

Invest in Your Future with Ohio DC



Today, you will...

- Discover the importance of investing in your future
- Identify your retirement income needs
- Recognize how your deferred compensation plan can help you invest in your future

What is a deferred compensation plan?

- 457(b) plan—similar to a 401(k)
- Automatic contributions for hassle-free investing; can change at any time
- Traditional 457(b) plan:
 - ✓ Pre-tax contributions for potentially tax-deferred growth. No penalty for distribution before age 59 ½*
- Roth 457(b) plan (if offered by your employer):
 - ✓ Post-tax contributions for potentially tax-free growth if withdrawals taken after both age 59 ½ and five years after first contribution

*Distributions are subject to income tax

Trivia Time



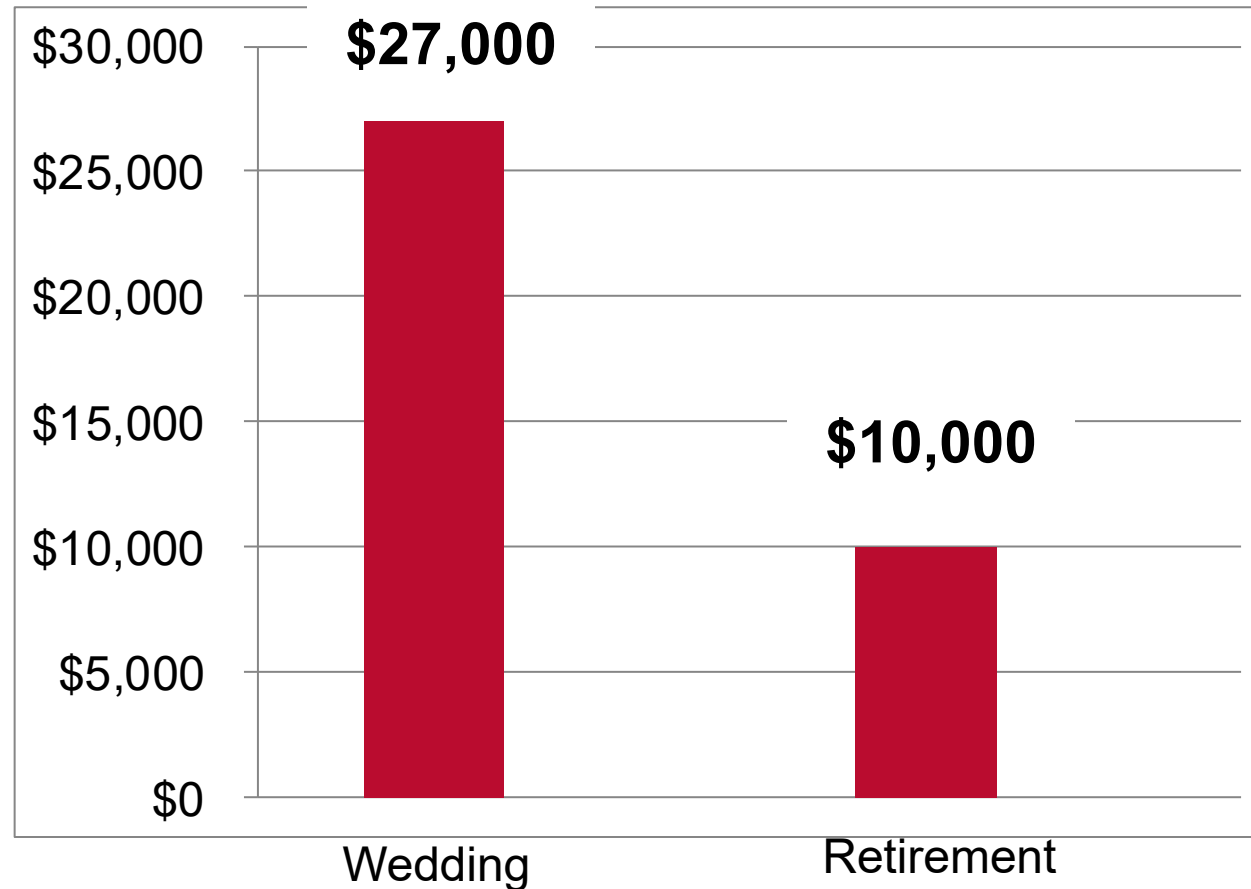
How much money does the average couple spend on their wedding?

Trivia Time



How much money
have almost half of
Americans saved
for retirement?

Trivia Time



Source: Employee Benefit Research Institute

How much money will you need... and for how long?

- Industry professionals estimate:
80-90%¹ of final pay at retirement
- A man reaching age 65 today can expect to live, on average, until age **84.3**
- A woman turning age 65 today can expect to live, on average, until age **86.6**

1. *Taking the Mystery Out of Retirement*, U.S. Department of Labor (January 2012)
2. *The United States Social Security Administration*
<https://www.ssa.gov/planners/lifeexpectancy.html>

Watch out for future inflation

With 3% annual inflation, in 15 years:

- A **\$1,000** refrigerator will cost about **\$1,600**
- A **\$4,000** furnace will cost about **\$6,200**
- A **\$25,000** car will cost nearly **\$39,000**



Source: U.S. Bureau of Labor Statistics

Watch out for future inflation

3% annual inflation means if you need \$2,000 per month today:

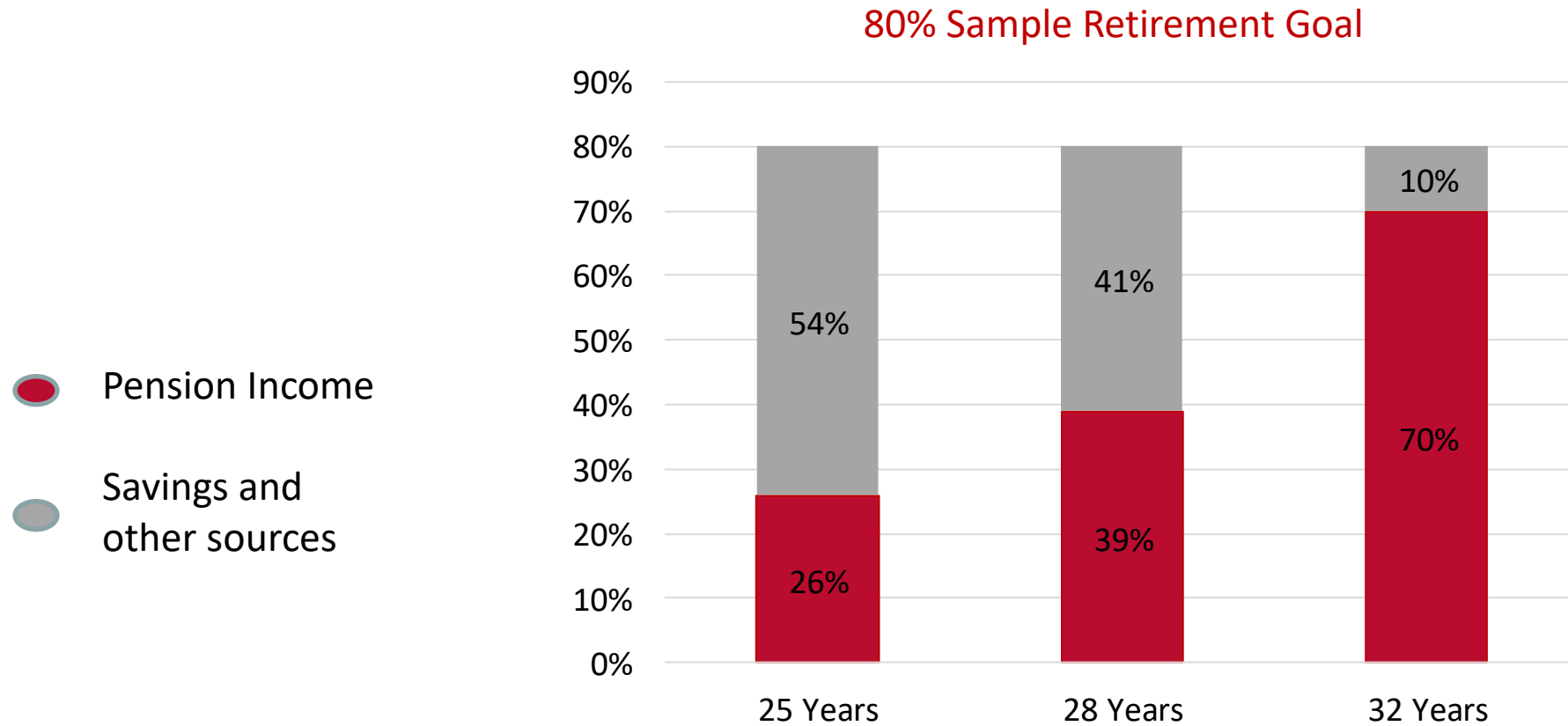
- In 10 years, you'll need \$2,688
- In 20 years, you'll need \$3,612
- In 30 years, you'll need \$4,855

Where will the money come from?



- Pension
- Social Security
(if applicable)
- Income from savings
- Income from working

Where will the money come from?



Why is your deferred compensation plan a smart way to invest?

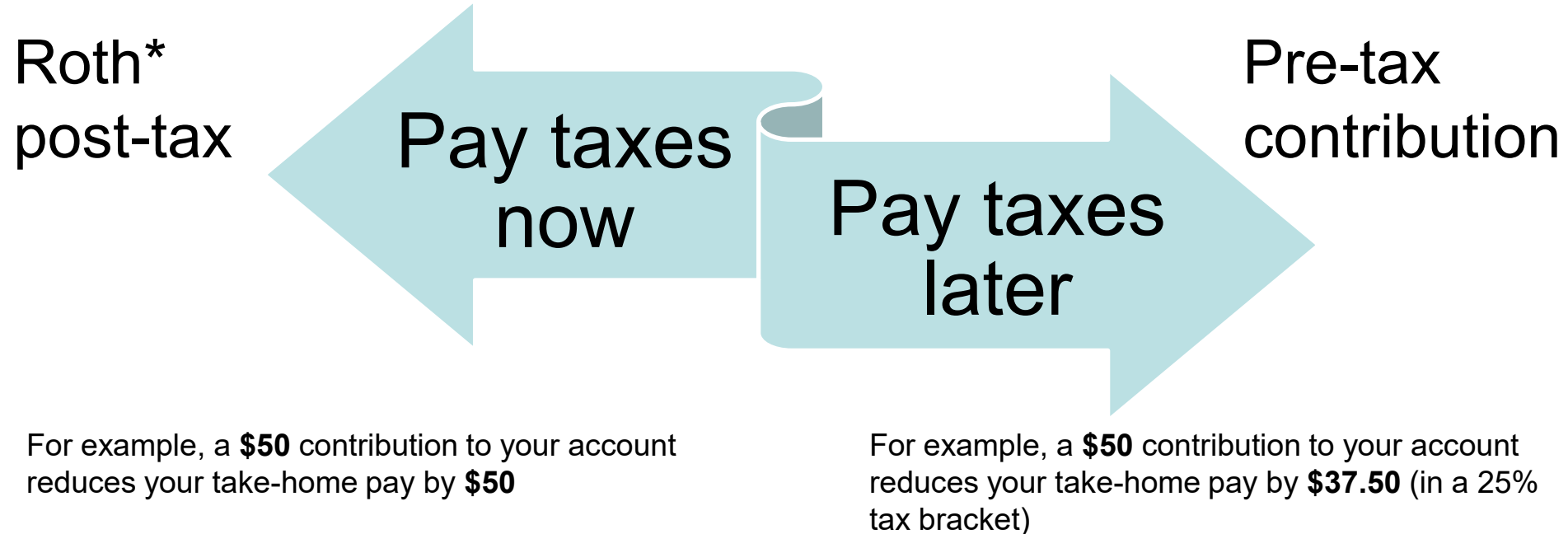
- Automatic contributions make investing **hassle-free**
- You can save a combination of **pre-tax** or **Roth post-tax** dollars up to annual limits
- There's **tax-deferred growth potential**

Neither Nationwide nor any of its representatives give legal or tax advice. Please contact your legal or tax advisor for such advice.

Investing involves risk, including possible loss of principal.



Choose a Roth Post-tax or Pre-tax contributions



*Earnings are not taxable in the year distributed assuming all contributions have been held in the Roth account for five years after the first Roth contribution was made AND the distribution is made after age 59½ (and separation from public service for a Roth 457(b)); or for death or disability.

What are some reasons you may want to consider a Roth post-tax option?



Expect to be in a higher tax bracket when you retire



May desire to take advantage of potentially tax-free withdrawals



May need tax planning flexibility in retirement



Are unable to contribute to a Roth IRA

Consider meeting with a tax advisor to determine what contribution type is best for you. Also visit the Roth Analyzer tool on our website at Ohio457.org.

What are the distribution rules for pre-tax 457(b) contributions?

- Must be separated from your employer or qualify for an unforeseeable emergency as defined by the Internal Revenue Code
- No age limit or waiting period is required
- Distributions taxed as ordinary income

What are the distribution rules for Roth post-tax 457(b) contributions?

- Must be separated from your employer or qualify for an unforeseeable emergency as defined by the Internal Revenue Code
- **Qualified** distributions are tax-free
- To be **qualified**, all contributions must be held in the Roth account for five years after the first Roth contribution was made AND the distribution must be made after age 59½ or for death or disability.
- Earnings on **non-qualified** distributions will be taxed as ordinary income

Saving for retirement can help you today

- Saver's Credit
 - ✓ Might reduce federal tax bill up to **\$1,000**
- Saving for tomorrow empowers you today
- Build financial knowledge and confidence by making today's money decisions

How can you find the money to save?

- Become aware of spending
- Spend consciously
- Cut back on small luxuries now and increase over time
- Pay off credit cards



The SMarT Plan



It's SMarT and easy:

- Your payroll contribution amount automatically increases each year by the date and in the amount you choose
- Start or stop at any time

The SMarT Plan: Potential effect of ongoing contribution increase

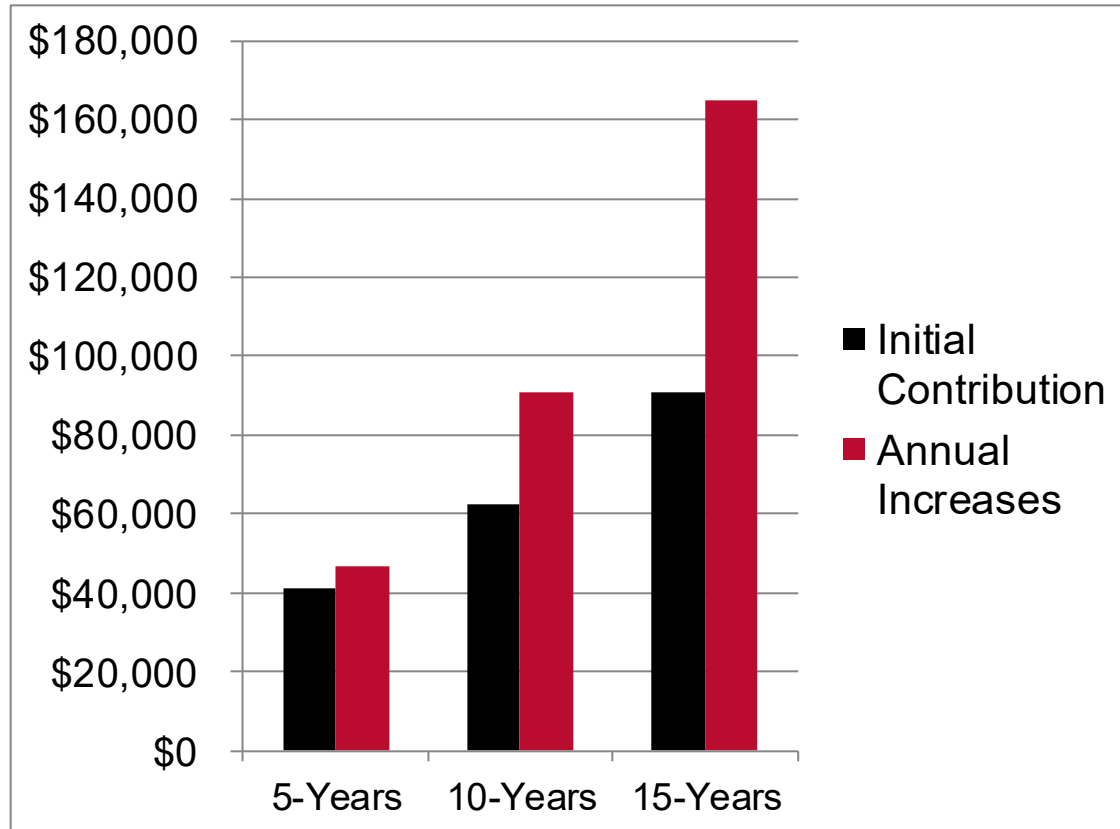


Chart assumptions:

Assumed interest rate: 6%

Initial contribution: \$50

Annual increase amount: \$20

Current account balance: \$25,000

These are hypothetical compounding examples and are not intended to predict or project the investment results of any specific investment. Investment return is not guaranteed and will vary depending on your investments and market experience. Fund level fees are not reflected in these examples. For traditional 457 contributions, taxes will be due at withdrawal and will lower the totals shown. Qualified Roth withdrawals will be tax free.

Why is your deferred compensation plan a smart way to invest?



- Change your contributions at any time
- Your money automatically goes into chosen investments

Why is your deferred compensation plan a smart way to invest?

Investment choices include:

- Mutual funds
- Collective Investment Trust (CIT)
 - ✓ Lifecycle funds (LifePath Portfolios)
 - ✓ Fidelity Commingled Pools
- Custom Portfolios
 - ✓ Short-term investments (Stable Value Option)

Like other funds, LifePath 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.



Why combine other retirement dollars into this plan?

- Might make investing hassle-free
- Professionals research and monitor investments
- Personal help now and after you retire
- Might pay less in annual account fees

Qualified retirement plans, IRAs, and deferred compensation plans have different rules, including fees and withdrawal restrictions. Assets you roll over from other plan types into your Ohio DC account might still be subject to a 10% tax penalty if you choose to withdraw from your account before age 59½. Your Ohio DC 457(b) account has no age 59½ “early withdrawal penalty.” Withdrawals are taxed as ordinary income. Please consider all factors and speak with your tax advisor for advice.



What types of accounts can you combine?

Transfer other 457 dollars or rollover dollars:

- Qualified 401(k) retirement plan
- Qualified 403(b) retirement plan
- Traditional IRAs, SEPs, or SIMPLE accounts
- PLOP (Partial Lump Option Plan)
- DROP (Deferred Retirement Option Program)

Assets rolled over from a qualified plan or individual retirement account may be subject to a 10% penalty tax if withdrawn prior to age 59½.

Enrolling

Decide:

- ✓ How much to contribute per pay (pre-tax or Roth post-tax)
- ✓ How much to contribute to the SMarT Plan
- ✓ Who to name as beneficiaries
- ✓ How to invest your contributions
- ✓ Whether to combine other retirement dollars into Ohio DC

Catch-up

- Allows large contributions
 - ✓ Unused vacation and sick time payouts
- Three ways to Catch-up (You can use only one at a time):
 - ✓ Age 50+
 - ✓ Age 60-63 (starting in 2025)
 - ✓ For each of the three years prior to normal retirement age

Help is here

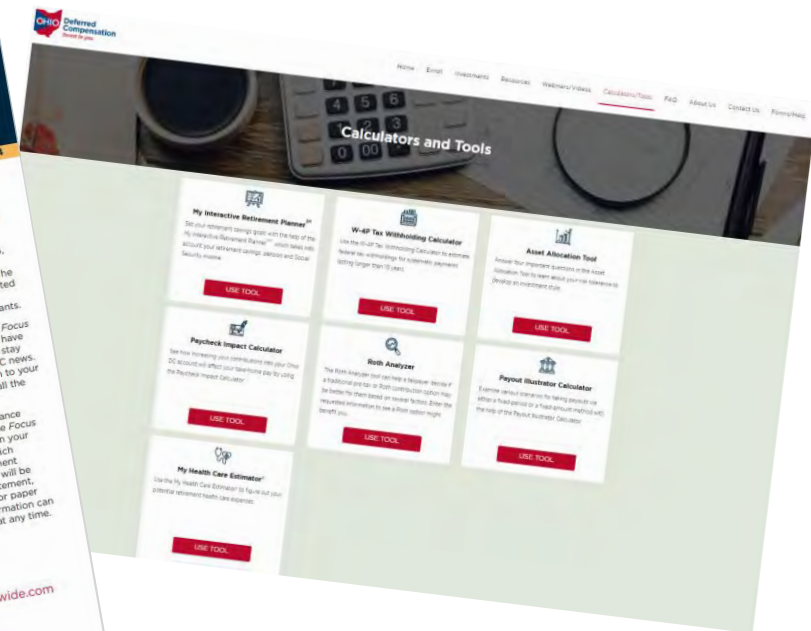
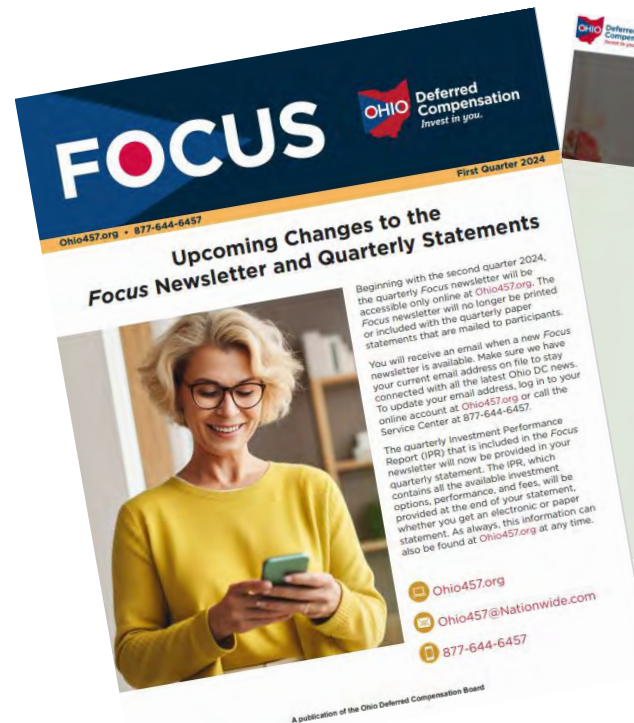
- Licensed, trained professionals available
- Help with:
 - ✓ Enrollment
 - ✓ Investor education
 - ✓ Asset allocation



Information provided by Account Executives is for educational purposes only and is not intended as investment advice.

Tools to help you make informed investing decisions

- Financial education workshops
- Statements
- Newsletters
- Website
 - ✓ Calculators
 - ✓ Videos
 - ✓ Resources



Thank you for attending!

You can enroll:

- **Face-to-face** with me
- By phone: **877-644-6457** with an Account Executive
- Online: **Ohio457.org**
- By mail: **457 East Town Street, Suite 457,
Columbus, Ohio 43215**



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