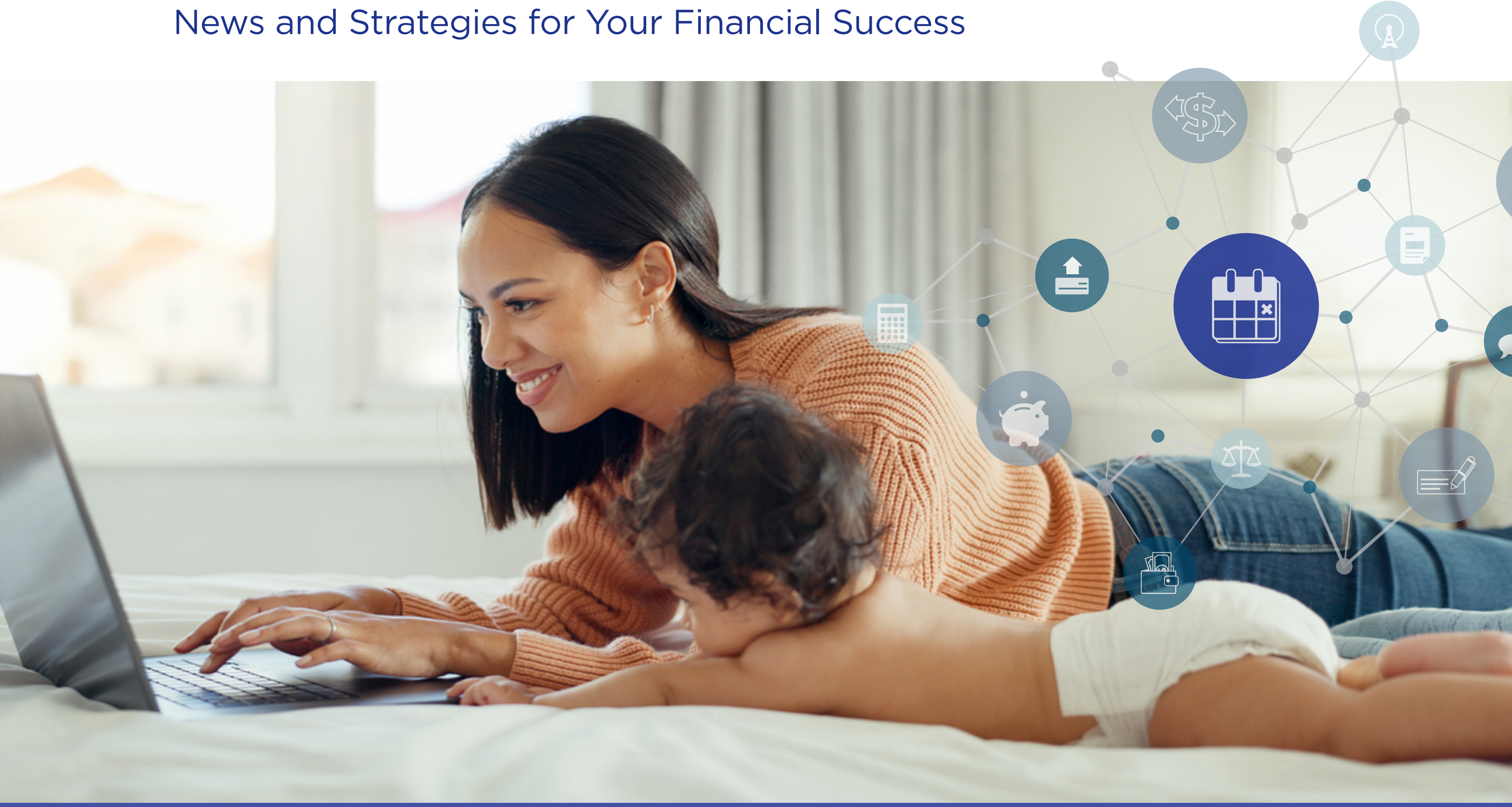
SECOND QUARTER 2025

FUTURE focus

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

News and Strategies for Your Financial Success



Changes to your investment options have been made

On July 11, 2025, important changes came to your New York State Deferred Compensation Plan (NYSDCP) investment options. These changes happened automatically and required no action from you. Assets invested in certain funds available through NYSDCP were transitioned (mapped) into comparable funds to ensure you have access to investments that are in your best interest and are designed to improve your long-term financial security.

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 might be better aligned to participants' needs. The changes to the Plan's investment lineup represented that policy in action.

Remember: It's a good idea to check your investment allocation periodically to ensure that it remains aligned with your goals.

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.

Focus on long-term objectives during short-term market swings

The first half of 2025 has been marked by sudden movements in the investment markets. This activity, called market volatility, can trigger emotional responses in investors. But acting too quickly may lead to making choices that don't align with your goals — and may even keep you from reaching them.

You can avoid making impulsive changes by taking a step back, reviewing your long-term goals and remembering that stocks have typically risen over the long term despite short-term retreats. As the chart below illustrates, history has shown that periods of market turbulence are fleeting and that the market has gone up over time. For example, the S&P 500® Index is up around 170% since the lowest point during COVID.

Here are tips to help you keep emotions in check as you make investment decisions.

- **Observe long-term trends rather than daily fluctuations.** You want to make informed decisions in line with your goals without getting overwhelmed by short-term noise.
- **Stick to your plan.** A well-thought-out investment plan is designed to weather market ups and downs.
- **Diversify your portfolio.** Spreading your investments among a wide range of options helps protect your assets during volatile markets. Consider using My Investment Planner℠ to help you develop your diversification strategy.[1]
- **Regularly review your portfolio.** Account reviews help ensure that your investments remain aligned with your goals and risk tolerance.
- **Trust your long-term strategy.** Pulling out of the market during downturns can lock in losses and cause you to miss out on potential recoveries.
- **Remember that market downturns are often followed by recoveries.** In March and April 2020, many investors missed the sharpest part of the COVID-19 market recovery because they had sold their investments rather than sticking to their strategy.[2]
- **Seek professional advice.** A financial professional can provide valuable insights and help you navigate market volatility with confidence.

When the news influenced the S&P 500® Index

Sharpen the precision of your retirement and financial planning with My Income & Retirement Planner℠, a personalized, guided experience to help you take control of your future with confidence.

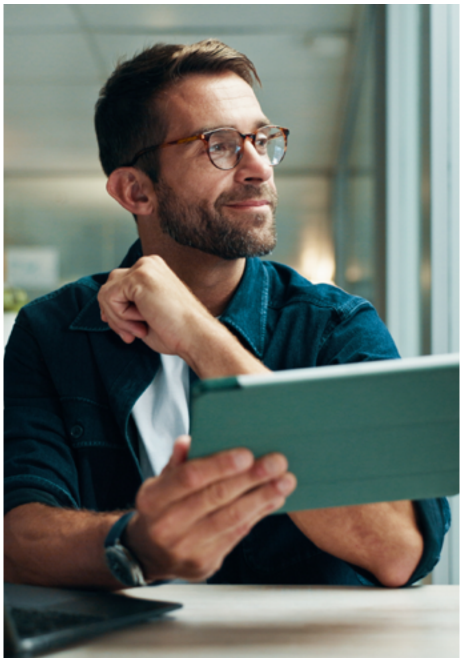
Learn more.

Review this short video. If you would like to discuss how to avoid emotional investing as you manage your account, contact your local Account Executive.

[1] Diversification does not assure a profit or guarantee against loss in a declining market.

[2] Past performance does not guarantee future results.

Roth or traditional: Which is better for you?



Whether Roth (after-tax) deferrals or traditional (pretax) deferrals are better for you is a question that only you can answer. To do that, you need to understand the benefits and trade-offs of each. The key difference between Roth and traditional retirement accounts lies in the timing of their tax advantages.

When you choose to make traditional pretax contributions, you elect to defer federal income taxes until you begin taking withdrawals. Those withdrawals will be taxed at your income tax rate when you take them.

Roth contributions, on the other hand, are made with after-tax income, and if you meet certain requirements, your withdrawals will not be taxed in the future. Roth contributions can be withdrawn tax-free because they've already been taxed. Account earnings, if any, can also be withdrawn tax-free if the withdrawal meets plan distribution requirements, the account has been open for at least 5 years, and at least one of the following conditions is met: age 59½ or older, disability or death.

Even if you've been participating in your retirement plan for years, you can designate future contributions as Roth. You can even decide to split future contributions between traditional and Roth. In addition, you may want to consider whether an internal conversion of your pretax assets into after-tax Roth assets is right for you.

To further consider the benefits and features of Roth vs. traditional contributions, schedule an appointment with your Account Executive.

Practical tips for navigating debt

If you have existing debt such as credit cards or student loans, you may wonder whether you should pay it off first or save for retirement. While everyone's financial situation is different, you may be able to tackle both by getting organized, setting a savings goal, choosing a debt repayment strategy, and contributing to your retirement account.

Get organized

A smart way to separate needs from wants is to track all expenses for a month and then list essential expenses (needs) in one column and discretionary spending (wants) in another column. Then create a monthly household financial overview to help you make informed decisions going forward.

Set savings goals

Emergencies happen. If you don't have a dedicated emergency savings fund, how do you create one without harming your retirement savings strategy?

Let's say you have $500 a month to put toward savings and debt. You might divide it up like this:

- $100 in your emergency fund
- $300 toward debt
- $100 in your retirement account

A good way to find money to pay down debt and increase savings is to identify ways to cut back on purchases that you might want but don't need. Use the budgeting worksheet on our website to get started.

Consider debt management strategies

If you feel that your debt has gotten out of control, consider seeking professional help. For example, nonprofit agencies such as the National Foundation for Credit Counseling offer tools, resources and personal counseling to help you find a solution.

Take proactive steps now

Review this video to learn how you can pay off debt and save money at the same time.

RETIREE CORNER

Staying in the Plan after you retire can provide important advantages

You'll experience many changes once you retire, but by continuing your NYSDCP participation you'll continue to get the same free support and lower fees you had before you retired.

Your account will stay open after your retirement date unless you withdraw all of your funds. You can withdraw funds as you need them and get help from knowledgeable professionals.

You'll also allow your money to potentially keep growing, which could help overcome the effects of inflation over time.

As you prepare for retirement, you should consider:

- Consolidating retirement assets into your plan account for easier investment management[2]
- Reviewing your account at least once a year to make sure that your investment strategy continues to line up with your goals
- Using My Income & Retirement Planner℠ to help you create a withdrawal strategy that complements other income sources and addresses tax and other considerations

NYSDCP Call Center honored

We are thrilled to share that our NYSDCP Call Center team located in Troy, NY has been recognized as a **2025 Times Union Top Workplace in the Capital Region**. Only a select few receive this prestigious award, which is based on a scientific third-party survey collected in September 2024. This is a true testament to our team: their engagement, commitment and caring for our participants and one another.

Learn more.

Review this short video. Then, contact your local Account Executive to learn more about managing your account beyond retirement.

A message for you from the Board

As you read on the first page of this newsletter, on July 11, 2025, assets in certain funds of the New York State Deferred Compensation Plan were automatically transitioned to comparable funds to maintain your current investment strategy. This change was the result of our authorizing the NYSDCP staff and Administrative Service Agency to implement a fund mapping as part of the NYSDCP Board's ongoing efforts to adapt to market changes and prioritize your financial well-being and long-term financial security.

We recognize the first half of 2025 has seen significant market volatility, which can be unsettling for investors. It's important to stay focused on your long-term goals and remember that markets have historically recovered from downturns, so trusting your long-term strategy is crucial. By sticking to your investment plan, diversifying your portfolio and regularly reviewing your investments, you can navigate these fluctuations with confidence.

Thank you for your continued 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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