



Retirement Planning

*How DCP Supplements
Your Other Retirement Benefits*

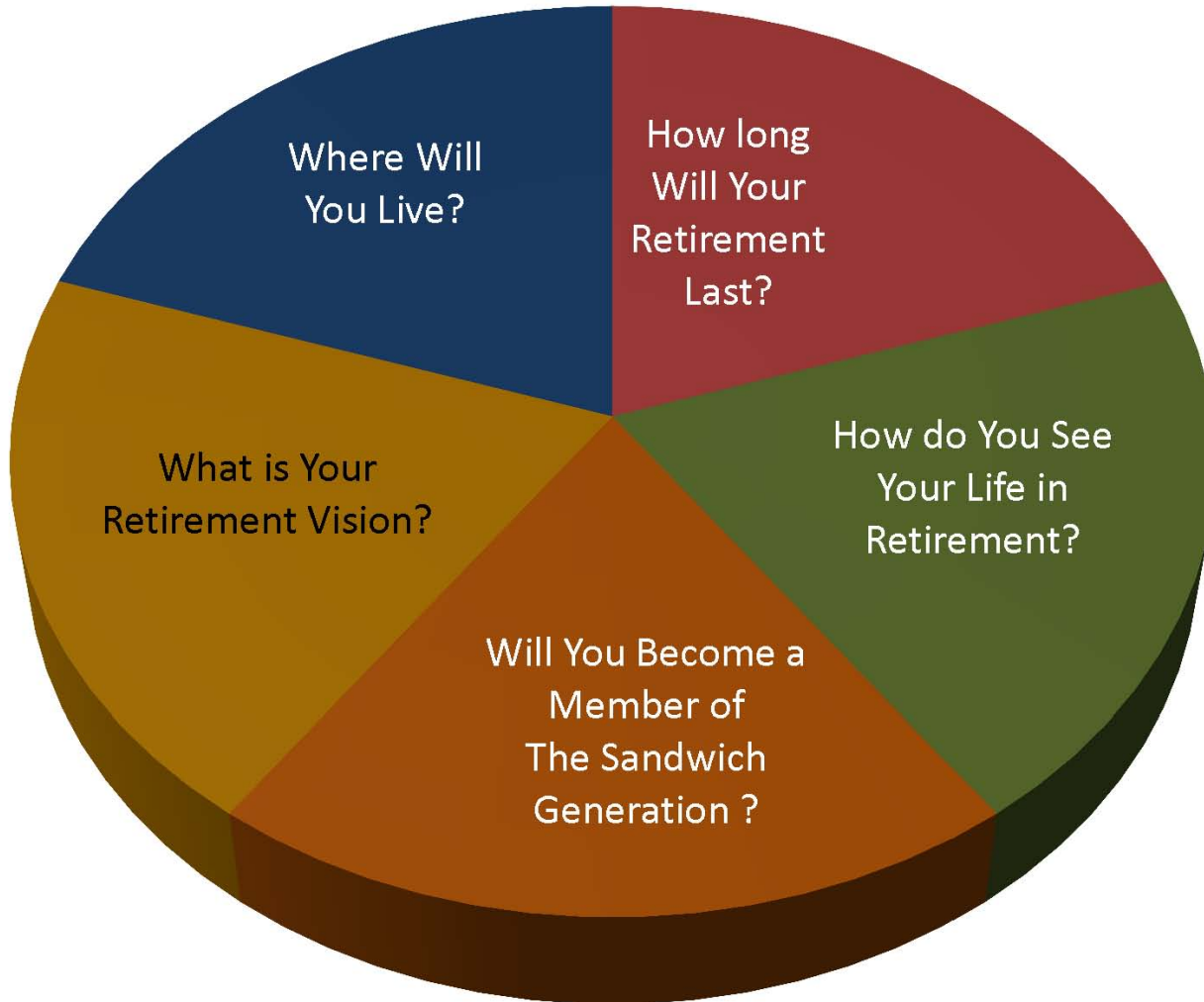


Agenda

- **What is your retirement vision?**
- **What will it cost to make the vision reality?**
- **What are your sources of retirement Income?**
- **DCP Solutions**
- **Planning for Beneficiaries**
- **Getting your documents in order**



Retirement Basics





The Retirement Basics

- **What will it cost to make the vision a reality?**
 - Create a budget of current vs. estimated expenses
 - Create an Emergency Fund
- **What else to consider?**
 - Inflation, Taxes, Debt, Health Care and Tuition

**The better job you do managing expenses,
the more money you will have to spend as you want.**



What Are Your Sources of Retirement Income?

- **City of New York Pension Plan**
 - Your 1st Annuity
- **Social Security**
 - Your 2nd Annuity
- **After-tax Savings**
 - Mutual Funds, CD's, Stocks, Bonds
- **Downsizing/Selling Your Home**
- **Continue Working**
- **Inheritance**
- **New York City Deferred Compensation Plan**



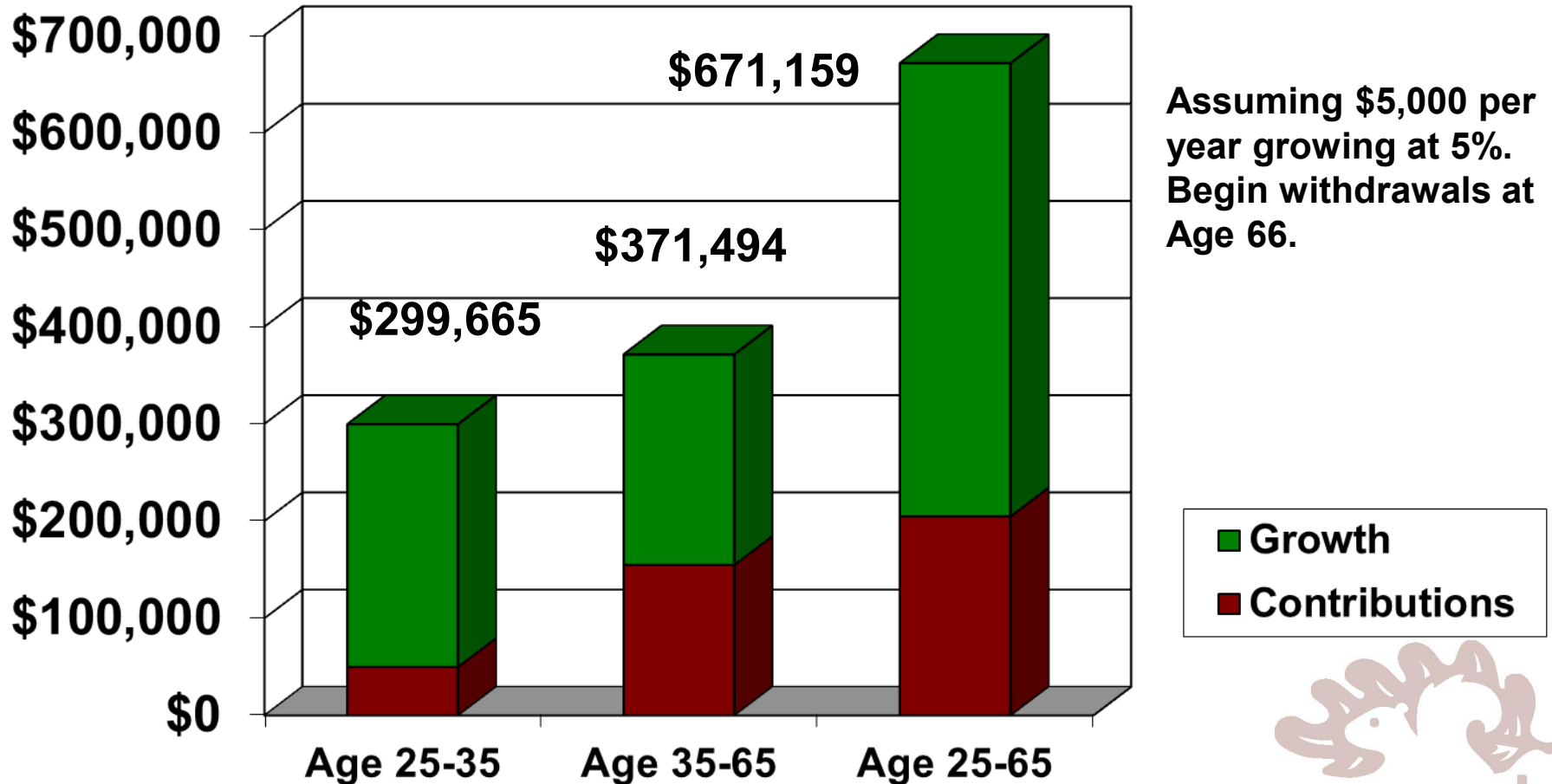
Why is DCP a Good Idea?

- **“Pay yourself first”**
- **Tax-Favored savings**
- **Dollar cost averaging**
- **Low cost investment options**



The Power of Time and Money

To delay saving by 5 or 10 years
can greatly affect your retirement goals!



For illustrative purposes only



Array of Retirement Programs

New York City Tax-Favored Programs

Deferred Compensation Plan

NYCE IRA

457

401(k)

Traditional
NYCE IRA

Roth
NYCE IRA

Pre-Tax

Roth

Pre-tax

Roth

Employee
& Retiree

Spousal

Employee
& Retiree

Spousal



Where Can We Save?

- **Pre-Tax “Tax Deferred” Plans**

- 457 and 401(k)

- “Tax-deferred” savings on potential earnings and growth
- Contributions reduce taxable income

- 403(b) TDA for DOE and HHC Employees

- 401(k) and 403(b) – total contributions combined cannot exceed maximum annual contribution amount
- 457 and 403(b) – can contribute maximum annual amount to EACH plan

- **After-Tax “Tax-free” Plans**

- Roth 457 and Roth 401(k)

- Contributions are not tax deductible
- Earnings are “tax-free” for Qualified Distributions

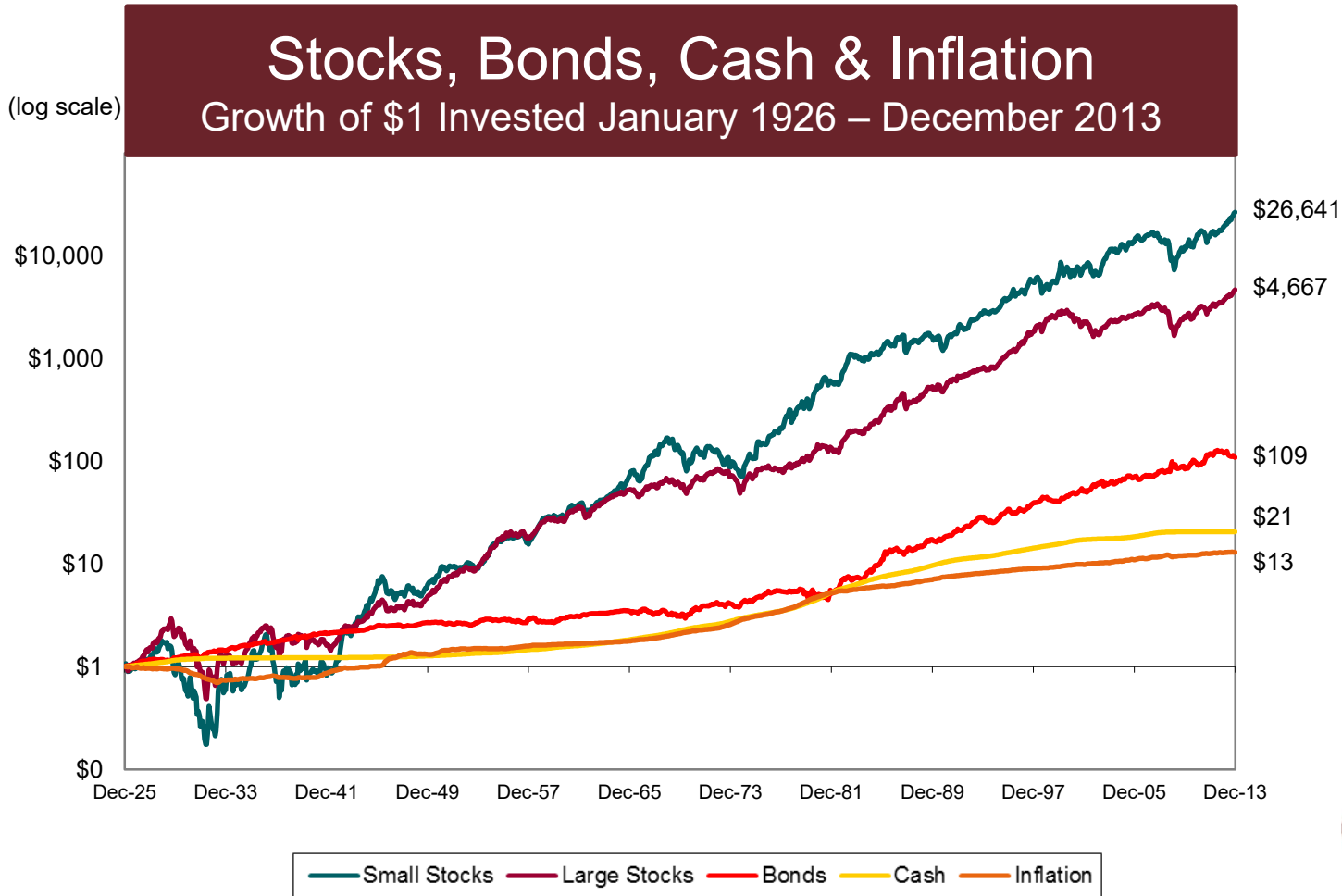
**Contribute the maximum
that you can in as
many plans as you can.**



Stocks, Bonds, Bills and Inflation

Source: Ibbotson Associates.

For illustrative purposes only. Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1926. Assumes reinvestment of income and no transaction costs or taxes. Small stocks represented by the Ibbotson Associates SBBI U.S. Small Stock Index, an unmanaged index of stocks of small U.S. companies. Large stocks represented by the Ibbotson Associates SBBI Standard & Poor's 500 Index, an unmanaged index representing 500 larger capitalization companies traded in the U.S. Bonds represented by the Ibbotson Associates SBBI Long-Term Government Bond Index, an unmanaged index generally representative of the bond market. Cash represented by the Ibbotson Associates SBBI 30 Day Treasury Bill Index. Inflation represented by the Ibbotson Associates U.S. Inflation Index.





Which Investment Should You Choose?

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
HIGHER RETURN ↑	Bond 5.24%	Large Growth 37.21%	Small Growth 29.09%	Bond 7.84%	Small Value 18.05%	Small Growth 43.30%	Large Value 13.45%	Large Growth 5.67%	Small Value 31.74%	Large Growth 30.21%
	Cash 2.06%	Small Growth 34.47%	Small Value 24.50%	Balanced 4.34%	Large Value 17.51%	Small Value 34.52%	Large Growth 13.05%	Balanced 1.00%	Large Value 17.34%	Developed Int'l 25.03%
	Balanced -22.47%	Developed Int'l 31.78%	Large Growth 16.71%	Large Growth 2.64%	Developed Int'l 17.32%	Large Growth 33.48%	Balanced 10.36%	Bond 0.55%	Small Growth 11.32%	Small Growth 22.17%
	Small Value -28.92%	Small Value 20.58%	Large Value 15.51%	Large Value 0.39%	Large Growth 15.26%	Large Value 32.53%	Bond 5.97%	Cash 0.05%	Balanced 8.37%	Balanced 14.13%
	Large Value -36.85%	Large Value 19.69%	Balanced 12.74%	Cash 0.10%	Small Growth 14.59%	Developed Int'l 22.78%	Small Growth 5.60%	Developed Int'l -0.81%	Large Growth 7.08%	Large Value 13.66%
	Large Growth -38.44%	Balanced 19.50%	Developed Int'l 7.75%	Small Growth -2.91%	Balanced 11.55%	Balanced 17.95%	Small Value 4.22%	Small Growth -1.38%	Bond 2.65%	Small Value 7.84%
	Small Growth -38.54%	Bond 5.93%	Bond 6.54%	Small Value -5.50%	Bond 4.21%	Cash 0.07%	Cash 0.03%	Large Value -3.83%	Developed Int'l 1.00%	Bond 3.54%
LOWER RETURN ↓	Developed Int'l -43.38%	Cash 0.21%	Cash 0.13%	Developed Int'l -12.14%	Cash 0.11%	Bond -2.02%	Developed Int'l -4.90%	Small Value -7.47%	Cash 0.33%	Cash 0.86%





The Pre-Arranged Portfolios

- **What are the Pre-Arranged Portfolios?**
 - 12 Diversified Portfolios consisting of varying percentages of the Plan's core investment options
- **Who benefits from the Pre-Arranged Portfolios?**
 - Participants who prefer the ease of selecting an already well-diversified managed portfolio
- **How do the Pre-Arranged Portfolios Work?**
 - Choosing a portfolio will depend on your age or when you expect to begin withdrawals
 - Every quarter, the asset allocation of each portfolio is adjusted to a slightly more conservative mix



Why choose the Pre-Arranged Portfolios?

Eliminates the need to decide:

- Which investment option(s) should I choose?
- How much money should I put in each investment option?
- Do I need to change my investments? When should I change them?
- Will my investments keep up with inflation?
 - Treasury Inflation Protection Securities “TIPS”



Recent Developments: *CARES ACT 2020*

- **Changes for DCP Participants & Retirees***
 - 457/401(k) Coronavirus-Related Distributions**
 - Up to \$100,000 – not taxable if repaid within three years
 - 457/401(k) Coronavirus-Related Plan Loans:
 - Loan up to \$100,000/100% A/C before 9/27/2020**
 - 457/401(k) Outstanding Loan Repayments and Extensions**:
 - You may request one year delay for repayment
 - Required Minimum Distribution (RMD) Waiver

* Check with your professional advisor how it might impact your specific tax, legal, investment solution

** Strict Requirements. Apply Verify your eligibility.



How Can We Catch Up?

1. Age 50 and Over - 457 and 401(k)

- Ability to contribute an additional \$6,500, up to the maximum of \$26,000 in 2020

2. Deferral Acceleration for Retirement (DAR) – 457 Plan Only

- **What** - Ability to contribute up to double the annual limit for up to 3 consecutive years
- **Who** - Participants who have not maximized contributions in the past
- **When** - 3 years prior to “Normal Retirement Age” and must be completed no later than age 72.



How Does DCP Interact With Your Pension?

- **Pension Buyback (Purchase of Permissive Service Credits)**
 - Transfer funds from your Pre-Tax 457 Plan or Pre-Tax 401(k) Plan to your pension system
 - Use pre-tax money to buyback credits
- **401(k) Special Rollover Account**
 - Funded with Final Pension Loan and Union Annuity
 - Principal is NYS and NYC tax exempt



The NYCE IRA

“Our Only Interest is Your Interest”

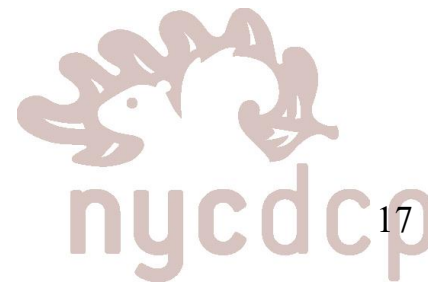
- \$6,000 Annual Contribution Limit (\$7,000 if over age 50)
- Consolidation of outside retirement assets in one place
- Tax flexibility (no 20% mandatory tax withholding on Traditional IRA withdrawals)
- No Required Minimum Distributions (RMDs) from the Roth NYCE IRA
- Legacy Planning to “Stretch” your assets to future generations



Active and retired employees and spouses

—

Open a NYCE IRA Today!





Beneficiary Planning

Review beneficiary designations on ALL retirement plans!

- Assets will pass directly to beneficiaries
- Your personal situation may have changed since you last filled out any forms
- Update primary and contingent beneficiaries as needed



Last Step: Getting Your Documents in Order

❑ Employment Records

- Pension
- NYC Deferred Comp/NYCE IRA
- Insurance
- Union Annuity
- Most recent Pay stubs
- Beneficiary form for payroll
- Social Security/Medicare

❑ Debt Records

- Mortgage and other debt statements (credit cards, loans)

❑ Tax Records

- Most recent form 1040 Federal Tax Return

❑ Outside Investment Records

❑ Legal/Legacy Documents

- Will
- Durable Power of Attorney
- Living Will
- Health Care Proxy
- Trust Documents

❑ Insurance Documents



Individual Consultations

Reaching Your Goals Is Easier With the Right Help!

Meet one-on-one with a **CERTIFIED FINANCIAL PLANNER™** professional for a personal Financial Plan.

Your consultation includes:

- **A 90 minute discussion of your goals and a review of your current situation.**
- **A hard copy personal Financial Plan to take home.**
- **An opportunity for you to address one or more of your financial questions such as college planning, estate planning or major purchase decision.**
- **Impartial and unbiased education. Our CERTIFIED FINANCIAL PLANNER™ professionals are salaried and non-commissioned. Their only interest is your interest.**



Who to Call?

**Call the Client Service Department at
(212) 306-7760**

for questions regarding your account

**Contact the Financial Planning Center at
(212) 306-5050**

**for individual consultations and
seminar information**

**For additional information visit us at
nyc.gov/deferredcomp**





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- Financial planning services for the New York City Deferred Compensation Plan are offered through ICMA-RC, a federally registered Investment Adviser.