Summer 2024

FUTURE focus

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

News and Strategies for Your Financial Success

How do current events affect your investment strategy?

Current events can stir up emotions that tempt us to revisit our investment strategy. When investing for retirement, however, it's important to keep your long-term goals in mind. Remembering your retirement timeline and long-term investment strategy can help you stay the course.

Current events aren't a threat to your investment strategy

Your investment strategy shouldn't change, even if news headlines do. When a significant event takes place, you may also see some volatility in the markets and in investments such as your retirement plan. However, it's important to keep in mind that market volatility is a normal part of investing.

When someone makes investment decisions that are driven by emotions — such as anxiety, fear, excitement and even confidence in market predictions — that's emotional investing. Emotional investing can impact your investments and overall retirement portfolio in the long term.

Slow and steady wins the race

Shorter-term market volatility related to current events may still happen. As with many swings in the stock market, things usually settle down again. An emotional investment decision during this time could negatively affect your long-term goals. Emotional investing can be tempting, so it's good to develop self-awareness about such impulses.

During times when you may be tempted to make emotional investments, stay focused on the key components of your investment strategy, such as maintaining a diversified portfolio and asset allocations that match your retirement goals. Our Account Executives can help. Call 1-844-867-8197 anytime between 9 a.m. and 4:30 p.m. Monday through Friday to review your investment strategy.

Over time, factors such as consistent contributions and dollar cost averaging — the practice of systematically investing equal amounts of money at regular intervals, regardless of the price of a security[1] — are better strategies for the long term than attempting to time the market based on short-term developments.

Investing involves market risk, including the possible loss of the money you invest. Information provided in this article is for educational purposes only and is not intended as investment advice. This information doesn't guarantee the performance of investments.

[1] "Dollar-Cost Averaging (DCA) Explained With Examples and Considerations," Investopedia, (May 23, 2024).

Here are 3 things you can do if you're feeling uncertain about your investment strategy:

1

Attend a webinar to learn more about retirement planning, investing and personal finances.

2

Schedule an appointment with an Account Executive.

3

Review the NYSDCP page about avoiding emotional investing.

4 money-smart moves to include in your summer game plan

At any time of year, it's important to keep your budgeting, saving and retirement goals in mind. But because of the lure of good weather and long days, consumer spending tends to increase during the summer months. With some thoughtful planning, you can still have fun this summer without busting your budget.

1 **Review your budget and ensure that you factor in entertainment and discretionary spending.** Look at past spending patterns to determine a realistic and sustainable allocation and set clear boundaries on entertainment expenses. When there are no limits, spending impulsively is easy, hindering your progress toward financial security, so be mindful of your financial goals and avoid exceeding the designated entertainment budget. Review our budgeting resources.

2 **Choose cost-effective entertainment options.** Have a potluck on the patio rather than meeting friends at a restaurant. Have family movie nights at home rather than at a theater. These ideas can create memorable experiences without costly outings. Your local library can help you discover free or low-cost entertainment activities in your community — such as concerts, art exhibitions or community festivals — which can be enjoyable and budget-friendly.

3 **Tackle any outstanding debt while balancing your savings goals.** It really is possible to pay down debt while saving. The tough part is taking a hard look at your spending and finding ways to cut back. Store-bought iced coffee? Fast food breakfast? These expenses aren't outrageous when viewed individually but can really add up over the course of a month. Once you find the wiggle room in your budget, start setting aside an emergency fund, contributing to your retirement plan, and of course paying down those credit cards, which often have hefty interest rates. Even small amounts can earn you significant progress over time. Read our tips for tackling debt.

4 **Check in on your progress toward your retirement goals.** Use the My Interactive Retirement Planner℠ tool available to you through NYSDCP. This amazing free resource can help you keep an eye on your overall retirement readiness picture — and inspire you to improve it.

5 things to keep in mind while planning for retirement

NYSDCP is here to help you plan for and live in retirement. Here are items to keep in mind while planning to retire.

1 **Consider the benefits of staying in the NYSDCP throughout retirement.** While there are many different options available in the financial industry to consider and research, and personal circumstances may vary, remaining in NYSDCP after you retire has clear benefits. Remaining in the NYSDCP through retirement provides several important advantages: You'll get the same free support and lower fees you are accustomed to; your money will have the potential to keep growing; and you'll continue to have access to your money when you need it.

2 **Consider consolidating retirement accounts.** Your account will stay open after your retirement date unless you withdraw all your funds. While you'll no longer be able to make payroll contributions, you may be able to roll in eligible funds so that they're all in one place for convenient oversight. And, of course, you'll still be able to manage your investments, withdraw funds, and get help from knowledgeable Account Executives.

3 **Continue to review your account at least once a year.** That way, you can make sure your asset allocation — how your portfolio is divided among assets such as stocks, bonds and cash — still lines up with your goals.

4 **Evaluate your investment strategy for living in retirement.** If you're invested in a Target Date Fund (TDF), consider what the asset allocation will be during your retirement and where it will rebalance beyond the target date. You're not locked in. If your TDF doesn't match your goals after retirement, consider other options in your plan.

5 **Create your withdrawal strategy.** Use My Interactive Retirement Planner℠ to create a withdrawal strategy to help you get the most from your retirement savings. By considering various factors such as how long you want your savings to last, your tax bracket and your other sources of retirement income, you can create a smart strategy that works for you.

To learn more about staying in your retirement plan and managing your account beyond retirement, contact an Account Executive today.

Use our Personal Document Locator to stay organized.

What will my money look like in 30 years?

Two of the most important factors in retirement savings are time and ongoing contributions. The more of each that you have, the more likely it is that you can achieve your goals for retirement income.

But there's one more factor to consider: inflation. For example, if you have annual expenses of $50,000 today and the economy averages 2.5% inflation over the next 20 years, you will need roughly $82,000 to match your purchasing power.[2]

Inflation is likely to continue through retirement, when you will be relying on fixed income from your pension and any Social Security benefit for which you may qualify. That's why building regular increases into your NYSDCP account may be a wise decision.

The My Interactive Retirement Planner tool on the NYSDCP website can help you check on progress toward your goals and work through "what-if" scenarios, which may help you decide whether you should adjust your contribution amount.

To increase your contribution amount or lock in increases at regular intervals, log in to your NYSDCP retirement account.

Now may be a good time for retirees to review their withdrawal strategy

A strategy for withdrawing from your retirement accounts can help ensure that you have enough money to meet your needs throughout retirement. There are many methods for withdrawing retirement savings. On the NYSDCP website, you can learn about 7 commonly used strategies and consider which may fit your needs best.

Various sources for retirement income may have different timelines for taking optimal or required distributions. For example, if you qualify for a Social Security retirement benefit, you could apply at age 62, but you would receive less than if you wait until age 70. But maximizing your benefit amount may not be your optimal choice when you consider all your income sources.

The idea of developing and maintaining withdrawal and retirement income strategies might seem overwhelming. That's why NYSDCP offers one-on-one support from licensed and noncommissioned Account Executives.

Account Executive services remain available to NYSDCP participants for as long as you remain in the Plan, even through retirement.

A message for you from the Board

As the weather heats up, we have all kinds of things to look forward to this summer, from fresh corn on the cob to watching the Olympic Games. It's a time to be tempted to take on extra social activities and entertainment, so this issue has a helpful article about being budget-conscious during the summer months.

We also want to remind you that emotional investing can negatively impact your long-term financial goals. Short-term volatility in response to current events can be hard to ignore, but the best course of action is to "stay the course" with your saving and investment strategy. As always, it's important to let your long-term goals guide you and to keep working toward a secure financial future. If you're lucky enough that retirement is just around the corner, remember that staying in the Plan allows you to continue to access all the helpful resources that NYSDCP has to offer. We are committed to helping you achieve your retirement goals.

Diana Jones Ritter | Philip Fields | David J. Friedfel

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[2] "How to Account for Inflation in Retirement Planning," SmartAsset (October 27, 2023).

Participants in the New York State Deferred Compensation Plan will be charged administrative fees for the Plan Year beginning April 1, 2023, and ending March 31, 2024. Each participant account is charged a $20 annual fee, assessed in two $10 semiannual installments in April and October. In addition, an asset-based fee determined by the Board will be assessed to participants with a balance greater than $20,000. The asset-based fee will not be assessed on assets in excess of $200,000. The semiannual asset-based fee to be assessed in October 2024 is 0.01375%.

Each of the mutual funds offered by the Plan has fund expenses that are netted directly from the mutual fund's daily price. These will vary based on the investment fund selected.

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