focus

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Five ways to boost your financial fitness in 2024

As we ring in 2024, many of us will use the start of the new year to reflect on what we hope to achieve in 2024.

As you're making your resolutions for the new year, here are 5 financial wellness goals to consider:

1. **Track your spending and start or refine your budget.** One of the keys to achieving financial wellness is making a budget — and sticking to it —as you work to gradually increase your savings. The first key to saving is knowing where you're spending. Tracking your expenditures can provide helpful insight on where you might be overspending, allowing you to distinguish your essential expenses from those where there's opportunity to cut back. Scan the QR code to access our budgeting resources to start or refine your budget.

2. **Check in on your retirement readiness.** Experts suggest that you'll need 80% to 90% of your pre-retirement income to maintain your lifestyle in retirement.[1] Our **My Interactive Retirement Planner℠ tool** can help you evaluate whether you're on track to meet your financial needs in retirement. The tool also evaluates any gaps you may have with your pension, your SDRS-SRP assets, and any assets outside of your SDRS-SRP plan. Scan the QR code to access My Interactive Retirement Planner.

3. **Invest time in your financial education.** SDRS-SRP offers webinars and online resources on a range of topics, including retirement planning and personal finance. Scan the QR code to access webinars and other resources.

4. **Review your investments.** Reviewing your investments at least once a year can help you evaluate whether your investments still meet your needs and goals. Scan the QR code and sign in to your SDRS-SRP account at **srp457.com** to review your investments today.

5. **Review your account information.** Like reviewing your investments, we recommend reviewing your account information once a year. This helps ensure that your contact information, beneficiaries, and other details stay up to date. To review your SDRS-SRP account, sign in at **srp457.com**.

[1] Source: U.S. Department of Labor, "Taking the mystery out of retirement planning."

Increased 2024 IRS contribution limits offer more opportunity to save

The IRS sets limits to the amount employees can contribute to their retirement plans. In 2024, contribution limits will increase, offering you the opportunity to contribute more to your SDRS-SRP account.

Contribution limits for 2024	
Regular deferral	Up to $23,000
Age 50+ catch-up	Up to $30,500
3-year 457(b) retirement catch-up	Up to $46,000

Source: irs.gov

To increase your SDRS-SRP contributions, log in to your account at **srp457.com**. Want to understand how an increase could affect your retirement readiness? Use the My Interactive Retirement Planner tool to project how increasing your contributions could affect your income in retirement.

How can contributing to your plan affect your tax bill?

Contributing to the SDRS-SRP can help you reach your retirement goals, and it can also positively impact your annual tax bill. SDRS-SRP offers two ways to contribute, and each affects your taxes differently.

Pre-tax

The SDRS-SRP offers tax-deferred, also known as pre-tax, investment options. This means you don't pay any taxes on the money you contribute. Any gains, interest, or dividends won't be taxed until you withdraw from your account.

Because contributions to a tax-deferred plan come out of your paycheck before it's taxed, you won't pay income tax on those contributions. This can also help reduce your adjusted gross income. When you file your tax return, your taxable income will be lower.

When you retire, it is likely that you'll find yourself in a lower tax bracket than when you were employed. This means that when you withdraw your savings and are subsequently taxed on your contributions and earnings, you're likely to be taxed at a lower rate than what you currently pay as a full-time employee.

Roth

SDRS-SRP also offers after-tax Roth investment options. When you contribute to a Roth account, you fund your account with money that's already been taxed in exchange for tax-free withdrawals in retirement. Any earnings your money makes while it's in your account will also be tax free, if qualifying conditions are met.

If you leave your employer before age 59½, you may be able to withdraw funds penalty-free. If you qualify for early withdrawals, you would be responsible for paying applicable income taxes only on what you withdraw.

You can get a head start on next year's tax season by increasing your SDRS-SRP contributions.The **My Interactive Retirement Planner tool** can help you evaluate how an increase may affect your retirement readiness and tax bill in retirement. Scan the QR code to access the tool today.

How could the SECURE 2.0 Act affect you in 2024?

The "Setting Every Community Up for Retirement Enhancement" Act or SECURE 2.0 Act was designed with the goal of increasing the number of retirement plans offered and the participation rates within them. The Act was passed by Congress in December 2022, but SECURE 2.0 provisions will go into effect over the next several years.

Here are the provisions to look out for in 2024:

- **Required minimum distributions** — Under SECURE 2.0, the age requirement to begin taking required minimum distributions (RMDs) increased from age 72 to age 73. This change affects all tax-advantaged retirement accounts, including the SDRS-SRP.
- **Roth RMDs** — Also beginning in 2024, if you have money invested in a Roth 401(k) and/or 457(b), you are no longer required to take RMDs on that portion of your account.
- **RMD surviving spouse election** — A surviving spouse may elect to be treated as the deceased employee for purposes of RMD rules.

If you have questions about how the SECURE 2.0 Act might affect you, contact the SDRS-SRP office in Pierre at 605-224-2230.

Contact us

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In Pierre, 605-224-2230
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The SDRS Supplemental Retirement Plan is a deferred compensation plan regulated by Section 457 of the Internal Revenue Code and offered by the South Dakota Retirement System (SDRS). Plan administration and enrollment services are provided by Nationwide® Retirement Solutions.

Contract #: GA-00619

SDRS-SRP Retirement Specialists are Registered Representatives of Nationwide Investment Services Corporation, member FINRA, Columbus, Ohio.

Nationwide and its representatives do not give legal or tax advice. An attorney or tax advisor should be consulted for answers to specific questions.

Prudential Guaranteed Interest Account

Prudential has announced a **3.00%** annual effective yield for the first quarter of 2024.

This an available option within the SDRS Supplemental Retirement Plan.

Guarantees and protections are based on the claims-paying ability of the underwriting insurance company.

Payout changes

Note: If you are receiving distributions from the SDRS-SRP, you may be able to change your payout decisions. Call the SDRS Supplemental Retirement Plan office in Pierre at 605-224-2230 to review your account and/or payout options.