



## Important Changes

On July 10, 2017, the New York State Deferred Compensation Plan introduced a streamlined, reduced-cost menu of investment options. This edition of the quarterly newsletter reviews key information participants may want to know to take full advantage of the changes in the Plan.

**For more details, click on the “Upcoming Changes to Investment Options” banner on the home page of the Plan’s Web site.** We also encourage you to review the First Quarter 2017 (April) Quarterly Newsletter, as well as the June 2017 Special Edition Newsletter, found under Headlines on our Web site at [www.nysdcp.com](http://www.nysdcp.com).

## Dear Participants,

Over the past several months, Plan participants have been receiving information about changes to the Plan’s investment structure and some new investment choices that are now in place. Does this mean we are done with changes for the foreseeable future? The best way to answer this question is to understand how the Board and its consultants work to make sure participants have a good menu of investment choices.

Oversight comes in more than one way. Our consultants are always monitoring our investment firms for any significant changes in management or other issues that may alter the performance of a fund and may result in action if it is of great enough concern. Performance is also measured and reported to the Board at each quarterly Board meeting. Since performance and risk are best measured over longer time periods, changes to the lineup would occur only if the managers have either underperformed too severely or for too long a time. Finally, oversight can also take the form of exhaustive research in financial products and looking at how our participants actually react and invest their Plan accounts. The most recent investment option changes were a product of that process, aligned with the expiration of many investment manager contracts.

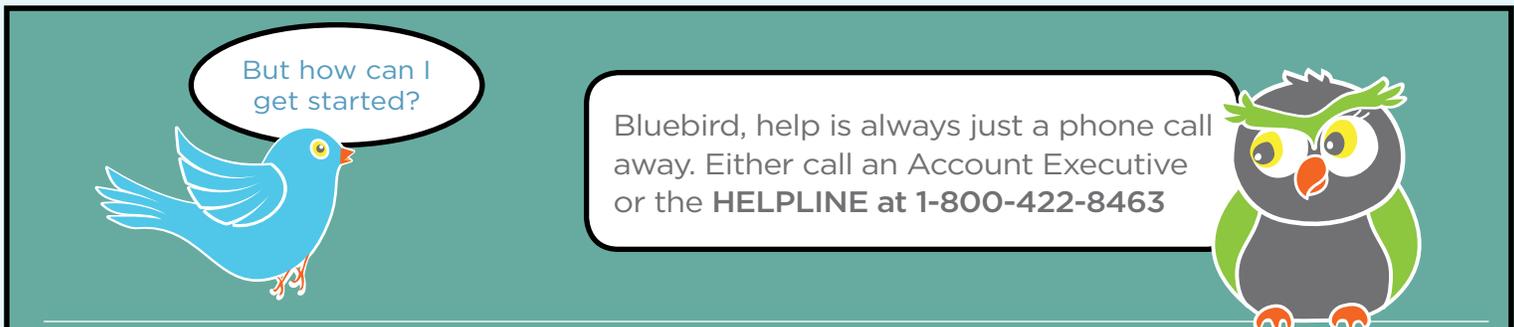
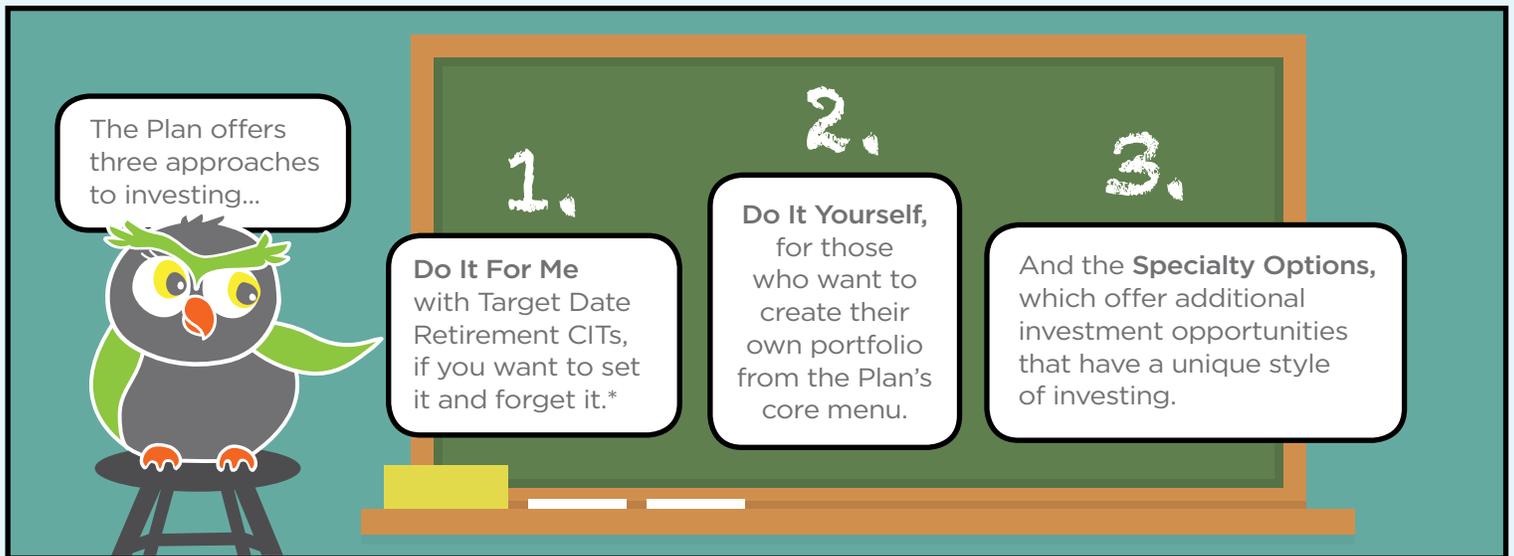
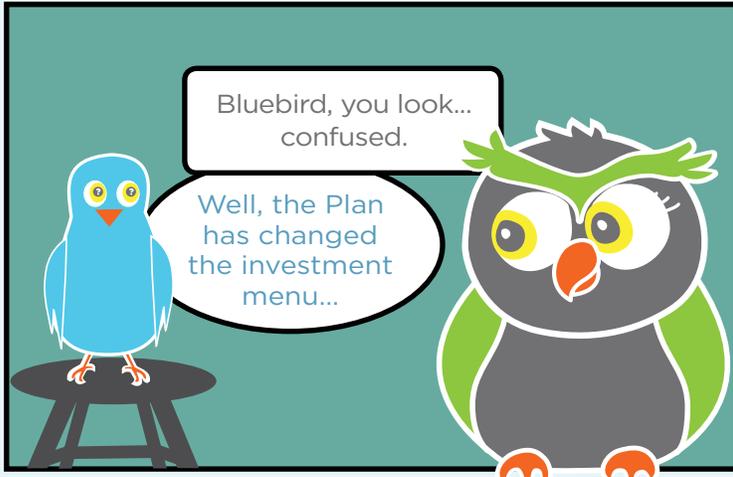
This brings us back to the original question. We expect no additional changes to the core options, in either the Do It For Me or Do It Yourself categories in the short term, but the Board and its consultants will always be keeping a close eye on every financial firm and product we use in the Plan. Investment options in the Specialty category will be reviewed later this year to ensure they are the most appropriate choices for the Plan in their respective categories. Our ultimate goal is to provide competitively performing investment options at a low cost to our participants.

Diana Jones Ritter

Blake G. Washington

David J. Natoli

# New investment options



\* Remember, even with the Do It For Me approach, you should regularly monitor and, if necessary, adjust your investment approach.

Investing involves market risk, including possible loss of principal. No investment approach can guarantee a profit or avoid loss. Actual results will vary depending on your investment and market experience.

Account Executives cannot offer investment, tax or legal advice. You should consult your own counsel before making retirement plan decisions



## The Plan offers opportunities for participants who want to invest in a unique fund not offered in the Do it Yourself category.

Some participants are looking for opportunities that may not be available through the core menu. The Plan has responded to these needs by creating our Specialty Options category.

This category may provide opportunities for investors and offer something different from what is available in the Do It For Me or Do It Yourself investment approaches available through the Plan.

### Funds with unique investment objectives

The Plan offers funds that represent specialized interests such as environmental, social and governance (ESG) factors as well as higher risk markets that focus on future technological advances.

- **The Pax Balanced Fund:** This fund has been in the Plan for some time, but has been switched to the Specialty Funds category. This fund is unique in that it invests solely in stocks and bonds of firms that operate under a standard called “Environment, Social and Governance” or ESG for short. For example, this fund does not invest in tobacco or alcohol companies.
- **The Fidelity OTC Fund:** This fund has also been in the Plan for some time, and has been moved to the Specialty Funds category. The fund is unique in that it invests primarily in technology companies that are considered large growth (e.g. Tesla, Apple and Google to name a few). It is considered a riskier investment option and we placed it in this category to let you know that it is not a typical large-growth option due to the heavy allocation to technology.

- **The Schwab PCRA:** This option is for participants who wish to choose investments not in the core option menu. Plan participants who wish to invest in mutual funds or exchange-traded funds not currently on the Plan’s core menu may want to consider opening a Schwab Personal Choice Retirement Account® (PCRA). The PCRA is a self-directed investment option (SDIA) that – for an additional fee – opens a window to a much expanded range of investment options. In many cases, you may use the PCRA to repurchase funds that were eliminated from the Plan’s core lineup. However, before moving money to the SDIA, you should carefully review its restrictions and additional costs. In addition, keep in mind that investments placed through the Schwab PCRA are not monitored by the NYSDCP Board or staff.

You can find a full description of the funds available through the Specialty Options category in the new Guide to Investment Options. Download a copy from the Plan’s Web site at [www.nysdcp.com](http://www.nysdcp.com) or by calling the **HELPLINE at 1-800-422-8463**.

Before investing, you should carefully consider how these funds may fit into your overall retirement strategy.

Schwab Personal Choice Retirement Account® (PCRA) is offered through Charles Schwab & Co., Inc., a registered broker-dealer not affiliated with NYSDCP or the Plan Administrator.

# To understand our new menu, remember the threes

A key objective for our new investment options menu is to make it easier for you to choose the options that can help you achieve your goals for retirement income. You can think of the new menu in groups of three:

- Three approaches to investing
- Three types of investment options

## Let's explain the three approaches to investing:

If there is one truism in retirement plan participation, it's that no two investors are alike. The Plan 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 FOR ME** — An approach that uses target date CITs based on when you plan to retire or begin taking withdrawals



**DO IT YOURSELF** — An approach to personally design and monitor your asset allocation and investment options



**SPECIALTY OPTIONS** — Options that represent special interests such as environmental, social and governance factors or other specialty investment strategies

## Three types of investment options:

Although the more important decision is your approach to investing, you should also be aware of the three types of investment options in the Plan.

### 1. Mutual Funds

You may be most familiar with mutual funds – diversified portfolios of stocks, bonds, and other investments managed to achieve a stated objective. Each fund is assigned a five-letter ticker symbol that helps investors find information via financial Web sites and publications.

In addition, each fund publishes a prospectus: a formal legal document filed with the SEC that provides details about its investment objectives, fees, charges and expenses, and related information.

### 2. Collective Investment Trusts

New to the Plan are collective investment trusts (CITs). These instruments are similar to mutual funds, offering many of the same diversification and management services as mutual funds but generally at a lower cost.

Many CITs are designed specifically for retirement plan investors. Therefore, specific information about a CIT may be available solely through the Plan that offers it. Participants may request fact sheets about CITs offered through the Plan from the HELPLINE or download them from our Web site at [www.nysdcp.com](http://www.nysdcp.com).

These are a type of collective investment fund and is therefore not subject to the same legal requirements as a mutual fund. Collective investment funds are available to individuals only through their participation in a qualified retirement plan. Rating information is not publicly available for collective investment funds.

### 3. Custom

Custom options are created for the exclusive use of Plan participants featuring investments from several separate account investment management companies.

Because of their custom nature, information about these funds is only available through the Plan. As with CITs, participants may request fact sheets about each of the Plan's custom funds from the HELPLINE or download them from our Web site at [www.nysdcp.com](http://www.nysdcp.com).

# Investment options starting July 10, 2017

## Do it For Me Investment Options

Category	Option Name	Investment Option Type	Net Expense Ratio
Target Date Options	T. Rowe Price Retirement Date Trusts (All Years)	CIT	0.38%

## Do it Yourself Investment Options

Category	Option Name	Investment Option Type	Net Expense Ratio
Stable Income	Stable Income Fund	Custom Fund	0.35%
Bond Market Index	NYSDCB U.S. Debt Index U/A	CIT	0.0198%
Bond Fund	Voya Core Plus Fixed Income Fund	CIT	0.23%
Balanced Fund	Vanguard Wellington Fund (VWENX)	Mutual Fund	0.16%
S&P 500 Index	NYSDCB Equity Index U/A	CIT	0.0084%
Large-Cap Value	T. Rowe Price Equity Income Fund	CIT	0.33%
	Boston Partners Large-Cap Value	CIT	0.67%
Large-Cap Growth	Vanguard PRIMECAP Fund (VPMAX)	Mutual Fund	0.33%
	T. Rowe Price Blue Chip Growth Fund	CIT	0.40%
Russell 2500 Index Fund (SMID)	NYSDCB Russell 2500 Index U/A	CIT	0.0225%
SMID Core	Vanguard Strategic Equity Fund (VSEQX)	Mutual Fund	0.18%
Small-Cap Value	Delaware Small-Cap Value Fund (DEVIX)	Mutual Fund	0.74%
Small-Cap Growth	T. Rowe Price QM U.S. Small-Cap Growth Equity Fund I Class (TQAIX)	Mutual Fund	0.66%
International Funds	NYSDCP International Active Fund	Custom Fund	0.60%
	NYSDCP International Passive Fund	Custom Fund	0.20%
International Emerging Markets	Morgan Stanley Emerging Markets Fund (MMMPX)	Mutual Fund	0.85%

## Specialty Investment Options

Category	Option Name	Investment Option Type	Net Expense Ratio
Environment Social Governance Fund (ESG)	Pax World Balanced Fund (PAXIX)	Mutual Fund	0.58%
Opportunistic Equity Fund	Fidelity OTC Fund (FOCPX)	Mutual Fund	0.58%
Schwab Personal Choice Retirement Account (PCRA)	Charles Schwab	N/A	N/A

# Welcome

## new participating employers

Bronxville UFSD

Broome County

Carthage/Wilna Fire District

Chemung County Stormwater  
Engineer Team

Cobleskill Richmondville CSD

Dolgeville CSD

Dryden CSD

Falconer CSD

Fire Island School District

Hampton Bays FD

Honeoye Falls-Lima CSD

LaFargeville CSD

Long Beach City School District t

Monroe 2- Orleans BOCES

Newark Valley Central  
School District

Newburgh Housing Authority

North Babylon UFSD

North Tonawanda Public Library

North Warren CSD

Odessa-Montour CSD

Orchard Park CSD

Richfield Springs CSD

Seymour Public Library District

Sharon Springs CSD South

Jefferson CSD

Town of Canaadia

Town of Islip Housing Authority

Town of Naples

Town of New Bremen

Town of Pavilion

Town of Wales

Village of Freeville

Village of Waddington

Voorheesville CSD

Webster CSD

\*Target Retirement Date Trusts are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying trusts. Therefore, in addition to the expenses of the Target Retirement Date Trusts, an investor is indirectly paying a proportionate share of the applicable fees and expenses of the underlying trusts.

Target Retirement Date Trusts are designed for people who plan to withdraw during or near a specific year. Like other trusts, Target Retirement Date Trusts are subject to market risk and loss. Loss of principal can occur at any time, including before, at or after the target date. There is no guarantee that Target Retirement Date Trusts will provide enough income for retirement.

**Before investing, you should carefully consider the option's investment objectives, risks, charges, and expenses. This and other information is contained in fact sheets and in the fund prospectus, which is available by calling 1-800-422-8463. Read it carefully before you invest.**

This newsletter provides information that is intended to help participants understand what investment alternatives are available to them under the Plan. If you need investment, tax or legal advice, please ask your accountant or lawyer. While we are pleased to help keep you up to date on your retirement savings, nothing in this newsletter can change the terms of the Plan or any investment contract.

Participants in the New York State Deferred Compensation Plan will be charged administrative fees for the Plan year beginning April 1, 2017 and ending March 31, 2018. Each participant account is charged a \$20 annual fee, assessed in two \$10 semi-annual 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 assessed in April 2017 was 0.020%. It is anticipated that the semi-annual asset-based fee to be assessed in October 2017 will be 0.020%.

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 upon the investment fund selected.

Information provided by Account Executives is for educational purposes only and is not intended as investment advice. Neither the Administrative Service Agency nor any of its representatives offer investment, legal or tax advice. For such guidance, you should consult your own investment, legal or tax advisor. Account Executives are registered representatives of Nationwide Investment Services Corporation, Member FINRA.

New York State Deferred Compensation Plan  
Room 124  
Empire State Plaza  
P.O. Box 2103  
Albany, NY 12220

NRM-2830NY-NY.53 (07/17)