Spring 2025

FUTURE*focus*

New York State
Deferred Compensation Plan
A 457(b) Plan for Your Future

News and Strategies for Your Financial Success

Important changes are coming to your NYSDCP investment options

No action from you is required. These changes will happen automatically and seamlessly.

In July 2025, assets invested in certain funds available through the New York State Deferred Compensation Plan (NYSDCP) will be transitioned (mapped) into comparable funds. This fund mapping is designed to maintain the objectives of your current investment strategy, meaning that you do not need to do anything to keep investing to achieve your goals.

These changes are part of our ongoing efforts to adapt to market changes. The NYSDCP Board takes its role as fiduciary very seriously, always prioritizing your financial well-being. That's why the Board regularly reviews Plan investment options and issues requests for proposals (RFPs) that allow us to explore new investment options that may be better aligned to participants' needs. The coming changes to the Plan's investment lineup represent that policy in action.

Our goal is to ensure that you have access to investments that are in your best interest, and designed to improve your long-term financial security.

In July, the changes to the investments will happen automatically, ensuring a seamless transition for you. In the meantime, we have established a webpage with information about these changes, including frequently asked questions (FAQs) and each new fund's investment objectives, risks, and expenses. Go to bit.ly/42iv9ns to visit the funds change webpage.

Although no action from you is required, it is advisable to review your retirement objectives annually or as necessary to ensure that your current investment allocation is still appropriate for your goals. In the coming months, more specifics will be provided to you about the fund changes. You can opt to make changes before the mapping occurs (or after).

To discuss these changes and how they may affect your investment strategy, contact your local Account Executive or, for immediate access to an Account Executive, call AE Connect at 1-844-867-8197.

Thank you for your trust in the NYSDCP. We're dedicated to helping you achieve a secure and prosperous retirement.

Help cultivate lifelong growth to enjoy your future

This April, we're celebrating National Financial Literacy Month by offering resources to help you spring forward in your financial journey. It's the perfect opportunity to establish fresh financial habits and grow your financial knowledge. Whether you are just starting your work career, are a midcareer professional or are approaching or living in retirement, there are always ways to improve your financial literacy.

The NYSDCP is offering the following tips to help you grow your financial literacy at any age.

College students and early career

- Plant the seeds of savings in your budget
- Cultivate an emergency fund that can cover six months of living expenses
- Begin saving for retirement early, and nurture your savings with small increases each year

Mid-career

- Trim your budget as needed to stay on track for your goals
- Evaluate your savings options to determine whether they're still appropriate for you
- Regularly review your financial goals and track your progress

Nearing retirement

- Start planning a retirement budget that accounts for changes in income and expenses
- Grow an emergency savings fund that can cover one to two years of expenses
- Log in to your NYSDCP account then use My Income & Retirement Planner℠ to help you plan a withdrawal strategy
- Work with your Account Executive to help your retirement plans blossom at no additional charge

Retirees

- Maintain but adjust your budget as needed
- Consider additional income sources, especially in the early retirement years
- Revise your withdrawal strategy as your financial needs change
- Keep tabs on legislative changes that may affect you
- Complete estate planning to ensure that your assets are distributed according to your wishes

These are just a few tips that workers and retirees found helpful. We can help you put together a financial literacy plan that works for you and your family.

Plant the seeds of a prosperous financial future.

To learn more, visit our Financial Literacy Month webpage.

Finding the right asset allocation for you

Once you have decided how much money to contribute to your NYSDCP account each payday, your next decision involves where that money goes.

Retirement plan participants like you typically decide which asset classes and what percentage of contributions should go into each through a process called asset allocation. There are four major asset classes: stocks, bonds, cash and cash equivalents, and alternatives — each with a different risk and return profile. Generally, the greater the potential risk, the greater the potential return.

Your asset allocation strategy should reflect your financial situation and goals. To create your strategy, you should consider your:

- **Financial goals** — How well your retirement budget meets your goals may depend on the income you can generate from these investments
- **Time horizon** — The period between now and when you will begin to take withdrawals from your account
- **Risk tolerance** — Your comfort level with the possibility of investment loss

Many asset allocation strategies incorporate diversification as a key tactic. Diversification is the process of spreading money across several asset classes, and as your account grows, across several assets in each class. By investing in different asset classes, you reduce the risk of overall investment loss. The theory is, if one asset class underperforms, others may perform better, helping to stabilize returns. Diversification within an asset class helps reduce the risk of loss from a single underperforming fund in that class.

A well-developed asset allocation strategy should adapt as your financial needs and risk tolerance change, helping ensure that your portfolio remains aligned with your goals. You can help accomplish this by committing to regularly reviewing, and when necessary, rebalancing the investments in your NYSDCP account.

For assistance in understanding asset allocation and how to use it as an investment strategy, contact your Account Executive.

To review or revise your asset allocation, log in to your NYSDCP account.

RETIREE CORNER

Why you should consider estate planning

One of the most important decisions you may make with your retirement plan account is **beneficiary designation**, through which you inform NYSDCP who you want to control your assets in the event of your death. Beneficiary designations bypass probate court, allowing the individuals you designate to gain access to your account without having to wait for a court decision.

Beneficiary designation is also one of the first steps in estate planning, a process designed to protect the property you've accumulated and the money you've saved. No matter how old or young you are, and regardless of your wealth, having an estate plan can be essential. Without a plan, the state — through probate court — would control the decisions, which might not reflect your wishes.

Benefits of an estate plan

With an estate plan, you can reduce the potential for family disputes and legal battles; avoid handing heirs a lengthy and costly probate process; ensure that more of your assets go to your loved ones rather than the government; and designate who should care for minor children, your spouse or other loved ones.

A well-developed estate plan documents your wishes clearly and accounts for all your assets and situations that may arise. That's why, in most cases, you will need an attorney to write your estate plan and file the necessary paperwork with your state.

However, you can get started on your own by either completing or revising the beneficiary designation form on file with your retirement plan.

Log in to your retirement account to:

Make sure that your beneficiary designations are up to date.

How a target date fund can help make investing easier

For most NYSDCP participants, diversifying investments is important because it can help reduce the potential of overall market losses in your retirement account. If you are unsure about how to manage your asset allocation or prefer not to manage it yourself, selecting a target date fund (TDF) from the Plan's menu of investment options could be the ideal solution.

A TDF is a Collective Investment Trust (CIT) that is managed to adjust its asset allocation to become more conservative as you approach retirement — your target date. In the early years, the fund invests more heavily in growth-oriented assets such as stocks. As the target date nears, the fund gradually shifts toward more conservative investments such as bonds and cash equivalents.

Benefits of using a target date fund

- **Professional management:** TDF portfolio managers adjust the fund's investments based on market conditions and the fund's target date, helping to optimize returns and manage risk
- **Diversification within a single fund:** The fund manager invests to spread risk across various asset classes, which can enhance the stability and performance of your investments over time
- **Automatic asset rebalancing:** You don't have to worry about making adjustments yourself as you get closer to retirement
- **Convenience:** Simply choose a fund with a target date closest to your expected retirement year, and the fund takes care of the rest

Things to consider about TDFs

- Retirement assets held outside of the Plan might affect your overall asset allocation and diversification, the risks you've assumed, and the fees you're paying
- TDF glide paths can vary widely, even among those with the same target date
- Investing in a TDF doesn't safeguard against losses or guarantee that you'll have enough income for retirement

For assistance in understanding how to use a TDF as an investment strategy, contact your Account Executive. To select a TDF or otherwise manage your investments, log in to your NYSDCP retirement account.

A message for you from the Board

As you read on the first page of this newsletter, we have authorized the NYSDCP staff and Administrative Service Agency to implement a fund mapping in July. Assets invested in certain funds available through the Plan will be moved into funds with comparable objectives.

Fund mapping is a crucial aspect of the Board's responsibilities. This effort aims to provide you and other NYSDCP participants with investments that prioritize your best interests.

We've directed our team to conduct the fund mapping automatically and seamlessly, so that no action on your part is required. However, this is a great opportunity to take the time to log in to your Plan account and ensure that your current investments are aligned with your retirement goals.

Also, we offer a reminder that April is Financial Literacy Month. We encourage you to take some time to cultivate your financial knowledge. This will help you align your personal finances with your current needs and ensure that your retirement goals are met in the future.

Again, thank you for your trust in the NYSDCP. We're dedicated to helping you achieve a secure and prosperous retirement.

Diana Jones Ritter | Philip Fields | David J. Friedfel

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