

#7a

WOODBURY COUNTY BOARD OF SUPERVISORS AGENDA ITEM(S) RE

Date: 4-21-16

Weekly Agenda Date: 4-26-16

ELECTED OFFICIAL / DEPARTMENT HEAD / CITIZEN: Ed Gilliland /Matt Ring, Nationwide Rep.

WORDING FOR AGENDA ITEM: Nationwide Deferred Compensation-Discussion Only

ACTION REQUIRED:

Approve Ordinance

Approve Resolution

Approve Motion

Give Direction

Other: Informational

Attachments

EXECUTIVE SUMMARY: The purpose of bringing this item before the Board is to develop a greater awareness and understanding of the current Nationwide Deferred Compensation Plan.

BACKGROUND: The Deferred Compensation Plan is vastly underutilized by Woodbury County employees.

FINANCIAL IMPACT:

IF THERE IS A CONTRACT INVOLVED IN THE AGENDA ITEM, HAS THE CONTRACT BEEN SUBMITTED AT LEAST ONE WEEK PRIOR AND ANSWERED WITH A REVIEW BY THE COUNTY ATTORNEY'S OFFICE?

Yes No

RECOMMENDATION: We would like to bring this back before the Board in a month for Action and Discussion. Action would be permission to promote employee education of the plan and put the proper fees in place.

ACTION REQUIRED / PROPOSED MOTION:

Approved by Board of Supervisors April 5, 2016.

457 Deferred
Compensation Plan

Strategies to help
secure your future.



Nationwide
Is on your side

The 457 deferred compensation plan offered by your employer is a smart way to save money for your retirement. It makes investing easy and can help you create a more financially secure future for you and your family.

What is a 457 plan?

A 457 deferred compensation plan (deferred comp) is a retirement plan that allows public employees like you to set aside money for retirement from every paycheck.

Benefits include:

- **Can help bridge the gap** between your pension and Social Security, and the income you'll need in retirement
- **Contributions and potential earnings are tax-deferred**
- **Designed for long-term investing**

65% of households are "at risk" of not having enough to maintain their living standards in retirement.¹

¹Source: National Retirement Risk Index (2010). Includes health and long-term care costs.



Why invest in deferred comp?

For most Americans, pension and Social Security benefits will not provide enough retirement income.

1/2

On average, a pension provides about $\frac{1}{2}$ of current income after 25 years of service²

UP TO
90%

Most experts suggest you will need 70%-90% of current income to maintain your standard of living²

\$\$\$

At an average annual inflation rate of 4%, in 20 years you'll need \$10,000 to buy what \$5,000 buys now³

Deferred comp also takes into account that you may retire sooner than workers in other sectors, so if you retire before age 59½, there are no penalties to pay.

²Hewitt Study Reveals Widening Gap Between Retirement Needs and Employee Saving Behaviors.
<http://hr.cch.com/news/pension/072308.asp>, accessed 6/15/11.

³How Prepared are State and Local Workers for Retirement?
Center for Retirement Research at Boston College (October 2011).

Benefits of a tax-deferred plan.

Deferred comp helps you invest more because contributions are pre-tax. Your taxable income is reduced by the amount you defer.

Your investments also potentially grow tax-deferred, meaning you don't pay taxes until you start to make withdrawals, typically in retirement.

Pre-tax deferrals help you save more



This hypothetical illustration assumes a 25% tax rate, \$50 biweekly deferrals (for 25 years), and a 7% rate of return with reinvestment of income. Totals shown are after-tax lump sums. The tax-deferred total does not reflect fees and expenses incurred under a particular investment, which would reduce the performance shown. This information is not intended to predict or project results of any investment. Investment return is not guaranteed and will vary.



Deferred comp gives you options.

Deferred comp is flexible by design, making participating easy:

- ✓ **You decide how much to contribute** and where to invest
- ✓ **Contributions are deducted automatically**
- ✓ **Many people increase contributions** annually or after receiving a raise
- ✓ **Other retirement assets can be consolidated** into your plan
- ✓ **Special catch-up provisions** allow people age 50 and over to save even more



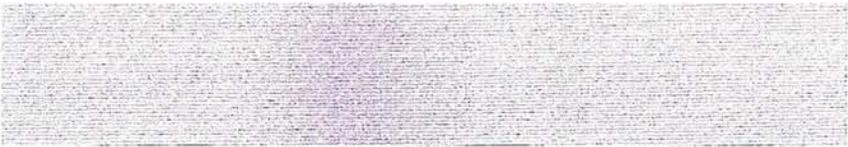
How much should you put into deferred comp?

How much you save depends on your financial goals, estimated expenses and desired lifestyle in retirement. You'll also want to consider:

- **Inflation**
- **Rising health care costs**
- **Longer life expectancy**

The IRS sets limits on how much you can contribute to deferred comp every year. You'll find information on current guidelines in the Library at **NRSforU.com**.

Set goals, track progress and find ways to improve your retirement using the *On Your Side* Interactive Retirement PlannerSM at **NRSforU.com**.

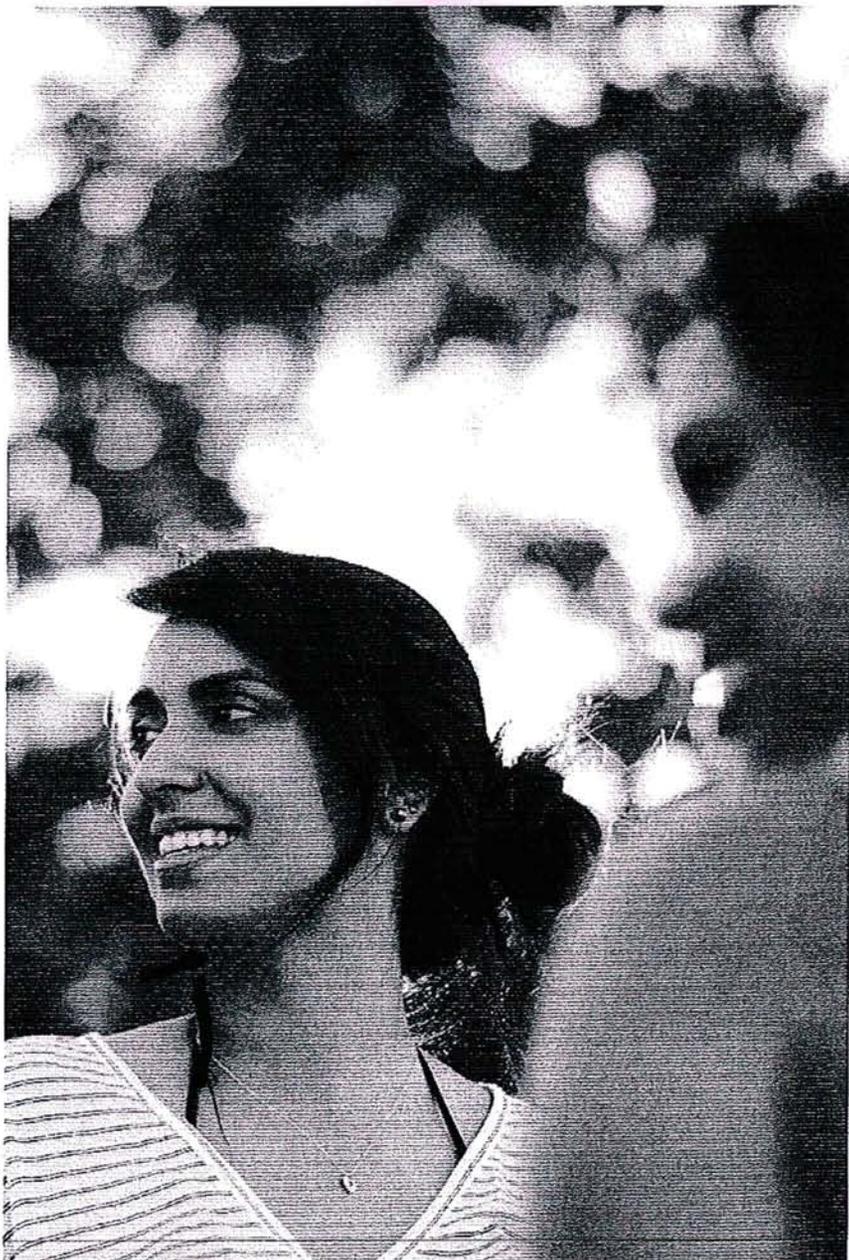


It only takes a few minutes to enroll.

The more time your money is invested, the more time it has to grow. So it's smart to start investing in deferred comp now.

To enroll or learn more:

- Contact or call a Nationwide Retirement Specialist at 1-855-463-4977
- Visit NRSforU.com



Why Nationwide?

Nationwide is a Fortune 100 company with more than 40 years of experience in helping public sector employees prepare for and live in retirement.

As a participant in a Nationwide plan, you're a valued member of the community that genuinely cares about helping you reach your personal financial goals. We are committed to putting you first — because what matters to us is where you want to go, and how you're going to get there.

In the Nation, we put you first.

**To enroll today or learn more, contact
your local Nationwide Retirement Specialist
or call 1-855-463-4977**

Information provided by representatives is for educational purposes only and is not intended as investment advice. Federal income tax laws are complex and subject to change. The information in this brochure is based on current interpretations of the law and is not guaranteed. Neither Nationwide nor its representatives give legal or tax advice. Please consult your attorney or tax advisor for answers to specific questions.

Plan representatives are registered representatives of Nationwide Investment Services Corporation, member FINRA.

Nationwide Retirement Solutions, Inc. and Nationwide Life Insurance Company (collectively "Nationwide") have endorsement relationships with the National Association of Counties and the International Association of Fire Fighters Financial Corporation. More information about the endorsement relationships may be found online at www.nrsforu.com.

Nationwide, the Nationwide N and Eagle, Nationwide is on your side and *On Your Side* Interactive Retirement Planner are service marks of Nationwide Mutual Insurance Company. © 2015 Nationwide

NRM-5070AO.8 (02/15)



Nationwide



You've got time. So use it.

Check out this example:

ASHLEY

Starts at age 21
Stops at age 35
Contributes for 14 yrs.
\$57.69/week
7% hypothetical growth rate
Total contribution = \$42,000
Age 67
\$610,374

MICHAEL

Starts at age 35
Stops at age 67
Contributes for 32 yrs.
\$57.69/week
7% hypothetical growth rate
Total contribution = \$96,000
Age 67
\$342,306

COURTNEY

Starts at age 21
Stops at age 67
Contributes for 46 yrs.
\$57.69/week
7% hypothetical growth rate
Total contribution = \$138,000
Age 67
\$952,682

This illustration is a hypothetical compounding calculation assuming a rate of return of 7% on a \$30,000 annual salary. It is not intended to serve as a projection or prediction of the investment results of any specific investments. Investments are not guaranteed. Depending on the underlying investments, returns may be higher or lower. If costs and expenses had been considered in this illustration, the return would have been less. Interest compounded annually based on weekly contributions.

Investing involves market risk, including possible loss of principal. Actual investment results will vary depending on your investment and market experience, and there is no guarantee that fund objectives will be met.

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

NR14-17220AG



Contact your Nationwide Retirement Specialist:

Matt Ring
515-218-0303
RINGM3@Nationwide.com

The Nationwide Group Retirement Series includes unregistered group fixed and variable annuities and trust programs. The unregistered group fixed and variable annuities are issued by Nationwide Life Insurance Company. Trust programs and trust services are offered by Nationwide Trust Company, FSB, a division of Nationwide Bank. Nationwide Investment Services Corporation, member FINRA. Nationwide Mutual Insurance Company and Affiliated Companies, Home Office: Columbus, OH 43215-2220.

Nationwide and the Nationwide N and Eagle are service marks of Nationwide Mutual Insurance Company. © 2014



Nationwide®



Nationwide[®]
is on your side

457 DEFERRED COMPENSATION PLAN

In the Nation, there's a new way to invest for retirement.

Your Guide to Roth 457(b) Contributions

By now, you may have heard of the Roth IRA. You may have even set one up. Well, you also have the opportunity to designate all or part of your contributions to your governmental deferred compensation plan as after-tax Roth 457 contributions.

When you contribute to a Roth 457, you pay taxes on the portion of your salary that goes into the plan; but withdrawals of contributions and earnings can be tax-free during retirement if certain conditions are met.¹

If you wish, you can even split your contributions between traditional, pre-tax 457 contributions and Roth 457 contributions.

What's the benefit of designating some or all of your contributions as Roth? It gives you the opportunity to pay taxes on your contributions now and avoid taxes later.

Let's compare

	Traditional (pre-tax) 457(b)	Designated Roth 457 (Current Tax Bracket: 15%)	Designated Roth 457 (Current Tax Bracket: 25%)	Designated Roth 457 (Current Tax Bracket: 35%)
Single contribution	\$10,000	\$10,000	\$10,000	\$10,000
Less federal taxes paid on contribution	\$0	\$1,500	\$2,500	\$3,500
Net total contribution	\$10,000	\$8,500	\$7,500	\$6,500
Value in 20 years	\$46,610	\$39,618	\$34,957	\$30,296
Less federal taxes at distribution (25% tax bracket)	\$11,652	\$0	\$0	\$0
Net distribution	\$34,957	\$39,618	\$34,957	\$30,296

These examples are hypothetical in nature and assume a 25% tax bracket at distribution. It also assumes that the retirement plan's value earns an average total return of 8% compounded annually. Investment return is not guaranteed and will vary depending upon the investments and market experience.

A single contribution of \$10,000 will be worth the same amount in 20 years if the tax bracket remains the same. However, if the future tax rate is greater, the amount distributed from the Roth account could be greater than the pre-tax amount distributed from the traditional 457(b) account.

What's the difference?

	Traditional (pre-tax) 457(b)	Roth 457	Roth IRA
Current contribution limit	Combined \$18,000		\$5,500
Current catch-up contribution limit—for those age 50 and older	Combined \$6,000		\$1,000
Contribution taxable in year contributed	No	Yes	Yes
Contribution taxable in year distributed	Yes	No	No
Contribution earnings taxable in year distributed	Yes	No ¹	No ¹
Your income determines your contribution amount	No	No	Yes

Source: IRS Announces 2015 Pension Plan Limitations. IR-2014-99. 23 October 2014.

Is a Roth 457 right for you?

You may want to consider making Roth 457 contributions if you:

- Believe that taxes will be raised before you retire and you want to take advantage of the potential tax-free withdrawals provided for with a Roth 457 account
- Expect to be in a higher tax bracket upon retirement
- Are younger, with many working years ahead of you
- Are unable to contribute to a Roth IRA because of your income
- Are looking for an estate-planning tool to leave assets tax-free to heirs

If you decide contributing to a Roth 457 account makes sense for you, we're here to help. Call me today!

Contact your Nationwide Retirement Specialist:
Matt Ring
 515-218-0303
RINGM3@Nationwide.com

¹ Contributions and earnings from a Roth are not taxable if the distribution is made after five consecutive tax years since the first Roth contribution was made AND the distribution is made after age 59½, or because of death or disability, or a qualified first-time home purchase for Roth IRA.

NRM-8237AO.6

IN THE NATION, WE PUT YOU FIRST.

Neither Nationwide nor its representatives may offer tax or legal advice. Consult with your own counsel before making any decisions about contributing or converting your Plan assets to Roth 457. Information provided by retirement specialist or plan representative is for educational purposes only and is not intended as investment advice.

The Nationwide Group Retirement Series includes unregistered group fixed and variable annuities and trust programs. The unregistered group fixed and variable annuities are issued by Nationwide Life Insurance Company. Trust programs and trust services are offered by Nationwide Trust Company, FSB, a division of Nationwide Bank. Nationwide Investment Services Corporation, member FINRA. Nationwide Mutual Insurance Company and Affiliated Companies. Home Office: Columbus, OH 43215-2220.

Nationwide and the Nationwide H and Eagle are service marks of Nationwide Mutual Insurance Company. © 2014



Nationwide®

Nationwide FreedomPro+SM



Nationwide
Is on your side

Plan Information	Money type	457(b)/401(a)
	Administration fee	0 bps
	Nationwide Fixed Account <i>(Rate may change quarterly. Your Nationwide rep will provide current crediting rate)</i>	Yes
	Investment lineup	30+ Investment choices across a diverse set of asset classes*: <ul style="list-style-type: none"> • U.S. Stock • Foreign Stock • Fixed Income • Risk-Based Solutions • Target Date Funds
	Minimum asset requirement	\$500,000
	Minimum contribution	\$10/pay
Plan Sponsor Features	Investment Fiduciary Services provided by Morningstar Associates	Yes
	Local NRS account representative	Yes
	Mobile responsive website (www.nrsforu.com)	Yes
	Plan Sponsor phone support	Yes
	Fiduciary education modules	Yes
	JP Morgan quarterly market updates	Yes
Participant Features	Local Retirement Specialist for individual and group meetings	Yes
	Phone-based Retirement Specialist	Yes
	Educational tools and resources	Yes
	Mobile responsive website (www.nrsforu.com)	Yes
	Professional financial guidance for non-plan assets ^{1, 2}	Available
	Self-directed Charles Schwab brokerage account ²	Available
Professionally managed accounts ^{2, 3}	Available	

* Funds that invest internationally involve risks not associated with investing solely in the United States, such as currency fluctuation, political risk, differences in accounting and limited availability of information. For products that do include Target Date/Maturity funds please keep in mind that 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.

For products that do include Target Date/Maturity funds please keep in mind that 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.

¹ Nationwide offers the Participant Solutions Center through our affiliate Nationwide Securities, LLC. The products and services offered by Nationwide Securities, LLC are separate and distinct from the plan administration services that are provided by Nationwide Retirement Solutions, Inc.

² Optional Feature.

³ Investment advice for Nationwide ProAccountSM is provided to plan participants by Nationwide Investment Advisors, LLC, an SEC-registered investment advisor. Wishire Associates Incorporated is not an affiliate of Nationwide or Nationwide Investment Advisors, LLC (NIA). NIA has retained Wishire Associates Incorporated as the Independent Financial Expert for Nationwide ProAccount. Wishire Funds Management, a business unit of Wishire Associates, uses mathematical and statistical investment processes to allocate assets, select investment options and construct portfolios in ways that seek to outperform their specific benchmarks. Such processes may not achieve the desired results. WishireSM is a registered service mark of Wishire Associates Incorporated, Santa Monica, California. All other trademarks, trademarks and/or service marks are the property of their respective holders.

Retirement Specialists are registered representatives of Nationwide Investment Services Corporation, Member FINRA. In MI only: Nationwide Investment Svcs. Corporation, Nationwide, its agents and representatives, and its employees are prohibited by law and do not offer tax advice.

Nationwide, through its affiliated retirement plan service and product providers, has endorsement relationships with the National Association of Counties and the International Association of Firefighters-Financial Corporation. More information about the endorsement relationships may be found online at www.nrsforu.com.

Investment advisory services are provided by Morningstar Associates, LLC, a registered investment advisor and wholly owned subsidiary of Morningstar, Inc. Neither Morningstar Associates, LLC nor Morningstar, Inc. is affiliated with Nationwide or its affiliates. The Morningstar name and logo are registered marks of Morningstar, Inc.

The unregistered group variable and fixed annuity is issued by Nationwide Life Insurance Company, Columbus, OH. Contract number NRC-0105AO, NRC-0105OR, NRC-0106AO, NRC-0106OR. In Oklahoma only: NRC-0105OK, NRC-0106OK.

Nationwide, the Nationwide N and Eagle, Nationwide is on your side, Nationwide ProAccount and Nationwide FreedomPro+ are service marks of Nationwide Mutual Insurance Company. © 2014

NRM-9986AO.2 (10/14)

For Plan Sponsor Use Only