January 2019
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

Dear Participants,

Accumulation strategies. Portfolio diversification. Index and active investing. Meaningful investment terms indeed, but there are a few problems. One is that most people see these words as jargon that they don't understand. The second problem is that these words are the focus of building account value — a noble pursuit — but is this really what we should be thinking about? What we really care about is future income! We may save more and make better decisions when we keep a focus on our ultimate goal of income in retirement. So, how do we do that?

Two factors most affect our future income from the Plan. The first is clearly how much and for how long we save. You hear about the importance of this all the time and it is 100 percent true. The second is how your account is invested and the returns generated by those investments. Too often, we pay too much attention to daily or quarterly account values instead of thinking about the income our investments generate today and in the future. Most people don't know this, but the income generated by stock and bond investments fluctuates a lot less than the short-term prices do. To put it simply, the more shares of an investment you own, the more income potential your portfolio has.

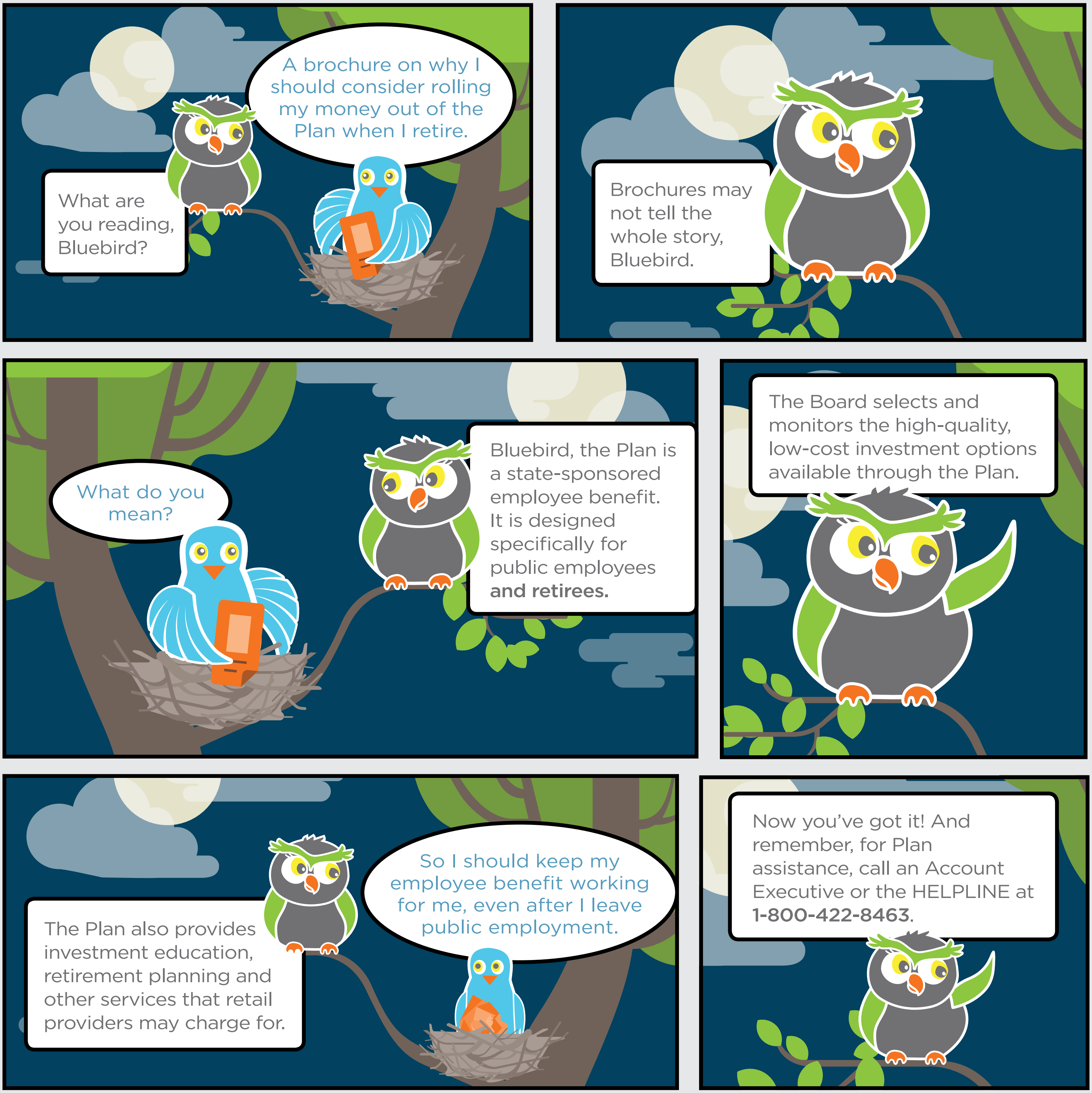
The Plan will be explaining more about ways you can prepare for distributions from your account and ideas for you to customize a strategy that's right for you in the future. If you are close to retirement, we are certain you will be interested. Those further from retirement should take notice as well because it may help them better understand the reasons for participating and how it will affect their future income from the Plan.

Diana Jones Ritter   Blake G. Washington   David J. Natoli

With the Plan, there's no need to roll over when you retire

Tell a Friend

NYSDCP MAKES A DIFFERENCE!



Investing involves market risk, including possible loss of principal. No investment strategy or program can guarantee to make 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.

PLAN EDUCATION

Should I stay or should I go?

Why you should consider staying in the Plan after leaving employment

One of the most important benefits of public employment in the State of New York is the availability of the New York State Deferred Compensation Plan. A supplemental, long-term retirement savings program specifically created for public employees and retirees, the Plan continues to offer you benefits even after you leave public employment. So before you take your account from the Plan, make sure you do your homework.

Lower costs

As a state benefit, profit is not a motive for the Plan. The Board works to keep operational costs as low as possible and doesn't charge for services that retail providers would. For example, retirement planning education also comes as a service included in the Plan.

In addition, the Board negotiates and monitors the investment products offered through the Plan to ensure that they are not only high quality but also low cost.

Online resources

Where retail-provider Web sites may be geared toward selling you a product or service, nysdcp.com offers a wealth of resources designed to help you work toward achieving your retirement goals. You can access it securely, anytime, from any Web-enabled device. Once logged in, you'll immediately see information about your account, tools to help you improve your retirement readiness and a variety of educational materials and interactive calculators to help you get the most out of your continued participation in the Plan.

Our people

The Plan's team of Account Executives and customer service personnel at the HELPLINE are paid to serve participants like you. They're highly trained professionals, carrying Chartered Financial Consultant® (ChFC®), Certified Retirement Counselor® (CRC®) and/or Chartered Retirement Plans Specialist® (CRPS®) certifications, and are ready to assist you as you decide which features of the Plan are best for you.

Stay in the Plan

When you compare the benefits of Plan participation versus other options, we think you'll agree that the Plan offers better value. **If you have questions or would like assistance, please call the HELPLINE (1-800-422-8463) or visit the Plan Web site at nysdcp.com.**

RETIREMENT SAVINGS EDUCATION

How do annuities work?

If you're approaching retirement, you may be considering what to do with the money in your retirement account. One option may be to purchase an annuity. An annuity is a long-term investment product that is designed to help protect the investor from the risk of outliving their income.

Buying an annuity usually involves paying a large amount to an insurance company — for example, the money you've accumulated in your retirement account — in exchange for the company's promise to make a series of payments to you over time. You may be able to structure the annuity to start sending income to you immediately, or delay receiving income until a specified date. Some annuities guarantee you income for life; others, for a fixed period or number of payments. That guarantee is subject to the claims-paying ability of the company providing the annuity.

Some things to investigate when considering an annuity are:

- Fees and expenses tend to be significantly higher than keeping your assets invested through the Plan
- Your ability to withdraw your money may come with a surrender fee or other contractual restrictions
- If early withdrawals occur prior to age 59½, they may be subject to a 10% federal tax penalty
- Annuity products can be complex and may have inflexible distribution options

Before you make decisions about what to do with the money in your retirement account, consider the options you may have through the Plan. **Contact your Account Executive or call the HELPLINE at 1-800-422-8463.**

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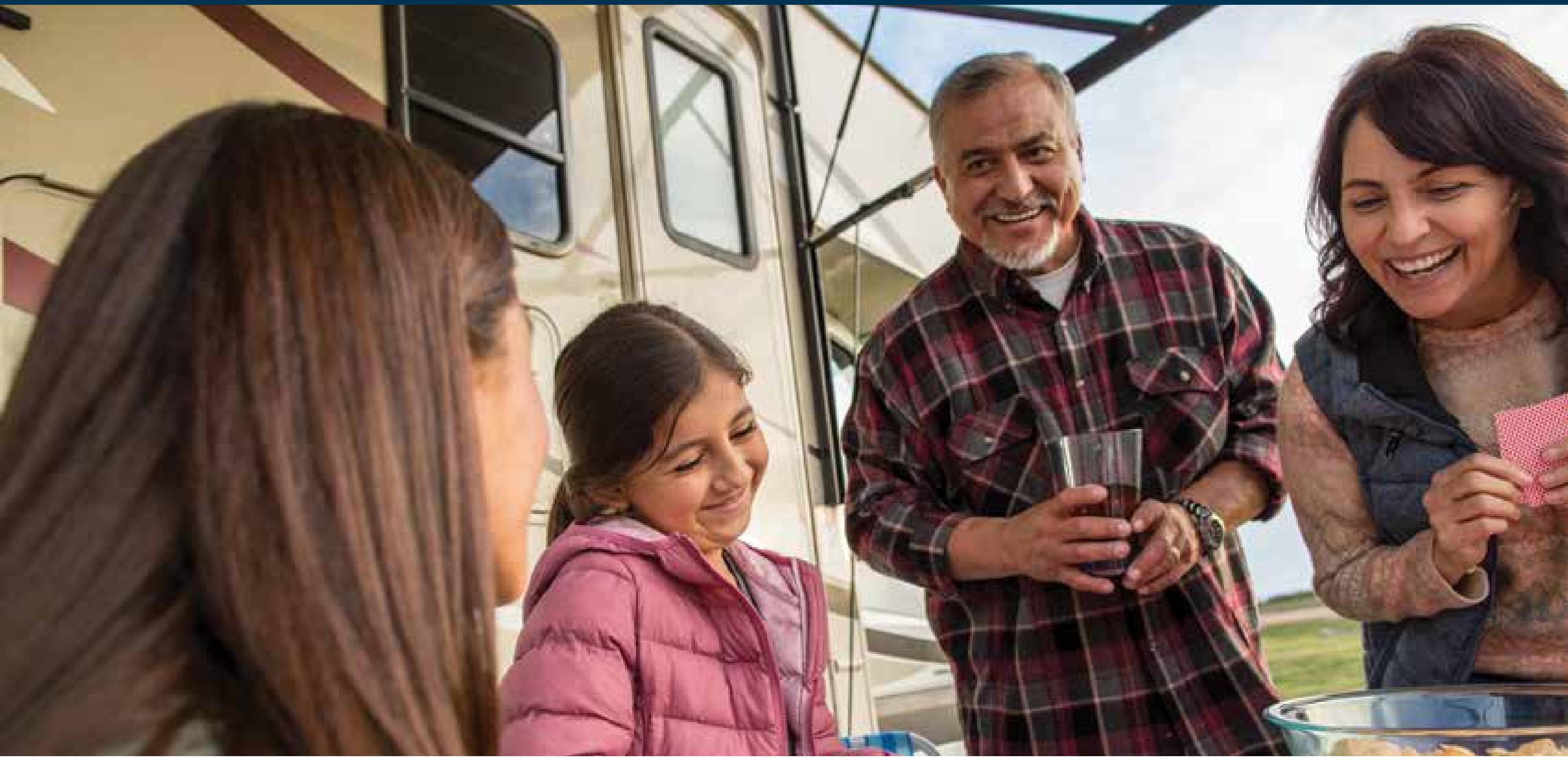

PLAN EDUCATION

Want to know your Required Minimum Distribution?

Unless you remain employed, you must take a distribution from your retirement plan account each year, starting at age 70½. This is known as a Required Minimum Distribution (RMD).

Some retirees have told us that calculating their RMD amount can be difficult and time consuming. Sure, there are Web sites where you can enter your age, life expectancy factors and account balance to receive your estimated RMD. You can even access the Internal Revenue Service Web site at **irs.gov/retirement-plans** for a worksheet to help you calculate the information.

The Plan has received feedback that this information should be provided to eligible participants.

We heard you and are happy to share that the amount of your annual RMD for your New York State Deferred Compensation Plan will be listed in your RMD letter. This information will be mailed in January 2019 to those who are eligible for an RMD for the first time as well as those who have been withdrawing for years.

If you have other tax-advantaged retirement accounts or other investment vehicles, you may need to obtain an RMD from them as well. For a list of other plans subject to RMDs, such as 401(k), 403(b) and Thrift Savings Plans, visit the IRS Web site at **irs.gov** or contact your Account Executive.

"Your distribution request has been received" — alert coming soon.

If you have an email on file with the Plan, you will soon begin receiving an email alert when the Plan has received your distribution request. Also, a second email will be sent on the morning after shares have been sold to fund your distribution(s) so you will know your check/ACH is on the way.

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Online Enrollment Now Available

The Plan is now offering online enrollment! Tell a friend that it's now easier than ever to join the Plan by accessing **nysdcp.com/enroll**.

PLAN EDUCATION

Help a co-worker start a shareworthy retirement story

You made a good decision when you joined the New York State Deferred Compensation Plan. Chances are you know a co-worker who is not saving for retirement through the Plan. They may have even told you why.

"Getting started is just too hard"

Ask your co-worker to pull out their smartphone and access **nysdcp.com/enroll**. They can join the Plan faster than they can plan a shopping trip. The entire process is safe, secure and fast.

"Saving is just too hard"

The Plan makes it easy. Payroll deductions help make contributing effortless: it happens before you see your paycheck. The Plan's lower costs mean more of what you contribute can go directly into investments. Long-term compounding can help power the potential growth of investments.

"We have a good pension"

Will that be enough? Your retirement income needs may be higher than you'd think. We know this because:

- People are living longer, healthier lives
- Inflation means things will cost more
- A pension only goes so far

Tax season is approaching

When will I receive my 1099?

With the start of a new year, it's time to collect the documentation you will need for tax season. For participants who take New York State Deferred Compensation Plan distributions, 1099-R tax forms will be mailed by January 31, 2019.

For more information on this form or to access instructions for use, visit the Internal Revenue Service Web site at **irs.gov/forms-instructions**.

IRS has increased retirement plan limits for 2019

Effective January 1, 2019, the annual contribution limits increased as follows:[1]

Regular Deferral Limit	**$19,000**
Age 50-Plus Deferral Limit	**$25,000**
Special 457(b) Catch-up	**up to $38,000**

If you are participating in the special three-year retirement catch-up and wish to have your contribution amount increased to the maximum you're allowed in 2019, please call the HELPLINE at **1-800-422-8463**.

Welcome new participating employers

- Cortland Enlarged City School District
- Genesee Valley CSD
- Little Falls CSD
- Rensselaer City School District
- Rockland County Solid Waste Mgmt Authority
- Schodack CSD
- St Regis Falls CSD
- Thousand Islands Central School
- Town of Castile
- Town of Covert
- Town of New Lisbon
- Town of Orwell
- Town of Rushford
- Town of St Armand
- Town of Webb UFSD
- Town of Wirt
- Trumansurg CSD
- Upper Hudson Library System
- Village of Hillburn
- Yates County Industrial Development Agency

Current fund developments

Fidelity OTC finalized the Portfolio Manager transition that began in September 2017. At that time, Sonu Kalra (already the lead portfolio manager for the Fidelity Blue Chip Growth Fund) was named lead portfolio manager of the OTC Fund, and Chris Lin was named co-portfolio manager. In accordance with the transition process, effective January 2019, Chris Lin assumed the role of lead portfolio manager for the Fidelity OTC Fund.

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 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 2018 was 0.00175%. The semi-annual asset-based fee to be assessed in April 2019 will be 0.00175%.

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, Columbus, Ohio.

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