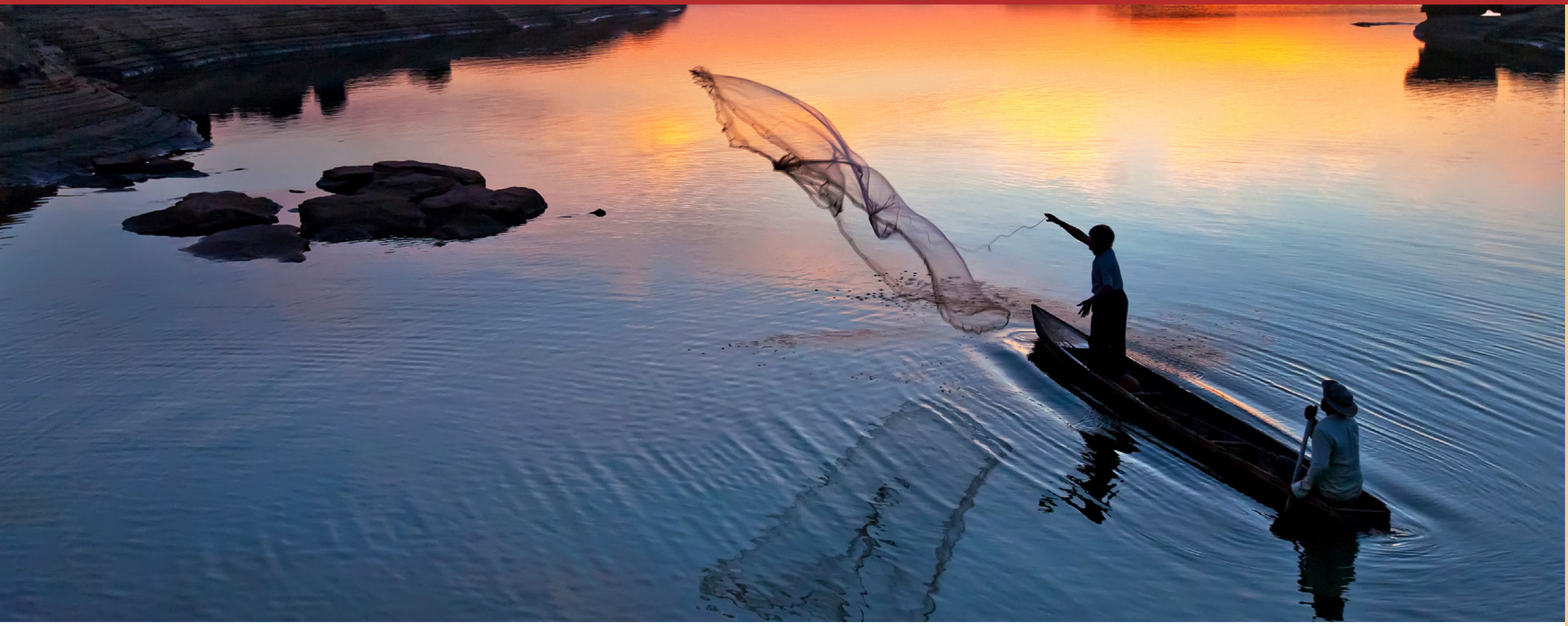
State of Illinois Deferred Compensation Plan

Insight

Second Quarter 2019 J.B. Pritzker, Governor



There's still time to save more.

You can still increase your contribution to the State of Illinois Deferred Compensation Plan (DCP), even though the benefits enrollment period is over.

Even 1% or 2% per year can make a difference.

It may not sound like much. In fact, you probably won't even miss it. But over the years, even a small increase can make a noticeable difference in your retirement savings. And it's not too late to bump up your contribution.

See the effect for yourself. The Paycheck Impact Calculator will show you how a 1% or 2% increase would affect your paycheck. To experiment with this handy tool, visit **rps.troweprice.com** and go to the Plan & Learn tab>Tools & Calculators.

Bump up your contribution each year. Many experts recommend saving 15% of your annual salary to keep the same standard of living in retirement. You may not want to tackle that all at once—but you can move up gradually, 1% or more every year, until you reach the level you're comfortable with.

And remember, your savings compound, tax-free, in your DCP account. The sooner you invest, the more opportunity they'll have to grow.

To get started, just visit rps.troweprice.com or call 1-888-457-5770. It only takes a moment, but it could help boost your savings in the years ahead.

A rainy day can strike at any time.

“The mechanic says the transmission is shot.”

“That furnace won’t make it through the winter.”

“A pipe broke. There’s water everywhere.”

A rainy day—or even a financial downpour—can occur suddenly in any season. From a change in employment or a medical emergency to a major car repair, it’s wise (and comforting) to have some money saved for the unexpected.

Build a shelter from the storm.

A good emergency fund can:

- Provide some cushion against a sudden financial shock.
- Keep you from turning to credit cards, which may have high interest rates.
- Help protect your retirement account, and avoid the taxes and withdrawal penalties that may result.

Prepare for a longer emergency.

Ideally, if you typically have a steady income, financial experts recommend having enough to cover three to six months of expenses. If your income is less predictable, consider saving six months' worth of expenses. That’s a full-fledged emergency fund that can help carry you through long-term difficulties.

For many people, though, that’s not always possible. Start out with the goal of putting away at least $1,000 in a “rainy day” fund and build gradually from there.

Keep your fund somewhere close (and safe).

If you ever have to tap into this fund, you’ll probably be in a hurry. So choose a stable, easily accessible investment—one that won’t charge you a penalty for withdrawals, like a bank savings or money market account.

It’s also easier to protect your long-term investments.

The bigger your emergency fund, the less likely you’ll have to break into your retirement account or your college savings. If you’re prepared for the short term, it’s easier to stay focused on your long-term goals.

Once you retire, it'll be a little different.

When you retire, consider setting aside enough cash to cover your monthly expenses for a year or two as a cushion against emergencies or market fluctuations. (One retiree calls it “my sleep-at-night money.”) Keep your emergency fund in a separate account, not your regular savings or checking account. Along with bank accounts, you could choose short-term or ultrashort bond funds, tax-free short-term funds (if you’re in a higher tax bracket), or short-term CDs.

A bonus, inheritance, or tax refund can be seed money.

If you’re not sure how to get started, consider using a bonus from work, part of an inheritance, or some or all of your tax refund. Any lump sum can give you a solid foundation to build on with regular weekly or monthly contributions in the future.

You’ll sleep better knowing you’re prepared.

By definition, financial emergencies can be unsettling, simply because you can’t predict them. But if you start preparing today, you can breathe a little easier about what tomorrow may bring.

TIPS AND TACTICS TO HELP YOU GET STARTED

If you’d like more information, look into these helpful resources:

- Visit the Education Library. It’s on your workplace retirement website under the Plan & Learn tab.
- Read “Rainy Day and Emergency Funds” on our Financial Wellness page.
- Check out our Confident Wallet podcast. It’s available at **troweprice.com**.

Help is here when you need it.

Contact T. Rowe Price
Visit **rps.troweprice.com** to manage your account, change investment elections, review investment information, use planning tools, and more. Or call **1-888-457-5770** to speak with a T. Rowe Price representative on business days between 6 a.m. and 9 p.m. central time.

Contact CMS
To enroll in the DCP or to change your contribution amount, contact CMS at **1-800-442-1300**. You can download CMS forms at www2.illinois.gov/cms/benefits/Deferred/Pages/DeferredCompensation.aspx.

TELEPHONE NUMBERS

DEFERRED COMPENSATION
Plan Rules/Options Information:
1-800-442-1300/1-217-782-7006
TDD/TTY: 1-800-526-0844
Internet: www2.illinois.gov/cms/benefits/Deferred/Pages/DeferredCompensation.aspx

RECORDKEEPER
T. Rowe Price Retirement Plan Services, Inc.
Account Value Information and Investment Changes:
1-888-457-5770
TDD/TTY: 1-800-521-0325
Internet Access: 1-800-541-3022
Internet: **rps.troweprice.com**

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