



Kentucky Deferred Comp

The Kentucky Public Employees'
Deferred Compensation Authority

What is Kentucky Deferred Comp?



The Kentucky Public Employees' Deferred Compensation Authority (Kentucky Deferred Comp or KDC) is **THE OFFICIAL SUPPLEMENTAL RETIREMENT SYSTEM FOR THE EMPLOYEES OF THE COMMONWEALTH OF KENTUCKY, PUBLIC EDUCATION, AND LOCAL PROGRAMS.** KDC is authorized by **KRS 18A.230—18A.350.**



KDC Organizational Affiliation



- KDC reports to the Personnel Cabinet for administrative purposes.
- KDC receives **NO GENERAL FUND REVENUE** and is **COMPLETELY SELF-FUNDED.**

KDC Board Composition



- KDC is administered under the direction of a seven (7) member Board of Trustees (Board) and an Executive Director.
- Three (3) of the members are ex-officio (State Controller, Secretary of the Finance, Secretary of Personnel; while the other four (4) are at-large and serve four (4) year terms.
- The Board meets quarterly.

How long has KDC been in existence?



- The 457(b) Plan has been offered since 1975.
- The 401(k) Plan has been offered since 1986.

All plans are reviewed and approved by the Tax Exempt Governmental Entity Division of the Internal Revenue Service (IRS).

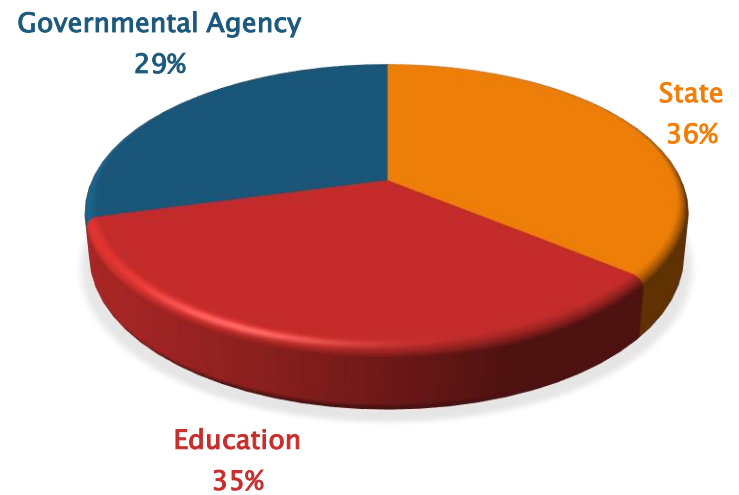
What retirement plans does KDC offer?



KDC offers the following defined contribution savings plans:

	457(b)	401(k)	IRA
Annual Limit	\$18,500	\$18,500	\$5,500
>50 Catch-up	\$24,500	\$24,500	\$6,500
Pre-Tax	YES	YES	YES
After-Tax	NO	YES	YES

How many employers and participants does KDC service?



As of December 31, 2017 there were approximately:

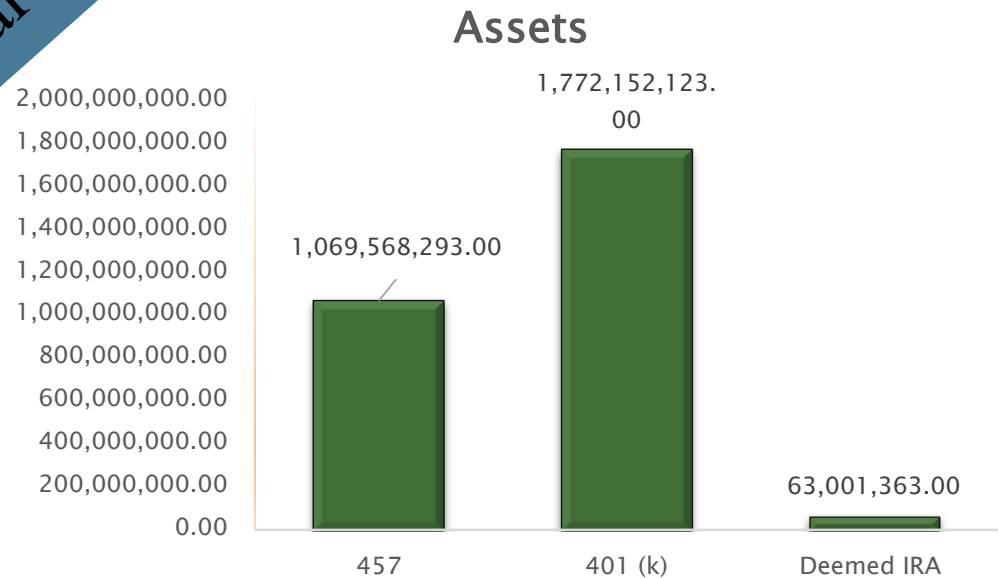
- 74,644 participants
- 992 employers

And...

How large are KDC's AUM?



- \$2.9 billion dollars in assets



The average participant account balance totals \$39,000.00.



Who provides KDC recordkeeping,
marketing & communications services?



Nationwide[®]
is on your side

Currently all three (3) of these services are provided by Nationwide Retirement Solutions (NRS) per the state procurement process (via RFP). Additionally, twenty-six (26) KDC administrative staff also support the enterprise.



Who makes the investment decisions in KDC?



Participants make their own investment elections from a spectrum of investment options approved by the Board with assistance from a third-party investment consultant; also selected via the state procurement process (via RFP).



KDC Investment Options



Currently, there are over twenty (20) investment options; counting the target-date funds as one option.

Participants invest via any of the following methods:

- 1) Self selection;
- 2) Target Retirement Date funds; or
- 3) Managed account service (currently Nationwide ProAccount); incurs a service fee.

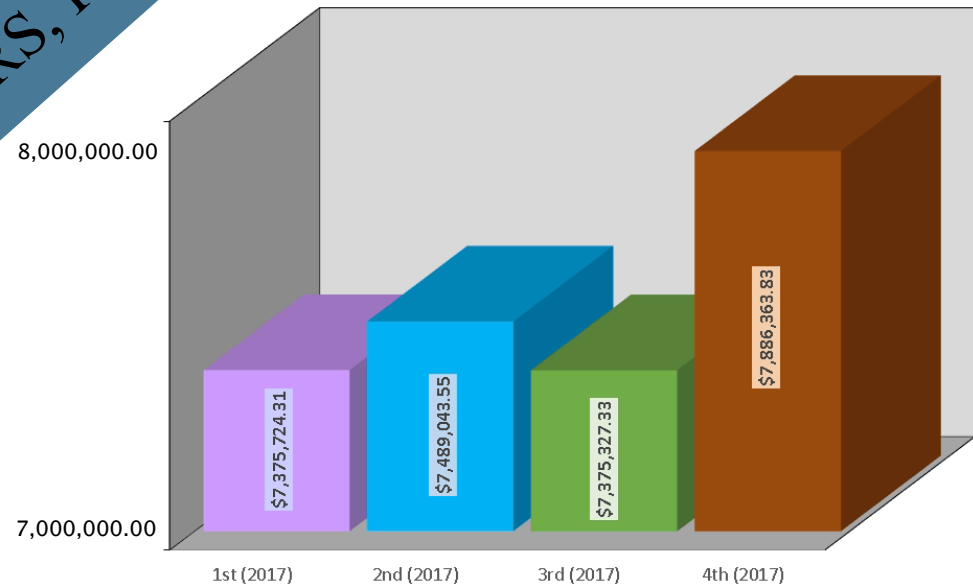
KDC Investment Fund Structure



	Tier II - Passive Core \$491,051	Tier III - Active Core \$519,435	Tier IV - Specialty \$1,376,130
	TIPS Vanguard Inflation-Protected Securities \$9,231	Money Market Invesco Short Term Gov. Agency \$9,882	Stable Value Fixed Contract \$672,202
	Market Duration Bond Vanguard Total Bond Market Index \$56,410	Intermediate Term MetWest Total Return \$59,901	All Cap Equity Fidelity Contrafund \$300,289
	US Large Cap Core Vanguard Institutional Index \$292,689	Real Assets PIMCO All Assets \$2,847	Large Cap Growth Fidelity Growth Company \$271,745
Tier I - Target Date \$476,415	Non-US Equity Vanguard Total International Stock Index \$6,926	Developed International Dodge & Cox International Stock \$40,393	Developed International American Funds EuroPacific Growth \$95,250
Lifecycle Funds Vanguard Target Retirement Funds \$192,243	US Mid Core Vanguard Mid-Cap Index \$77,773	Mid Cap Core T. Rowe Price Inst Mid-Cap Equity Growth \$348,544	Developed International Small Cap DFA International Small Company \$23,630
Balanced Vanguard Wellington \$284,173	US Small Core Vanguard Small-Cap Index \$48,022	Small Cap Core AMG GW&K Small Cap Equity \$57,869	Emerging Mkts Equity Aberdeen Emerging Markets \$13,014

* All dollar figures are rounded to the thousands.

Service Purchases to KERS, KTRS and KJRS



In 2017, a total of **\$33.3 million** was sent to Retirement Systems for the purchase of service credits, averaging **\$2.8 million per month**. A total of **\$118 million** was sent in the last 5 years.



What are the KDC Benefit Payment options?



Both the 457(b) and the 401(k) Plans offer the following payout options upon the occurrence of a benefit event:

- Total lump-sum distribution;
- Partial lump-sum distribution;
- Installment payments for a fixed period; or
- Fixed dollar payments.

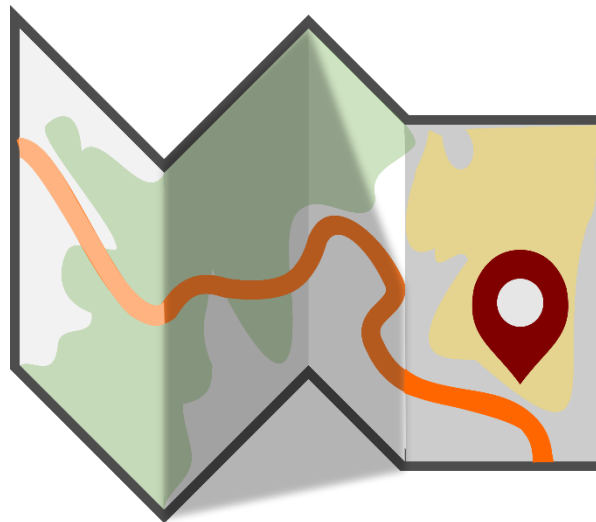
Together; KDC with KY Personnel Cabinet



Beginning in 2016, the KY Personnel Cabinet began a coordinated effort to provide benefits to employees as one total benefits package. Working in concert with other PERS agencies to utilize shared information, message coordination, and unity of purpose; we now communicate, educate, and ultimately deliver the benefits our employees are entitled in a much more effective and efficient manner.



Where we are going....



- Continued co-operation with PERS
- Participant Engagement Plan
- Webinars



 **Kentucky**
Deferred Comp