



Human Resources Leaders Guide to Kentucky Deferred Compensation (KDC)

Using this guide



Who this guide is for

This guide has been prepared for human resources leaders and staff members of governmental employers that are eligible to sponsor the Kentucky Deferred Compensation Program.



Inside you will find

- Key information to help employees understand why they should join KDC
- Details that help explain KDC and the plans it offers
- Suggestions for what you can do to champion KDC within your organization
- Tools available to support your promotion of KDC

Be your employees' retirement champion

As an employer within the Commonwealth of Kentucky, you are in the best position to help employees understand the value of preparing for their retirement income needs through the Kentucky Deferred Compensation Program.

Almost 40% of Kentucky's eligible employees aren't taking advantage of this significant employee benefit. That's a lot of opportunity for future financial wellness left sitting on the table.

What your employees need to know:

80%

The portion of final pre-retirement income that workers should target for their retirement income¹

72%

The median income replacement rate for long-term service state/local workers who spent more than half of their careers in public employment²

48%–57%

The portion of pre-retirement income that 70% of households with at least one public worker can expect from their pension²

83%

The percentage of workers who believe their defined contribution (DC) retirement plan (such as KDC) will be a major or minor source of income in retirement³

60%

The percentage of workers who feel that debt negatively impacts their ability to save for retirement³

30%

What the average retiree spends from their Social Security income on health care⁴

5.3%

The projected growth of health care spending each year through 2028⁵

\$228,000

What the average healthy couple can expect to spend on health care through a 20-year retirement; on average, that's \$11,400 per year⁶

How to be your employees' retirement champion

KDC provides unique retirement savings opportunities through 2 plans and 5 options that offer employees easy participation and flexibility. The available retirement plans include:

- 457(b) Plan – tax-deferred (pre-tax)
- 401(k) Plan – tax-deferred (pre-tax), which includes 3 after-tax options
 - Roth 401(k)
 - Deemed Traditional IRA
 - Deemed Roth IRA

¹ "How much will you spend in retirement?" Fidelity Viewpoints (Sept. 24, 2021).

² "How Prepared Are State and Local Workers for Retirement?" Alicia H. Munnell, Jean-Pierre Aubry, Josh Hurwitz and Laura D. Quinby, Center for Retirement Research at Boston College (October 2011).

³ "2021 Retirement Confidence Survey," EBRI and Greenwald Research (April 2021).

⁴ "Average Retirees Spend More Than 30% of Social Security on This 1 Expense," The Motley Fool (Feb. 4, 2022).

⁵ "Breaking the cost curve," Kullen Gebreyes, Steve Davis, Andy Davis and Maulesh Shukla, Deloitte Insights (Feb. 9, 2021).

⁶ "Taking control of health care in retirement," RBC Wealth Management (March 2021).

You don't need to know the technical details

KDC is here to help. Let our tools and Kentucky Retirement Specialists help your workers understand the details of the plans, components of investing and how the Program works.

You can show your support for KDC with just a few simple steps:



Schedule your Kentucky Retirement Specialist to conduct an in-person or virtual workshop.



Distribute KDC information to your employees.
The Retirement Specialist map is a good thing to share!



Remind workers that KDC offers a no-cost Financial Planning Program.



Publicize opportunities for ongoing financial education.
Share our monthly webinars schedule.



Direct employees to kentuckydcp.ky.gov or their Retirement Specialists for information.



Call 1-800-542-2667 or email KYDCP@nationwide.com when you need help or information.

For you as the employer:



Ensure that you're signed up for FastPay to make submitting payroll and census data faster and easier. When it is easy for you, it's smoother for your employees. [Learn more.](#)

Tools to help you connect with employees:

| Subject area | Materials to share |
|---|--|
| Why employees should enroll in KDC | <ul style="list-style-type: none"> • Know Your Retirement Benefits. Describes the difference between pension and supplemental retirement plan benefits. • Why KDC. Explains the role of KDC as an employee benefit and a critical retirement savings opportunity. • Plan Highlights. Highlights key features of the KDC Program. • Plan Comparison Chart. Describes the differences between Program options in greater detail. |
| How to decide how much to defer into KDC | <ul style="list-style-type: none"> • Paycheck Impact Calculator. Shows how take-home pay is impacted by a specified pre-tax contribution amount. |
| How to invest through KDC | <ul style="list-style-type: none"> • Ways to Invest. Provides a quick summary of the ways to invest through KDC. • Investment Guide. Provides a comprehensive view of KDC's investment options and fee structure. • Any Investing Involves Costs. Features how annual account fees are assessed, with full transparency. |
| How participants can get answers to their questions | <ul style="list-style-type: none"> • Kentucky Retirement Specialists. Features whom to contact to schedule on-site visits and workshops at your department. • KDC Retirement Checklist. Provides retirement planning resources and steps to make their planning easier. |

This material is not a recommendation to buy or sell a financial product or to adopt an investment strategy. Investors should discuss their specific situation with their financial professional.

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