



# focus

NRM-2911SD.51 • 1st Quarter 2018



## Closing a retirement income shortfall

The SDRS Supplemental Retirement Plan (SRP) can identify an income shortfall in your retirement planning and help you move toward your goal of a more secure retirement. Once your retirement shortfall is determined, the next step is to close the gap. Here are few options to help you:

### Increase your contribution to your SDRS-SRP account

In 2018, you can defer as much as \$18,500 either pre-tax or after-tax. If you are age 50 or older, you may use the Age 50+ Catch-up provision and defer an additional \$6,000 over the normal deferral limit of \$18,500. If you are within three years of Normal Retirement Age and making the maximum contribution to the SDRS-SRP, you may be eligible for the Special 457 Catch-up provision, which

### Work longer

You can extend your working years by taking a part-time job or beginning a new full-time job. Because people are living longer, healthier lives, more employees are comfortable working longer. If this option is necessary or acceptable to you, the additional income could help you close a retirement income shortfall. It can even give you a

allows you to increase your deferral amount up to two times the 2018 maximum contribution limit of \$37,000. It is important to note that you may only use one of these provisions at a time.

### Use asset allocation to your advantage

The asset allocation model you choose is based on how comfortable you are with risk, the length of time until your retirement, and how long you may need your funds to last. While it is important to use asset allocation and diversify your investments among stocks, bonds, and cash equivalents, this does not guarantee profits or protect against losses in declining markets. Talk with your SDRS-SRP Retirement Specialist for additional information on asset allocation and diversification.

new opportunity in life for a “second career” or the chance to try something you have always wanted to do.

Call your SDRS-SRP Retirement Specialist in Pierre at 605-224-2230 to discuss your goals and learn what you can do now to have a more financially secure future.

**Questions? Contact the SDRS-SRP office in Pierre at 605-224-2230.**

## Lower Plan Fees

Effective January 1, 2018, the annual asset fee was reduced from 0.21 percent to 0.16 percent, a savings of 24 percent for SDRS-SRP participants.

- If your account balance is less than \$7,500, the administrative cost will be \$12 per year (\$1 per month).
- If your account balance exceeds \$7,500, the 0.16 percent annual asset fee will apply.
- Annual asset fees will be capped at \$500 (combined maximum).
- New enrollees will have no fees for the first two years. Beginning in the third year, if your account balance is less than \$7,500, the administrative cost will be \$12 per year (\$1 per month). When your balance exceeds \$7,500, the 0.16 percent annual asset fee will apply.

## Certain auto-enrolled participants' contributions will be automatically increased

The SDRS-SRP has an automatic increase feature which can help participants save more for retirement. The automatic annual increase is scheduled to occur July 1, 2018, for auto-enrolled participants of the State of South Dakota, the Board of Regents, and other employers who have elected the automatic increase feature. A notification was recently mailed to auto-enrolled participants that will be experiencing the automatic increase on July 1, 2018. This annual increase only affects those participants who received the letter.

If you received a letter, you have three options:

1. You may take no action. Your monthly contribution to the SDRS-SRP will increase by \$10 beginning on July 1, 2018. For example, if you are currently contributing \$25 per month, your monthly contribution will increase to \$35.
2. You may increase your monthly contribution to the SDRS-SRP by a different amount by calling the SDRS-SRP office in Pierre at 605-224-2230. Please note that the

automatic annual increase will occur in addition to your elected increase amount. For example, if you currently contribute \$25 per month and elect to increase to \$30 per month, your contribution amount will then increase to \$40 per month following the automatic annual increase beginning July 1, 2018.

3. You may choose to opt-out of this year's automatic increase by taking one of the following actions by June 15, 2018:
  - Visit the SDRS-SRP website at [www.srp457.com](http://www.srp457.com) and log-in to your personal account. You can opt-out of this year's annual increase by selecting "No" on the Auto-Increase screen, which can be accessed through the "Contributions" tab; or
  - Call the SDRS-SRP office in Pierre at 605-224-2230 to request to opt-out of this year's annual increase.

Investing involves market risk, including possible loss of principal. No investment strategy can guarantee a profit or avoid loss. Actual results will vary depending on your investment and market experience.

Nationwide representatives cannot offer investment, tax or legal advice. You should consult your own counsel before making retirement plan decisions.

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## Contact us

### SDRS Supplemental Retirement Plan

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800-959-4457  
In Pierre 605-224-2230  
[SRP457.com](http://SRP457.com)

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.

Neither Nationwide nor any of its representatives give investment, legal or tax advice. For such guidance, you should consult your own counsel.

## Prudential Guaranteed Interest Account\*

Prudential has announced a **3.00%** annual effective yield for the second quarter of 2018.

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

*\*Available option within the SDRS Supplemental Retirement Plan*

## 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.