



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?

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

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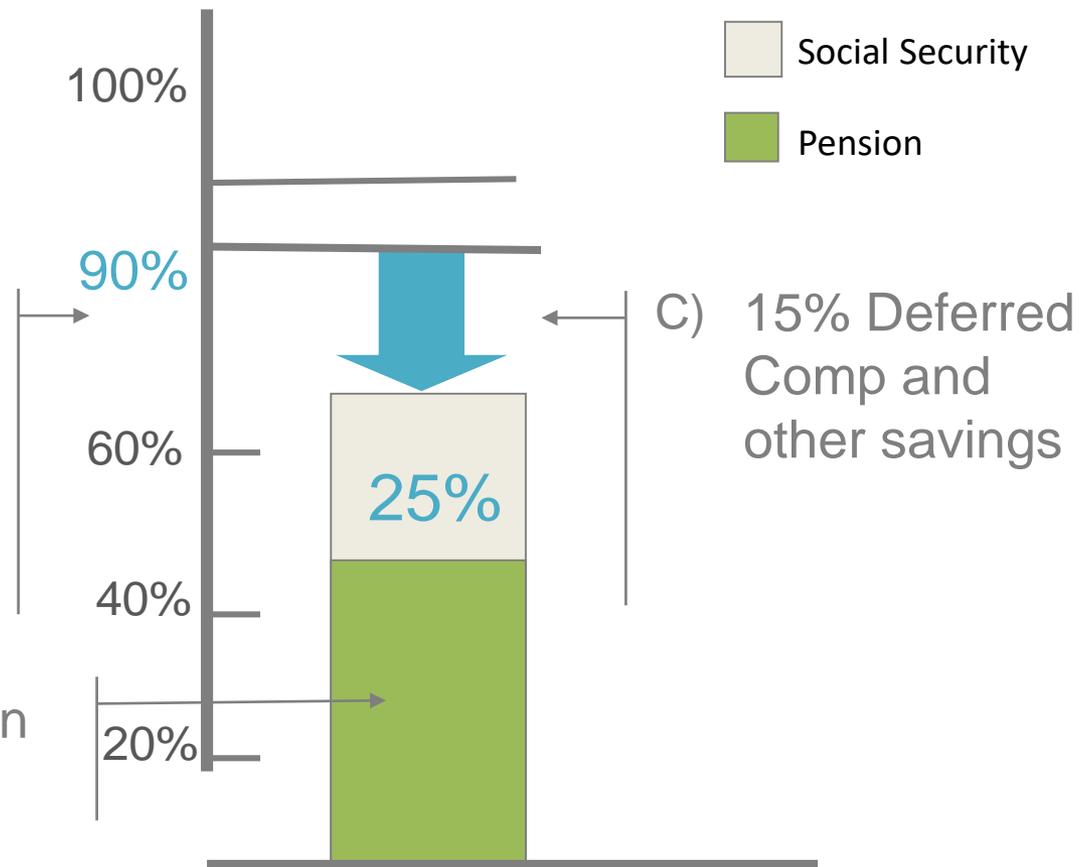
Close your
income gap

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

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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

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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

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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

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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

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Close your
income gap

Catch-up provisions

	Contribution limit amount	Bi-Weekly contribution
Normal maximum allowable	\$19,500	\$750.00
Retirement catch up (also known as 50+ Catch Up)	\$26,000	\$1,000.00
Specialized retirement catch-up	\$39,000	\$1,500.00

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

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Protect yourself
from risks

Retirement risks



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

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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

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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

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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

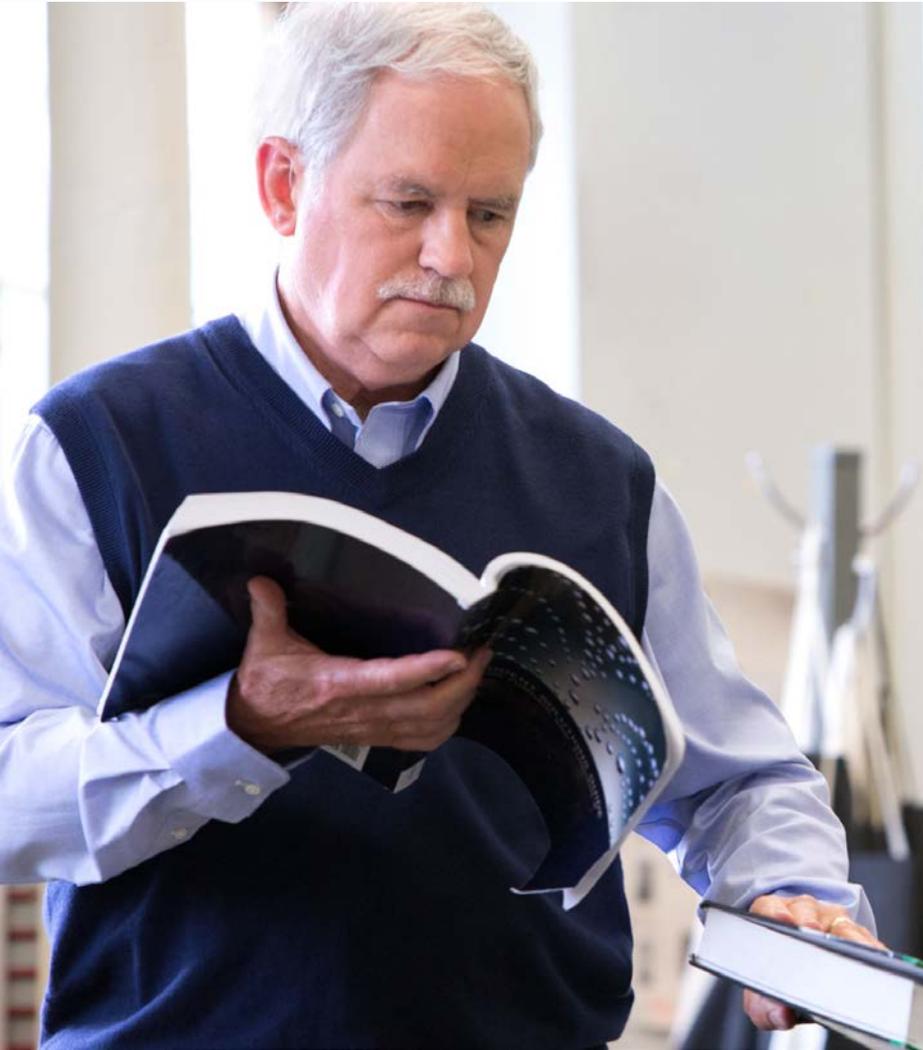
Assumptions

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%.

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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

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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!



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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

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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.

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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.

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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

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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.

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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

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