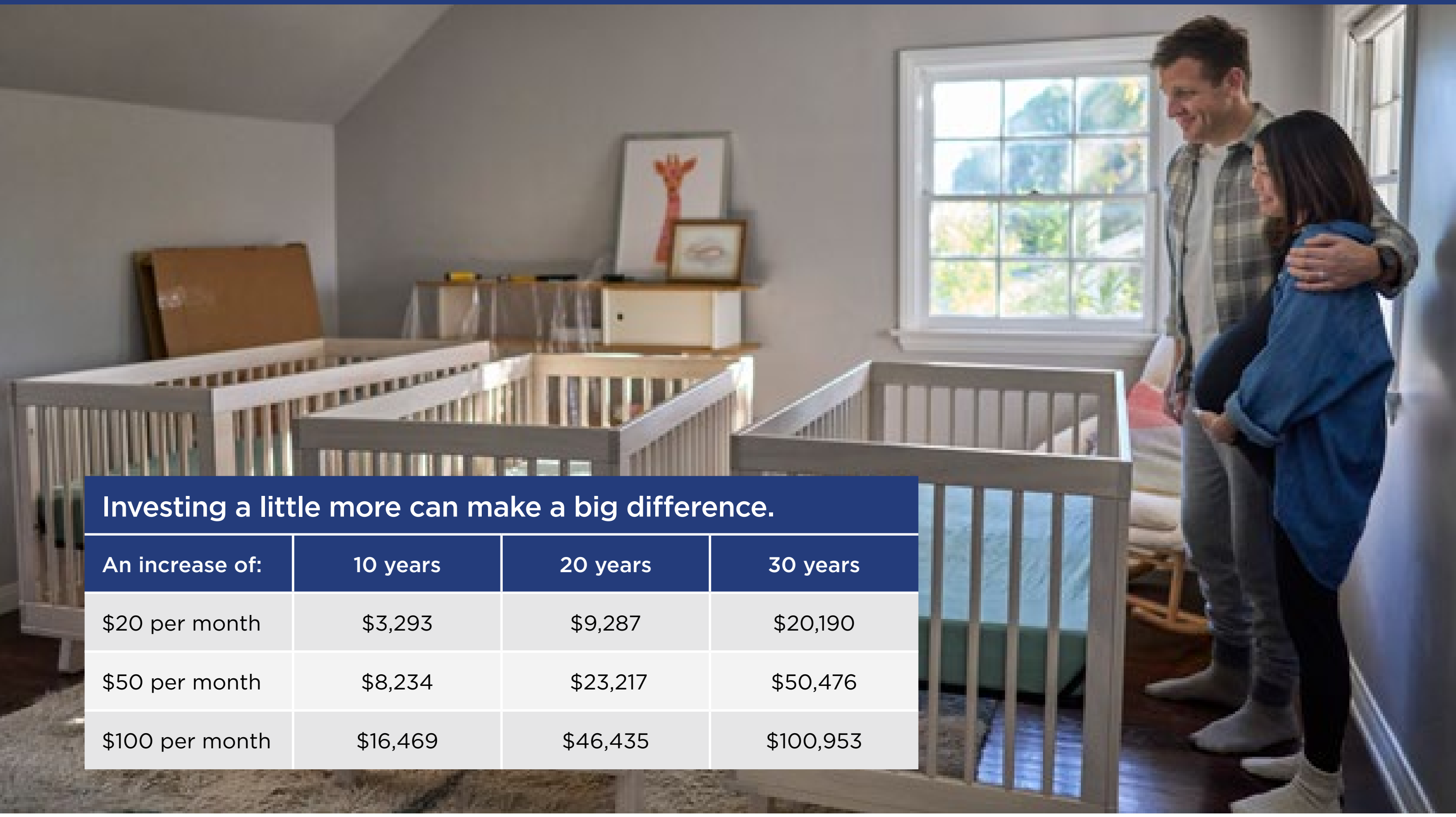
KDConnection

Kentucky Deferred Comp
Kentucky's *official* supplemental retirement plan

TEAM KENTUCKY
PERSONNEL CABINET

1ST QUARTER 2024



Investing a little more can make a big difference.

An increase of:	10 years	20 years	30 years
$20 per month	$3,293	$9,287	$20,190
$50 per month	$8,234	$23,217	$50,476
$100 per month	$16,469	$46,435	$100,953

What will money look like in 30 years?

Two of the most important factors in retirement savings are time and ongoing contributions. The more of each you have, the more likely it is that you'll be able to achieve your goals for retirement income.

But there's one more factor to consider: inflation. Even a low rate of inflation will have a noticeable effect on your spending power over time. For example, if you have annual expenses of $50,000 today and the economy averages 2.5% inflation over the next 20 years, you will need roughly $82,000 then to maintain your purchasing power.[1]

Inflation is likely to continue through retirement, when you will be relying on a nearly fixed income from your pension and any Social Security benefit you may qualify for. That's why building regular increases into your retirement plan contributions may be a wise decision. Even a small increase each year could make a significant difference in retirement.

[1] "How to Account for Inflation in Retirement Planning," SmartAsset (Oct. 27, 2023).

The above table assumes a hypothetical 6% rate of return compounded monthly and contributions made at the end of each month. This illustration is hypothetical, is not guaranteed and is not intended to reflect the performance of any specific investment. There is no assurance that increasing contributions will generate investment success. In addition, these figures do not reflect taxes or any fees or charges that may be assessed by the investments. The tax-deferred investment will be subject to taxes on withdrawal. Systematic investing does not ensure a profit nor guarantee against loss. Investors should consider their financial ability to continue consistently in up as well as down markets.

The **My Interactive Retirement Planner℠ tool** on the KDC website can help you check progress toward your goals and work "what-if" scenarios, which may help you decide whether you should adjust your contribution amount. It's a good idea to do both at least once a year.

To increase your contribution amount or lock in increases at regular intervals, log on to your **KDC retirement account**.

Now may be a good time for retirees to review their withdrawal strategy

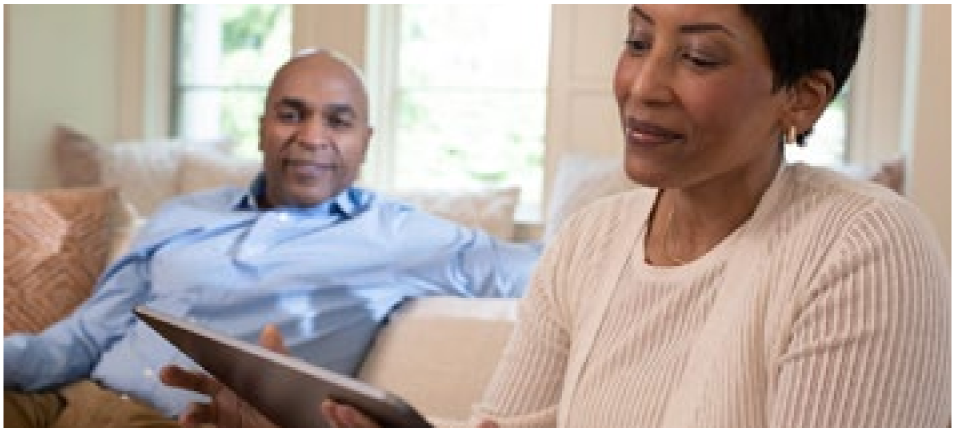
A strategy for withdrawing from your retirement accounts can help ensure that you have enough money to meet your needs throughout retirement. There are many methods for withdrawing retirement savings. On the KDC website, you can learn about **7 commonly used strategies** and consider which may fit your needs best.

Various sources for retirement income may have unique timelines for taking optimal or required distributions. For example, if you qualify for a Social Security retirement benefit, you could apply for the benefit at age 62, but you would receive less monthly income than you would by maximizing your benefit at age 70. But maximizing your benefit amount may not be your optimal choice when you consider all your income sources.

Also, your strategy should not be a "set it and forget it" proposition. As with most things in personal finance, regular reviews and adjustments are important to help meet your needs throughout retirement.

The idea of developing and maintaining withdrawal and retirement income strategies might seem overwhelming. That's why KDC offers advanced, holistic retirement assessments from KDC's Certified Financial Planner™. They leverage modern financial modeling tools and one-on-one guidance to help retirees and near-retirees make informed decisions about their withdrawal and retirement income strategies.

Certified Financial Planner™ services remain available to KDC participants for as long as you remain in the Plan, even through retirement.



Make financial literacy a family commitment

Learning about money is a lifelong journey, and it's never too early or too late to start. Whether you're a preschooler or a retiree, there are always ways to improve your financial literacy. Financial literacy is a skill that takes time and practice to develop. By taking small steps every day, you can improve your financial know-how and help your loved ones do the same.

Here are some steps you and your family members can take to improve your financial know-how:

Preschoolers

Make basic money concepts fun. Use playtime to start introducing younger children to basic money concepts with books, games and imaginative play.

Start a coin jar. A coin jar can demonstrate how money accumulates. You can also use the coins to work on counting and the difference between coin values.

Use errands as context. Visits to the grocery store can be an opportunity to discuss how money is earned and used to purchase items your family needs.

Elementary schoolers

Share your thought process for purchases. This can be how you weigh the purchase's value against its price and other factors that influence your decision, such as coupons or discounts.

Introduce simple banking concepts. This can include the concept of making a deposit or withdrawal.

Start building budgeting skills. If you choose to introduce a small allowance, this can also help them learn how to budget and make their own purchasing decisions.

Middle schoolers

Encourage stronger savings skills. Introduce the concept of longer-term saving and budgeting, such as saving for a car or for college.

Build banking experience. Help your child gain more experience with banks, including tools such as banking and budgeting apps. Setting up custodial accounts can allow them to learn while maintaining guiderails.

Consider allowing small loans. This helps introduce the concept of debt — and how to pay it off.

Make financial literacy a family commitment (continued)

High schoolers

Discuss expectations for large purchases. Discuss who will pay for items such as a car or college. You can also encourage them to research and apply for scholarships.

Help them navigate peer pressure. While peer pressure can motivate purchases at this age, it's important for them to flex their budgeting skills and stay on track.

Consider a part-time job. Working part time or during the summer can help them build their savings and gain valuable insights.

College students and early career

Continue to build budgeting skills. With independence comes more expenses. Continue to build and refine your budgeting skills to ensure that you balance these expenses with your savings goals.

Build an emergency fund. Experts recommend having an emergency fund that can cover 3 to 6 months of expenses.

Start thinking about saving for the future. Starting to save for retirement early can help down the road, even if you start small. At this age, time and compounding interest can help you get a head start on your retirement goals, even if retirement feels far away.

Mid-career

Continue to flex your budgeting skills. At this point in your career, your expenses could change. Take time to review and refine your budget to stay on track for your goals.

Stay on top of your savings options. Over time, the saving and investment options your employer offers can change. Continue to learn about the options available to you and evaluate whether they're appropriate for you.

Continue to evaluate and set financial goals. Whether you're saving for retirement, building an emergency fund or saving for a purchase, it's important to track your progress and ensure that the goal still meets your needs.

Nearing retirement

Start planning your budget in retirement. In retirement, your income and expenses can change. Take time to begin planning your budget for life in retirement so there are no surprises. My Interactive Retirement Planner's Detailed Income View can also help you plan your withdrawal strategy based on the retirement benefits that will be available to you, including your pension, retirement savings and Social Security (if applicable).

Build an emergency savings fund for retirement. Experts recommend that retirees have an emergency fund that can cover 1 to 2 years of expenses.

Work with a Certified Financial Planner™. Certified Financial Planners can help you plan for factors that will affect you in retirement. KDC offers their services at no cost.

Retirees

Maintain your budget. Once you retire, take the time to adjust your budget based on your fixed income. Tweak your withdrawal strategy based on your financial needs. My Interactive Retirement Planner's Detailed Income View can help you project how factors such as delaying Social Security or increasing distributions could affect your retirement income down the road.

Continue learning about legislative changes. In some cases, changing legislature can affect you even after you're retired. Stay informed by reading articles, attending webinars and working with a Retirement Specialist or taking advantage of KDC's free financial planning service.

Begin estate planning. Getting ahead on estate planning can give you more control over the process and peace of mind. Consider creating a plan so your assets can be distributed according to your wishes and your loved ones can be taken care of once you pass away. For more information, review our article on estate planning at https://bit.ly/49PbE8z.

You heard it here first

When it comes to achieving financial success, you might be seeking direction and a game plan, not a list of rules. Nationwide GrowForth℠ helps you build better financial habits and save on your own terms. It's a customizable tool for developing good financial that lead to healthy routines, allowing you to track your progress and be in better control of your financial goals. Start your financial wellness journey with GrowForth today at kentuckyplans.com/rsc-web-preauth/GrowForth.

Our webinars can help you feel more prepared for retirement. When you invest a little time in KDC webinars, you could learn a lot about how to better manage your money and plan for retirement. Topics include the basics of investing, the various plan types, health care in retirement and more. Tune in for a live event led by a Kentucky Retirement Specialist or watch on demand at https://bit.ly/3Pe0GkD.

Actions of the Board of Trustees

At the regularly scheduled quarterly meeting on March 22, 2024, the Authority Board of Trustees (Board) took the following actions:

- Approved minutes of the December 15, 2023, regular meeting, as submitted
- Accepted the amendment to the Proxy voting policy
- Updated the Board on HB 392 for the 2024 General Assembly
- Approved extensions of McBrayer PLLC and Callan LLC contract
- Reviewed staff reports
- Set the next quarterly meeting date for Friday, June 21, 2024, at 10 a.m. as a virtual meeting with the physical location in the Edgar C. Ross Boardroom at the State Office Building, 501 High Street, Frankfort, Kentucky

For further information on these items, please call William C. Biddle, Executive Director, at 1-800-542-2667.

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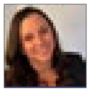

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Frankfort-based Internal Retirement Specialists

1-800-542-2667, option 4
We are available to assist you by phone or in person Monday through Friday, 8 a.m. to 4:30 p.m.

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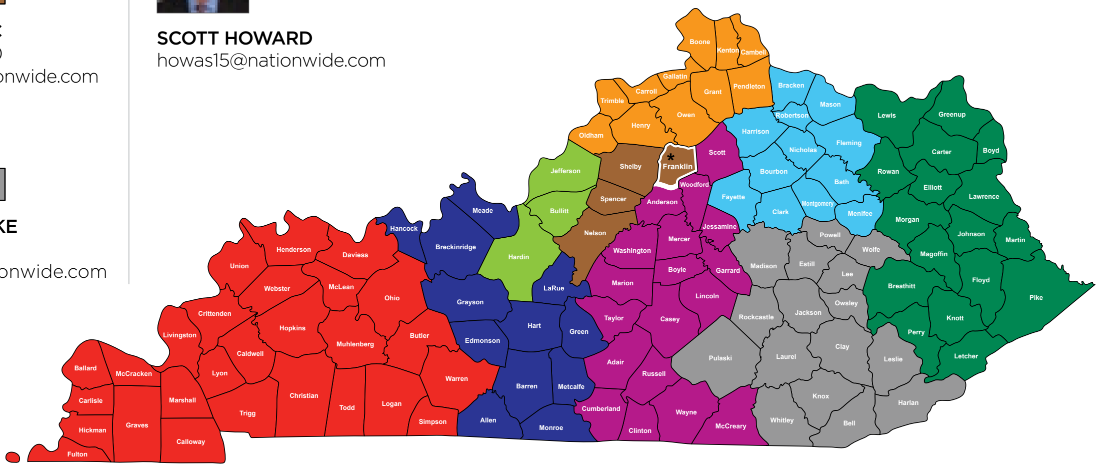
Holidays KDC offices closed

MONDAY, MAY 27, 2024
MEMORIAL DAY



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