

TEAM
KENTUCKY®

PERSONNEL CABINET


Kentucky's official supplemental retirement plan


50TH
Anniversary

November 19, 2024

Public Pension Oversight Board 2024

Celebrating 50 years serving the Commonwealth





\$4.3B AUM

86,607 participants

Available Plans:

457(b) Pre-Tax/Roth

401(k) Pre-Tax/Roth

IRAs Pre-Tax/Roth

What KDC means to our employee?

- Investment flexibility.**
- Ability to lower taxes.**
- Low Plan Fees.**
- Virtual or in-person access.**
- Free Financial Planning.**
- Benefits don't end at retirement.**

Auto-Enroll Impact

Auto Enroll Participants

Median Age: 37

Average Deferral Amount: \$140

Average Account Balance: \$2,400

Total of AE accounts: \$34.0 million

- KDC started auto-enroll in July 2019 for all Commonwealth of Kentucky Employees. In 2024 auto-enroll hits **20,000** employees enrolled!
- **94%** retention rate of all auto enrollees





Make a game plan

and prioritize saving for retirement.

Consider giving your retirement savings a boost.

Whether you've had a salary increase or have recently adjusted your contributions, now is a good time to make the right move for your financial future.

If you've recently paused or scaled back on your retirement contributions, this is a good time to realign with your long-term financial objectives and get back on track.

By setting the strategic plan in motion now, you can make a big difference in achieving your retirement goals and help ensure that financial stress doesn't cloud your golden years.



Start shaping your future today.

Consider increasing or restarting your KDC contributions. If you haven't already enrolled, do so today. Log in to your account at [and select **Manage My Funds**](#) or call KDC at 1-800-542-2667.

This material is not a recommendation to buy or sell a financial product or to adopt an investment strategy. Investors should discuss their specific situation with their financial professional.

Kentucky Retirement Specialists are Registered Representatives of Nationwide Investment Services Corporation, member FINRA, Columbus, Ohio. KDC representatives cannot offer investment, legal or tax advice. You should consult your own counsel before making retirement plan decisions.

Nationwide is a service mark of Nationwide Mutual Insurance Company. Third-party marks that appear in this message are the property of their respective owners. © 2024 Nationwide

3- year Communication Increase Campaign:

- KDC leveraged approved Legislative salary increases to develop a straightforward, repeatable, and compelling Increase Campaign for employees.
- The campaign aimed to help participants recognize the benefits of allocating a portion of their salary raise towards retirement planning.
- Kentucky Deferred Increase Campaign adapted its approach, incorporating postcards in addition to digital communications (emails) to reach all Commonwealth employees and KDC participants. The campaign's message was also disseminated through quarterly newsletters, both digital and hardcopy. The Kentucky Personnel Cabinet's deployment of these emails enhanced the credibility of the message among employees and participants.

Build your retirement game plan
and prioritize saving



Investing a little more can make a big difference.

An increase of:	10 years	20 years	30 years
\$20 per month	\$3,293	\$9,287	\$20,190
\$50 per month	\$8,234	\$23,217	\$50,476
\$100 per month	\$16,469	\$46,435	\$100,953

Use your salary increase to boost your savings.

We wanted to remind you to take a moment to review your retirement savings strategy. Whether you've had a **salary increase** or have recently adjusted your contributions, now is a good time to make the right move for your financial future. Consider the following steps:

1. **Maximize your contributions:** If your income has recently grown, take advantage of it by increasing your retirement contributions. Even small adjustments can compound over time, providing a more secure foundation for your golden years.
2. **Realign with your goals:** Life often throws curveballs, and sometimes we pause or scale back on our retirement savings. If that's the case, now is the perfect time to realign with your long-term objectives.

Start shaping your future today.

Consider increasing or restarting your KDC contributions. If you haven't already enrolled, do so today. Log in to your account at kentuckydcp.ky.gov and select **Manage My Funds** or call KDC at 1-800-542-2667.

By setting your retirement game plan in motion now, you can help reduce financial stress down the road.

The salary increase is effective July 1, 2024, and it will be reflected in the pay received on Tuesday, July 30, 2024 (for the pay period of July 1-15, 2024).

3- year Communication Increase Campaign's Successful Outcomes:

- Commonwealth Employees used their salary increases to positively impact their long-term retirement success.
- A yearly increase of \$5.46 million participant dollars was generated from the campaign.

3- YEAR Comunication Campaign Increase Success

<u>YEAR</u>	<u>AVERAGE MONTHLY INCREASES</u>	<u>JULY -ONE MONTH TIME FRAME</u>	<u>AVERAGE DEFERRAL INCREASE AMOUNT/ YEARLY INCREASE</u>	<u>ONE MONTH INCREASE</u>
2022	431 monthly deferral increases/15 per day	810 monthly deferral increases/26 day	\$80 or \$1.56 M annual basis	88%
2023	506 monthly deferral increase/17 day	1,171 monthly deferral increases/38 day	\$80 or \$2.2 M annual basis	131%
2024	626 monthly deferral increase/21 day	1,156 monthly deferral increases/37 day	\$64 or \$1.7 M annual basis	85%

2025 Legislation

- Codified Fiduciary Standard
- Purchase Fiduciary Liability Insurance, reducing risk and liability for KDC against financial losses
- Add self-correcting mechanism to maintain compliance with Federal law to avoid legislative changes
- Authorize KDC to offer SDBA participants



Enhancing the Participant Experience

- **Self-Directed Brokerage Account (SDBA)** is a brokerage account of record offered by a broker-dealer selected by the board and registered with the Securities and Exchange Commission which allows participants to invest in assets approved by the Board as alternative Plan investments.
- KDC focus will be on the Federal Thrift Savings Plan (TSP) and its "Mutual Fund Window" as a model. TSP has \$840 B in assets and 6.4 million participants.



