

KDCConnection

2ND QUARTER 2023



5 things to do this summer to help your finances

Many Commonwealth employees are again excited about upcoming July salary increases or bonuses. While there are many ways to spend salary increases, it is important to pay yourself first — even if just a little — so you can help meet your retirement savings goal.

This summer, we recommend taking time to check off some items on your financial to-do list. Check out these 5 things you can do to potentially help your finances.

1

Review your KDC account and investments.

We recommend reviewing your KDC account information at least once a year to ensure that your information is up to date. Summer is a great time to do this and to review your most recent retirement summary.

2

Financial goal checkup

You've probably spent time thinking about what you want your retirement future to look like. Ensuring that it becomes a reality depends on the short-term and long-term goals you have in place. Use our My Interactive Retirement PlannerSM tool to check whether you're on track to meet your retirement goals.



Free financial planning service

As a reminder, KDC offers a free financial planning service, conducted by a licensed CERTIFIED FINANCIAL PLANNER™, to help with setting goals, saving, identifying retirement income sources, addressing potential gaps between retirement income and expenses, and preparing a detailed cash flow analysis and retirement income plan.

kentuckyplans.com/rsc-web-preauth/resource-center/articles/financial-planning

Coming this fall is our new Virtual Adventure Center. Look for promotions and links coming soon.



Contact your Kentucky Retirement Specialist list on Page 4 of this newsletter or call 1-800-542-2667 between 8 a.m. and 11 p.m. Monday through Friday.

3

Update your budget for inflation

A clear and detailed budget is one of the best tools for your finances. By keeping track of your expenses, you're ensuring that your family's needs are met and you're able to save for the future. If you already have a budget, have you adjusted it for inflation? Don't allow rising costs to chip away at your income.

4

Review your tax withholdings

This is a good time to review and update your W-4 form with adjustments that can positively impact your 2023 tax season. The IRS website has helpful calculators where you input information from your pay stub, investment accounts, bank statements, etc., and receive insight on how to adjust your withholdings to help improve your tax situation.

5

Shop off-season

Products released in the spring for summer will go on sale in July. Consider waiting until this time to buy gas grills, patio furniture, beach gear and other household appliances. Midsummer is also one of the best times to shop for a new vehicle. You can find deals this time of year when the previous year's models begin to drop in price.



Schedule an appointment to meet your local Plan Service Representatives.

Don't forget to take advantage of our free financial planning service.



Inflation increases financial stress for many families

Rising inflation and fear of recession are big topics in the news right now, not just in the financial press. These headlines aren't much of a surprise to many American families, whether it's at the gas pump or the grocery store. The pressures and uncertainties about their financial pictures are apparent to them.

A recent poll suggests that inflation is the largest financial concern of families, with 60% citing the rising costs of living as their top financial challenge. Other big challenges were related to household spending, such as paying for gas, staying on budget and affording housing costs or rent payments.¹

Research also indicates that 1 in 4 Americans are delaying retirement due to concerns about inflation.

The survey found that postponing retirement plans is due to their savings being disrupted because of increased prices, with 36% having reduced their savings and 21% putting away less for retirement in order to keep up with increasing costs.²

While a sudden spike in inflation can lead to market volatility and negative returns, it's important to avoid emotional responses to changing market conditions. It may be tempting to flee from stock funds in favor of stable income funds and other fixed income funds. But inflation can quickly erode the value of cash positions, and fixed income investments tend to underperform during periods of high inflation.



If you're concerned about how inflation is impacting your investment strategy or retirement income potential, contact us to schedule an account review.



¹ Survey methodology: The 2022 Family Finances Flash Poll was conducted online within the U.S. by Edelman Data & Intelligence (Dxi) on behalf of Nationwide® between July 11 and July 21, 2022, among 1,000 U.S. parents of children under age 18 and 150 Gen Z parents of children under age 7.

² "Inflation Causing A Quarter of Americans to Delay Retirement," BMO Real Financial Progress Index, BMO Harris Bank (May 31, 2022).

Balancing financial hardship and investing

When unforeseen emergencies and financial hardships occur, it can be tempting to withdraw money from your retirement plan. But withdrawing money before retirement can impact your financial readiness when it is time to retire. Consider these alternate options:

Negotiate lower rates

Don't assume the answer is going to be "no." A lower rate on high-interest credit cards or a previous loan could save on interest. You can also try lowering expenses by negotiating subscriptions, memberships, cable, phone and internet bills.

Reduce or halt contributions

This may seem like an odd suggestion, but in some situations, this option can help you regain your footing. You can also consider suspending contributions for 6 to 10 months. But remember to start saving again once you've taken care of the financial hardship.

Examine your budget

Review areas of discretionary spending where you may be able to temporarily cut back until your finances can recover. And consider looking for cheaper alternatives to products and services that you use regularly.

Emergency fund

Emergency funds can help you avoid withdrawing prematurely from your retirement plan or liquidating assets in the face of unexpected costs. Financial experts recommend those still in the workforce maintain funds to cover 3 to 6 months of expenses. Retirees should have enough to cover up to 2 years of expenses.³



Have questions? Contact your Kentucky Retirement Specialist from the list on Page 4 of this newsletter or call 1-800-542-2667 between 8 a.m. and 11 p.m. Monday through Friday.

Create the right investment mix to reach your goals

When it comes to your retirement investments, asset allocation and diversification are important. The right mix in your asset allocation can help you achieve the growth you want in your retirement plan.

KDC offers 3 ways to invest:



Help me do it

Target date funds are designed to make your retirement investing easier. Each individual target date fund is allocated to provide the right mix of assets to help most investors who intend to retire in or near the target year to achieve their goals.



Do-it-myself

If you'd rather create your own mix of investments, KDC offers not only a broad spectrum of options but also a suite of resources to help you.



Do it for me

Nationwide ProAccount® is designed to take the guesswork out of retirement investing. ProAccount will research, select, monitor and adjust your portfolio over time to help you stay focused on your retirement goals.



Whether you're using a target date fund, creating your own mix of investments or wanting us to do it for you with ProAccount, we're here to help you find the right mix.

All investing is subject to risk, including possible loss of the money you invest. Asset allocation and diversification do not guarantee to make a profit or protect against loss. Before investing in any fund, please consider its investment objectives, risks, charges and expenses carefully. The fund prospectus contains this and other important information about the investment company. Prospectuses are available by calling 1-800-542-2667 or 502-573-7925. Investments in target retirement funds are subject to the risks of their underlying funds. The funds are designed for investors expecting to retire around the year indicated in each fund's name but are based on a retirement age of 65. Investors who plan to retire significantly earlier or later may want to consider a fund with an asset allocation that's more appropriate for their particular situation. An investment in a target retirement fund is not guaranteed at any time, including on or after the target date.

³ "How Much Should You Have in an Emergency Fund?" SmartAsset, smartasset.com/financial-advisor/how-much-should-you-have-in-an-emergency-fund (March 17, 2023).

Actions of the Board of Trustees

At the regularly scheduled quarterly meeting on June 16, 2023, the Authority Board of Trustees (Board) took the following actions:

- Approved minutes of the March 10, 2023 regular meeting
- Staff reports reviewed and updates were presented by Callan and Nationwide® Retirement Solutions
- Legal presented an updated Investment Policy Statement and the Board adopted to replace the existing 2011 version
- Set the next quarterly meeting date for Friday, September 29, 2023, at 10:00 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.

YOU HEARD IT HERE

2023 Governor's Kentucky LEAD Conference

Join us September 20-21, 2023, at the annual Governor's Conference on Leadership, Equality, Accessibility and Diversity. This virtual event is one of the largest diversity and leadership conferences in the Commonwealth.

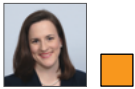
Field Retirement Specialists



NEIL ARNOLD
859-806-2211
joshua.arnold@nationwide.com



JOHN KNAUSZ
606-205-8130
knausjl@nationwide.com



MARY HOLT
859-420-3204
holtm17@nationwide.com



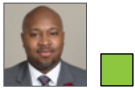
BEKA BOONE
502-600-3808
booner5@nationwide.com



MARTIN WILHOITE
859-248-0565
m.wilhoite@nationwide.com



BRENT MUSIC
859-230-3500
musicb1@nationwide.com



LESLIE HOLLERMAN
502-544-1211
hollle2@nationwide.com



SHAWN DRAKE
859-221-2149
drakes2@nationwide.com



JAMIE CORBETT
859-229-9774
corbejl@nationwide.com

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.



KEVIN HUGHES
hughek1@nationwide.com

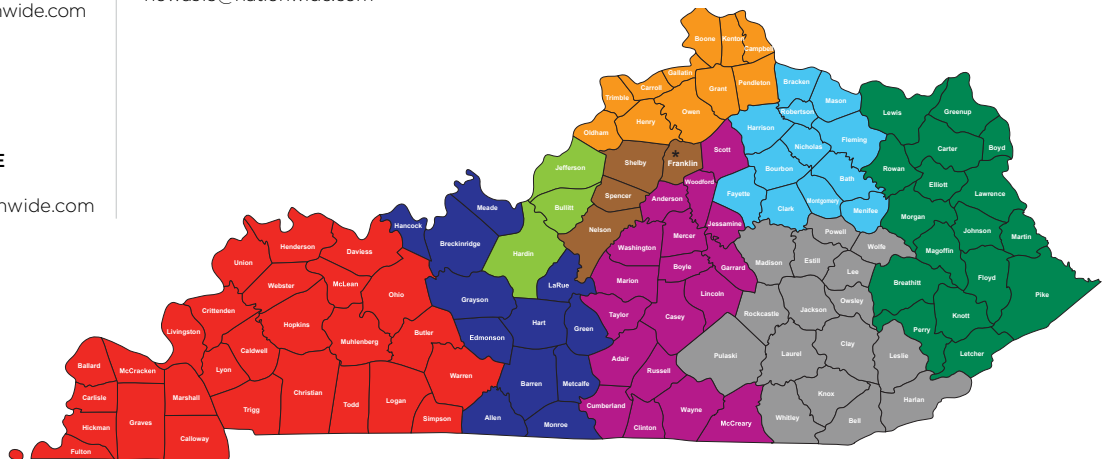


SCOTT HOWARD
howas15@nationwide.com

Holidays
KDC Offices closed

TUESDAY, JULY 4:
INDEPENDENCE DAY

MONDAY, SEPTEMBER 4:
LABOR DAY



This material is not a recommendation to buy or sell a financial product or to adopt an investment strategy. Investors should discuss their specific situation with their financial professional.

Investing involves market risk, including possible loss of principal. No investment strategy or program can guarantee to make a profit or avoid loss. Actual results will vary depending on your investment and market experience.

Kentucky Retirement Specialists are Registered Representatives of Nationwide Investment Services Corporation (NISC), member FINRA, Columbus, Ohio. The Nationwide Retirement Institute is a division of NISC. Nationwide representatives cannot offer investment, legal or tax advice. Contact your financial professional for these services.

The name Kentucky Deferred Comp and logo displayed on this newsletter are registered service marks with the U.S. Patent and Trademark Office and are the property of KDC.

Nationwide and Nationwide Retirement Institute are service marks of Nationwide Mutual Insurance Company. Third-party marks that appear in this message are the property of their respective owners. © 2023 Nationwide NRM-22045M2-KY (06/23)

