

# KDC Connection

4TH QUARTER 2021



## Let KDC help you feel more confident about your financial wellness

According to a recent study,<sup>1</sup> workers with a planning mindset are:

**3x** more likely to feel satisfied financially

**4x** more likely to feel in control financially

**6x** more likely to feel they are saving enough for retirement

**4x** more likely to prefer saving for retirement to ensure a better retirement

Kentucky Deferred Comp (KDC) recognizes employees' need to better take control of their current and long-term finances and has been authorized by the General Assembly to offer financial planning services.

**KDC now offers cost-free Financial Planning services to participants to help with retirement readiness**

Our new Financial Planning service conducted by a licensed and Certified Financial Planner™ helps KDC participants:

- Set short- and long-term retirement goals
- Estimate savings needs for emergencies, college and health care
- Identify retirement income resources
- Address potential gaps between retirement income and expenses
- Prepare an estimated Cash Flow Analysis and Retirement Income Plan



**If you're looking to get into a more active financial planning mindset, contact us at 1-800-542-2667 or talk with your local retirement specialist to understand your options.**

<sup>1</sup> "Annual Retirement Study Reveal," Wells Fargo (September 2020).



For more ideas about how you could do more for your retirement in 2021, call [1-800-542-2667](tel:1-800-542-2667) or see the map on Page 4 to contact your local KDC Retirement Specialist.

# Budgeting is key to establishing financial wellness

A recent survey discovered that, due to the pandemic, **60% of Americans** realized how little money they have saved.<sup>2</sup> Of those who report that they are now saving for future needs, **54% of Gen Z**, **51% of millennials**, and **40% overall** said it's because they have a better understanding of how to set up a budget.

Take the first step toward establishing long-term financial wellness. Sign up for KDC's Budgeting and Debt Management by:



Scanning the QR code



Calling KDC at 1-800-542-2667

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## Watch webinars on demand.

KDC offers 13 short prerecorded webinars on a variety of topics related to financial planning and investing, including the basics of personal finance and budgeting.

Scan this QR code to visit KDC's "Webinars on demand" webpage.



And finally, start planning ahead to fill in your knowledge gaps. We're planning new webinars to help! Go to [www.kentuckydpc.ky.gov](http://www.kentuckydpc.ky.gov) to see when webinars on new topics with live-presenters will be available.



We also offer 10 video presentations on topics specifically related to retirement planning. Find these videos at [kentuckyplans.com/rsc-web-preauth/resource-center/videos](http://kentuckyplans.com/rsc-web-preauth/resource-center/videos).

## New ways KDC makes investing for retirement cost-effective

### Correction:

The asset fee holiday applies only to asset fees associated with mutual funds, not the Fixed Contract Fund as initially communicated in the newsletter.

### Reduced Vanguard Target Date Funds expenses

Effective February 2022, Vanguard is consolidating their Target Retirement Funds share classes. This consolidation will result in changes to the ticker symbols and will reduce the cost of the funds. These updates will be automatic and no action is needed on the part of participants invested in a Vanguard Target Retirement Fund.



Lower fees mean more of your contribution gets invested.



If you have questions about the asset fee holiday or the share class change, please contact KDC at 1-800-542-2667.

All investing is subject to risk, including the possible loss of the money you invest. Asset allocation and diversification do not ensure a profit or protect against a 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 502-573-7925 or 1-800-542-2667.**

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.

<sup>2</sup> "60% of Americans Say the Pandemic Has Made Them Realize How Little They Have Saved," press release, Discover (July 2021).

# IRS has raised retirement plan contribution limits

Effective January 1, 2022, the following maximum contribution limits for the 457(b) and 401(k) plans are as follows:

Contribution category	Annual amount <sup>4</sup>
Regular Deferral Limit	\$20,500
Age 50-Plus Deferral Limit	\$27,000
Special 457(b) Catch-Up	up to \$41,000

We recognize that not everyone can afford to contribute to the maximum limit. However, even a little bit more could have you crossing the finish line in better financial condition for retirement.

## Do you qualify for a Saver's Credit?

The Saver's Tax Credit rewards low- and moderate-income taxpayers who meet certain qualifications for saving for retirement. If you qualify, invest now and get money back when you file your taxes. To learn more about it, contact your local Kentucky Retirement Specialist.

Credit Rate	Married Filing Jointly	Head of Household	All Other Filers*
50% of your contribution	AGI not more than \$41,000	AGI not more than \$30,750	AGI not more than \$20,500
20% of your contribution	\$41,001 - \$44,000	\$30,750 - \$33,000	\$20,501 - \$22,000
10% of your contribution	\$44,001 - \$68,000	\$33,001 - \$51,000	\$22,001 - \$34,000
0% of your contribution	more than \$68,000	more than \$51,000	more than \$34,000

\* Single, married filing separately, or qualifying widow(er)



## Get help as you consider how much more you may be able to contribute.

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



## Calendar of events

### HOLIDAYS — OFFICES CLOSED

**Martin Luther King, Jr. Day**  
Monday, January 17, 2022

**Presidents Day**  
Monday, February 21, 2022

**Good Friday**  
April 15, 2022

## Actions of the Board of Trustees

At the regularly scheduled quarterly meeting on December 17, 2021, the Authority Board of Trustees (Board) took the following actions:

- Approved the minutes of the September 24, 2021, regular meeting, as submitted;
- Accepted the CLA clean audit report for 2020;
- Approved the Fee Holiday starting April 1, 2022 to December 31, 2022 saving participants \$3.6 million in fees;
- Adopted new fund mapping of Vanguard Target Retirement Funds share class creating another fee reduction for participants;
- Approved KDC Financial Planning Program to start January 1, 2022;
- Adopted designated Roth 457 to start as administratively practical;
- Suspended the Elliott County Ambulance Services until further notice;
- Set the next quarterly meeting date for Friday, March 25, 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.



<sup>4</sup> "IRS announces 401(k) limit increases to \$20,500," IR-2021-216, Internal Revenue Service (Nov. 4, 2021).

# Americans spend four times longer on social media than managing finances

Recent research found that as a result of the COVID-19 crisis, **42% of Americans** believe they should be more closely managing their finances. Yet those surveyed admitted to spending four times (4x) longer on social media sites than on their financial situation.

Interestingly, social media also plays a role in how some people weigh financial choices. One (1) in five (5) say social media content is a go-to resource for information, and one-third (1/3) trust this content to support their financial decisions.

We think this is interesting, but as the famous meme “quoting” Abraham Lincoln reminds us, “Don’t believe everything you read on the internet.”

Why not rely on your Kentucky Retirement Specialist to help make informed decisions about your financial wellness? You can find your local Retirement Specialist on the map below.



## Frankfort-based Internal Retirement Specialist Desk

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



**PATRICK SCHWENEMAN**  
schwejl@nationwide.com

## Field Retirement Specialists



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



**JOHN KNAUSZ**  
606-205-8130  
knausj1@nationwide.com



**JAMIE CORBETT**  
859-229-9774  
corbej1@nationwide.com



**OPEN**



**KEITH ORR**  
270-540-1156  
orrw1@nationwide.com



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



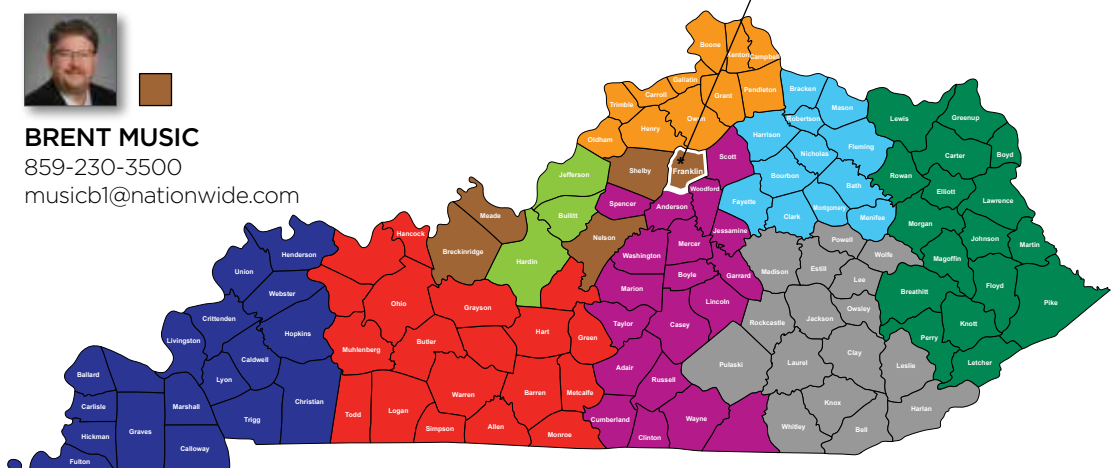
**MARTIN WILHOITE**  
859-248-0565  
wilhoc2@nationwide.com



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



**LESLIE HOLLERMAN**  
502-544-1211  
hollel2@nationwide.com



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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