

1st Quarter 2020

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Follow your path to retirement

The path to financial wellness in retirement is a lifelong journey, and there's no one way to get there. But there are guideposts to help, and people to be your trail guides.

Decide where you want to go and how you want to get there

Enrolling in the Kentucky Deferred Comp Plan should not be a set-it-and-forget-it act. We offer an impressive array of tools and resources designed to help you see where you are, where you want to go and how you want to get there.

Start with My Interactive Retirement PlannerSM

Answer a few questions to get a basic understanding of your current situation. It takes just a few minutes.



When you (and your spouse) plan to retire



How much you are saving, including outside assets



Resources for retirement income, including your pension and Social Security



Estimated expenses in retirement



Your long-term investment strategy

The Planner will help you see your retirement readiness and identify the next steps you may want to take to improve your saving strategy. The more details you add, the more accurate the Planner's projections can be.

Discuss your plans with a helpful guide

Then, you can print your very personalized Retirement Readiness report to discuss with a Kentucky Retirement Specialist.

As you continue down the path over the years, you'll want to check your path to see where you are. KDC has the resources to help ensure you're headed in the right direction.

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Of course, anytime you have questions about how to improve your financial wellness in retirement, please call your local Kentucky Retirement Specialist or the KDC office at 1-800-542-2667.

What does the SECURE Act mean for retirement savers like you?

Just before the end of 2019, Congress enacted the Setting Every Community Up for Retirement Enhancement Act, better known as the SECURE Act. For public workers, the most noteworthy provision may be the change to required minimum distributions (RMDs).

Effective January 1, 2020, participants can delay the start of RMDs until the year they reach age 72. This change removes the 70½ calculation that, in certain cases, forced retirees to take two RMDs in the first year. Now, the rule is straightforward: When you reach age 72, you must begin to take RMDs annually.

One thing has not changed: As long as you continue participation in the Plan, we calculate your RMD for you and make the distribution as you direct. If you provide no direction, we send the distribution to the postal address listed in your Account Profile well before the end of the year.



If you have questions, please contact your KDC Retirement Specialist listed on Page 4 of this newsletter or the KDC office at 1-800-542-2667.

Have your beneficiary designations kept up with your life?

Marriages, divorces and births are among the many life events that can bring changes to your priorities. This is a good time to review and, if appropriate, revise the beneficiary designation form on file with Kentucky Deferred Comp. It takes just a few minutes but could make a big difference for your loved ones.



Just download the form from the Support and Forms page at kentuckydcp.com, complete, sign and mail the form to us.

KDC is for retirees, for life!

Retirement means different things to different people. Maybe you'll decide that this is a time to just relax. Or perhaps you are planning to try a new career or business venture. Regardless, your retirement planning needs don't end in retirement. In some ways, they're just beginning. At no charge, KDC Retirement Specialists continue to help you:

- Determine or review your retirement income needs
- Evaluate your current finances in regard to retirement
- Choose or modify the distribution option that is suitable for you
- Make adjustments to your account as needed
- Decide how to invest for potential growth
- Access our many online resources and tools
- Understand the benefits of continuing participation in KDC through retirement

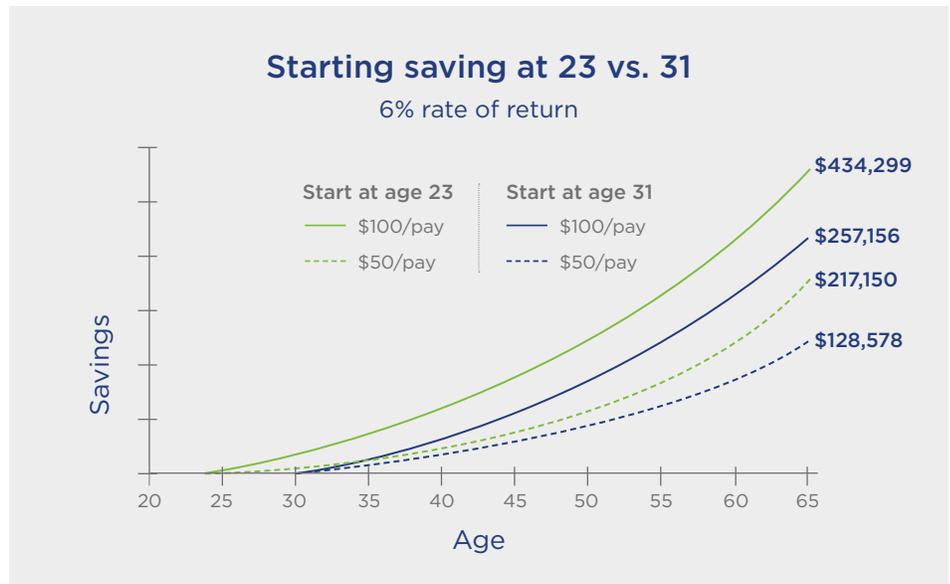


Remember, KDC is with you for life. When you need us, call us at 1-800-542-2667.

Starting early matters

The average age at which workers start saving for retirement is

31



The average age at which workers start saving for retirement is 31.¹ If those workers consistently save until they reach Social Security's normal retirement age, they'll have about 35 years of asset accumulation and potential investment earnings at retirement.

However, if they would start saving for retirement 8 years sooner, they could have significantly more available for retirement income. Let's say a participant is paid 24 times a year and contributes \$50 per pay period to an account that earns a 6% annualized return on investment. If they start at age 23, they'll have \$88,572 more than if they start at age 31. At \$100 per pay period, the difference would be \$177,143.²

The difference is more than just added accumulation, of course. It represents the effect of compounding, the process in which an asset's earnings are reinvested to generate additional earnings over time. All other things

being equal, the more time a saver allows their assets to grow, the more compounded growth occurs — and as this chart shows, the growth becomes exponential.



Compounding: the process in which an asset's potential earnings are *reinvested to generate additional earnings over time.*

If you're reading this newsletter, chances are you're already a KDC participant. Good for you!

But you may have questions about how to improve your financial wellness in retirement. That's why we're here.



Feel free to contact your KDC Retirement Specialist listed on Page 4 of this newsletter or the KDC office at 1-800-542-2667.

¹ Nationwide Participant Solutions Research Study (2017).

² The example assumes a hypothetical 6% annual return and is based on twice-a-month contributions. It's intended to illustrate the effects of time and compounding on investments. It is not intended to predict or project investment results and doesn't represent the actual performance of any investment or retirement plan program. This example does not reflect any applicable fees or taxes. If these were included, the results would be lower. 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.

Actions of the Board of Trustees

At the regularly scheduled quarterly meeting on March 27, 2020, the Authority Board of Trustees (Board) took the following actions:

- Approved the minutes of the December 13, 2019, regular meeting, as submitted
- Approved to adopt the Secure Act 72 RMD and 59 ½ in service distribution
- Approved fee holiday: managed account
- Approved the Plan amendment to include the new reduced Pro-Account fee from .50 basis points to .45 on January 1, 2021
- Approved the extension of the Callan LLC Investment Advisory Agreement (MutualFunds and Stable Value) contract
- Approved the extension of the McBrayer, PLLC Legal Counsel contract
- Approved the extension of the CLA Deferred Comp External Auditor
- Set the next quarterly meeting date for Friday, June 26, 2020, at 10:00 a.m. in the DEITraining Room 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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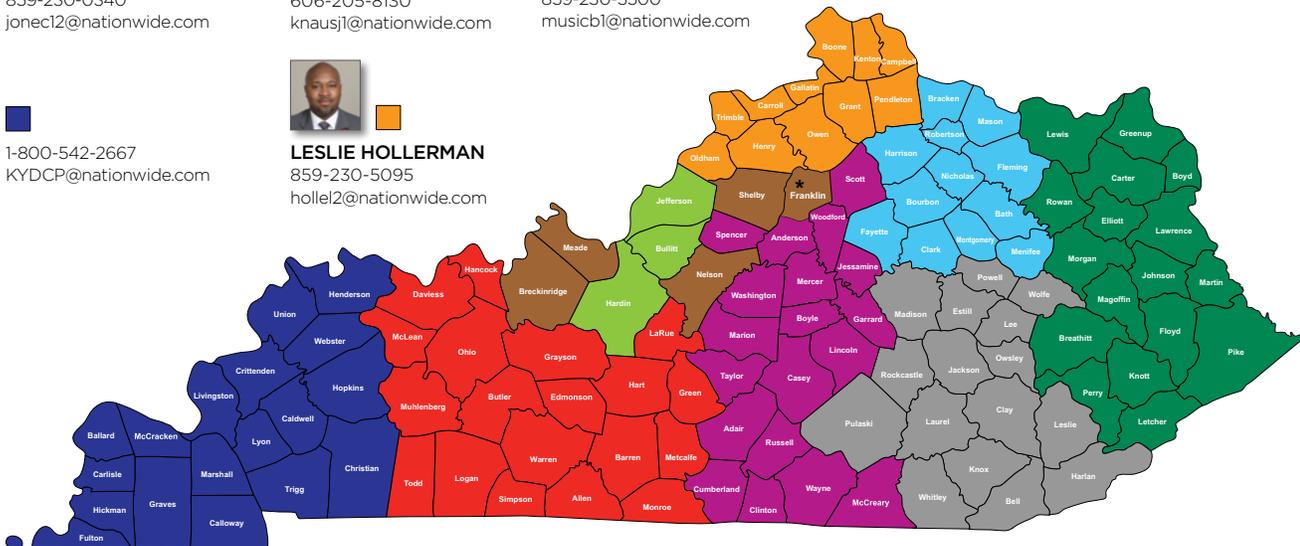


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Calendar of events:

HOLIDAYS - OFFICE CLOSED

April 10, 2020

Good Friday

KDC office closed one-half day

May 25, 2020

Memorial Day

KDC Office closed

QUARTERLY BOARD OF TRUSTEES MEETING

Friday, June 26, 2020, at 10:00 a.m.

EDUCATIONAL WEBINARS

For topics and to reserve your spot, visit the bottom of the KDC Events page at kentuckydcp.ky.gov.

Kentucky Retirement Specialists are Registered Representatives of Nationwide Investment Services Corporation, member FINRA, Columbus, Ohio. KDC representatives cannot offer investment, legal or tax advice. You should consult your own counsel before making retirement plan decisions.

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