



New York State
Deferred Compensation Plan

A Plan for Your Future



COUNTDOWN TO RETIREMENT

Four steps to maximize
your final years of saving

The four steps



1

Determine your
income need

2

Close your
income gap

3

Protect yourself
from risks

4

Keep your
planning simple

1

Determine your
income need

What is the New York State Deferred Compensation Plan

- Also known as a 457(b) plan
- Automatic contributions for hassle-free investing; can change anytime
- Your contributions can be pre-tax or Roth
- Opportunity for tax-deferred growth or tax-free withdrawals

Investing involves market risk, including possible loss of principal.

2

Close your
income gap

How much income do you need?



- Traditional estimate
- 70% to 80%¹ of final pay at retirement
- Could you need or want more?
- Can you live on 70% to 80% of current income?

¹ Do I really need 100% of my pre-retirement income? CNN Money (July 2012)

2

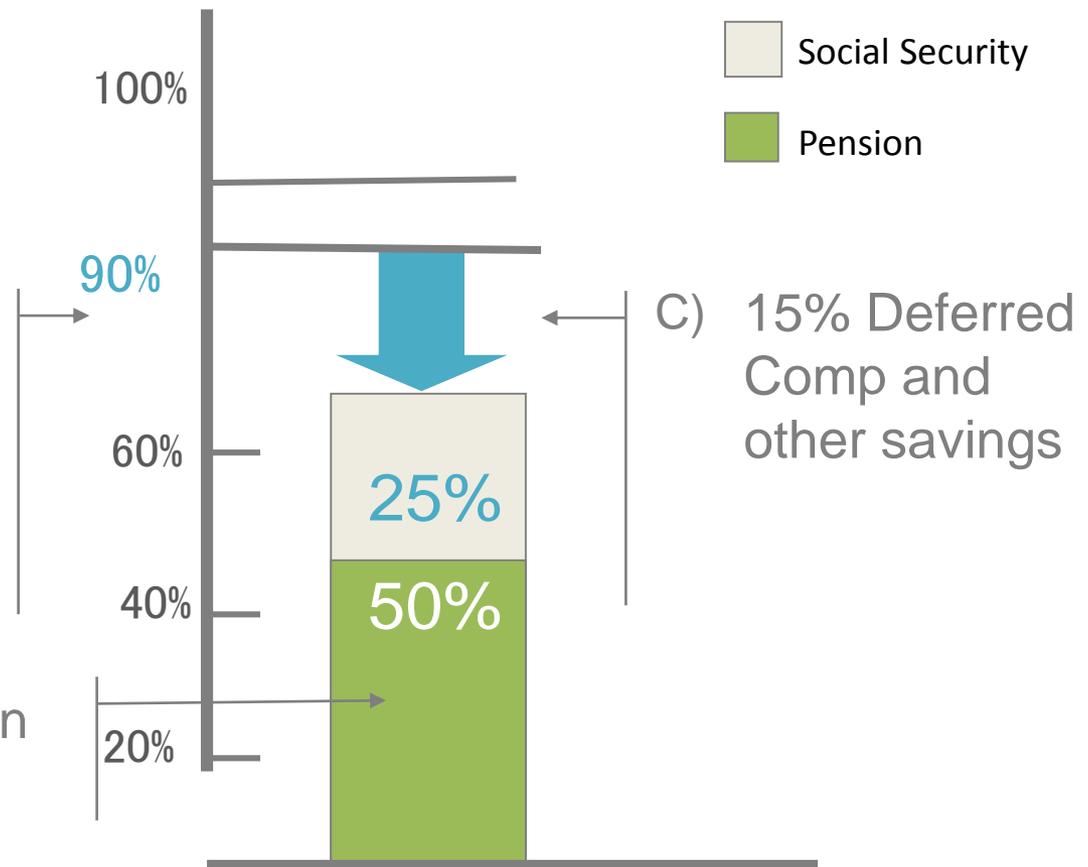
Close your
income gap

Where will the money come from?

Example:
90% retirement
income goal

A) Determine
percentage of
income you will
need in retirement

B) Get estimated pension
and social security



C) 15% Deferred
Comp and
other savings

2

Close your
income gap

Determine if you have a retirement “income gap”

The income gap is the difference between income you will **NEED** and income you will **HAVE**.



- ✓ Pension
- ✓ Social Security
- ✓ Personal savings

2

Close your
income gap

How can you close the income gap?

Increase your contribution. **Even a little bit helps.**



- Turn your raises into contributions
- When children leave home, turn support dollars into contributions
- Reduce your debt; then turn former debt payments into contributions

2

Close your
income gap

My Interactive Retirement Planner



This online retirement planning solution helps you:

- Learn where you stand
- Create an all-inclusive retirement picture
- Project your retirement spending needs, including your Pension and Social Security
- Experiment with different scenarios



Sign on to
[NYSDCP.com](https://www.nysdcp.com) to complete

2

Close your
income gap

What will my pension and Social Security provide?



NYS Pension



1-866-805-0990



www.osc.state.ny.us/retire

Social Security



1-800-772-1213



www.SSA.gov

2

Close your
income gap

Catch-up provisions

	Contribution limit amount	Bi-Weekly contribution
Normal maximum allowable	\$18,000	\$692.31
Retirement catch up (also known as 50+ Catch Up)	\$24,000	\$923.08
Specialized retirement catch-up	\$36,000	\$1,384.62

¹ RS Announces 2016 Pension Plan Limitations, Internal Revenue Service, IR-2014-99 (Oct. 21, 2015).

3

Protect yourself
from risks

Retirement risks



- Life expectancy
- Inflation
- Health care costs
- Needs of adult children or parents

3

Protect yourself
from risks

Life expectancy: How long will I live?



On average

Men live to
age **84**

Women live
to age **87**

* Source: www.ssa.gov/planners/lifeexpectancy.html

3

Protect yourself
from risks

Inflation risk

Historically, inflation has been **3-5%**

	1980	2016	2028
First class stamp	\$0.15	\$0.47	?
Gallon of milk ²	\$0.84	\$3.23	?
Movie tickets ³	\$2.69	\$10.29	?
Gallon of gasoline ⁴	\$1.25	\$2.22	?

¹ Statistical Abstract of the United States, 2015

² American Farm Bureau, 2016

³ Fandango.com, 2016

⁴ DailyFinance, May 2016

3

Protect yourself
from risks

The effect of inflation on monthly retirement income (4% inflation rate)

	Now	5 years	10 years	20 years
Pension Plan	\$1,583	\$1,583	\$1,733	\$2,033
Social Security	\$1,108	\$1,348	\$1,641	\$2,428
Total Income	\$2,691	\$2,931	\$3,374	\$4,461
(-) Retirement Expenses	\$2,533	\$3,082	\$3,750	\$5,551
Over or under	+\$158	-\$151	-\$376	-\$1090

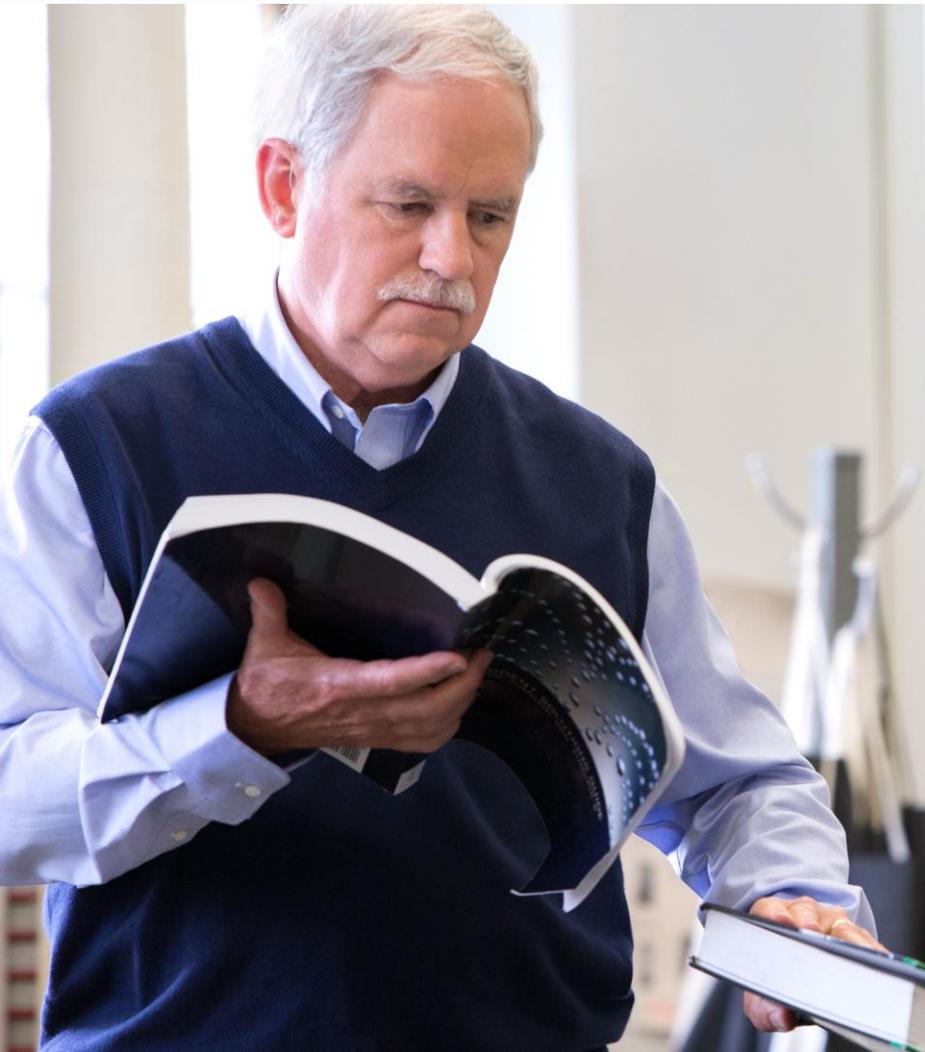
Assumptions

Retiree age 65; \$38,000 annual pre-retirement income; pension pays 50% of Consumer Price Index not to exceed 3% nor be less than 1% beginning after the 5th year of retirement, on first \$18,000 of pension; Social Security replaces 35% of pay and increases with inflation rate of 4%.

4

Keep your
planning simple

When can I start drawing money from my plan?



- Upon separating from service regardless of age
- “RMD” No later than **age 70½** (unless you are still working)



Call for help 1-800-422-8463

4

Keep your
planning simple

Distribution options



Income options:

- Lump Sum (Full) withdrawal
- Partial (Random) withdrawal
- Periodic (Systematic) payments
- Fixed dollar or term

You can change at any time!



Call for help 1-800-422-8463

4

Keep your
planning simple

Tax-free Distributions (Roth)

A qualified distribution is one that is made at least five years after the year of the participant's first designated Roth contribution and is made:

- On or after attainment of **age 59½**
- On account of the participant's disability, or
- On or after the participant's death

4

Keep your
planning simple

How will my pre-tax distributions be taxed? (Federal taxes)

- A mandatory 20% is withheld for full and partial withdrawals and periodic payments expected to last less than ten years
- Periodic payments expected to last more than 10 years, RMD and unforeseeable emergencies are subject to 10% withholding, unless otherwise elected

Remember, neither NYSDCP nor any of its representatives give tax, legal or investment advice. For such guidance, please contact your legal or professional advisor.

4

Keep your
planning simple

How will my pre-tax distributions be taxed? (State taxes)

- NY State residents age 59½ or older can receive combined (e.g., from all retirement accounts) installment distributions of up to \$20,000 per year free from New York state income taxes.
- This exemption is separate from the New York state exemption of your New York State pension benefit.

Neither NYSDCP nor any of its representatives give tax, legal or investment advice. For such guidance, please contact your legal or professional advisor.

4

Keep your
planning simple

Can you keep your money here?



YES!

- Consolidation/Organization of assets
- Potentially lower fees
- Convenient access to money
- Unbiased educational services



Call for help 1-800-422-8463

4

Keep your
planning simple

Know the types of accounts you can combine

You can transfer other **pre-tax dollars** from:

- Other deferred compensation retirement plans
- 401(k) retirement plans
- 403(b) retirement plans
- Rollover IRA, Contributory IRA, or SIMPLE IRA accounts



Notes to Consider:

- There are differences between deferred compensation plans, IRAs and qualified plans, including fees and when you can access funds.
- You should consult with your tax adviser and consider all factors before making a decision to consolidate your retirement plans.
- Neither NYSDCP nor any of its representatives give tax, legal or investment advice.

4

Keep your
planning simple

Reminders



- Review beneficiaries
- Review asset allocation
- Visit [NYSDCP.com](https://www.nysdcp.com) and complete My Interactive Retirement PlannerSM

Remember ... We're here to help you.



1-800-422-8463



WWW.NYSDCP.COM

Information provided in this workshop is for educational purposes only and is not intended as investment advice.

Account Executives are registered representatives of Nationwide Investment Services Corporation, member FINRA.

NRM-3400NY-NY.14



New York State
Deferred Compensation Plan

A Plan for Your Future

