

KDC Connection

4TH QUARTER 2023



9 ways to boost your financial fitness in 2024

As we ring in 2024, many Americans will use the start of the new year to reflect on what they hope to achieve in 2024. As you're making your resolutions for the new year, here are 9 financial wellness goals to consider:

1. Track your spending and start a budget. Making a budget — and sticking to it — is key to achieving financial wellness and gradually increasing your income. Use our budgeting resources to start or refine your budget.

2. Rent or borrow instead of buying. Before making a new purchase, investigate opportunities to rent for cheap — or, even better, to borrow for free!

3. Check in on your retirement readiness. The My Interactive Retirement PlannerSM tool can help you evaluate whether you're on track to meet your financial needs in retirement. The tool also evaluates any gaps you may have with your pension and any assets outside of your plan.

4. Reduce and reuse. This practice applies to more than just recycling — secondhand toys, furniture and home décor items can save you a bundle. Online marketplaces can offer big savings on secondhand luxury products.

5. Invest time in your financial education. KDC offers webinars and

online resources on a range of topics, including budgeting, health care and Social Security. Visit kentuckyplans.com/rsc-web-preauth/resource-center/webinars to access webinars and other resources.

6. Eat more meals at home. If you're among the 53% of people who dine out at least once a week, consider swapping one or two of those restaurant meals with a home-cooked lunch or dinner and you'll probably see significant savings.

7. Review your investments. Reviewing your investments at least once a year can help you evaluate whether your investments still meet your needs. Sign in to your account at kentuckyplans.com/iApp/rsc/login.x to review your investments.

8. Shop sales and clip coupons. Be mindful of how often you pay full price for products and services, and how many opportunities are available to avoid doing so.

9. Manage financial wellness your way. [Nationwide GrowForth](https://www.nationwide.com)SM can help you build better financial habits.



Three ways KDC can help:

- 1 Attend a live webinar to learn more about the KDC plans. bit.ly/3QA0YUL
- 2 Schedule an account review with your local Kentucky Retirement Specialist. bit.ly/45sMHNP
- 3 Use or update your information in My Interactive Retirement Planner. bit.ly/49uW6ax

2024 tax checklist

Tax Day is Monday, April 15! Whether you're hiring a professional or doing it yourself, taking the time to gather these documents now will ensure that you have everything you need to claim the tax deductions and credits available to you. Review this checklist of common information and documents that you'll probably need when filing.

✔ Personal information, such as your Social Security card, bank account and routing numbers, and copies of last year's federal and state tax returns. If you, your spouse or a dependent have been issued an identity protection PIN by the IRS, you'll also want to have that handy.

✔ Proof of income, which could include W-2 forms, 1099 forms, alimony received, records of cryptocurrency transactions, jury duty pay or cancellation of debt.

✔ Deductions such as medical bills, real estate taxes, charitable donations, state and local taxes and retirement account contributions. Teachers and other eligible educators can also deduct up to \$300 spent on classroom supplies.

✔ Tax credits, such as childcare costs, expenses for higher education (requires Form 1098-T) or adoption costs. Contributions to a 401(k), a similar employer-sponsored plan or an IRA may also allow you to claim a retirement savings contributions credit.

✔ Records demonstrating proof of loss, such as stocks or other investments that became worthless or records of non-business bad debts that are not collectible.

Keep in mind this checklist covers issues common to most filers, but you should be prepared to tailor your preparation to your unique situation.

For questions about any plan documents, contact us at 1-800-542-2667.



How can contributing to your plan affect your tax bill?

Contributing to your KDC plan not only can help you reach your retirement goals but can also affect your annual tax bill. Your plan offers 2 ways to contribute, which can affect your taxes differently.

Pre-tax

Your plan offers tax-deferred, also known as pre-tax, options. This means that when you contribute to your plan, you don't pay any taxes on the money you contribute — or any gains, interest or dividends the plan produces — until you withdraw from the account.

Because contributions to a tax-deferred plan come out of your paycheck before it's taxed, you won't pay income tax on those contributions. They can also help reduce your adjusted gross income, meaning when you go to file your tax return, you'll be able to report a lower number, which means fewer taxable dollars.

Additionally, it is likely that you'll find yourself in a lower tax bracket when living in retirement than when you were employed. This means that once you withdraw your savings and are taxed on your earnings and contributions, you'll probably be taxed at a lower rate than what you currently pay as a full-time employee.

Roth

KDC also offers Roth investment options. When you contribute to a Roth 401(k) or 457(b), you fund your account with money that's already been taxed in exchange for tax-free withdrawals in retirement. This includes any earnings your money makes while it's in your plan.

Generally, a Roth account distribution is a qualified distribution and not subject to federal income tax if the Roth account has been in existence for a 5-year period and you are age 59½ or older.

You can get a head start on next year's tax season by increasing your contributions. Use our My Interactive Retirement PlannerSM tool to evaluate how an increase can affect your retirement readiness and tax bill in retirement.

Increased 2024 IRS contribution limits offer more opportunity to save

The IRS sets limits on the amount employees can contribute to their retirement plans. In 2024, contribution limits will increase, offering you the opportunity to contribute more to your retirement plan.

To increase your contributions, log in to your account at kentuckyplans.com/iApp/rsc/login.x. Want to see how an increase could affect your retirement readiness? Use our My Interactive Retirement Planner tool to project how an increase could affect your income in retirement.



Scan the QR code to access My Interactive Retirement Planner.

457(b) contribution limits for 2024

Regular deferral	Up to \$23,000
Age 50-plus deferral	Up to \$30,500
Special 457(b) Catch-up	Up to \$46,000

401(k) contribution limits for 2024

Regular deferral	Up to \$23,000
Age 50-plus deferral	Up to \$30,500



Frequently asked retirement questions

Q How much should I save for retirement?

A The amount you need to save for retirement largely depends on the lifestyle you intend to lead post-retirement, future medical expenses and the cost of living in your chosen place of residence. Financial experts often suggest aiming for a retirement income that is about 70% to 80% of your pre-retirement salary. This can be achieved by saving at least 15% of one's income every year from the age of 30.¹

¹ Source: Investopedia, "How Much Should I Save for Retirement?"

Q What is the difference between KDC and my pension?

A As an employee within the Commonwealth of Kentucky, it's important to understand your retirement benefits. Kentucky Deferred Comp and the Pension Systems offer two different state retirement programs that, when used together, can help you reach your retirement goals.



Scan the QR code for more information.

Q I am nearing retirement. What should I be doing?

A Maximizing contributions to retirement accounts and minimizing new debt are recommended. Anticipating and planning for future health care costs, as well as making decisions about when to start claiming Social Security benefits (if applicable) should be considered. A review and potential adjustment of investment portfolios is needed to reduce exposure to market volatility. Crafting a realistic retirement budget based on current and anticipated expenses ensures financial stability. Visit our website for tools and our planning calculator, and take advantage of our free Financial Planning program to develop an individualized financial plan.

Actions of the Board of Trustees

At the regularly scheduled quarterly meeting on December 15, 2023, the Authority Board of Trustees (Board) took the following actions:

- Approved minutes of the September 29, 2023, regular meeting, as submitted
- Accepted the CLA clean audit report for 2022
- Approved Invesco contract extension
- Reviewed 2024 proposed legislation and IRS investigation of deemed IRAs

- Reviewed staff reports
- Set the next quarterly meeting date for Friday, March 22, 2023, 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.

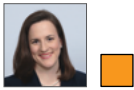
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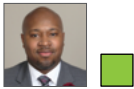
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We are available to assist you by phone or in person Monday through Friday, 8 a.m. to 4:30 p.m.



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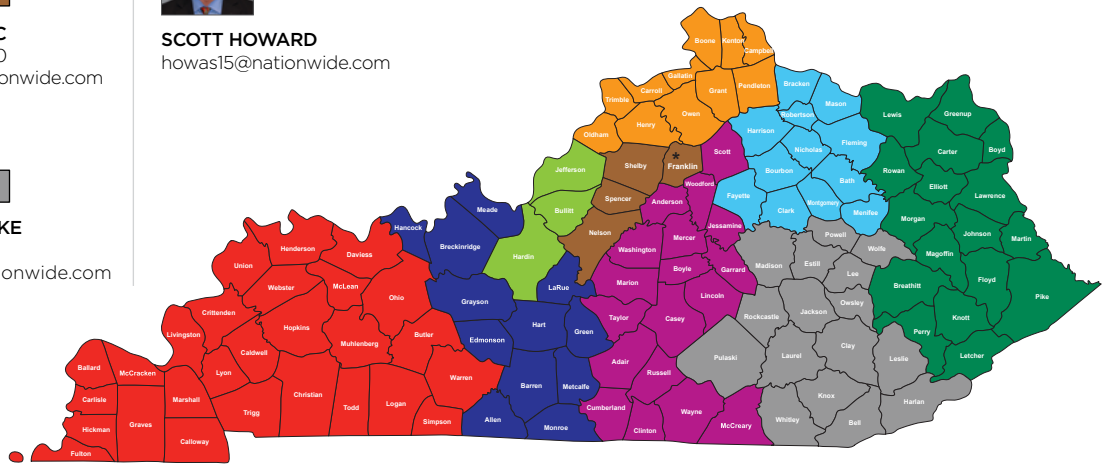
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Holidays
KDC offices closed

MONDAY, JANUARY 15, 2024
MARTIN LUTHER KING JR. DAY

FRIDAY, MARCH 29, 2024
GOOD FRIDAY



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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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