

# Retiring Minds Want to Know Your Plan, Your Future

- Name of the speaker
- Job title



## Objectives

- How much income replacement do you need when you retire???
  - What should your NDC contribution amount be ???
    - Given your age and number of service years
  - What do you need to be thinking about when you are:
    - 10 years out; 5 years out; 3 years out; 1 year out; 6 months out and 1 month out from your estimated retirement
- To roll over or not to roll over? That is the question.
- Discuss current NDC Investment platform



# How Much Will I Need to Retire?

Experts agree  
you should  
prepare to have  
70% to 90% of  
your current  
income.

70%

to

90%





# Why Save???

## Where does **Retirement Income** Come From???



# Average PERS Monthly Benefit\*

Average PERS Benefit	
Age:	69.5
Service:	18.7 years
Salary:	\$5,046 monthly
Benefit:	\$2,854 monthly

**\$2,192  
Difference**

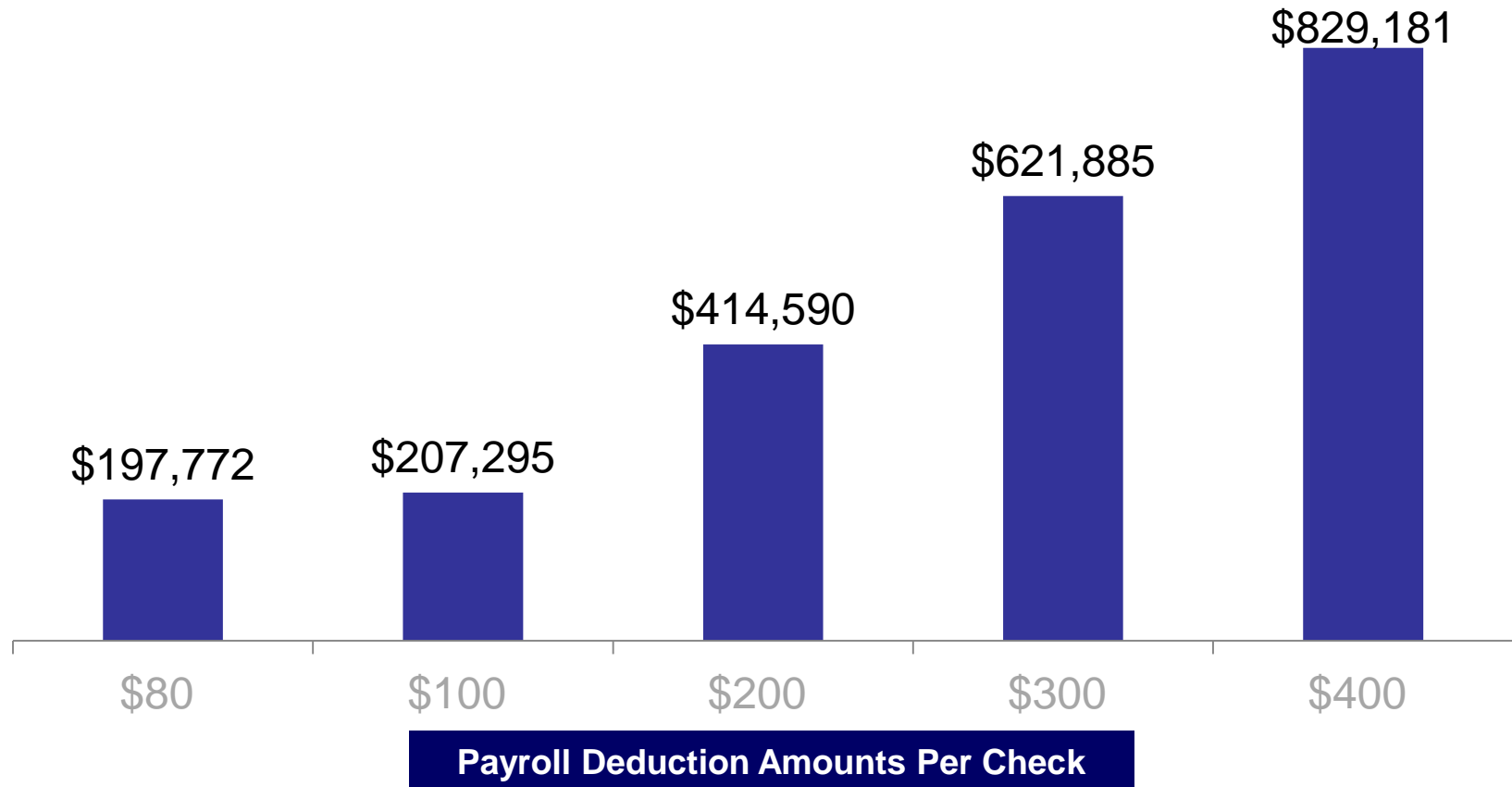
*\*Source: NV PERS Annual Financial Report for period ending June 30, 2016.*

# How Do You Compare?

<b>Age Range</b>	<b># of Peers Participating in NDC</b>	<b>NDC Average Account Value</b>	<b>Avg. Paycheck Contribution Bi-Weekly</b>
Age 30 and Under	1,592**	\$4,270**	\$71**
Ages 31 – 40	2,110**	\$12,633**	\$125**
Ages 41 – 50	3,999**	\$30,606**	\$160**
Ages 51 – 60	4,501**	\$51,568**	\$250**
Over age 60	3,286**	\$95,729**	\$312**

*\*\* Eligible Employees as of 9/30/2017*

# What Does NDC Contributions Look Like Over 25 Years???



*Chart assumes a hypothetical 8% return on your account*

# What is your NDC Account designed to do???



- The Nevada Deferred Compensation Program (NDC) is a **voluntary retirement savings** program designed to:
  - Supplement your pension (PERS)
  - Can reduce current income taxes you pay now while you are typically in the highest tax bracket you will most likely ever be in, and making the most money you will typically make in your life.
  - Allows you to potentially lower your overall tax liability for the year, allowing for the potential of an increased tax return as well.





# 2018 Regular Contribution Limits

## IRS Contribution Limits

Regular 100% of compensation up to:	<b>\$ 18,500</b>
Age 50+ Special Catch-Up* the regular limit + \$6,000:	<b>\$ 24,500</b>
3-year Pre-Retirement Catch-Up* (up to two-times the regular contribution limit or the participants underutilized deferral amount in past years of service)	<b>\$ 37,000</b>



**457**

**Pretax deductions**  
are taken from your  
paycheck & deposited  
into your 457 account  
(minimum of \$25/month)

*\*50+ Catch-Up cannot be used at the same time as the 3-Year Pre-Retirement Catch-Up*

# How do I Manage my Account?

Participants should actively manage and monitor their NDC Account. Here are some tools that NDC and our contracted Recordkeeper have at your disposal:



# 10 Years Out From Retirement???



## **When Participants are about 10 years out from their estimated retirement age, participants should consider the following**

- Set-up a Pension Review with PERS and determine what your estimated benefit would be.
- Set-up an online Social Security Account and determine what your estimated benefit may be (if applicable).
- Determine what your estimated percentage of income replacement would be from PERS and Social Security(if applicable).
- If you haven't already, determine what percentage of income replacement you need to retire.
  - What would you like to have???
- Review your current NDC Deferred Compensation Plan and evaluate what you need to do to meet your Income Replacement Goals.
- If you haven't already, consider developing, executing, and properly funding an Estate Preservation Plan and Long Term Health Care Plan.

# 5 Years Out From Retirement???



## **When Participants are about 5 years out from their estimated retirement age, participants should consider the following:**

- Re-evaluate your current contribution amount
- Review and verify current Beneficiary declaration; Is it in line with your current Estate Preservation Plan.
- Take advantage of the 50+ Special Catch-up Provision if you qualify
- Meet with a representative from your current NDC Record-keeper to determine if your current assets are in-line with your current risk tolerance.
  - Re-balance asset allocation if necessary.
- Review your current Debt/Income ratio.
  - Determine if your estimated income replacement will be able to cover your debt obligations
  - Develop a 5 year Debt Reduction Plan

# 3 Years Out From Retirement???



## **When Participants are about 3 years out from their estimated retirement age, participants should consider the following:**

- Re-evaluate your current NDC contribution amount to meet your income replacement goals.
- Take advantage of the 50+ Special Catch-up Provision and/or initiate the Pre-Retirement Catch-Up Provision
  - Complete the Pre-Retirement Catch-up worksheet with your NDC Record-keeper
- Meet with a representative from your current NDC Record-keeper annually until you retire to determine if your current assets are in-line with your current risk tolerance.
  - Re-balance your asset allocations as necessary.
- Review your Debt Reduction Plan

# Catch-Up Options

**50+ Catch-Up**  
allows participants  
age 50 or older to  
contribute an  
additional \$6,000  
to the annual  
deferral limit- in  
2015 the amount is  
\$24,000

Keep in mind,  
participants may  
defer vacation and  
unused sick pay  
from their final  
paycheck, up to the  
annual limit.

**Pre-Retirement Catch-Up**  
allows a participant to  
contribute the underutilized  
amount up to double the  
current annual deferral  
limit- In 2015 it is \$36,000.  
This provision can only be  
initiated the three years  
prior to the participant's  
established normal  
retirement age.



# 1 Year Out From Retirement???



## **When Participants are about 1 year out from their estimated retirement age, participants should consider the following:**

- Re-evaluate your current NDC contribution amount to meet your income replacement goals.
- Take advantage of the 50+ Special Catch-up Provision and/or initiate the Pre-Retirement Catch-Up Provision
  - Complete the Pre-Retirement Catch-up worksheet with your NDC Recordkeeper
- Meet with a representative from your current NDC Recordkeeper to determine if your current assets are in-line with your current risk tolerance.
  - Re-balance if necessary.
- Review your Debt Reduction Plan
- Review your Estate Preservation Plan to make sure everything still meets you and/or your spouse's desires

# 6 Months Out From Retirement???



- **When Participants are about 6 months out from their estimated retirement age, participants should consider the following:**
- Notify NV PERS of your intended Retirement date
  - Request a retirement estimate and PERS Application packet
- Re-evaluate your current NDC contribution amount to meet your income replacement goals.
- Take advantage of the 50+ Special Catch-up Provision and/or the Pre-Retirement Catch-Up Provision
  - Make sure that the Pre-Retirement Catch-up worksheet is on file with your NDC Recordkeeper and payroll center and prepare for your final pay
- Review your Debt Reduction Plan Progress

# 1 Months Out From Retirement???



- **When Participants are about 1 month out from their estimated retirement age, participants should consider the following:**
- Complete and submit a NDC Payroll Contribution Change form to reflect the Deferral of your final payout of your accrued sick time, annual, time, comp. time etc. to your designated payroll center.
- Make sure that you notify your NDC Record-keeper of your established State of Nevada Termination date
- Work with your record-keeper to develop a distribution plan of your NDC assets.
- Discuss distribution options with your NDC record-keeper
- **BE PREPARED TO DEAL WITH OUTSIDE REPRESENTATIVES WANTING YOU TO TRANSFER YOUR ASSETS TO PRODUCTS OR STRATAGIES THAT THEY OFFER OUTSIDE THE PROGRAM**
  - Utilize the NDC “To Roll or Not to Roll; That is the Question” worksheet

# To roll or not to roll; that is the question!

Questions to Ask Broker/Insurance Agent	NDC Answer	Broker/Agent Answer
What is the recordkeeping/annual administrative fees?	.08 bps on variable assets only And \$7.50/ Quarter Admin. fee Varies on invest. – 0.00% to 1.32%- Avg. is .31bps NO NO YES YES NO YES NO NO	
What are the fund management/operating expenses?		
Is there a contract maintenance fee?		
Is there a withdrawal/surrender fee?		
Do the available investments represent a broad array of asset allocation categories?		
Does your proposed rollover account include the services of a licensed financial guidance professional without additional cost?		
Would the proposed rollover account be at risk if your company went bankrupt or became insolvent?		
Can my money be accessed at any age without penalty, fee or cost after retirement or termination from the State?		
Are there commissions to be paid on the new investments? If so, what are they?		
Are there commissions I do not see, such as on investment products like annuities and back-end loaded funds?		
Is there an investment option that offers an interest guarantee? If so what is the guaranteed rate?	YES- 2.50% per annum	

# To Roll...or Not to Roll

## What advantages are there to Rolling Over Other Tax-Deferred Accounts into NDC???

What other qualified plans can you rollover into NDC???

**IRA's, 403b, 401k, or other 457b accounts**

What are the advantages of rolling other qualified accounts in the NDC Program??

**You can take advantage of the pricing and guaranteed interest rates of being part of a 700 million dollar program**



# IRS Required Distribution



- Let your money grow and take required payments at age 70 ½
- The IRS requires payments begin no later than April 1st following the year you turn age 70½\*
- 55% penalty if you fail to take distribution on time

*\*Age 70½ or retirement, whichever is latest*



# It pays to stay invested in NDC

- Contributions and earnings stay tax-deferred
- Changes may be made at any time
- Assets remain liquid with no restrictions or fees for distributions
- Although you are not able to make future contributions, rollovers into NDC are allowed at anytime



# Investment Flexibility & Selection



- The Plan offers a variety of carefully selected investment options from guaranteed interest, conservative; to moderate; to aggressive
  - NDC operates and selects all of its investment options in an “Open Architecture” Platform after careful and consistent evaluation, oversight, and review from our independent contracted Investment Consultant and the NDC Committee.
  - The Core investment platform consists of best in-class investment options in the following asset categories or sectors:
    - Large CAP Value, Core, and Growth
    - Mid CAP Value & Core
    - SMID CAP Core & Growth
    - International Equity & International Equity W/ Emerging Market Exposure
    - Global Equity
    - Fixed Income/Stable Value
    - Fixed Income/Bonds
    - Target Date/Lifecycle Funds
    - Self Directed Brokerage Window- TD Ameritrade

- Stable Value Fixed Account/General Account- Voya Fixed Account
- **12 Managed Funds**
- Target Date Funds- Vanguard Target Retirement Series
- Self-Directed Brokerage Option\*
- Investment planning tools
- Dedicated Local Plan Representatives available for Education and Account Service Assistance.



This Recordkeeper meets competitive bid requirements and is subject to regular quarterly investment and contract reviews.

*\* Transaction costs may apply. Offered through TD Ameritrade. May buy and sell individual securities limited by the Plan. Plan has established limits and restrictions in the self-Directed Brokerage Window*

# Target Date Funds

- Help you Avoid:
  - Having to choose the “right investment”
  - Settling for just any mix of investments
  - Attempting to get in and out of the market at the “right time”
- Assists you with:
  - Diversification
  - Asset Allocation
  - Rebalancing

# Professional Advisory Services



- Online investment advice from Morningstar® Retirement Manager<sup>SM</sup>
  - Option 1: Investment Advice (Managed By You)- FREE Service
  - Option 2: Managed Account (Managed By Morningstar)- available for additional Fee for Service of 0.50% annually.
- Recommendations are made based on the Plan's current investment platform

A good mix is good for you.

Introducing retirement planning with less complexity.

It may not be rocket science. Or brain surgery. But that doesn't mean retirement planning isn't without its share of challenges. Between figuring out your asset allocation and rebalancing your portfolio, it's enough to make anyone's head spin.

Fortunately, there is help. It's called Morningstar® Retirement Manager™. Put all the pieces together with ease.

Morningstar Retirement Manager is available to you as part of Nevada Deferred Compensation's (NDC) retirement plan. It's a service designed to give you the power to make informed decisions about your employer's retirement savings plan without having to have an advanced degree in micro-economics.

**OPTION 1**  
**Managed Accounts**  
(Managed by Morningstar)  
Managed Accounts (Managed by Morningstar) lets you hand the responsibility of managing your account over to the investment professionals at Morningstar Associates. That means not only will you get personalized advice and guidance from some of the industry's leading investment professionals, you'll have a service that puts those recommendations into action for you.

You'll benefit from ongoing monitoring of your investment selections and your portfolio will be automatically rebalanced when necessary. Of course, you'll receive regular progress reports so you'll always have a clear view of what's happening with your account. Managed by Morningstar is available for an additional fee of 0.50%.

**OPTION 2**  
**Investment Advice**  
(Managed by You)  
With this option, you manage your own retirement savings account based on expert advice and recommendations that you receive from Morningstar Associates. You'll get portfolio recommendations based on your unique goals, age, and situation; savings rate recommendations; and retirement planning resources to help you save for the future. But it's up to you to implement the recommendations you receive, keep an eye on your account, and rebalance your portfolio when necessary. With a range of educational tools at your fingertips, the option may also help you become a more informed investor. There are no additional fees or costs associated with Investment Advice (Managed by You).

**MORNINGSTAR**

Start saving smarter today.  
It's easy to get started. Log onto your account at [nevada.beready2retire.com](http://nevada.beready2retire.com), click **Go to My Account** and then **Get Advice** in the left navigation bar. It may help make saving for the future a lot less puzzling.



# Questions?

- Review the NDC website <http://defcomp.nv.gov/>
- Contact the NDC Plan Representatives directly
- Contact NDC Administrative Staff directly





# RETIREMENT & FINANCIAL WELLNESS CHECKLIST



## 10-30 years out from retirement

- ☐ Set-up an online user account or Pension Review with NVPERS- Review your estimated pension benefit
- ☐ Set-up online Social Security Account- determine what your estimated benefit may be (if applicable)
- ☐ Determine what your estimated combined income replacement would be from PERS and Social Security
- ☐ With the above data, determine what percentage of replacement income you need to retire
  - ***What would you like to have? Regularly review throughout your career; it may change.***
- ☐ Using the Data collected above, review your current NV Deferred Compensation Plan(NDC) participation
  - ***Develop Income Replacement Goals and Benchmarks in your Financial Wellness Plan/Road Map***
- ☐ Get Investment advice or professional management- (Use NDC or your Employee Assistance Program)
- ☐ Create an Estate Preservation Plan (Living Trust/Last Will and Testament/Durable POA's etc.)
- ☐ Create Goals and Benchmarks to develop a sustainable Health Care Plan (HSA's, Deferred Comp., LTC.).
- ☐ Create a College Saving Plan while in your career if applicable to your personal situation
- ☐ Create and use an individual and family budget
- ☐ After creating your Financial Wellness Plan/Road Map, re-evaluate goals & objectives annually.
- ☐ Monitor your Debt/Income Ratio- Develop a Debt reduction Plan if Necessary.

## 5-10 years out from retirement

- ☐ Re-evaluate your current NDC contribution amount
- ☐ Review and verify current Beneficiary declarations; are they in line with your Estate Preservation Plan.
- ☐ Take advantage of the 50+ Special Catch-up Provision if you qualify
- ☐ Utilize the contracted NDC Retirement Education Representatives to ensure your current goals are in-line with your current personal risk tolerance; Re-balance your investment choices if necessary.
- ☐ Review your current Debt/Income ratio
  - Determine if your estimated income replacement will be able to cover your future debt obligations
  - Develop & implement a 5 year Debt Reduction Plan into your Financial Wellness Plan/Road Map

## 1-3 years out from retirement

- ☐ Re-evaluate your current NDC contribution amount to ensure they meet your income replacement goals
- ☐ Take advantage of the 50+ Special Catch-up Provision and/or initiate the Special 457b Catch-Up Provision
  - ☐ **Complete the Special 457b Catch-up Worksheet with the NDC contracted recordkeeper**
- ☐ Meet with an NDC Retirement Education Representative annually until you retire- make sure your investments are in-line with your current risk tolerance; Re-balance your investments as necessary
- ☐ Review & Reevaluate your Debt Reduction Plan

## 6 months out from retirement

- ☐ Notify NV PERS of your intended Retirement date; Get a retirement estimate and PERS Application packet
- ☐ Review your Debt Reduction Plan Progress

## 1 month out from retirement

- ☐ Complete and submit a NDC Payroll Contribution Change form to reflect the deferral of your final payout of your accrued sick time, annual, time, comp. time etc. to your designated payroll center
- ☐ Meet with an NDC Financial Education Representative to discuss distribution options of your NDC assets
- ☐ **YOU DO NOT HAVE TO TRANSFER YOUR NDC ASSETS OUT OF THE PLAN WHEN YOU RETIRE!!!!** Prepare for outside Financial Rep's and/or Ins. Agents to encourage you to transfer your NDC assets outside the Plan.
  - ☐ Utilize the NDC **"To Roll or Not to Roll; That is the Question"** worksheet below or at: [defcomp.nv.gov](http://defcomp.nv.gov)
- ☐ Take advantage of the 50+ Special Catch-up Provision and/or the Pre-Retirement Catch-Up Provision
  - ☐ Make sure that the Pre-Retirement Catch-up worksheet is on file with your payroll center and prepare for your final pay