

## State Employees' Retirement System

### Here's to your financial health

Because you're worth it



Every October, Congress sponsors National Retirement Security Month (NRSM) as a dedicated time to focus on improving retirement outcomes.

There are steps you can take now to set yourself up for a financially healthier tomorrow. Log in to your retirement account and click Financial Wellness to start making it happen.

It's important to approach life from a holistic wellness perspective, and that includes your finances. Even when things are happening outside of your control, you can continue to stay on top of your goals and gain a sense of well-being.

Whether you need some help preparing for the unexpected, managing your day-to-day finances, or adjusting a plan for your future - we're here. Throughout October, visit the [StateofMIPlansEducation.com/nrsm2020](https://www.stateofmiplanseducation.com/nrsm2020) webpage. From there, you can view NRSM content at your convenience. Resources include:

- Get the Most Out of Your Plan presented by Voya Financial®.
- Planning for a Secure Future presented by the Michigan Office of Retirement Services (ORS).
- **Register** for Voya® virtual 1-on-1 appointments and webinars.
- Visit the [Voya blog](#) and [Voya Learn](#) to watch videos or access tools to help you take meaningful steps toward the future you deserve. New material will be added to both sites throughout the month.

Here are five things you can do now to help improve your financial health.

1. Create and manage a budget.
2. Establish an emergency fund.
3. Log in and check on your progress towards retirement.
4. Keep saving for your future.
5. Name or review your account beneficiary.

Don't put it off any longer. Spend some time this month on your financial health, because **you're worth it!**

### Quarterly calendar

Transactions made on these dates when the New York Stock Exchange (NYSE) is closed will be processed the following business day that the NYSE is open:

- **Thursday, November 26, 2020** - *Thanksgiving Day*
- **Friday, December 25, 2020** - *Christmas Day*
- **Friday, January 1, 2021** - *New Year's Day*
- **Monday, January 18, 2021** - *Martin Luther King Day*

NYSE closes at 1 p.m.:

- **Friday, November 27, 2020** - *Day after Thanksgiving*
- **Thursday, December 24, 2020** - *Christmas Eve*



## Name your beneficiaries, for life

### Have you thought about who will inherit your assets?

**“Bene” is Latin for good or well.**

When you designate a beneficiary, the one who will receive your assets after your death, you could be giving the gift of financial well-being to one or more of your loved ones.

If you want your loved ones to avoid conflict and costly probate fees, then you should consider protecting your legacy by passing it on according to your wishes. This means designating beneficiaries in each retirement savings account, annuity and life insurance policy.

Even if you have a will, it's possible that not all of your assets will pass through it. If you have an account that is jointly owned, has a named beneficiary or has a “payable on death” title, its assets will often supersede any will.<sup>1</sup>

**Be good to the ones you love.**

Log into your account and review or name your beneficiary today. If you have both a 401(k) and 457 account, be sure to name beneficiaries for both, even if they are the same beneficiaries. Neither Voya® nor its affiliated companies or representatives provide tax or legal advice. Please consult a tax adviser or attorney before making a tax-related investment/insurance decision.

Source:

<sup>1</sup> Voya.com <https://resourcecenter.voya.com/articles/wills-and-trusts-two-ways-help-ensure-you-have-last-word>

### Good things take time (Especially, your dreams)

It takes planning and determination to stay on track toward your saving and retirement goals, no matter what is going on in the world around you.

Whether your long-term goals include a big purchase or retiring well, making good short-term financial decisions every day can help you stay on track for the best that's yet to come. Learning to make and commit to long-term financial choices doesn't happen overnight. Sometimes when you're going forward, you can also get knocked off course. What's important to remember is that it's how you get back on track that matters. Good things really do take time and developing good money habits do too.

For help getting and staying on track, visit the Voya Learn website for live and on-demand online video sessions focusing on new ways to think about money. The saving, spending and budgeting ideas can help get you into the habit of saving for all the good things in your life that require planning.

To learn more about developing good money habits, visit [voya.com/voyalearn](https://voya.com/voyalearn).

### Small Steps springs forward

Small Steps is a State of Michigan program that is helping thousands of 401(k) and 457 Plan participants better prepare for retirement by increasing their savings rate incrementally over time.

Under this program, a participant's savings rate goes up by 1 percent each year, until the rate reaches 15 percent of gross compensation, not including employer matching contributions. The 2021 Small Steps is springing forward – the next increase will take effect with the first available payroll period in March.

You don't have to wait until March to save more! You can use the **Rate Escalator** feature now to adjust your savings rate to the amount and time frame that is right for you, not to exceed the IRS annual limits. By doing so, the Small Steps annual 1% increase will not apply to your account. Go to [stateofmi.voya.com](https://stateofmi.voya.com) and log in, then select **Account > Contributions > Rate Escalator**. Or call **800-748-6128**.

# What you need to know before taking money from your plan

## Know the facts



Most retirement plans offer different ways to access your savings. For active employees, that may come in the form of access to your rollover account, loan, or in-service withdrawal that meets certain eligibility criteria. For former employees, a distribution could come as a cash-out withdrawal. Just because you may be able to take a loan or cash-out, though, doesn't mean it is always a wise decision. There may be extreme financial circumstances in your life, but it's important to understand all of the implications before you take action.

### If you are thinking about rolling money out of the Plans and into another qualified account:

- Due to the size of the State of Michigan 401(k) and 457 (the Plans), the state negotiates favorable pricing on your behalf. Be sure to compare fees closely since the fees in the new account may be much higher.
- Compare account features since some of the features you enjoy in your Plan account may not be available in the new account. Use the information provided in [What to know before you make a move](#) to help you make your decision.

### If you are thinking about taking a loan against your plan:

- There are limits, specific repayment terms, interest rates, loss of growth potential and added costs to repay the loan.
- Your loan is repaid with after-tax money, so your repayment is not tax-deferred.
- There are also regulations that require repayment schedules, and failing to repay on time could result in defaulting on the loan that would then become a taxable transaction.<sup>1</sup>

### If you are thinking about taking a lump-sum cash distribution from your plan:

- A sizable portion of the lump-sum distribution may go to taxes.
- If you made any after-tax contributions to the Roth 401(k) Plan, you may take that amount tax-free but may pay taxes on earnings on those contributions unless you meet the criteria of a "qualified distribution."
- Funds that are withdrawn no longer have the potential to grow over time.
- The lump sum distribution could even move you into a higher tax bracket, costing you more.<sup>2</sup>

For more information on your options and how they apply to your unique situation, contact your financial professional before taking any action.<sup>1</sup> As always, our goal remains to keep you well informed so that you can make positive decisions for your future.

Sources:

<sup>1</sup> Borrowing from Your Retirement Plan, <https://www.investopedia.com/articles/retirement/03/070203.asp>, June 2019

<sup>2</sup> Voya Learn video: Distribution Options, 2019

#### CONNECT WITH US:



Web – [stateofmi.voya.com](https://stateofmi.voya.com)



Mobile – Search **Voya Retire** in your app store\*



Phone – Questions? Call **517-284-4422**

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