

1st Quarter 2018

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*Remember, KDC is  
with you for life.*

**When you need us,  
call 800.542.2667**



## KDC is for retirees, for life!

**7 in 10 Americans  
plan on working  
during retirement\***



Congratulations, you've made it to retirement! But what does this really mean to you? 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 in the Plan through retirement

**If you are retiring and have a loan with KDC, contact us to discuss possible repayment options.**

\*Source: <https://www.bankrate.com/pdfs/pr/20160907-September-Money-Pulse.pdf>

# New to KDC? Welcome!

KDC is a valuable state benefit offered to all state, public school and university employees, and employees of local political subdivisions that have elected to participate. Your enrollment in the Plan is one way you can take control of your financial future. We encourage you to make the most of your participation by using the many tools and resources developed to guide you on your path to retirement. If you have questions or need assistance, visit [kentuckydcp.com](http://kentuckydcp.com) where you'll find a wealth of resources, or call **800.542.2667**.

## The tale of two millennials

Millennials may have good reasons for struggling more with retirement savings than other generations. With higher rates of student loan debt, lower workforce entry wages and fewer fringe benefits than previous generations, saving for retirement often seems like something that must wait.<sup>1</sup>

However, some millennials are on the right path in their savings. A recent survey revealed 63% of millennials said they were saving — about the same as Generation X (64%), though still slightly less than baby boomers (75%). As it turns out 60% said they actually feel “financially secure,” though their top stressor (35%) is not being able to save enough.<sup>2</sup>

### So which millennial are you?

Are you struggling to save or are you a steady saver? The good news is, time is on your side. Even if you feel there's not much extra in the budget for retirement savings, starting modestly and saving a little is far better than postponing saving for even a brief period.

**It's called compounding**, and it's the best tool millennials can leverage, no matter how you feel about your current savings status.

By saving a small amount immediately, you will fare much better than waiting. Though it's never too late to start, waiting to save can cost you extra growth to your portfolio.

Statistically speaking, there are two very different millennials.



Struggling to save

- Advanced degree — higher student loan debt
- Entered workforce later
- Has less than \$15K saved<sup>2</sup>



Steady saver

- Moderate student loan debt
- Entered workforce immediately — started saving
- Has over \$100K saved<sup>2</sup>



**No matter which way you see yourself, these tips can make you a better saver:**

- |   |   |   |
|---|---|---|
| <p><b>Pay yourself first</b></p> <p>Enroll or increase your contributions to your employer's retirement plan.</p> | <p><b>Create and stick to a budget</b></p> <p>Tracking where you are spending can help you find room to start to increase your savings.</p> | <p><b>Identify a savings goal</b></p> <p>Decide how much you want to save for retirement and how long you have to get there. REVISIT your plan each year.</p> |
|---|---|---|

<sup>1</sup> <http://crr.bc.edu/briefs/will-millennials-be-ready-for-retirement/>

<sup>2</sup> <http://www.newser.com/story/254491/2/1-in-6-millennials-have-at-least-six-figures-saved.html>

<sup>3</sup> This illustrates the principle of time and compounding interest. It is based on 26 pays per year and uses an assumed yield of 6%. If fees, taxes, and expenses were reflected, the return would have been less. These hypothetical illustrations are not intended to predict or project the investment results of any specific investment. Investments involve market risk, including possible loss of principal. Past performance cannot guarantee future results.

# Approaches to investing

A key objective for our investment options menu is to make it easier for you to choose the options that can help you achieve your goals for retirement income.

If there is one truism in retirement plan participation, it's that no two investors are alike. KDC has created three approaches that are generally aligned with how comfortable or willing you are to manage how your retirement assets are invested through the Plan.

## DO-IT-YOURSELF: YOUR OWN STRATEGY

- Define your investment goals and strategy.
- Select funds from KDC's Spectrum of Investments.
- Use the My Investment Planner<sup>SM</sup> tool for free investment recommendations that are right for you.<sup>4</sup>
- Opt for automatic rebalancing to keep investments in line with your goals.
- Spend the time and discipline to manage your own investments.

## ONE AND DONE<sup>5</sup> TARGET DATE FUNDS FROM VANGUARD

- Pick one and you're done.
- Invest in one fund closest to the year in which you expect to retire or take a distribution.
- The fund is managed, automatically rebalanced, and designed to become gradually more conservative as the selected date approaches.
- Signing-up is easy using the EZ enrollment form—just tell us who you are, sign it and we'll do the rest!

## GO PRO<sup>6</sup> NATIONWIDE PROACCOUNT<sup>®</sup>

- A managed account service designed to help take the guesswork out of investing.
- Professional investment managers select your investments from the KDC Spectrum of Investments based on your age and risk tolerance, then monitored and adjusted to keep on target with your goals.
- Wilshire, a leading provider of investment products and services, actively manages your account, including periodic rebalancing, according to the information you provide.
- Pay for this service through an additional asset management fee deducted from your account balance each quarter.

**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. Prospectuses are available by calling **800-542-2667**. Read the prospectus carefully before investing.

<sup>4</sup> Nationwide Investment Advisors, LLC (NIA) is not affiliated with Wilshire Associates or KDC.

<sup>5</sup> The Vanguard Target Retirement Funds invest in a wide variety of underlying funds to help reduce investment risk. Their expense ratio represents a weighted average of the expense ratios and any fees charged by the underlying mutual funds in which the Vanguard Target Retirement Funds invest. The Vanguard Target Retirement Funds do not charge any expense or fees of their own. Like other funds, Vanguard Target Retirement Funds are subject to market risk and loss. Loss of principle can occur at any time, including before, at or after the target date. There is no guarantee that target date funds will provide enough income for retirement.

<sup>6</sup> Investment advice for Nationwide ProAccount is provided to plan participants by Nationwide Investment Advisors, LLC (NIA), a SEC-registered investment advisory. NIA has retained Wilshire Associates as the Independent Financial Expert for Nationwide ProAccount. Wilshire Associates is not an affiliate of NIA or KDC.

## Actions of the Board of Trustees

At its regularly scheduled quarterly meeting on March 16, 2018, the Authority Board of Trustees (Board) took the following actions:

- Approved the minutes of the December 15, 2017, regular meeting, as submitted;
- Approved the extension of the Callan Associates, Inc. Investment Advisory Agreement (Mutual Funds and Stable Value) contract;
- Approved the extension of the Reed, Weitkamp, Schell & Vice, PLLC Legal Counsel contract;
- Approved the extension of the Hanna Family Trust lease;
- Approved the extension of the Tailored Services contract;
- Accepted the Request for Proposal (RFP) for Clifton, Larson Allen LLP as the KY Deferred Compensation external auditor;
- Accepted legal counsel's recommendation to adopt Invesco's Investment Management Agreement amendment to the FCF investment guidelines, effective May 1, 2018;
- Accepted legal counsel's recommendation to adopt the appropriate Target Date Fund as the default investment fund for new enrollments; and
- Set the next quarterly meeting date for Friday, June 22, 2018, at 9:00 a.m. at the Authority office, 101 Sea Hero Road, Suite 110, Frankfort, Kentucky.

For further information on these items, please call William C. Biddle, Executive Director, at 800.542.2667.

## Calendar of events:

### Holidays

March 30th, 2018  
*Good Friday, KDC Office closed 1/2 day*

May 28, 2018  
*Memorial Day, KDC Office closed*

July 4, 2018  
*4th of July, KDC Office closed*

### Quarterly Board of Trustees Meeting

June 22, 2018

### Educational Webinars

For topics and to reserve your spot, visit the KDC Events page at [www.kentuckydcp.com](http://www.kentuckydcp.com)

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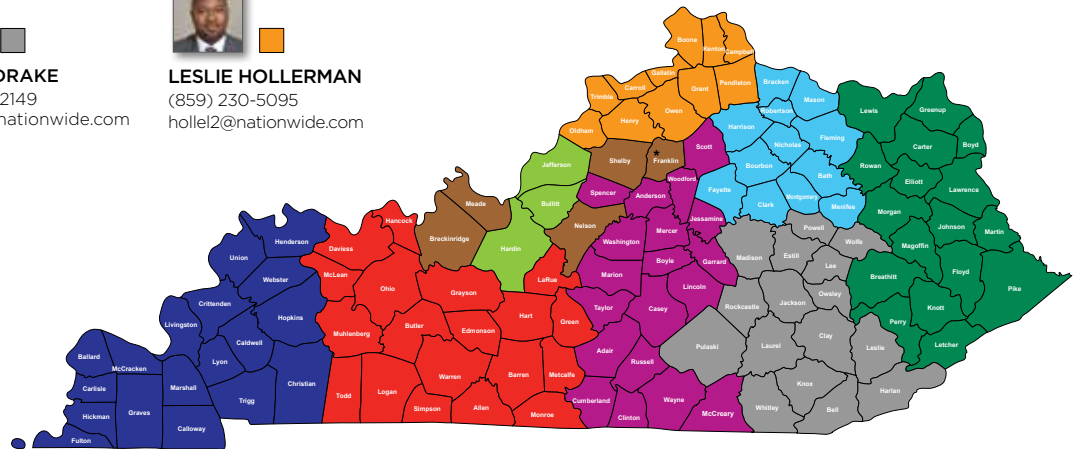
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