- The trusts’ risk/return objectives change over time, gradually reducing their exposure to risk as your target retirement date nears.

Selecting a Vanguard Target Retirement Trust
To find a target date investment that might work for you, simply ask yourself when you want to retire. If you’re not sure, you can decide by adding 65 to your birth year.

Vanguard Target Retirement Trusts

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<tr>
<th>Trust Name</th>
<th>Year</th>
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<tr>
<td>Vanguard Target Retirement 2060</td>
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<td>Vanguard Target Retirement Income</td>
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You don’t have to choose the trust that matches your expected retirement year. Once you review that trust’s mix of stocks and bonds, you could choose a trust with a later target date if you’d prefer a more aggressive investment mix. On the other hand, if you’d prefer a more conservative mix, you could choose a trust with an earlier target date.

Option 2: Build-your-own portfolio
Build-your-own investments offer added control

If you prefer to create and monitor your own investment strategy, the DCP offers additional investment options to choose from to build a diversified portfolio.

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<th>Stock Investments</th>
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<td>Large-Cap Core</td>
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<td>Northern Trust Collective Russell 2020 Index Fund</td>
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<td>Northern Trust MSCI ACWI ex-US Index Fund</td>
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<td>Bond Investment</td>
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<td>Stable Value/Money Market Investments</td>
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<td>Vanguard Treasury Money Market Fund</td>
<td>Money Market</td>
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<td>INVESCO Stable Return Fund</td>
<td>Stable Value</td>
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For all investments in the lineup, participants can check daily valuations online at rps.troweprice.com.

Call 1-888-457-5770 to request a fact sheet, a prospectus, or, if available, a summary prospectus; each includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

Money Market Investments: You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 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.

Passively managed investments

The DCP provides a diverse selection of passively managed investment options, which are appropriate for long-term investing and have a long-term performance history.

More about passively managed investment options:
- Passively managed investment options buy some or all of the stocks or bonds that make up a widely used market index share (e.g., the S&P 500).
- A passively managed investment option seeks to mirror the performance of the index.
- Typically, passively managed investment options tend to have lower operating expenses than actively managed investment options.
- Because the index investment manager invests in the securities that make up the selected market index, the investment requires little management. And with the index holdings remaining fairly constant over time, turnover of securities in a passively managed investment is low—resulting in lower costs.
- All investments are subject to risk, including possible loss of principal.

More information
Visit rps.troweprice.com to get investment information, such as investment objectives, fees and expenses, as well as access to other helpful financial planning tools. Or call 1-888-457-5770 to speak with a T. Rowe Price representative on business days between 6 a.m. and 9 p.m. CT.

What is a market index?

A market index is a portfolio of securities that represents a particular market or section of the market. Although you cannot invest directly in a market index, you can invest in an “index” investment option that is designed to mirror a particular index by investing in the securities that compose the index. For example, in a stock index, all the stocks generally have at least one trait in common—they might trade on the same stock market exchange, relate to the same industry, or have similar sizes. Among the more widely known stock indexes are the S&P 500, the Nasdaq Composite, the Dow Jones Industrial Average, the Wilshire 5000, and the Russell 2000.
Withdrawals from the DCP

When you leave employment with the State
When you leave employment with the State, you may choose a
lump-sum distribution, a partial distribution, a rollover,
installment payments, or a combination of these methods.
If you become employed by another state or local
government, you may be able to transfer your DCP account
balance to another 457 plan. In addition, you can roll over
your proceeds to a nongovernmental entity's retirement
program, individual retirement account (IRA), or eligible
employer plan that accepts rollovers.

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Upon your death, your account balance is paid to
your beneficiary.

In-service withdrawals
While employed by the State, you may withdraw money
only in the event of an unforeseeable emergency. Unforeseeable emergency withdrawals are permitted under
special circumstances and must be approved by the DCP.
All distributions due to unforeseeable emergencies are
subject to taxation. You may take unforeseeable emergency
withdrawals from your before-tax and Roth contributions.
Withdrawals will be made from all of your before-tax
contributions first, followed by any Roth contributions.

Withdrawal fee:
If you are receiving an installment payment (an automatic
distribution that is made on the first business day of the
month), there is no charge.
You will be charged a $20 fee from your account for
each withdrawal processed after April 3, 2017.
All withdrawals processed on April 3, 2017, or prior will
not be charged a fee.
The fee will be charged at the time of distribution on all
withdrawals and will follow the same investment/source as the distribution.

Loans
The DCP allows you to use your Plan account money as a
loan before you retire without being penalized today. When you
borrow from your retirement account, you borrow from your
future. Before you apply for a loan, consider the consequences of
taking a loan and the effect it can have on your retirement
savings account. Log in to rps.troweprice.com, and visit the
Loan Center for more information.

Loans are available to actively working, retired, and/or
separated from service employees, but they may not be
taken from certain sources in your account (e.g., installment,
divorce settlement, etc.). Loans will not be permitted from
your Roth contributions. You may, however, take loans
from any before-tax contributions, and Roth balances
will be used in the calculation to determine how much is
eligible for a loan. If you have a question about an available
source in your account, please speak to a T. Rowe Price
representative at 1-888-457-5770.

There is a loan initiation fee of $75. The minimum loan
amount you can borrow is $1,000. The maximum you may
borrow is the lesser of 50% of your vested account balance
or $50,000 minus your highest outstanding loan balance
(a total of all your Plan loans, including 403(b) plans) from
the preceding 12 months. You may not have more than
one loan at any time from any state-run retirement plan
(including 403(b) plans). Your loan plus interest must be
paid within five years. Loan repayments will be made via
ACH from your bank account, and all loan payments will be
debited from your account on the first day of every month.

Annual loan maintenance fee
• All accounts with active loans initiated after April 3, 2017,
will be charged an annual loan maintenance fee of $25.
• All accounts with loans initiated on April 3, 2017,
or prior will not be charged an annual loan
maintenance fee.
• The fee will be extracted annually on the first business
day of October and will only be extracted from
accounts with active and deemed distributed loans
that have more than one payment remaining.
• The fee will be extracted using the same investment/source as the loan withdrawal.

Tax information
All contributions and investment earnings in the DCP are
sheltered from current federal income tax. When you take
money out of the DCP (a distribution), it becomes taxable
as retirement income and subject to federal tax. Deferred
compensation payments are not subject to Illinois income
tax (out-of-state residents’ payments may, however, be
taxable under the income tax laws of those states). For
federal tax purposes, distributions may be subject to
a mandatory 20% withholding unless you directly roll
them over to an eligible employer plan or a Traditional
IRA. You may directly roll over a distribution from the
DCP into a Roth IRA. The amount rolled in to the Roth
IRA is considered taxable income to you in the year of
the rollover. Consult your tax advisor for details. A direct
rollover is a distribution that is sent directly to the new
trustee/custodian of your IRA or retirement Plan.

Any withdrawal from your Roth contributions and related
earnings is tax-free if the withdrawal is taken upon you
reaching the age of 59½, becoming totally disabled, or upon
death and at least five years have passed since the year
of your first Roth contribution. If the distribution from your
Roth account is not qualified, the earnings on your Roth
contributions will be taxable. These rules only apply to Roth
distributions from employer-sponsored retirement plans,
such as the DCP. Additional Plan distribution rules apply.
Before taking money out of your account, please read the
Rollover Options Notice that accompanies the
distribution forms.
Need assistance with your account?

**Contact T. Rowe Price**
Visit [rps.troweprice.com](http://rps.troweprice.com) to manage your account, change investment elections, download CMS forms, review investment information, use planning tools, and more. Or call [1-888-457-5770](tel:1-888-457-5770) to speak with a T. Rowe Price representative. Representatives are available during business days between 6 a.m. and 9 p.m. central time.

**Contact CMS**
To enroll in the DCP or change your contribution amount, contact CMS at [1-800-442-1300](tel:1-800-442-1300). You can also download CMS forms at [state.il.us/cms/employee/defcom](http://state.il.us/cms/employee/defcom).

**About 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.

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**T. Rowe Price Investment Services, Inc.**

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