Spring 2023

FUTURE*focus*

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

News and Strategies for Your Financial Success

Get ready for the month of April

April is a big month when it comes to financial wellness and planning for retirement. As the spring season arrives, we want you to be prepared. Keep in mind that this year the IRS tax filing deadline is Tuesday, April 18, 2023. April is also Financial Literacy Month, which is recognized every year to raise public awareness of the importance of financial literacy and smart money management habits.

Remember that the New York State Deferred Compensation Plan is here to help you every step of the way. Whether you're just getting started with investing or you're already retired, there's plenty to learn about financial wellness.

Learn more about retirement and financial wellness.

Every move you make, every step you take, we'll be helping you

If media headlines make you wonder who you should believe, remember that headlines shouldn't drive your investment decisions. When the market is up, it's good to see your investments compounding and generating more money in your account. But when the market is down, you might be tempted to decrease your contributions or change your investment strategies. Despite the temptation, it's important to stay the course with your investing goals. Instead of investing based on your emotions, keep your short- and long-term goals in mind. Learn from a variety of sources, especially NYSDCP including contacting AE Connect to help with your account.

An update on the SECURE 2.0 Act of 2022

The SECURE 2.0 Act was signed into law by President Biden on December 29, 2022. This Act includes new regulations related to retirement plans, including the New York State Deferred Compensation Plan. Some of the provisions included in this legislation go into effect immediately while others are effective January 1, 2024 or later.

What changed under the SECURE 2.0 Act?

- Several key provisions are designed to help promote increased savings and strengthen financial security for more Americans.
- **The age requirement for Required Minimum Distributions (RMDs) increased from 72 to 73. If you'll be turning 73 in 2023, you're required to begin taking RMDs from your 457(b), 401(k) and/or your IRA by April 1, 2024.** And that's no April Fools' joke. More good news: the Plan takes care of RMDs on your behalf when you turn 73, so you don't have to worry about setting up RMDs for your Plan account.
- Rest assured that we're planning and developing the NYSDCP approach to respond to SECURE 2.0, and we will put into place all of the required regulatory changes at the appropriate times. We'll keep you up to date on these efforts.

There's a new IRS-required form for federal tax withholding changes if you wish to elect withholding from your distribution other than the default percentage. This form must be submitted at the time of your distribution request. Be on the lookout for more details.

Schedule an account review with your Account Executive to make sure you're investing for the long term. Use this QR code to find your Account Executive and schedule an appointment.

5 ways to build your financial literacy

This April, we invite you to celebrate Financial Literacy Month by growing your financial skills — and your savings. As 2023 began, 74% of Americans were living paycheck to paycheck, a survey found. More than half (54%) of survey respondents said their personal savings have decreased over the last year, with 65% citing inflation as the factor impacting their finances the most.[1]

As you continue to develop your financial skills, you're also building financial resilience. The more financially resilient you are, the better you can withstand events that impact both your daily life and future.

Whatever your circumstances, here are 5 tips to help build your financial resilience:

1. Save with long-term planning in mind. Consider an increase to your NYSDCP contributions to help you feel confident that what you're doing now can positively impact your longer-term goals.

2. Make considered purchases rather than impulse buys. Are you paying for a gym membership you don't use? Burning up cash on multiple subscription services you don't need? Spending less on these discretionary items could give you an instant cash-flow boost.

3. Keep track of cash flow and how you're spending your money. Do you know how you spend your money each month? Starting and sticking to a budget can help you better track spending.

4. Create and maintain an emergency savings fund to cover unexpected expenses. Prepare for emergencies and unexpected costs by creating an emergency fund ahead of time. Financial experts recommend that those still in the workforce should maintain funds that could cover 3 to 6 months of expenses. For retirees, experts recommend an emergency fund that can cover up to 2 years of expenses. This can help prevent you from dipping into your retirement assets in the face of unexpected costs.[2]

5. Eliminate debt. If you have a high debt-to-income ratio, any type of financial crisis can quickly increase the strain on your wallet. Start paying off debt with the highest interest rate and work your way toward eliminating the rest.

Join us for live workshops on retirement planning. Here's what coming up:

Asset Allocation
April 12, 12 p.m.

Enrollment
April 19, 12 p.m.

Social Security
April 20, 12 p.m.

Pension NYSLRS
April 26, 12 p.m.

Pre-Retirement
April 28, 12 p.m.

Scan here to access our webinars.

[1] "Survey: Americans personal savings are plummeting as 74% are now living paycheck to paycheck," SecureSave, prweb.com/releases/2023/01/prweb19128966.htm (Feb. 10, 2023).

[2] "How Much Should You Have in an Emergency Fund?" Lee Huffman, SmartAsset, smartasset.com/financial-advisor/how-much-should-you-have-in-an-emergency-fund (July 27, 2022).

You've got the power.

Are you thinking about retirement and need access to plan resources and information? You've got it.

As you strive to make informed decisions about your retirement savings, remember that the Plan provides "power tools" and resources to help you along the way, including a fee transparency and comparison chart, an investment options overview, a Personal Document Locator and more.

As of 2021, 60% of non-retirees felt as if their retirement savings weren't on track for retirement, according to the Federal Reserve.[3] Use our newly enhanced My Interactive Retirement Planner℠ (MIRP) tool to evaluate whether you're on track for retirement, and then log in to your account to make a contribution change. You can also use the Contribution Change Form to increase your contribution.

Learn more or contact your Account Executive for more information or for answers to your retirement account questions.

[3] "Economic Well-Being of U.S. Households in 2020," Federal Reserve (May 2021).

RETIREE CORNER

Tips for savoring your retirement years

The goals and activities you choose can help you make more friends, maintain structure and routine, and achieve a sense of purpose. As you embark on retirement and the next fulfilling chapter of your life, it may be difficult to know where to begin. Here are some ideas to help you get started.

1. Explore the area where you live. While you're in the workforce, you may spend a majority of your daily life close to the areas where you live and work. Broaden your horizons by scheduling some nearby adventures, from local museums to cross-country trails.

2. Learn a new skill. Perhaps you've always wanted to take up a new hobby or sport, but there just wasn't enough time. It could be something as simple as learning to dance, playing a musical instrument or painting with watercolors.

3. Give back. Experts agree that volunteering and helping others is not only good for those you're helping — it's also good for you. Whether you're sorting food at a local food bank or shopping for an elderly neighbor, volunteering is a great way to meet new people and help others.

4. Research your genealogy. Today, it's easier than ever to explore your family roots, thanks to a host of online resources. You never know what you might uncover while exploring census records, local archives and historical societies. You could even make it a family project and involve your children and grandchildren, leaving a legacy for the next generation.

5. Master your finances. Your needs and assets will likely change throughout your retirement. Stay in touch with the Plan by scheduling regular account reviews with your Account Executive.

Whether you've already tried some of these ideas or you're still settling into retirement, remember that NYSDCP is here for you throughout your career and in retirement.

To learn more about our at-retirement resources, scan the QR code. For more answers to your retirement account questions, contact AE Connect at 1-844-867-8197.

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

A message for you from the Board

Dear Participants,

Future Focus implies that one of our primary goals is to make sure that you are engaged in making informed decisions regarding your future retirement. Financial Literacy Month is a reminder to all of us that we should be taking advantage of all the information available to us regarding our finances and the opportunity that NYSDCP provides for supplemental saving over the years.

You may wonder what type of information we can provide through the Plan. We offer many print documents and web articles on the various provisions of the Plan. Our Account Executives can provide guidance on our investment options and let you know more about each of them. We also encourage you to take advantage of the various webinars we offer, including Economic Outlook, the State and Local Retirement System (pension) and Asset Allocation. A full list of webinars is available on our website.

Future issues will highlight changes due to SECURE 2.0 as well as feature articles that pair with the goals of Financial Literacy Month, year-round, giving you what you need to be an informed participant in the Plan.

Diana Jones Ritter   Blake G. Washington   David J. Natoli

Welcome, new participating employers

- Cold Spring Harbor Central School District
- Onondaga County Water Authority
- Town of Springwater
- Town of Harrisburg
- Honeoye Central School District
- Town of Cherry Valley
- Village of Nelliston
- Town of Copake
- North Greenbush Common School
- Town of Shandaken
- Seneca County
- Town of Kingston
- Town of Middlefield
- Town of Roxbury
- Fort Edward Union Free School District
- Orange County
- Mount Markham Central School District
- Dansville Central School District
- Village of Wyoming

NYSDCP comment on recent bank revelations

Recently, revelations of several bank failures unnerved investors. The failures of Silicon Valley Bank and Signature Bank and concerns about the solvency of other U.S. regional banks have led some participants to question the Plan's exposure to these institutions. Rest assured that the Plan is monitoring these events. We can confirm that the Stable Income Fund has no exposure to these securities.

By definition, an index fund will have exposure to all publicly traded companies in that particular category of investment, but the exposure is minimal. Events such as these reinforce the Plan's long standing position that a properly diversified investment portfolio can protect your assets from economic anomalies such as the recent bank failures.

As always, AE Connect and your Account Executive can be a great resource to get answers to questions about recent economic news and events.

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 April 2023 is .016250%.

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.

NRM-22046M1-NY.1 (03/23)