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THE DEFERRED WORD

Nevada Public Employees' Deferred Compensation Program (NDC)

Spring Edition 2014

WELCOME

What's New in the NDC Program?

Greetings from the Nevada Public Employees' Deferred Compensation Program! The NDC Program is off to a great start in 2014, as we continue to experience significant growth in the Program.

In preparation for the 2014 Calendar year, the NDC Committee and Administrative Staff facilitated a Participant Survey to gather input to assist the Committee in organizing and executing an RFP (Request for Proposal) in 2014 for the Program's Recordkeeper. The responses we received were very valuable and considered by the RFP Evaluation Committee and State Purchasing in creating the parameters of the Recordkeeper RFP. The RFP was finalized and released to the public on March 26th, 2014. We will continue to make updates available to participants as the procurement process continues throughout the year.

Additionally, the NDC Committee held its 1st Com-

mittee meeting of the calendar year on February 19, 2014. The Agenda included quarterly reports from our Investment Consultant and the two Recordkeepers, MassMutual and ING. Nevada's plan continues to grow and currently has \$663.8 million in assets (as of Dec. 31, 2013). This represents a \$25.1 million (3.9%) increase over the previous quarter, primarily due to investment gains and increased participation in the Program.

Furthermore, NDC is making a move to go paperless and provide participants with electronic communications. If you are a Retiree, former State Employee, or soon to be former State Employee, please visit our website and subscribe to receive electronic communications, including this quarterly newsletter, via email.

Finally, please take a moment to look at the [NDC website](http://defcomp.nv.gov)! Throughout the year we will be providing participants with important and valuable educational updates, webinars, and information. We will have four different forums dedicated to New/Potential Participants, Active Participants, Pre-Retirees (getting close to retirement), and Retirees.

NDC appreciates the opportunity to assist you in saving for your retirement, and hope that you and your family have a safe, enjoyable, and fun filled Spring and Summer.

Upcoming Meeting Dates

May 22, 2014— Q2 Quarterly Meeting

August 2014— Q3 Quarterly Meeting

September 14-17, 2014— NAGDCA,
National Conference, San Antonio, TX

2013/2014 Participant RFP Survey Results

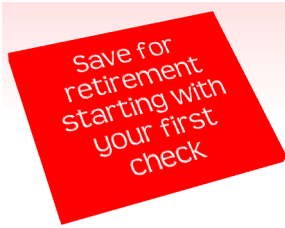
NDC Participants were asked to participate in a Survey to assist the RFP Evaluation Committee and State Purchasing in creating our Recordkeeper RFP (Request for Proposal). Statute requires the NDC Committee and Administration to solicit an RFP for the Recordkeeper contract to ensure that participants are receiving the best available pricing and rates. The Survey results can be found at the following [link](http://defcomp.nv.gov) or by visiting the NDC Website at: <http://defcomp.nv.gov>.



What's so great about the Nevada Deferred Compensation (NDC) Program?

How the Program Works:

The Nevada Deferred Compensation Program (NDC) is a supplemental savings plan (one of your **voluntary benefits**) available to help you save for your future while you are in the **"accumulation"** or **"working"** phase of your life, typically when you are making the most money, and potentially at a time when you will be in the highest income tax bracket in your life. It is designed to:



1. Help provide supplemental income when you retire or leave employment from the State of Nevada and/or other government entity, and is intended to be a long-term savings plan.
2. Help you and your family potentially offset the amount of Federal income tax you are assessed per pay period (on your paycheck), on a yearly basis (when you file your Income taxes annually), and/or potentially when you retire into the "Preservation Stage" of your life.
3. Act as an additional stream of retirement income to your PERS Pension, and can help you offset the **"income gap or income shortfall"** that is often created when you retire from employment from the State of Nevada or other government entity.

Why Should I Enroll and Contribute?

Understanding the Positives and Negatives of saving in the NDC Program:

1. **Positive**— Allows you to save for retirement using a pre-taxed and/or post-tax salary reduction from your payroll. Many employees appreciate this type of saving because it helps them to be disciplined, and many employees develop a **"if I don't see the deduction off of my pay check, I won't miss it"** type of attitude.
2. **Positive**— You can begin reaping the tax benefits on your paycheck immediately. Many employees truly do not understand how a pre-taxed savings plan works. Many believe that if you make a \$100 contribution to your (DC) Plan, that your paycheck is going to be reduced by a full \$100, and don't understand that dependent upon your current tax exemption declaration and your current tax bracket, that the \$100 contribution may only decrease your paycheck by anywhere between \$60-\$75 dollars, but you are going to get credit for \$100 in your (DC) Plan. The more you contribute the better the tax saving you experience (EXAMPLE: \$200 contribution may only cost the employee \$145-\$155 from their paycheck per pay period; \$300 may only decrease the employees' pay check by \$190-\$210, etc.) As you can see the more you contribute the more bang-for-your-buck you receive. (**NOTE:** these examples assume an employee who is in a 28%-30% tax bracket and an employee declaring a 0-3 tax exemption declaration on their W-4).
3. **Positive**— COMPOUND INTEREST. This simple concept allows participants to receive interest earnings on their principal (amount you contribute out of your paycheck), and additionally on the interest that they have accrued over time. Albert Einstein is believed to have said, "the most powerful force in the Universe is compound interest." While this rumor lacks a verifiable basis, Einstein is credited with discovering the compound interest **"Rule of 72."** He was documented on record almost as compelling, that the **Rule of 72**, "is the greatest mathematical discovery of all time." (Rule of 72= 72 divided by rate of return= the approximate # of years to double your money).
4. **Positive**— The NDC Plan is a \$663.8 million dollar plan, and growing everyday. Because of the size of our plan, we qualify to receive institutional pricing (meaning the expense fees that are charged to participants are typically lower and we are able to get better stable value interest rates for our participants). Employees have the opportunity to participate in these investment cost savings. Additionally, the NDC Committee and Administration are mandated by statute to regularly review and submit a Request for Proposal (RFP) to companies, typically every 5 years, to ensure that we are keeping up with industry standards and providing participants with great service.
5. **Positive**— When you decide that you want to participate, how do you decide on the investment options in which to invest? This seems to be a struggle for employees who want to contribute. The NDC Committee and Administration have made the decision as easy as possible for employees. The Program has provided a lineup of investment choices for all participants. For those who just desire a "do it for me" approach, we have a series of Target Date Retirement Funds that re-allocate and re-balance automatically as you get older. For those employees who may desire to take a more "hands-on" approach, we have a lineup of quality mutual funds that range from conservative risk—moderate risk—aggressive risk to choose from. And finally, a self-directed brokerage account is available, (in which the employee can make investments outside of what is available through the NDC Investment lineup). (**NOTE:** investing in Mutual Funds or other market securities are subject to the potential of losing money due to market down turns or losses).
6. **Negatives**— ?????? -Well, as you can see the positives definitely outweigh the negatives. Click here to enroll - [ING](#) or [MassMutual](#)

(The Fine Print: The information provided in this communication is not intended to be construed as tax, legal, or investment advice. Always seek out advice from a tax professional, legal professional, and/or Investment professional to confirm your decisions).

I've waited too long. Is it too late?

Of course developing an early saving discipline in our careers is more ideal given the simple mathematics of compounding interest and time, but regardless, it is never too late to start. You may not be in the same position as if you had started earlier, but you can always improve your current situation. For many people, financial discipline is developed over time by growth and personal experience as they go through life. Regardless of where you are at in the accumulation phase of your life, start to save and invest regularly and responsibly today; you still have the ability to increase your contributions more regularly and more aggressively in the time you have left.



Determining Your Retirement Readiness

Are you on track to have enough savings to last throughout your retirement?

Most will agree that not everyone's timing, retirement objectives, and life priorities are the same. This is usually dependent upon what financial obligations you and/or your family have created for yourself. How much income you need depends on the lifestyle you desire, other sources of income you may receive, and definitely how long you live.

How much do you need?

What does retirement look like for you? Will you have a mortgage? Car payments? Kids in college? Do you want to travel? Work part-time or volunteer? Golf, fish, hunt, or participate in that favorite hobby you love? Determining how much income you will need to cover your expenses in retirement and provide you and/or your family with adequate replacement income is a tricky decision to have to attempt to estimate.

The average retiree desires between 75% and 90% of their final income for each year in retirement to maintain their standard of living. In 2013, experts suggest that you plan to live to age 90 or longer (based on Mortality Data, from the Society of Actuaries). So how do individuals determine how much money they need to save in order to reach their desired retirement goal, and ensure that they have enough income to meet their needs?

Use one of our Recordkeepers many Retirement Planning Tools to assist with that determination-

Both of our current Recordkeepers have a multitude of Retirement Planning tools available to participants that can help them take a more "in-depth" look at their personal situation and other factors that may influence that situation.

Mass Mutual provides a number of retirement planning tools that can help you take a more in-depth look at and evaluate your personal situation. Participants can login to the Mass mutual website at: massmutual.com/serve to access many of these helpful retirement planning tools and calculators.

ING (becoming VOYA Financial in 2014), also has a retirement Planning Tool called **MY RETIREMENT OUTLOOK**. This tool allows any participant or employee to ask themselves, "Am I on track in pursuing my retirement goals?" or "Do I know how much I can really afford from each paycheck?" This retirement planning tool helps participants make the decision-making process easier by helping them figure out where they stand now, and where they would like to end up in the future, so they can invest more wisely today.



Will You have an Income Gap or Shortfall?

Is your current contribution on track to ensure that you do not have an income gap or shortfall in your retirement expectations? Planning now, by utilizing the tools NDC has available for you, will assist you in making sure that you're able to set and meet your retirement goals. Determine what is the true amount you can afford to contribute to your Deferred Compensation Plan, and put a plan in place to gradually increase that amount regularly throughout your career. You will thank yourself in the future.

Nearing Retirement?

"I'm 5-10 years away from retirement. What should I be thinking about?"

Estate Planning Professionals, Certified Senior Advisors, and Retirement Representatives across the country are usually privileged with the opportunity to visit with a multitude of clients, friends, neighbors, and family members, many who were or are getting ready to enter the "Preservation Stage" of their life (pre-retirement: about 5-10 years out), newly retired from the "Accumulation Phase" of their life (just retired from their job— within the first 1-5 years of retirement), and those who have been living in the Preservation Stage of their life for a number of years (post-retirement: 5+ years).

Almost 90% of Pre-Retirees express that the greatest concern they have is saving more money before they retire, and the majority of Retirees wished they would have saved more money. Overwhelmingly, almost 100% of Retirees, admitted that they could have made simple changes in their weekly spending that would have afforded them the ability to save more. Most expressed that they could have spent less money eating out, buying daily coffee, less fast food, less soda, and/or alcohol, etc. to be able to save upwards of an additional \$100-\$400 more per pay period above and beyond what they were currently saving.

Additionally, most of Pre-Retirees and Retirees that were already saving the maximum deferral amount allowed, stated that they are currently doing, or did everything they could to take advantage of the 50+ Catch-Up provision allowed by the IRS. Almost 100% of Retirees stated that they took advantage of the Catch-Up provision for their last pay period (the paycheck when employees will receive a pay-out of all of their ac-

crued sick time and annual leave, etc.) to ensure that they were able to prevent paying an exorbitant amount of tax on these earnings.

So what seems to be the consensus on retirement among Retirees?

Many of us see advertisements that depict the "Plush Life" of retirement, full days on the golf course, traveling with your spouse to exotic destinations, and/or have dreams of the years when they can visit their kids, gloat in the revenge of watching them raise their children, and spoil grandchildren while being able to retreat to their own quiet abodes. Well don't be disappointed when I tell you that the majority of folks visited with

on this topic, overwhelmingly inform professionals that at the start it's great and they describe a feeling of "Living the High Life," but the majority of them expressed that they soon found out that retirement becomes more of a new phase or path in life; a form of rejuvenation.

For some Retirees it is a way to reinvent their life. Some indulge themselves in volunteer opportunities and service. For others, surprisingly, it becomes a

new career path that they have always wanted to pursue; I know, "CRAZY," right? Well, I can tell you with certainty that over 85% of folks interviewed about the joys of retirement over the past 20 years, have stated that they have some sort of side line work or job that they spend their everyday life doing; both for profit and not-for-profit alike. In fact, many of those individuals have expressed that they have to really be careful not to earn too much money in their retirement years so they don't cause a tax situation for themselves. Regardless, it is evident that because people are living longer, they desire to remain working in some capacity, so they can stay active in their lives.



Enjoying Retirement?

The Challenge: How Do I make the most out of my money while in the Preservation Stage of Life ?

Stay Invested in the NDC Plan to Continue Growth:

Many participants who retire believe that because they are no longer contributing to their 457b/Deferred Compensation Plan when they retire, they need to make a full withdrawal of their assets from the plan. These same people take their money and either put it into a bank account earning minimal interest, pay taxes on money they don't intend to use, or invest it with a money manager or broker where they many times find themselves paying more fees and receiving less benefit. Others believe that they have to change 100% of their investment allocation to a guaranteed interest investment option (such as MassMutual's General Account or ING's Stable Value Fund).

Ninety percent (90%) of the people interviewed over the past 20 years have expressed concern about stability in their investments. Many people do not want to take the chance of losing what they have worked so hard to accumulate over the years, and although safety is a huge concern to people, they still want to earn enough interest to be able to show reasonable growth (typically from 4%-8%). In the NDC Program, participants can continue utilizing the investment options offered by the program; even after they retire and are no longer contributing to the plan. Participants have the option to re-allocate and rebalance their investment options to a more moderate-conservative investment line up which can allow them to experience and maintain lower investment risk (decrease the chances of losing money if market indexes begin to fall) while still being able to potentially experience good interest accumulation (greater than what can be achieved in a fixed or stable value investment option). Diversifying (spreading your money throughout more than one investment option) a portion of your money in investment options that lower investment risk to moderate-conservative while keeping a portion in a Stable Value Investment option (such as the General Account offered by Mass Mutual or Stable Value Fund offered through ING) for maximum interest earning potential is a great option or consideration, and many retirees are beginning to realize and reap the benefits of this approach to preservation.



Don't be afraid to continue learning

It is amazing how many retirees regularly take college level classes at Junior Colleges and Universities. Professionals have discussed these motivations with many, and the underlying theme is that Retirees seem to desire the active culture that campus life presents at these institutions to allow for a number of advanced and fun learning opportunities; this keeps them active and engaged in a progressive world. Another issue that we sometimes don't take into consideration is that taking college classes in your 60's, 70's, or 80's is considerably more enjoyable than when you took classes in your 20's. There is no pressure, just the desire to expand your mind through learning and associating with young minds that lack the wisdom that life brings. Many have the opinion that 60 is the new 20, meaning that folks entering the Preservation Phase of their life are taking advantage of a multitude of opportunities available to them including keeping up on financial knowledge to keep their investments growing; ultimately making their money last longer.

Prepare, Embrace, and Enjoy this new phase of your Life

Put a plan in place to stay connected to your Community through service, part-time employment, education, etc.. It provides a conduit to stay actively engaged and spend quality, worth-while time helping others and keeping you active. Many people who have retired in their 50's, 60's, and 70's, continue to reinvent their path in life by creating small businesses training others in skills or performing skills that they have mastered over their years of employment. Small businesses that involve consulting, tutoring, contract work in accounting or budgeting services, bookkeeping, firearms training, fly fishing lessons, piano lessons, wood working, guiding and a gamut of other activities that can afford retirees the ability to do something they love, pass on their knowledge to others, and make a little "mad money" allowing them to supplement their retirement income, ultimately allowing their retirement savings to grow and last a longer period of time.

A wise old Italian grandfather was quoted, "*When you stop doing what you love, you stop living....*". Many retirees see the validity of that statement as they progress through this new phase in life, and as they re-invent their motivation in life. Do what you love to do, just make sure you do it with fiscal responsibility.

Attention **MassMutual** Participants

MassMutual has once again sent out its Financial Soundings Retirement Readiness Analysis to **active** participants. Your Retirement Readiness Analysis will help you determine if you are financially on track for the type of retirement you would like, and if you are not on track, it will identify actions you can take immediately to create a better result for tomorrow. The Retirement Readiness Analysis will provide you with a personalized retirement plan review, containing the following items specific to your personal situation:

- A personalized retirement wealth target
- An analysis of your chances to meet that target
- Any shortfall you will likely have at retirement
- Specific changes you can make today in your investment allocation or your savings contribution that can reduce or eliminate any retirement shortfall

Your MassMutual Team

Toll Free 1-800-875-9218



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Your ING Team Becoming Voya Financial™ in 2014

Toll Free 1-800-584-6001



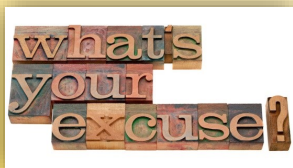
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<p>844 West Nye Lane, Suite 101 Carson City, NV 89703 (775) 886-2400 Fax: (775) 882-9758 Toll Free: (866) 464-6832</p> <p>Steve Platt, APRC, Regional Vice President (775) 886-2402</p> <p>Eric Honea, Registered Representative (775) 886-2403</p> <p>Dianna Hennessey, 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>

READY TO SIGN UP?

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

[MassMutual EZ Enrollment Form](#)

[ING EZ 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

ATTENTION

ALL RETIREES OR FORMER STATE EMPLOYEES

NDC IS GOING PAPERLESS!!

If you are a Retired or former State of Nevada employee, and would like to continue receiving our Quarterly Newsletter and other important NDC correspondence, 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

Thank you for your consideration and for helping us to save money for ALL NDC account holders by decreasing the Plan's operating expenses.

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



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