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Quarterly
HELPLINE: 1-800-422-8463 TTY/TDD: 1-800-514-2447 WEB: nysdcp.com

New York State
Deferred Compensation Plan
A Plan for Your Future

Financial Independence

Hopefully we caught your attention with the title of this article. Certainly, financial independence is what most, if not all of us want to have. Financial independence is a term that not only applies to our working years, but especially for those years we will spend in retirement. What exactly is financial independence? The best explanation would be to have enough income to ensure you can enjoy the retirement you envision.

For many, the NYS Pension Plan is a major component of being financially independent in retirement and Social Security is another. However, these two sources of income can fall short of giving retirees true financial independence. If you are reading this, you are already taking advantage of a great way to ensure you have enough money to enjoy the type of retirement you want, which is by saving for retirement through the Plan.

This newsletter mentions Olympians and the extra effort they give to their sport to be the best they can be. Imagine saving for retirement the way an Olympian would — perhaps saving more than you did before by increasing your contributions; consulting with your Account Executive to make sure you are on track to meet your retirement goals. You can even go the extra mile yourself by logging into the My Interactive Retirement Planner to gauge your progress toward meeting your retirement goal. Olympians do not wait around for the results they want; they plan and train to achieve their goals. You can do the same with your Deferred Compensation Plan, with the goal of achieving financial independence in retirement.

Financial Independence – start today...

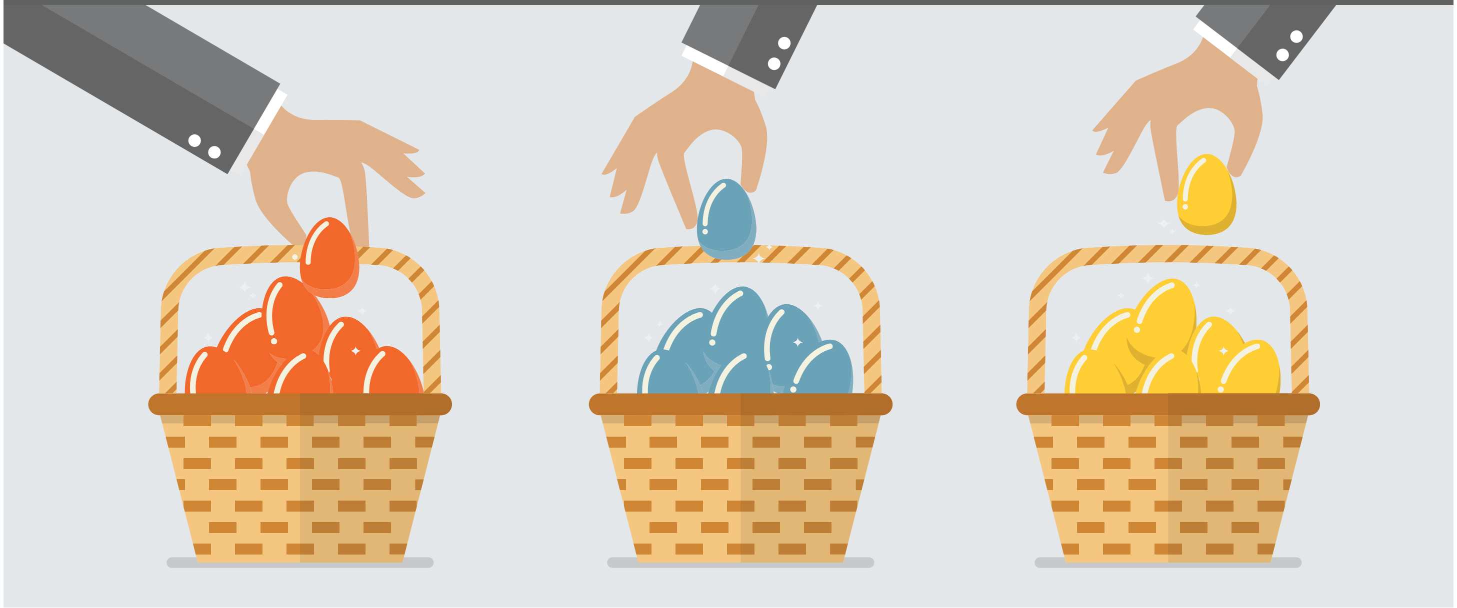
Diana Jones Ritter   Blake G. Washington   David J. Natoli

In retirement readiness Olympics, go for the gold

Tell a Friend

NYSDCP MAKES A DIFFERENCE!

DON'T PUT ALL YOUR EGGS IN ONE BASKET



Understanding Plan Account Risks: why diversification is so important

All too often, participants examine and refine their asset allocation after a major market decline. The better approach is to review and adjust when markets have performed well. It is also a time to consider the risks of being too concentrated in certain Plan investment options.

Some Plan investment options are designed to provide broad diversification with the selection of a single fund such as the Do-It-For-Me Target Date trusts or, to a lesser extent, balanced funds. Bond funds generally have a lower risk of decline than stock funds, but they also come with a lower long-term expected return.

Stock funds have varying levels of risk. It is generally agreed that funds investing in emerging markets, opportunistic equity (Specialty Options), and smaller capitalization companies exhibit relatively high risk levels. If you hold all or a large portion of your Plan account in only one or two of these types of funds, you should be aware of the above-average risk you may be taking.

Oftentimes, investors have this over-allocation because these funds have or had very good performances. It is human nature to want to put your money in the highest performing fund. The only problem with this strategy is that high performing funds also have times when they are the lowest performing funds in the lineup. It may be that you understand and accept this level of risk, but it is common for investors to underestimate risk in investments that have outperformed recently.

You are not alone. Please contact your Account Executive or a HELPLINE Representative at 1-800-422-8463 to discuss your asset allocation.

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

Target Date trusts invest in a wide variety of underlying funds to help reduce investment risk. So, in addition to the expenses of the Target Date trusts, you pay a proportionate share of the expenses of the underlying funds. Target Date trusts are designed for people who plan to withdrawal funds during or near a specific year. Like other funds, target date funds 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 Date trusts will provide enough income for retirement.

Bond funds have the same interest rate, inflation and credit risks that are associated with the underlying bonds owned by the fund.

Contribution limits have been increased for 2018[1]

You may be able to save more than before. The IRS has increased the regular maximum deferral limit by $500 more than the annual limit in 2017. The Age 50+ Catch-up has not changed. But, by increasing the standard deferral limit, the IRS also automatically increased the special 457(b) 3-year retirement catch-up limit so that you may be able to contribute $1,000 more this year than you could last year. For 2018, the limits are as follows.

Contribution category	Annual amount	Per-pay rounded down (26 pays)
Regular Deferrals	$18,500	$711
Age 50+ Catch-up	$24,500	$942
Special 457(b) Catch-up[2]	up to $37,000	up to $1,423

We recognize that not everyone can afford to contribute to the maximum limit. However, if you bump up contributions – even just little bit each year—the outcome over the long term could be significantly better. Take a look at how an account could potentially grow over time.[3]

Growth Period			Ending Balance		
Deferral Per Pay	**Paycheck Impact**	**Annual Pay Reduction**	**Accumulation 10 Years**	**Accumulation 20 Years**	**Accumulation 30 Years**
$25	$18.75	$600	$8,588	$25,484	$58,920
$50	$37.50	$1,200	$17,177	$50,968	$117,440
$75	$56.25	$1,800	$25,766	$76,453	$176,161
$100	$75.00	$2,400	$34,355	$101,937	$234,881
$150	$112.50	$3,600	$51,533	$152,906	$352,322
$200	$150.00	$4,800	$68,710	$203,875	$469,763

As you review these tables, consider how you could do more for your retirement saving. Even a little bit more could have you crossing the finish line in better financial condition for retirement.

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[1]https://www.irs.gov/newsroom/irs-announces-2018-pension-plan-limitations-401k-contribution-limit-increases-to-18500-for-2018

[2]If you already use the special 457(b) 3-year retirement catch-up, please read the nearby article. Source: IRS Announces 2018 Pension Plan Limitations, IR-2017-141

[3]Chart assumptions: semi-monthly deferrals, 25% tax rate for paycheck impact, 7% annual rate of return. This hypothetical illustration is not intended to predict or project investment results or the performance of your deferred compensation account. It does not assume taxes, fees or account withdrawals during accumulation; if it did, results would be lower

Changes to the Plan's ESG Offering

As part of the ongoing process of evaluating the Plan's investment options, there will be a change to the ESG (Environmental, Social, Governance) specialty option.

Effective March 1, 2018, the Plan will be offering the Pax Global Environmental Markets Fund as the ESG investment option in the Plan.

This fund invests across all environmental sectors and is fossil-fuel free. The fund typically invests in companies engaging in the following activities: energy efficiency and renewable/alternative energy, water infrastructure, pollution control, waste management, environmental support services, and sustainable food, agriculture and forestry.

The Pax World Balanced Fund will be eliminated as an investment option on March 31, 2018. If you do not transfer your balance in the Pax Balanced fund before that date, your assets in this fund will automatically be transferred to the Vanguard Wellington Balanced Fund.

If you wish to remain in an ESG fund, it is important that you either use the Plan's Web site or contact the HELPLINE to exchange your assets from the Pax Balanced Fund to the Pax Global Environmental Markets fund between March 1 and March 31, 2018.

Participants invested in the Pax Balanced Fund will also receive a letter explaining this change including instructions on how to invest in the new ESG option.

For 3-year Retirement Catch-up participants to contribute to the maximum limit, call the HELPLINE.

Please note that increasing to the 3-year Retirement Catch-up maximum amount is not done automatically when higher limits are announced by the IRS. You need to initiate the change. Contact the HELPLINE at 1-800-422-8463 and let the representative know you wish to increase your contributions.

For help as you consider how much more you may be able to contribute to your Plan account, contact your Account Executive or call the HELPLINE at 1-800-422-8463.

Investing involves market risk, including possible loss of principal. No investment strategy 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.

Welcome new participating employers

- Bath Central School District
- Center Moriches Free Public Library
- Livingston County Sewer
- Middle Country CSD
- Pleasantville UFSD
- Schenectady School
- Town of Freedom
- Town of Scio
- Village of North Collins
- Village of Suffern

Current fund developments

Dimensional Fund Advisors (DFA), one of the international fund managers in the International Fund – Active, announced the resignation of Co-CEO and Co- CIO, Eduardo Repetto effective the last week of September 2017. DFS will appoint Co-CIO Gerard O'Reilly as the Co-CEO alongside Dave Butler, who serves as Co-CEO and Head of Global Financial Advisor Services. Mr. O'Reilly will function as the sole CIO and will become a member of the firm's Board of Directors. Mr. O'Reilly joined the firm in 2004 and has served as Co-CIO since 2014.

Before investing, you should carefully consider the option's investment objectives, risks, charges, and expenses. This and other information is contained in mutual fund prospectuses and in CIT and custom option fact sheets, which are 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, 2018 and ending March 31, 2019. 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 semi-annual asset-based fee assessed in October 2017 was 0.20%. It is anticipated that the semi-annual asset-based fee to be assessed in April 2018 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.

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