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NEWSWORTHY AND NOTEWORTHY



Important catch-up contributions alert for 2026

Starting January 1, 2026, an important change to the guidelines for retirement plan catch-up contributions went into effect, due to the SECURE 2.0 Act.

Who is impacted

You are impacted if you meet all of the following:

- You will be age 50 or older in 2026
- You make catch-up contributions to the NC 401(k) and/or NC 457 Plan
- You earned more than \$150,000* in FICA compensation in the prior calendar year

What is changing & how it will impact your taxes

For those who meet all the conditions above, any catch-up contributions you make to the Plans must be made on a Roth basis.¹ This means your contributions will be taxed in the year you make them — rather than reducing your taxable income (as pre-tax contributions do). However, your money can grow tax-free, and qualified withdrawals in retirement may also be tax-free.



*The amount may be increased in subsequent years for increases in the cost of living.



Busting five myths about the Plans

Information is power and accurate information helps you make the most of your retirement Plan(s).



Myth #1:

You must take your money out of the Plans when you change jobs, retire or are already retired.



The truth: You do not have to!



What you can do: You can keep your money in the Plans even after you leave your employer or retire.^{2,3} Doing so allows you to continue enjoying their valuable features including low fees,⁴ professional management and convenient account access.



Myth #2:

You do not need to worry about your account's beneficiary designation because you have updated your will.



The truth: Not true. Your Plan(s) beneficiary designation overrides your will.



What you can do: Log in to your account at myNCPlans.gov and review the beneficiaries listed for your account(s) to ensure they are current.



Myth #3:

There is no one I can talk to about my NC 401(k) and/or NC 457 Plans' account.



The truth: Not true. Retirement Plan Counselors are available to speak with you.



What you can do: Reach out to your NC 401(k)/NC 457 Plans' Retirement Plan Counselor. He or she is available to meet with you at no additional cost. Your counselor can provide assistance to help you clarify your retirement goals, review your investment options and help you make the most of the Plans' digital tools and savings. Visit myNCPlans.gov to find your counselor and schedule an appointment.



Myth #4:

Saving a little more won't make a difference.



The truth: Even small increases in your contribution can have a big impact over time. Thanks to compounding, adding just a little more each month can boost what you'll have available in retirement.



What you can do: Use the Retirement Income Calculator when you log in to your account at myNCPlans.gov. It can show you how increasing your contributions even by a small amount may help you move closer to your retirement goals.



Myth #5:

When markets are volatile, I should move everything to the NC Stable Value Fund.



The truth: Investing for retirement is a long-term strategy. While short-term market swings can be uncomfortable, they should not automatically drive major changes to your long-term investment plan.



What you can do: If you would like help building or adjusting your investment mix, consider enrolling in GoalMaker®, an optional, easy-to-use asset allocation program that takes into account your risk tolerance and retirement time horizon. It's available at no additional cost.⁵

DEFINING TERMS



Investment basics: The North Carolina International Fund⁶

The North Carolina International Fund (the Fund) is an actively managed investment option that invests primarily in the public equities of non-U.S. companies.

Investment objective

The Fund seeks long-term capital appreciation by investing in a diversified portfolio of small, mid and large cap non-U.S. public equities, while pursuing both value and growth investment styles. There can be no assurance the objective of the Fund will be met.

Investor profile & benchmark

This Fund may be attractive to those looking for an investment option that invests in both value and growth non-U.S. public equities. The performance of the Fund is benchmarked to the MSCI ACWI ex USA NR USD.⁷

Investment management

The Fund's assets are allocated across four investment managers:

- Baillie Gifford (actively managed International Growth)
- Mondrian (actively managed International Value)
- Acadian (actively managed Small Cap Core)
- WCM (actively managed Small Cap Core)

To view the fund fact sheets for the Plans' investments, visit myNCPlans.gov and click on *Employee information* and then *Investment Information*.



PIA: Participants in action



8,692

participants have increased their contributions



19,256

attended group meetings



5,614

NC 401(k)/NC 457 Plans' Retirement Plan Counselor meetings with individuals

*Fourth quarter data

¹ Any earnings on Roth contributions will be taxed unless a withdrawal is a qualified distribution as defined by the IRS. For a withdrawal to be considered a qualified distribution, Roth contributions must have been in the account for at least five years, and the money withdrawn after age 59½, death, or disability. Current rules are subject to change.

² The IRS generally requires you to start taking required minimum distributions (RMDs) at age 73.

³ Amounts withdrawn from the NC 401(k) Plan are subject to applicable taxes and Plan restrictions. If taken before age 59½, they may also be subject to a 10% federal income tax penalty. The 10% penalty can be avoided by waiting to retire or separating from service in the year you turn 55 or older, if you receive payments from the NC 401(k) Plan in substantially equal amounts over your life expectancy or are deemed a qualified public safety employee and separate from service in, or after the year you turn age 50, or after you have attained 25 years of service, whichever comes first. Distributions are subject to 20% mandatory withholding.

⁴ Source: North Carolina Supplemental Retirement Plans DC Fee Benchmarking Study by Callan, August 22, 2024, located at myNCRetirement.gov > Governance > Boards of Trustees > SRP Board of Trustees > All Previous Meetings > August 22, 2024 > Tab XI 2. Callan-NCSRPA Administrative Fee Benchmarking 08-22-24.

⁵ Asset allocation models are pre-established asset allocation strategies composed of a plan's core investment options. The models are not securities. Allocations to a model will be invested in the various underlying investment options composing each model, as made available by the plan and according to the model's allocation methodology.

⁶ *Carefully consider the investment option's objectives, risks, fees and expenses. Contact the Plans at 866-NCPlans (866-627-5267) 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.*

It is possible to lose money when investing in securities.

⁷ MSCI ACWI ex USA NR USD is a free-float-adjusted, market-capitalization-weighted index measuring the performance of large- and mid-cap equities in developed and emerging markets, excluding the United States, with net dividends reinvested and calculated in U.S. dollars. The index is unmanaged and not available for direct investment.

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Empower Retirement, LLC provides the communications and recordkeeping services for the NC 401(k) and NC 457 Plans. The investments offered to you within the NC 401(k) and NC 457 Plans are not offered by or affiliated with Empower Retirement, LLC.

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