

What does the Future Hold for You?

**ARKANSAS
DIAMOND**

DEFERRED COMPENSATION PLAN

This material is intended to provide educational information on the subjects covered. It is general in nature and the strategies suggested may not be suitable for everyone. It is not intended to provide specific tax, legal or other professional advice. You should seek advice from your tax and legal advisors regarding your individual situation.

Plan administrative services are provided by Voya Institutional Plan Services, LLC, a member of the Voya family of companies.

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DEFERRED COMPENSATION PLAN

AR Diamond Plan Features

How long do you expect to **live in retirement...** the next **1/3** of your life?

A woman reaching age 65 today can expect to live to age

A man reaching age 65 today can expect to live to age



Employer's Checks



Funding for your future goals

The truth is, you may need to live **without a paycheck,**
as long as you have lived with one. **How much will you need?**

SOURCE: NewRetirement; Life Expectancy, July 2020

The longer you wait to start saving, the more it may cost



\$48,000

\$191,696

Susan started saving \$100 a month at age 25. After 40 years, she saved \$191,696.



\$72,000

\$136,694

Larry started saving \$300 a month at age 45. After 20 years, he saved \$136,694.



Total contributions



Total pre-tax savings at age 65

In this example, Larry ended up contributing 3x's **more** per month and a total of \$24,000 **more** than Susan and yet his account ended up \$55,002 **less** than hers.

Hypothetical illustration assumes each tax-deferred account earns a 6.00% annual rate of return (compounded monthly) and a retirement age of 65. Does not reflect the rate of return or incurred costs of any particular investment. Fees and charges would reduce the numbers shown. Does not reflect effect of inflation. Not intended to serve as financial advice or as a primary basis for your investment decisions. Taxes are generally due upon withdrawal. Systematic investment does not ensure a profit nor guarantee against loss. Investors should consider their financial ability to continue their purchases through periods of low price levels.

The AR Diamond Plan Gives you a Tax Choice

Traditional 457(b) Option

- contributions go in pre-tax
- earnings are tax deferred
- taxes are due upon withdrawal

Roth 457(b) Option*

- money goes in after-tax
- potential earnings are tax free
- tax-free withdrawals as long as certain qualifying conditions are met



Combination of Both Options

***Roth contributions must be held at least 5 years before date of distribution and you must be 59 ½ (assuming separation from service, death or disability).**

Your 2023 Contribution Limits

For **2023**, 457(b) contributions are limited by:

The lesser of 100% of includible compensation
or
\$22,500
(a minimum contribution of \$1 or 1% per pay period)

But there are other provisions which may help you contribute more to your existing plan . . .

Age 50+ Catch-Up

Employees age 50 and older who participate in a *governmental* 457(b) may be eligible to make additional 457(b) contributions.

For **2023**, the potential additional contribution is **\$7,500***

* Subject to annual cost of living adjustments in \$500 increments.

NOTE: The age 50+ Catch-up and the Special 457(b) Catch-up cannot be used simultaneously. You must use whichever catch-up lets you defer the greater amount.



Special 457(b) Catch-Up

The 457(b) Special Catch-up Provision* permits increased annual contributions. The catch-up limit is the lesser of:

Twice the annual contribution limit
(for **2023**, that would be **\$45,000**)

or

The annual contribution limit for the year, plus underutilized amounts from prior taxable years (only those years beginning on or after 1/1/1979 in which you were eligible to participate in your employer's 457(b) plan can be used).

Consider a traditional 457(b) if you

- Enjoy the benefits of current tax deferral
- Need to take home as much of your pay as possible
- Expect to be in a lower tax bracket in retirement



Consider a Roth 457(b) if you



- Like the idea of possible tax-free retirement income
- Are confident of salary increases over time
- Can afford a reduction in take-home pay

Consider both if you

- Aren't sure whether your taxes will be higher or lower when you retire
- Want to diversify your tax strategy
- Still want to reduce your current taxable income



Distributions/Rollovers

Possible withdrawal options while employed

- Unforeseeable emergency withdrawal
- Low balance provision

Flexible distribution options upon separation of service (no age 59 ½ year old penalty)

- Leave balance in the AR Diamond Plan
- Systematic installment payments
- Partial/full lump sum payment

Withdrawals are subject to state and federal income tax. An IRS penalty for withdrawals prior to age 59½ may apply. You are required to take your first minimum distributions by April 1 of the calendar year following the later of: (1) the calendar year in which you reach 73, and (2) the calendar year in which you terminate employment from the employer sponsoring your Plan.

You should speak with your advisor to the application to your specific circumstances.

***Note: The information above is for general information purposes only. You should speak with your tax advisor to the application to your specific circumstances.**

Distributions/Rollovers

If you have decided to consolidate accounts – Rollovers allowed in the Plan

- Rollovers from DROP/PAW Balances
 - Defer taxation on the balance (must begin the required minimum distribution the year following age 73)
 - Fixed accounts that pay competitive rates
 - If you retire after age 55, but prior to age 59 ½, you have access to your DROP/PAW savings from the AR Diamond Plan without early withdrawal penalty
 - Roll DROP/PAW balance to the AR Diamond Plan regardless of whether or not you have participated in the past

Withdrawals are subject to state and federal income tax. Please carefully consider the benefits of existing and potentially new retirement accounts and any differences in features. An IRS penalty for withdrawals prior to age 59½ may apply. You are required to take your first minimum distributions by April 1 of the calendar year following the later of: (1) the calendar year in which you reach 73, and (2) the calendar year in which you terminate employment from the employer sponsoring your Plan.

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Distributions/Rollovers

Unused vacation and sick time

- Defer entire amount of your unused vacation and unused sick time, provided the amount does not exceed applicable 2023 contribution limits

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Flexibility

Perform account transaction online or by phone

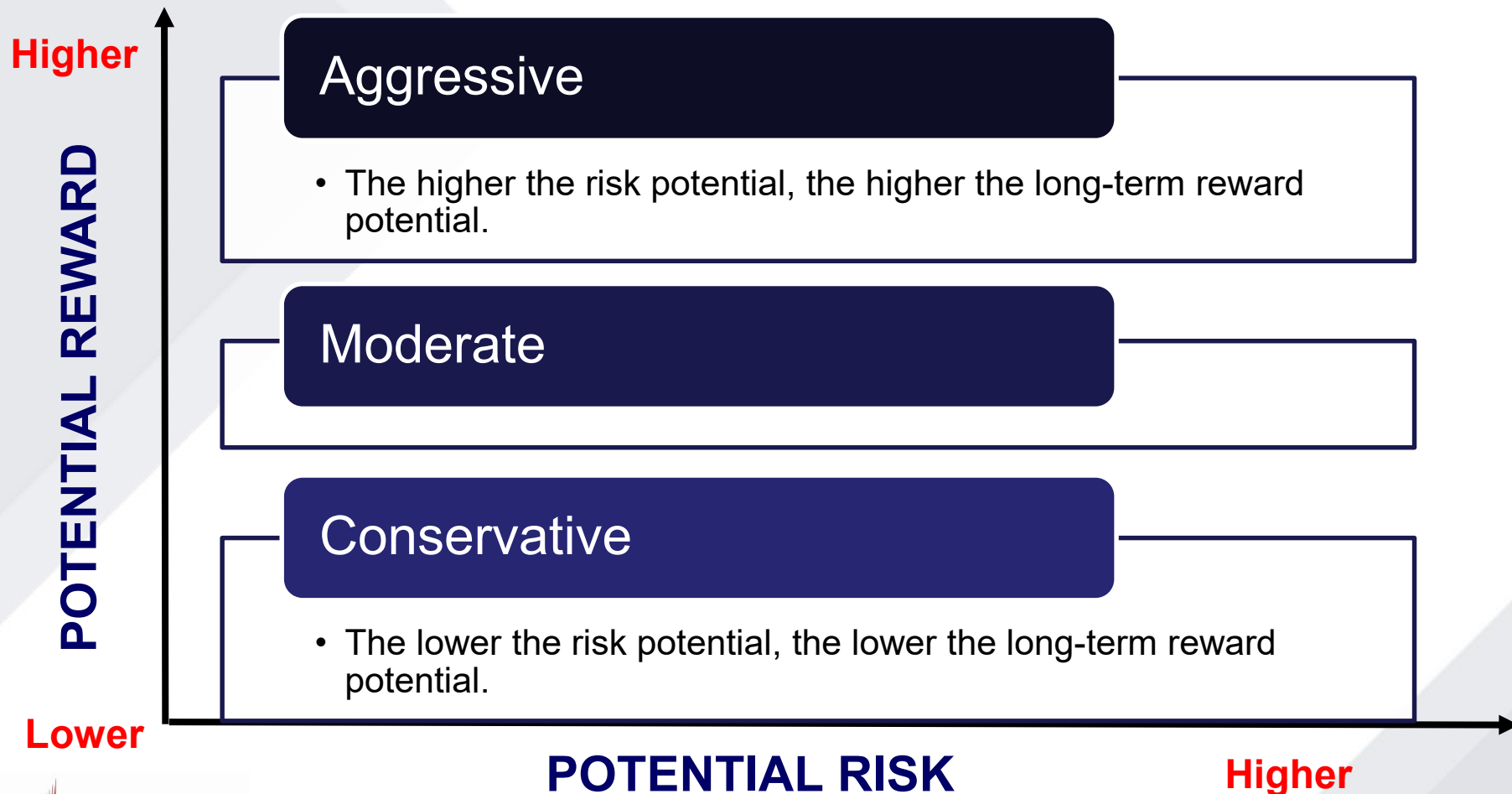
- Enroll in the plan
- Change contribution amount
 - Increase or decrease, start or stop
- Change your investment elections
- Transfer balances between investment options available in the AR Diamond Plan
- Print customized statements online
- Website: <https://myplan.voya.com>
- Help Desk: 1.800.905.1833
 - Available between the hours of the 7:00 a.m. to 7:00 p.m. (Central time), Monday thru Friday

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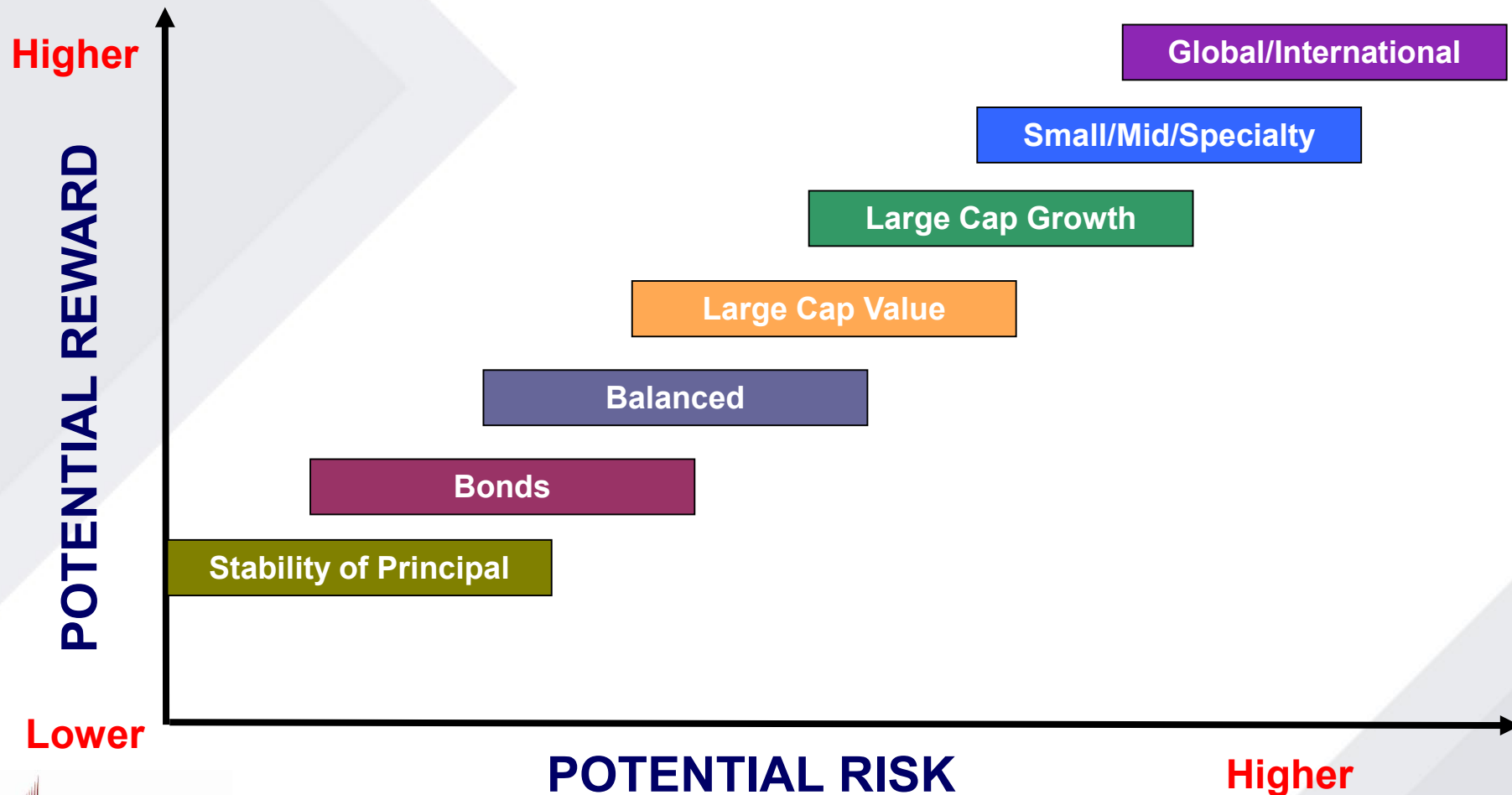
DEFERRED COMPENSATION PLAN

Know the Basics

Diversify your investment “mix” based on your level of risk-tolerance



Diversify your investment “mix” based on asset classes



Periodically Review Your Portfolio



At least once a year, you need to see if **current %** in each asset class matches your **desired %** and rebalance as necessary.



Taking Action Today

Where to call for service?



1-800-905-1833

Voya Customer Service
Representatives

Monday – Friday
7:00 a.m. – 7:00 p.m.

Voice Response Unit
Available 24 hours a day /
7 days a week

Where to call for additional education?

Local Arkansas Diamond Plan Advisors

1-866-271-3327 or 501-301-9900

- Obtain education
- Request a meeting or phone consultation with your local Plan Advisors

Cheryl S. Daughenbaugh*

Brete Garland*

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Where to look for answers?

Log On:

<https://myplan.voya.com>

Log in using both your SSN and Password

- Investment Changes
- Deferral Changes
- Plan Information
- Interactive Calculators
- Educational Articles
- Print Customized Statements

Important Notes

Today's workshop was designed to:

- Review ways to enhance retirement security as you near retirement
- Provide you with fundamental information on your Arkansas Diamond Deferred Compensation Plan
- Outline other sources of information for your decisions
- This presentation does not constitute legal, investment or financial advice of any kind
- Please consult your own advisors for such advice
- Any fund performance illustrated in this presentation details historic returns and does not guarantee future investment returns of the funds reviewed
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Thank you!