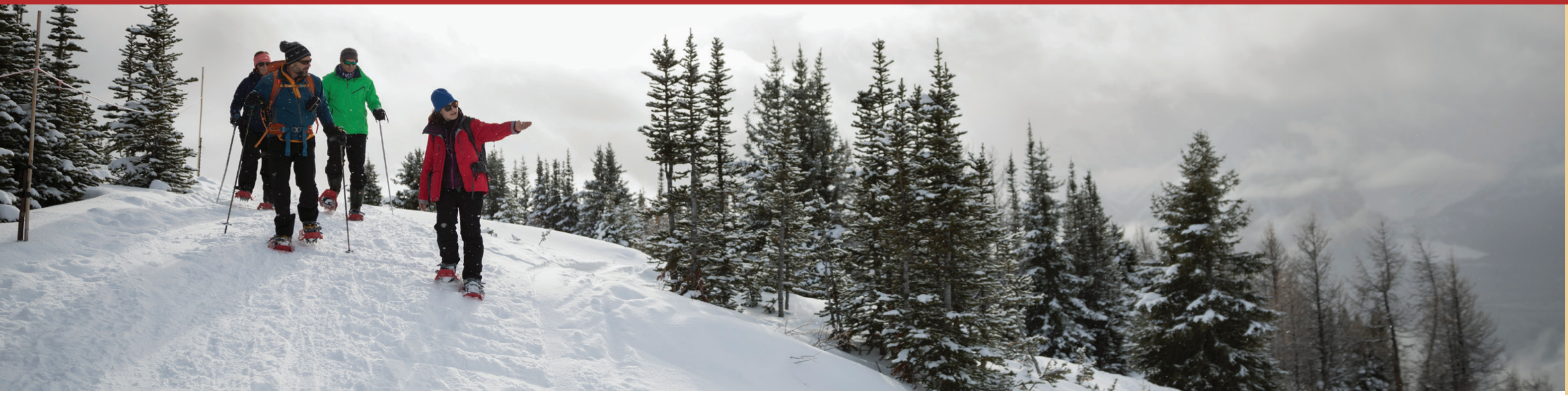
State of Illinois Deferred Compensation Plan

Insight

Fourth Quarter 2018

Bruce Rauner, Governor



Practical ideas to start your new year right.

Now's a good time to take a fresh look at your financial goals so that you can make the most of saving for retirement through the State of Illinois Deferred Compensation Plan (DCP). Here's how:

Put a dent in debt

If you've entered the new year with heavy credit card or student loan debts, you're not alone. Quite a few households face the same dilemma. Here are two strategies you can use to get out from under:

- Pay off your smallest balance first OR
- Pay off your highest-interest debt first

Here's what you can do right now:

- **Ask your bank or credit union** about (1) transferring some or all of your balances to a lower-interest credit card or (2) consolidating them into a lower-interest loan.
- **Look over your expenses carefully** to see which ones could be reduced or eliminated. Consider asking a financial advisor for suggestions.
- **Start an emergency fund** so that you can avoid using credit for unexpected expenses.
- **Take advantage of free financial education—**Check out our Education Library at **rps.troweprice.com** for retirement planning tools.

Have the *talk* with each other

Couples often split financial responsibilities the way they split household chores. That's fine, as long as you communicate.

Be sure you each know:

- How much money is coming in each month, how much is going out, and what it is being used for.
- A rough total of what's owed: mortgage/rent, credit cards, student loans, etc.

Here's what you can do right now:

- Schedule time to talk with each other—weekly, biweekly, or monthly—so that you both know where things stand financially.
- Make sure you're both saving consistently for retirement throughout your careers. There are only so many working years to save for retirement.

Strike a balance— Save for college and retirement

Let's face it. Saving for college and retirement simultaneously can be challenging. But it can be done. **A word to the wise:** You (and your children) can borrow for college. You can't borrow for retirement.

At T. Rowe Price, we believe that investors should save at least 15% of their annual salary for retirement.

Here's what you can do right now:

- **Consider opening a 529 college savings plan.*** Not only can it help you save, it also offers tax advantages. Grandparents and other relatives can contribute, too.
- **Try increasing your savings rate annually.** This way, you can gradually increase your contributions over time. And it could also help you reach the 15% savings goal.

Know the difference— Roth DCP contributions versus Roth IRA

Saving for retirement through the DCP is a convenient way to prepare for your future. Your contributions are automatically deducted from your paycheck, so saving happens naturally. Here's how you can contribute to the DCP:

- **Before-tax contributions—**Your contributions come out of your paycheck before income taxes are taken out.
- **After-tax Roth contributions—**Your contributions are made after your money has already been taxed.

Now there are other ways to contribute to retirement outside the DCP, such as a Roth IRA (individual retirement account). But you're responsible for finding an institution, signing up, and making your own contributions. See the details in the upper right-hand column about contributing to the DCP compared with contributing outside the Plan for retirement:

Side-by-side comparison

	Before-tax contributions	After-tax Roth contributions	Roth IRA contributions
How much you can contribute[1]	$19,000[2]	$19,000[2]	$6,000
How you contribute	Payroll deductions	Payroll deductions	Cash, check or electronic contributions
How to become eligible	Immediate eligibility through the DCP	Immediate eligibility through the DCP	Depends on income
How contributions are made	Before-tax dollars	After-tax dollars	After-tax dollars

[1]2019 IRS contribution limit.
[2]Subject to plan contribution limits.

To learn more about contributing to the DCP, visit **rps.troweprice.com**.

Rollover contributions

Effective January 1, 2019, T. Rowe Price will now process all rollovers into the DCP. Your Plan accepts rollover contributions of vested balances from other employers' eligible plans. For more information, contact T. Rowe Price at **1-888-457-5770**.

**Please note that the plan's disclosure document includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.*

Service fees reminder

- **Annual loan maintenance fee**
  All accounts with active loans issued after March 31, 2017, will be charged $25 for annual loan maintenance.
- **Wire fees**
  To receive a wire transfer instead of a check or ACH transfer, your account will be charged $30. There is no charge to receive a check or ACH transfer.
- **Qualified Domestic Relations Orders (QDRO)**
  All accounts will be charged $300 to split accounts due to a QDRO. The split can occur between the participant and the alternate payee (ex-spouse).
- **Withdrawals**
  The withdrawal processing fee is $25 per withdrawal. Retirees taking regular installment payments are not subject to this fee.

Save more in 2019

Each year, the IRS updates the maximum amount you can contribute in the DCP. See the new limits below:

- You can save up to $19,000 in before-tax and/or Roth contributions.
- If you'll be age 50 and over in 2019 and intend to contribute the maximum amount ($19,000) in the Plan, you may be able to save an extra $6,000 in catch-up contributions. That means you could save up to $25,000 in the DCP.
- The 457 special catch-up provision is $36,000. (This provision can only be elected during the three consecutive years prior to, but not including, the year the participant attains normal retirement age, as defined by the 457 Plan.) Forms 1099-R for 2018 distributions will be mailed by January 31, 2019.

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. Representatives are available during 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
800-442-1300/217-782-7006

TDD/TTY: 800-526-0844

Internet: state.il.us/cms/employee/defcom

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

T. Rowe Price Retirement Plan Services, Inc.

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