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THE DEFERRED WORD

Nevada Public Employees' Deferred Compensation Program (NDC)

Fourth Quarter 2014

What's New in the Nevada Public Employees' Deferred Compensation Program?

NDC Recordkeeper Contract to Voya Financial as a Single Recordkeeper

As the Fall Season marks the time for preparation for the Holidays and Winter Season, The NDC Program is working hard with the folks at Voya Financial to ensure a smooth and expeditious transition. As we have communicated multiple times throughout the year, the *Nevada Public Employees' Deferred Compensation Program (NDC)*, in conjunction with the State of Nevada Purchasing Division, successfully completed a Request for Proposal (RFP) in June 2014, and subsequently negotiated a contract to Voya Financial to provide the NDC Program with Recordkeeping Services and become the NDC Program's sole Recordkeeper. The Voya Financial contract was unanimously approved by the Nevada Board of Examiners on November 12, 2014.

The contract with Voya Financial will be effective January 1, 2015. Voya Financial will be sending a Transition Informational Newsletter to all participants outlining when all of the changes will occur, how the changes will take place, provide answers to a series of FAQ's, and provide other important information to ensure a smooth transition. Additionally included in the Transition Newsletter will be a web link to a schedule of Educational Meetings that Voya Financial will be conducting throughout the State of Nevada in January and February 2015 to provide participants the opportunity to learn about the transition to Voya Financial and the benefits that their company will be offering to NDC Participants with the execution of this new contract. Also included in the Transition Newsletter will be a Fund Mapping Schedule explaining what all participants current investment options will be mapped to when the Transition is complete. Please note that because the NDC Program manages all of its investment options in an Open-Architecture investment platform, many of the current investment options will be retained with minimal changes under the one Recordkeeper, and the new core investment line-up has some very positive additions.

If you have further questions, please feel free to contact the NDC Program Coordinator, Rob Boehmer, at 775-684-3397 or email at rboehmer@defcomp.nv.gov.

NDC's 2014 Financial Education Days proved to be a huge success

In conjunction with *National Save For Retirement Week (NS4RW)*, a national congressionally endorsed dedicated week encouraging employees to take advantage of their employer retirement savings plan, NDC Sponsored its 8th Annual Financial Education Days Workshops throughout the State.

During the week of October 17th—23rd, NDC Staff in conjunction with our contracted Recordkeepers and representatives from PERS, PEBP, and the Social Security Administration, conducted a series of educational workshops highlighting the Basics of the NDC Program, how to actively manage your Deferred Compensation Account throughout the accumulation phase of your life, important information to consider when participants get close to retirement age, and helping participants understand how to take a holistic approach to planning for retirement. The participation to this annual event was more than double all previous years in which we have conducted these educational workshops.

The NDC Administration would like to take the opportunity to express appreciation to the over 1400 government employees across the State of Nevada that participated in the Annual event. All of the positive feedback and evaluations that we continue to receive as a result of this annual event has prompted the NDC Administration and Committee to make the presentations available to review on the NDC Website at <http://defcomp.nv.gov>. Additionally, we are in the final stages of developing the presentations into webinars that will be available for employees to access on the State of Nevada's e-Learning system. The completion of the e-Learning webinars are slated to go live by the end of December 2014. We will send out special communications when the webinars are live and available.

Upcoming Meeting Dates

Voya Transition Education Meetings—January and February throughout the State of Nevada

January 21, 2015 — NDC Annual Planning Meeting

February 18, 2015 — Quarterly Meeting



NEW TO THE PLAN

You've Got This!

SAVING FOR YOUR RETIREMENT IS AS EASY AS NDC!

THE PLAN

The Nevada Public Employees Deferred Compensation Program (NDC Program), is a *voluntary* tax-deferred supplemental retirement savings plan.

- ◆ Created for Gov. Employees pursuant to section 457(b) of the Internal Revenue Code
- ◆ Provides participants and their beneficiaries with a supplement to their PERS Pension
- ◆ One of your most important ***Voluntary Benefits*** offered through the State of Nevada
- ◆ A supplemental retirement savings plan that will help you save in the amount of tax you pay bi-weekly, annually, and when you retire.
- ◆ Ask yourself, "***Would you rather put a portion of the tax dollars that you are currently paying on your paycheck bi-weekly in a savings account to supplement your PERS Pension, or continue paying it to the IRS?***"

No Brainer?



SAVING TO THE MAX!

The 2015 457(b) Cost of Living Adjustments were just announced by the IRS. Better yet, they have increased for 2015 which means you can save more for your future through the plan.

- ◆ Minimum contribution is \$12.50 per paycheck
- ◆ Maximum contribution is \$18,000 for 2015 equals \$666.67 per bi-weekly paycheck (Assuming 27 pay periods in 2015)

Age 50+ Catch-Up

- ◆ If you reach age 50 before the end of 2015, you can contribute an additional \$6,000 for a maximum contribution of \$24,000 or \$888.88 per biweekly paycheck (based on 27 pay periods in 2015)

Special Pre-Retirement 3-Year Catch-Up*

- ◆ Available in the three years prior to your normal retirement age, maximum is \$36,000 in 2015 or \$1,333.33 per biweekly paycheck. However, you cannot use both Catch-Up provisions in same year.

*Participants must qualify through their Record-keeper by completing the Pre-Retirement worksheet. Contact the Recordkeeper directly.



ALREADY ENROLLED?

To change your contribution amount, download and complete the **Payroll Contribution Form** and fax it to the NDC office.

VISIT THE NDC WEBSITE TO ENROLL NOW:

To ENROLL in the NDC Program, download and complete the **EZ Enrollment Form** and fax it to the NDC office.

ACTIVELY PARTICIPATING IN THE PLAN

A good mix
is good for you.

*An investor's approach to investing for the future should be no different from the approach to other important life decisions: Use common sense, and remember the old adage, "Don't put all your eggs in one basket". This best sums up the concept of **Diversification**.*

The fine print is right

The fine print on most investment related materials makes one thing clear: all investing involves some degree of risk. "**Diversification**" is a simple way to manage those risks. It's a concept that involves spreading an investor's dollars or contributions among a variety of investments or funds; or, as the popular phrase says, not putting "**all your eggs in one basket**". By taking such an approach, a Participant could be less affected by losses in any one investment; while any losses that are incurred may be offset by gains in another investment. Of course, as the fine print says, this approach doesn't guarantee better performance or protect against loss in declining markets.

Ingredients/Recipe Investment Analogy

Over the past number of years I have come to really enjoy cooking, grilling and baking, and entertaining in general. It unknowingly led me to an analogy for investing that is simple to understand and better yet, visual. The analogy, consisting of ingredients and the underlying recipe, has helped hundreds of investors better understand what they can "control" within their

457(b) or other defined contribution plans (ie: 401k, 403b, IRA, etc.). Furthermore, it helps participants understand confusing terms such as "Diversification" and "Asset Allocation", and how they impact the growth of their overall portfolio.

Diversification: The Ingredients

If you look at each of the funds or investment options available in your Deferred Comp. Investment Line-up as ingredients, "**Diversification**" is simply making sure that you have enough different ingredients to complete a recipe for a good and "tasty" result. A significant portion of these "ingredients" can include portions of Stable Value or fixed dollar options, Fixed Income Funds, Balanced Funds, Indexed Funds, Large Cap, Mid Cap, Small Cap Funds, International Funds, Global Funds, and Target Date Funds, etc..

Asset Allocation: The Recipe

Let's say we want to make the best loaf of homemade bread we can, and we have all of the ingredients needed. Depending on the "Recipe", portions of each ingredient, and the process used to bake the bread it can either result in a loaf of bread that is soft, fluffy, and delicious, or can result in a loaf that is flat and hard as a rock. We could use the same combination of ingredients, but have two completely different results; Investing is no different.

Studies have shown that a huge percentage of an investor's portfolio's performance is specific to the "**recipe**" being used. Much of the participant's performance has to do

with the specific "ingredients" (a diversification of investment options) utilized in the NDC Investment line-up, and the percentage of your contributions and existing assets allocated or put into those various options. This is why participants are encouraged to utilize the Recordkeeper's risk assessment tools available; so that participants can develop a "recipe" that fits their risk level.

In closing, look at it this way, just because we have a fully stocked kitchen with the latest and greatest tools, ovens, appliances, and ingredients that an individual could ever need or want, it doesn't make them prepare bread, food, or meals like **Emeril Lagasse**. So, you can either develop the recipe yourself by utilizing the tools that NDC and its contracted Recordkeeper provides at your disposal, you can have a professional develop the recipe (by utilizing our Recordkeeper's "**Managed by You**" account option or by meeting with a representative), or pay to have the professional bake the bread for you (by enrolling in "**Active Account Management**" services); the choice is yours



Diversification and Asset Allocation can be helpful, although they can't assure or guarantee better performance, and can't protect against loss in declining markets. However, they are well-recognized risk management concepts. Other factors an investor can consider include taking into account their personal financial situation, investment objectives, tolerance for risk, and how long the investor has before the money is needed.



NEARING RETIREMENT

You may be able to catch-up for past years.

Imagine the journey to retirement is a race, and your goal is to reach a certain savings plateau. With the finish line in sight are you worried that you may be behind? If only there was a way to give yourself a boost, to catch up. **Now There Is!!!!**

In addition to the maximum annual contribution limits, the IRS permits 457(b) plan participants who are age 50+ to make additional contributions to the plan, also referred to as the “Age 50+ Catch-Up” provision (The 2015 Age 50+ Catch-Up amount is \$6,000).

Additionally, the IRS permits an increased annual limit under a “**Special Pre-Retirement 3-Year Catch-Up**” if the participant is at least within three years prior to the year in which they reach “normal retirement age” (70½ or after as defined by NDC), and has not previously deferred the maximum amount in prior years. The catch-up limit can be up to two times the deferral limit in effect for the current year (\$35,000 in 2014 / \$36,000 in 2015).

You are not permitted to use both catch-up provisions in the same year. You must utilize the option that generates the largest contribution amount.

Please note: the IRS reviews contribution limits annually and modifies as appropriate for cost of living adjustments.

ENJOYING RETIREMENT



INVEST IN YOUR PLAN. INVEST IN YOUR FUTURE.

Whatever your vision of retirement was along the way—you’ve made it. You’re retired. Good for you! While it’s time to sit back and enjoy the journey, there are still some decisions to make along the way. You’ll need to consider what to do with the money you have invested in your deferred compensation plan. You have three options:

Do I Need to Cash Out My 457b

Some participants think they have to cash out their 457(b) account. The fact is, over 75% of Retirees choose to stay invested in the NDC program. Why? Participants should understand that being part of a near \$700 million dollar plan has its advantages when compared to the costs that they could have to pay in the retail market place. It pays to stay invested in the NDC Program.

To Roll or Not To Roll; That is the Question...

Retirees find out really quick that there are many financial planners, agents, etc. that would love the opportunity to transfer and manage your 457(b) account in their programs, investments, annuities, etc. Retirees should always make sure they understand the cost that is going to be incurred by making such a decision. We find that it could cost participants an exorbitant amount of money, administrative fees, commissions, and/or expenses in the retail market. To assist participants with this decision NDC has created the “[To Roll or Not To Roll; That is the Question](#)” worksheet.

STAY Invested in NDC

The easiest choice may be to simply do nothing and let your money stay put – an option that lets you maintain the current benefits of your account, including tax deferred savings. Consider scheduling an appointment with a local representative to learn more about the options available to you!

Your MassMutual Team (formerly The Hartford)



Toll Free 1-800-875-9218

| Northern Nevada | Southern Nevada |
|---|---|
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Your Voya Team (formerly ING)

Toll Free 1-800-584-6001



| Carson City | Las Vegas |
|--|---|
| <p>844 West Nye Lane, Suite 101 Carson City, NV 89703 Phone (775) 886-2400 Fax (775) 882-9758 Toll Free: (866) 464-6832</p> <p>Steve Platt, APRC, Regional Vice President (775) 886-2400</p> <p>Eric Honea, Registered Representative (775) 886-2403</p> <p>Dianna Patane, Regional Business Coordinator (775) 886-2401</p> | <p>3960 Howard Hughes Parkway, Suite 520 Las Vegas, NV 89169 (702) 990-3720 Fax: (702) 990-3721 By Appointment</p> <p>Carrie Onorato, Investment Adviser Representative (702) 990-3720</p> |

DON'T DELAY, START TODAY!! READY TO ENROLL?

If you are interested in saving for retirement and have not enrolled in the Nevada Deferred Compensation Program, now is the time! Go to the link below to fill out the form to set up your account. Fax or email it to our office and we will take care of it!



[Voya Enrollment Form](#)

WANT TO CHANGE YOUR PAYROLL DEDUCTION?

If you already have a Deferred Compensation account and wish to increase (or decrease) your payroll deductions, please complete the form at the link below and fax it to the NDC office and we'll take it from there.

[Payroll Contribution Form](#)

If you have questions about the program please call our office or contact one of the recordkeeper representatives and we will be happy to assist you.

ATTENTION

ALL RETIREES or FORMER GOVERNMENT EMPLOYEES

NDC has gone paperless and we will not longer mail out printed newsletters.**

If you are a soon to be Retired employee, an existing Retired employee, or former State of Nevada or other Government employee, and would like to continue receiving our Quarterly Newsletter and other important NDC correspondence after you terminate your employment, please SUBSCRIBE to our secure electronic system.

We have provided three easy ways for you to Subscribe:

1. Subscribe on our website: <http://defcomp.nv.gov> - look for the "SUBSCRIBE HERE" link
2. Email us at: deferredcomp@defcomp.nv.gov
3. Call us at the office (775-684-3398) to subscribe

If you have already given us your email address you do not need to do so again.

****NOTE: If you DO NOT have access to email correspondence, and would like to continue receiving a paper copy of our Quarterly Newsletter, you need to contact our office and provide your mailing address.**



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