



Save more for retirement

Everyone wants to be happy and healthy during their retirement years. But with rising health care and long-term care costs and concern over the financial future of Social Security and Medicare, can retirement be affordable?

KDC can help

Your employer realizes there are opportunities for employees to have a more fulfilling and enjoyable retirement. That's why your employer is committed to providing you with the best of opportunities to save additional funds for retirement through investing with the Kentucky Deferred Compensation Plan (KDC).

In addition to caring about your financial future, your employer has made it easier for you to join by agreeing to activate the KDC automatic enrollment feature.

With this feature, all newly hired employees will be automatically enrolled in the KDC Plan.



Kentucky Personnel Cabinet
Kentucky Deferred Compensation
501 High Street, 2nd Floor
Frankfort, KY 40601
Local: 502-573-7925
Toll-free: 800-542-2667
www.kentuckydcp.com

Target Date Funds invest in a wide variety of underlying funds to help reduce investment risk. So, in addition to the expenses of the Target Date Funds, you pay a proportionate share of the expenses of the underlying funds. Target Date Funds are designed for people who plan to withdraw funds during or near a specific year. Like other funds, target date funds are subject to market risk and loss. Loss of principal can occur at any time, including before, at or after the target date. There is no guarantee that target date funds will provide enough income for retirement.

Information provided by KDC Retirement Specialists is for educational purposes only and is not intended as investment advice.

KDC Retirement Specialists are registered representatives of Nationwide Investment Services Corporation, member FINRA, Columbus, Ohio.

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Kentucky Deferred Compensation

401(k) automatic enrollment feature



KDC 401(k) automatic enrollment feature

Through the automatic enrollment feature, all new full-time employees hired by the Commonwealth of Kentucky Executive Branch, Administrative Office of the Court, and the Legislative Research Commission will be automatically enrolled in the Kentucky Deferred Compensation Plan (KDC).

What this means for you

You will begin contributing the minimum of \$30 per month to the KDC Plan, effective with your first eligible pay date. Contributions will continue until you officially provide notice to the Plan that you no longer wish to contribute.

Your contributions will be allocated into the pre-tax 401(k) option and invested in KDC's Fixed Contract Fund (interest-bearing account) for the first 90 days. After the 90-day opt-out period has expired, the assets will be exchanged and future contributions invested into the Vanguard Target Retirement Fund most appropriate to your age.

Your rights as a participant

As a participant in the Plan, you have the same rights, privileges and responsibilities as all other KDC participants, including:

- The right to elect a contribution amount greater than \$30 per month, up to the legal maximum limit, and the right to change your contribution amount at any time
- The right to designate beneficiaries
- The right to direct your contributions into any and all of the investment options the KDC Plan offers, and the right to change your investment options at any time
- The right to terminate contributions at any time
- The responsibility of assuming the risks and fees associated with the Plan

Saver's Credit

You may be able to claim a retirement savings contribution credit depending on your income and IRS limits. If you make eligible contributions to your KDC account, you may be able to take a credit of up to \$1,000 (\$2,000 if filing jointly). There are eligibility rules and qualifying conditions explained in IRS Publication 590-A, and you should consult your tax advisor about this tax credit.

Opting out of the Plan

After being automatically enrolled, you will have 90 days after your first pay date in which to decide if you want to continue contributing or opt out of the Plan. If you elect to opt out of the Plan, you will receive a refund of your contributions and the associated interest with no penalties (taxes will be withheld).



For more information

If you have any questions about the Plan, please contact a KDC representative:

Local: 502-573-7925

Toll-free: 800-542-2667

Website: www.kentuckydcp.com



KDC Automatic Enrollment Frequently Asked Questions (FAQ's)

WHAT IS AUTOMATIC ENROLLMENT?

Automatic enrollment is a feature in a retirement plan that allows an employer to "enroll" an eligible employee in the plan unless the employee affirmatively elects otherwise. The employer automatically reduces an employee's wages by a default amount/percentage stated in the plan and contributes that amount to the employee's plan account as an automatic enrollment contribution. The employee may affirmatively choose not to contribute at the plan's default rate or to contribute a different amount. The employee is 100% vested in his or her automatic enrollment contributions.

WHAT ARE THE BENEFITS OF AUTOMATIC ENROLLMENT?

Automatic enrollment helps solve one of the most important problems connected with saving for retirement: a participants' failure to take actions that could ensure a secure retirement. Many participants are inclined to take no action to change their current situation. Automatic enrollment can be a powerful way to increase retirement plan savings and plan participation.

WHO DOES AUTO ENROLLMENT APPLY TO?

Automatic enrollment only applies to new full-time employees hired by the Commonwealth of Kentucky Executive, Judicial and Legislative branch. Those new employees hired on or after July 1, 2019 will be automatically enrolled in the Kentucky Deferred Compensation Plan (KDC).

WHAT TYPE OF ENROLLMENT COMMUNICATION(S) DO EMPLOYEES RECEIVE?

Upon hire new employees will see disclosure pages online when they complete new employee paperwork. Additionally, when their account is created with Nationwide they will receive a welcome letter with details about their new account including how to access the account online and who they can contact for questions.

HOW IS AUTOMATIC ENROLLMENT INITIATED ON BEHALF OF A NEW EMPLOYEE (IS THERE ANYTHING I NEED TO DO AS EMPLOYER)?

Nationwide and the Personnel Cabinet have created a data sharing process whereby Nationwide will receive a data feed each day for new hires entered into the KHRIS system. Nationwide will create accounts for new employees and send notification to the appropriate Payroll personnel. The Payroll notification will work the same way it does currently through the existing billing process.

WHAT IS THE INITIAL SALARY DEFERRAL AMOUNT?

A minimum contribution amount of \$30 per month is elected for the participant. For those on a semi-monthly pay schedule the amount will be \$15 per pay.

HOW ARE ASSETS INVESTED ON BEHALF OF THE PARTICIPANT?

Contributions are placed into a pre-tax 401(k) option and invested in an interest-bearing account for the first 90 days. After the 90-day opt-out period has expired, the assets will be exchanged and future contributions invested into the Vanguard Target Retirement Fund most appropriate for the individual's age. The participant has the right to change their investment(s) at any time and direct contributions into any of the investment options the KDC plan offers.

IS THERE A WINDOW OF TIME THAT A PARTICIPANT CAN CANCEL THEIR PARTICIPATION IN THE KDC PLAN?

After being automatically enrolled, a participant will have 90 days after their first pay date in which to decide if they want to continue contributing or opt out of the Plan. If they elect to opt out of the Plan, they will receive a refund of their contributions and the associated interest with no penalties (taxes will be withheld). Participants will need to contact KDC at the phone number listed below.

WHERE DO WE DIRECT QUESTIONS ABOUT AUTOMATIC ENROLLMENT?

KDC Retirement Specialists are available to answer any questions about auto enrollment. Please contact us via phone or in-person:

Kentucky Deferred Compensation

501 High St, 2nd Floor
Frankfort, KY 40601
Local: 502-573-7925
Toll-free: 800-542-2667

Prospectuses are available on this website by clicking the Prospectus link available on this site on the fund performance page. For additional help with obtaining a prospectus please contact us at the numbers listed above. Please consider the fund's investment objectives, risks, and charges and expenses carefully before investing. The fund prospectus contains this and other important information about the investment company. Read the prospectus carefully before investing.