Kentucky Deferred Compensation (KDC)
For Kentucky public employees, Administered by Kentucky State Government

Why KDC can make sense for you!
You likely need more than your pension.

**Kentucky Defined Benefit Plans**
- Pension Plan: KERS, CERS, KSP, KTRS, Judicial/Legislative
- Monthly payments based on your employer’s retirement system formula

**Kentucky Defined Contribution Plans: KDC**
- Voluntary contributions to supplement your retirement
- Pre-tax and after-tax options, plus a wide spectrum of investment alternatives
- 76,000 Kentucky public employees and over 975 public employers participating
- $2.6 billion of invested assets, and growing
Can you take a cut in pay at Retirement?

Current income

Pension & Social Security

Retirement Needs

Retirement gap

Other Retirement income

Supplemental retirement plans (i.e. KDC)

Pension and Social Security
## Paycheck impact

<table>
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<tr>
<th>Gross paycheck (24 pay periods)</th>
<th>Pre-tax with KDC*</th>
<th>After-tax*</th>
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<td>$1,250</td>
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| Pre-tax deferred comp deferral  | $50               | —          |

| Taxable income                 | $1,200            | $1,250     |

| Federal & State income taxes **(includes Medicare and Social Security) | $233               | $244      |

| After-tax deduction            | —                 | $50        |

| Take-home pay                  | $967              | $956       |

* Figures have been rounded for purposes of illustration
** Assumes 2016 tax rates for a married Kentucky taxpayer with no children, filing jointly, using standard deduction. Federal and Kentucky state taxes are based on wage withholding tables.

In this example, you invest the same amount, but save $11 per pay in federal & state income taxes with pre-tax deferrals. $11 x 24 pay periods = **$264** in annual tax deferrals.

[Source: Kentucky Deferred Comp](http://www.kentuckydcp.com)
Chart assumptions: This hypothetical illustration assumes a 25% tax rate, $50 semi-monthly (24 pays) deferrals for 10 yrs (Jen) & 20 yrs (Tim), and a 6% rate of return with reinvestment of income. The tax-deferred total does not reflect fees and expenses incurred under a particular investment. If these were taken into account, they would reduce the performance shown. This hypothetical information is not intended to predict or project the investment results of any specific investment. Investment return is not guaranteed and will vary based on your investments and market experience.
Why KDC?

- Easy
- Flexible
- Personal attention
- Low costs
- Pre- and after-tax options
Which KDC plan is right for you?

457(b)
- Pre-tax

401(k)
- Pre-tax
- Roth 401(k)
- Deemed Traditional IRA
- Deemed Roth IRA
You decide how to invest.

- Do it for me: ProAccount® professionally managed
- Help me do it: Free online advice tool
- Projected retirement date: Target Date funds
- Do it yourself: KDC’s available investments

1 Investment advice for Nationwide ProAccount is provided to plan participants by Nationwide Investment Advisors, LLC, an SEC-registered adviser. Nationwide Investment Advisors, LLC, has hired Wilshire Associates Incorporated as the Independent Financial Expert for ProAccount. Additional fees apply. See your Retirement Rep for details.

2 Nationwide Investment Advisors, LLC (NIA) is not affiliated with Wilshire Associates or KDC.

3 Target Maturity funds are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. Therefore, the expense ratios of the Target Maturity funds are inclusive of their own fees and expenses, as well as a proportionate share of the applicable fees and expenses of the underlying funds. Target Maturity funds are designed for people who plan to withdrawal funds during or near a specific year. These funds use a strategy that reallocates equity exposure to a higher percentage of fixed investments over time. As a result, the funds become more conservative as they approach retirement. It’s important to remember that no strategy can assure a profit or prevent a loss in a declining market. A target date fund’s principal value is not guaranteed at any time, including the target date designated in the fund’s name.

4 Please consider the fund’s investment objectives, risks, charges, and expenses carefully before investing. The fund prospectus contains this and other important information about the investment company.
Let us drive, using ProAccount.

- Wilshire Associates, a leading provider of investment products and services, actively manages your account for you

- Investment management is based on your retirement age and risk profile

- Your account is updated and rebalanced on a quarterly and annual basis as market conditions merit a change

- There is an additional cost for this professional management service, deducted from your account balance on a quarterly basis

* Investment advice for Nationwide ProAccount® is provided to plan participants by Nationwide Investment Advisors, LLC, an SEC-registered adviser. Nationwide Investment Advisors, LLC, has hired Wilshire Associates Incorporated as the Independent Financial Expert for ProAccount.
ProAccount can bring institutional advantages to KDC participants.

- ProAccount has provided a +5.4% better annualized return compared to the average retail investor.
Our free online advice tool can be your roadmap.

- You access the service through the KDC website, kentuckydcp.com
- Using information you provide, the tool will make investing recommendations using funds available through the KDC Spectrum of Investment Options
- We recommend that you revisit this information on a regular basis to receive updated fund recommendations.
- You must implement any investment actions you wish to take
- This tool is a free service for KDC participants
A target date fund can take you there.

- You invest in one fund which is closest to the year in which you expect to retire or take a distribution.
- The fund is passively managed, automatically rebalanced and is designed to become gradually more conservative as the selected date approaches.
- The fund does not consider individual risk tolerances.

** Target Maturity funds are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. Therefore, in addition to the expenses of the Target Maturity funds, an investor is indirectly paying a proportionate share of the applicable fees and expenses of the underlying funds. Target Maturity funds are designed for people who plan to withdrawal funds during or near a specific year. These funds use a strategy that reallocates equity exposure to a higher percentage of fixed investments over time. As a result, the funds become more conservative as they approach retirement. It's important to remember that no strategy can assure a profit or prevent a loss in a declining market. A target date fund’s principal value is not guaranteed at any time, including the target date designated in the fund's name.
You can take the wheel.

• You manage your account using KDC’s available investment options.

• You define your time horizon — the period between now until you retire or begin taking distributions — and your tolerance for market risk.

• You select funds from the Plan’s diverse portfolio of investment options.

** Target Maturity funds are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. Therefore, in addition to the expenses of the Target Maturity funds, an investor is indirectly paying a proportionate share of the applicable fees and expenses of the underlying funds. Target Maturity funds are designed for people who plan to withdrawal funds during or near a specific year. These funds use a strategy that reallocates equity exposure to a higher percentage of fixed investments over time. As a result, the funds become more conservative as they approach retirement. It’s important to remember that no strategy can assure a profit or prevent a loss in a declining market. A target date fund’s principal value is not guaranteed at any time, including the target date designated in the fund’s name.
Enroll Now!
Investing involves market risk, including possible loss of principal. No investment strategy – including asset allocation, diversification and dollar-cost averaging can guarantee success or avoid losses, especially in a down market. Actual investment results will vary depending on your investment and market experience, and there is no guarantee that fund objectives will be met.

Before investing through Kentucky Deferred Comp, please consider the fund’s investment objectives, risks, and charges and expenses carefully. The prospectus contains this and other important information about the investment company. Prospectuses and fund fact sheets are available by download from www.kentuckydcp.com or by calling 800-542-2667. Please read the prospectus carefully before investing.

Kentucky Retirement Specialists are Registered Representatives of Nationwide Investment Services Corporation (NISC), member FINRA. NISC representatives cannot offer investment, tax or legal advice. Please consult your own counsel before making retirement plan decisions.

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