

KDC Connection

3RD QUARTER 2022



We just got even better

Our commitment is to help you save and plan for retirement, so we continue to enhance your investing options and resources. To begin, the 457(b) Roth is a new savings option for you. It's just one of many investing options to help you save from each paycheck and invest toward your retirement. These plans can help bridge the gap between what you have in your pension and Social Security, if applicable, and how much you will need in retirement. What we offer:

Three pre-tax options

- 457(b) tax-deferred
- 401(k) tax-deferred
- Deemed Traditional IRA

Three after-tax options

- Roth 457(b)
- Roth 401(k)
- Deemed Roth IRA

Account statements get an upgrade

In other news, your account statement is being upgraded with a simplified layout and full-color graphics and visuals that make it easier to scan and understand the progress you're making on the path to retirement. The new design is better aligned to kentuckydcp.ky.gov, making it easier to find the information you need. We even enhanced the account summary to include retirement readiness, performance and balance history information.

Kentucky Deferred Compensation
www.kentuckydcp.ky.gov
1-800-542-2667

First Name Last Name
1234 Main Street
Georgetown, KY 40324

Account number: 12345678 Plan(s): 457(b), 401(k)
Dates: 4/1/2020 - 9/30/2020
Membership effective date: 4/1/2019

Please review your statement carefully. Corrections may not be accepted more than 45 days after the closing date of the statement.

Balance and performance			Quarterly activity	
Total account balance*	\$50,623.40		Previous quarter ending balance	\$48,237.58
	Personal rate of return		Contributions	\$868.92
	Quarterly	P-year	Rollovers/Transfers In	\$0.00
457(b) Plan	-	9.3%	Dividends*	\$0.00
401(k) Plan	1.2%	3.8%	Loan payments	\$3,170.00
			Investment gain/loss and Interest	\$1,168.80
			Fees/Charges	-\$10.00
			Withdrawals/Transfers Out*	\$0.00
			Current quarter ending balance	\$50,623.40
			Total account balance	\$50,623.40

*Does not include loan balance(s).

* May include dividends, fund reimbursements and/or capital gains
* May include loan disbursements.

Current investments by asset class		Balance history	
This chart shows how the money in your account is divided among different asset classes.			
Note: Due to rounding, percentages may not equal 100%.			
	Small Cap	32.49%	
	Target Date Funds	26.24%	
	International	25.17%	
	Asset Allocation Funds	8.09%	
	Specialty	8.05%	
Nationwide ProAccount™ Investment Type:			
457(b) Not Enrolled		<p>Account balances are rounded to the nearest dollar and are the balances at the time your original statement was produced. Loan balances are not included.</p>	
401(k) Aggressive			

Retirement readiness

Based on your information, you're on track to receive **\$3,727/mo** in retirement starting at age 60!

Results are hypothetical and based on your most recent inputs in the My Interactive Retirement Planner™ including, but not limited to 10 years in retirement, a rate of return that is an index average based on your investment type, 3% annual inflation, 85% of income needed at retirement, and a 2.5% average annual salary increase. Visit your account for more information. Please note future retirement income is not guaranteed.

You may have a shortfall of **\$5,028/mo**

You're on track to get **\$3,727/mo**

You might need **\$8,750/mo**

Log in to your account at www.kentuckydcp.ky.gov to see how you can change your retirement outlook.

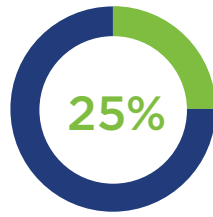
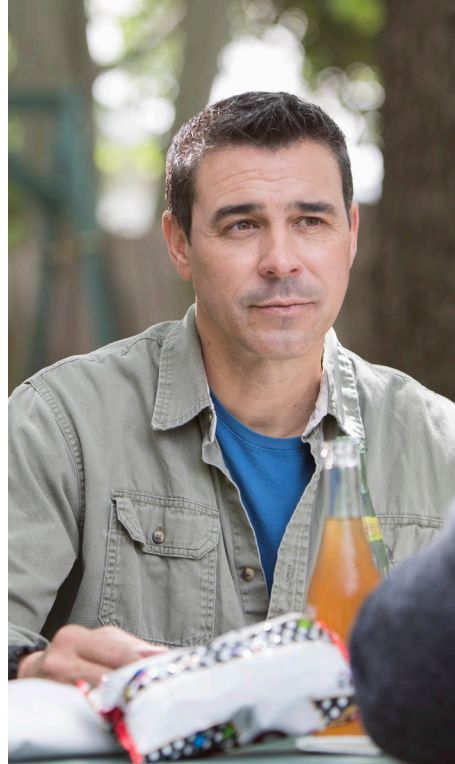
Employer number 1234567



Free financial planning services

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.

The impact of inflation



Inflation is back, and it can affect your retirement — even if that retirement is years down the road. Some research indicates that **25% of Americans**

are delaying retirement due to concerns about inflation, according to recent results from the [BMO Real Financial Progress Index](#).

The survey found that postponing retirement plans is mainly due to disrupted savings from increased prices. 36% of survey respondents have reduced their savings, and 21% are putting away less for retirement in order to keep up with increasing costs.

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.



To learn more, check out this article about planning for inflation.

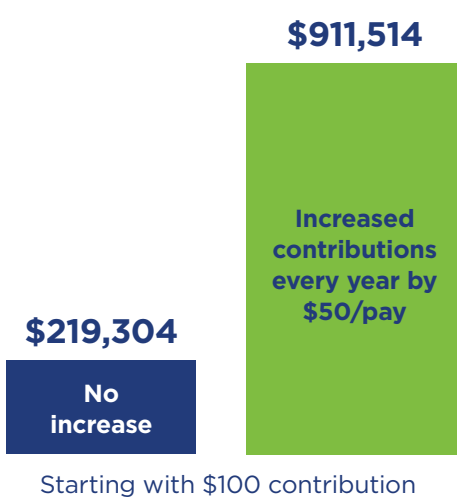
¹ [BMO Real Financial Progress Index: Inflation Causing a Quarter of Americans to Delay Retirement](#), BMO Harris Bank (May 31, 2022).

The benefits of increasing your contributions every year

When you commit to consistently saving a little more each year, it can make a significant difference in the life you live in retirement.

Consider the hypothetical example of a KDC account with a \$40,000 balance. Assuming you contribute \$100 per pay for 24 pay periods a year with a 6% annual rate of return, the balance after 20 years would be \$219,304.

Now increase those contributions every year by \$50 per pay, maybe from a raise or bonus, and the final balance jumps to \$911,514.



The example assumes a hypothetical 6% annual return and is based on semimonthly contributions over 20 years. It's intended to illustrate the effects of time and compounding on investments. It doesn't represent the actual performance of any investment or deferred compensation program and is not intended to predict or project investment results. It doesn't reflect applicable fees or taxes. If these were included, the results would be lower.

Log in to your account at kentuckydcp.ky.gov and select "Manage my funds"

Call KDC at **1-800-542-2667**

YOU HEARD IT HERE



Asset fee holiday is still in effect

The asset fee holiday is effective April 2022 through December 31, 2022.



New virtual financial wellness courtyard

Coming this fall, explore retirement planning resources and tools in our KDC Deferred Compensation Plan 3D virtual courtyard. Look for promotions and links coming soon!



Manage your account with ease

Are you curious about the current status of your account? Online access allows for a quick and easy review. To set up your online access, go to kentuckydcp.ky.gov.



2022 Governor's LEAD Conference

The Governor's Conference on Leadership, Equality, Accessibility and Diversity (LEAD) will be held November 16 through 18. A multigenerational panel of retirement plan industry professionals will share generational insights on how employees save for their retirement.



The convenience of on-demand webinars

Are you looking for more information about retirement readiness and financial wellness? Our on-demand webinars can help. Both short and engaging, these webinars make it easy to obtain focused information on topics that are important to you.

The webinars are offered at convenient times, such as during the lunch hour, making it easier for you to attend. We also make them available on demand so you can access them whenever it fits your schedule.



Learn more by scanning the QR code above, or go to kentuckydcp.ky.gov and click the Webinars tile.

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 more appropriate to their particular situation. An investment in a target retirement fund is not guaranteed at any time, including on or after the target date.



Holidays KDC Offices closed

FRI. NOV. 11 — VETERANS DAY
 THURS. & FRI., NOV. 24-25 — THANKSGIVING
 FRI. & MON., DEC. 23, 26 — CHRISTMAS
 FRI. & MON., DEC. 30, JAN. 2 — NEW YEAR'S

Actions of the Board of Trustees

At the regularly scheduled quarterly meeting on September 23, 2022, the Authority Board of Trustees (Board) took the following actions:

- Approved the minutes of the June 24, 2022, regular meeting, as submitted;
- Reviewed the investments and FCFs for compliance;
- Quarterly Plan reports were presented and accepted for informational review;
- Set the next quarterly meeting date for Friday, December 16, 2022, at 10:00 a.m. as a virtual meeting with the physical location in the DEI Training Room at the State Office Building, 501 High Street, Frankfort, Kentucky.

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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.



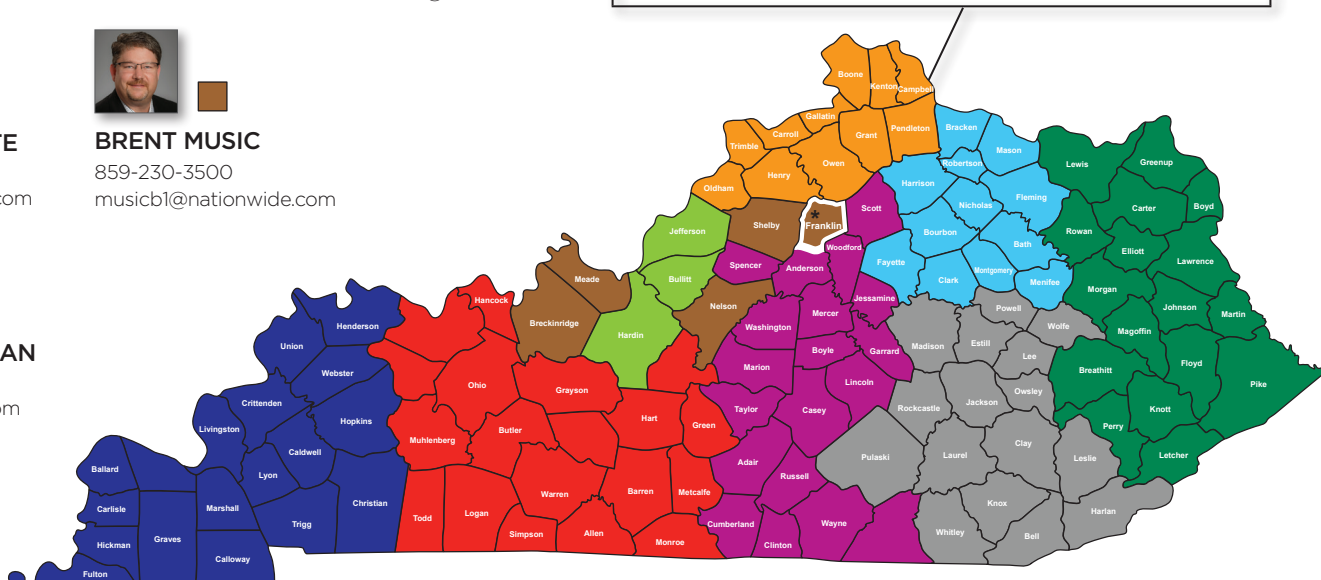
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This material is not a recommendation to buy or sell a financial product or to adopt an investment strategy. Investors should discuss their specific situation with their financial professional.

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.

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