Added choice under the State of Nevada 457(b) Deferred Compensation Plan.

A unique opportunity for tax-free* retirement income.

*Qualifying conditions apply. Roth contributions must be held at least 5 years before date of distribution and you must be 59½ (assuming separation from service, death or disability).

Nevada
Deferred Compensation
YOUR PLAN...
YOUR FUTURE

VOYA
FINANCIAL™

The Roth 457(b) contribution option.

What's right for you?

Under the State of Nevada Deferred Compensation Plan (NDC) you can choose to make contributions on an after-tax basis to the Roth 457(b), on a pre-tax basis to the traditional 457(b), or a combination of the two. The 457(b) option doesn't change how much you can contribute. Nor does it change where you can invest. What it does is give you more control over when your contributions – and retirement income – will be subject to federal income tax.

Unlike contributions to a traditional 457(b) plan, which are made on a pre-tax basis, contributions to a Roth 457(b) are made on an after-tax basis. What this means is your Roth contributions will be subject to income taxes before they're invested in your 457(b) account.

In exchange, though, you may be able to withdraw your contributions and any earnings tax-free when you retire (qualifying factors apply)… which could mean more retirement income.

In short, you'd be trading a current tax benefit for a future tax benefit. So does this trade-off make sense for you? It primarily depends on whether you think your federal income tax rate will be higher at retirement, or lower. Let's take a closer look.

Would you rather pay taxes later?

Compare the Traditional 457(b)...

Now:	Later:
Pay no income taxes on contributions during your working years.	Pay taxes when you withdraw during retirement.

Money going in: (contributions)	**Pre-tax** contributions are deducted from your salary before taxes are taken. That can reduce your taxable income.
Earnings, if any:	Are **tax-deferred** until withdrawn.
Money coming out: (distributions)	Distributions are **taxable** as current income when withdrawn.
Money moving on: (rollovers)	Rollovers allowed to another **Traditional** governmental 457(b), 403(b), 401(a)/(k) or Traditional or Roth IRA.
Required minimum distributions (RMD):	The IRC **requires** distributions to begin at the later of age 701/2 or retirement. An IRC 50% penalty tax applies to any RMD amount not taken in a timely manner.

Or get them out of the way now?

with the Roth 457(b).

Now:	**Later:**
Pay income taxes on contributions as you make them.	Withdraw savings tax-free during retirement.

Money going in: (contributions)	**After-tax** contributions are subject to federal (and where applicable, state, and local) income tax withholding.
Earnings, if any:	Are **tax-free** as long as certain qualifying conditions are met (see below).
Money coming out: (distributions)	**Tax-free** distributions, as long as you've satisfied the five-year holding period and are age 59$^1/_2$ or older (assuming you have separated from service), disabled or deceased.
Money moving on: (rollovers)	Rollovers allowed to another **Roth** account in a 457(b), 403(b) or 401(k) or Roth IRA. (Rollovers to plans other than a governmental 457(b) plan may be subject to the IRC 10% premature distribution penalty tax, unless another exemption applies).
Required minimum distributions:	The IRC requires distributions to begin at the later of age 701/2 or retirement. However, you can roll over your Roth 457(b) to a Roth IRA, where minimum distributions are **not required**.

Voya Financial™ does not offer legal or tax advice. Consult with your tax and legal advisors regarding your individual situation.

*Qualifying conditions apply. Roth contributions must be held at least 5 years before date of distribution and you must be 59½ (assuming separation from service, death or disability).

This material is not intended to be used to avoid tax penalties, and was prepared to support the promotion or marketing of the matter addressed in this document. The taxpayer should seek advice from an independent tax adviser.

Whichever 457(b) option you choose, you'll enjoy these key benefits.

- Investing convenience. You can put money aside using automatic payroll deductions.
- Investment flexibility. You can select from the same menu of investment options and/or well-known variable investment options.
- Higher contribution limits. You can contribute more through your employer's plan than you can in an individual retirement account (IRA) you set up on your own.

So, which option is right for you?

Jeff (Age 45):

Wants current tax break

Jeff considers himself in his "peak" earning years. He knows he won't be making this money forever, but wants to enjoy it while he can.

- Doesn't think he can afford to lose another tax deduction at this point
- Doesn't really like change anyway
- Expects to be in a lower tax bracket when he retires

Linda (Age 25):

Wants long-term tax-free growth potential

Linda just got out of grad school and is embarking on her new career. She feels good about the fact she's already starting to build up her savings.

- Isn't worried about the tax deduction now
- Confident her salary will increase over the years to come
- Expects to be in a higher tax bracket when she retires

COMPARING JEFF'S OPTIONS:

	Traditional Pre-tax 457(b)	**Roth** After-tax 457(b)
Gross income:	$75,000	$75,000
Annual salary available to save:	$10,000	$10,000
Less taxes at 25%[1]:	-$0	-$2,500
Net yearly contribution (totals over 20 years:	$10,000 $200,000	$7,500 $150,000)
Value at retirement (assumes **20** years of contributions at 6%)	$378,900	$284,200
Less taxes at 15%[2]:	-$56,800	-$0
After-tax value:	$322,100	$284,200

CONSIDERING:
Traditional 457(b)

COMPARING LINDA'S OPTIONS:

	Traditional Pre-tax 457(b)	**Roth** After-tax 457(b)
Gross income:	$35,000	$35,000
Annual salary available to save:	$3,000	$3,000
Less taxes at 15%[1]:	-$0	-$450
Net yearly contribution (totals over 40 years:	$3,000 $120,000	$2,250 $90,000)
Value at retirement (assumes **40** years of contributions at 6%)	$478,200	$406,480
Less taxes at 33%[2]:	-$159,500	-$0
After-tax value:	$318,700	$406,480

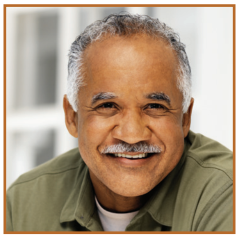
CONSIDERING:
Roth 457(b)

[1] Based on current federal tax rates as of 2013.

[2] Assumed rates designed to illustrate impact of lower and higher tax rates in retirement.

Note: These are hypothetical illustrations for demonstration purposes only; rates are assumed and not guaranteed. They are not intended to (1) serve as financial advice or as a primary basis for investment decisions and (2) imply the performance of any specific security. Contributions are subject to Internal Revenue Code limits. Systematic investing does not ensure a profit nor guarantee against loss. Investors should consider their ability to invest consistently in up as well as down markets. This example does not represent any specific product, nor does it reflect sales charges or other expenses that may be required for some investments. After tax value of traditional 457(b) assumes a one time lump sum distribution. Your actual results may vary.

There are many reasons why a Roth 457(b), a Traditional 457(b) or a combination of both might be right for you. A lot depends on when you expect to be in a higher tax bracket – now or when you retire. You'll also need to factor in your current financial situation, future goals and personal attitudes as well – as these scenarios illustrate.



Brian (Age 50):

Wants to maximize contributions and tax-free income

Brian is established in his career and makes a great salary. He thinks he'll be able to live on less when he retires, yet is eager to maximize his retirement income.

- Unable to contribute to a Roth IRA (his income exceeds the Roth IRA limits)
- Likes the idea of tax-free retirement income, previously unavailable for the highly compensated
- Already contributes the max to his 457(b) plan ($17,500 for 2013) and can afford to save more

COMPARING BRIAN'S OPTIONS:

	Traditional Pre-tax 457(b)	**Roth** After-tax 457(b)
Gross income:	$120,000	$120,000
Annual salary available to save:	$17,000	$25,373
Less taxes at 33%[1]:	-$0	-$8,300
Net yearly contribution (totals over 15 years:	$17,000 $255,000	$17,000 $255,000
Value at retirement (assumes **15** years of contributions at 6%)	$406,953	$406,953
Less taxes at 33%[2]:	-$134,294	-$0
After-tax value:	$272,658	$406,953

CONSIDERING:

Roth 457(b)

Wanda (Age 55):

Wants tax flexibility now and in retirement

Wanda likes the idea of tax-free retirement income, but also likes her current tax deduction. And she doesn't have a clue where taxes are headed in the future!

- Is getting close to retiring, but not that close
- Wants the flexibility to optimize her tax strategy year-to-year as she withdraws retirement income

COMPARING WANDA'S OPTIONS:

	Traditional Pre-tax 457(b)	**Roth** After-tax 457(b)
Gross income:	$60,000	$60,000
Annual salary available to save:	$6,000	$6,000
Less taxes at 25%[1]:	-$0	-$1,500
Net yearly contribution (totals over 10 years:	$6,000 $60,000	$4,500 $45,000)
Value at retirement (assumes **10** years of contributions at 6%)	$81,500	$61,100
Less taxes at 25%[2]:	-$20,400	-$0
After-tax value:	$61,100	$61,100

CONSIDERING:

Combination of Traditional 457(b) and Roth 457(b)

[1] Based on current federal tax rates as of 2013.

[2] Assumed rates designed to illustrate impact of lower and higher tax rates in retirement.

This illustration assumes a weekly pay period, with contributions made at the beginning of each pay period.

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Should I pay taxes now versus later?

Note: The more "yes" boxes you check, the more you may want to consider the Roth 457(b) option...

Plan to work quite a few more years before you retire? **Yes** ☐ **No** ☐

Think your tax rate will be higher by the time you retire? **Yes** ☐ **No** ☐

Willing to swap a current tax break for a longer-term tax benefit? **Yes** ☐ **No** ☐

Can you afford to save more of your annual salary now so you can contribute the same to your after-tax Roth 457(b) as you would to your pre-tax 457(b)? **Yes** ☐ **No** ☐

Like the idea of diversifying your tax strategy, just like you diversify your investment strategy? **Yes** ☐ **No** ☐

Focused on passing as much as possible to your heirs? **Yes** ☐ **No** ☐

Do you currently max-out your pre-tax contributions? **Yes** ☐ **No** ☐

Still have more questions?

What is a Roth qualified distribution?

To be considered a Roth qualified distribution, and therefore tax free, there is a two-prong test that must be met:

- 5-year holding period, or
- Distribution on/after age 59½ (assuming you have separated from service), death, and disability

What is the "five-year rule"?

It determines when you can take tax-free income. Subject to your plan's distribution rules, you can withdraw money from your Roth 457(b) tax-free – as long as you satisfy this five-year rule and meet certain events. To make a tax-free withdrawal from your Roth 457(b), your first Roth 457(b) contribution must have been made to your employer's 457(b) plan at least five years ago and you must be at least age 59½ (assuming you have separated from service), become disabled, or die. Special rules apply to rollovers.

I'm young and currently in a low tax bracket, but I expect my earnings to grow. Is the Roth 457(b) right for me?

It could be. The longer you can leave your money in your Roth 457(b) and the higher you expect your taxes to be in the future, the more you may be able to benefit from the tax-free income a Roth 457(b) can provide in the future.

I may retire in a few years. Is the Roth 457(b) right for me?

That depends on when you plan to start tapping into your 457(b) savings. To qualify for tax-free income from a Roth 457(b), remember you have to satisfy the "five-year rule" explained above. So, to make a tax-free withdrawal from your Roth 457(b), you have to be entitled to a distribution, and be 59½, disabled, or deceased and have made the initial Roth 457(b) contribution to your employer's 457(b) plan at least five years ago.

I understand the tax differences between the Traditional and Roth 457(b) contribution options. How will taxes affect my employer's match (if my plan provides)?

Both Traditional and Roth 457(b) contributions are eligible for an employer match if your plan provides. The match will be held in a separate pre-tax account and treated as a pre-tax contribution and the earnings will be tax deferred. You will pay taxes on your employer match as well as the earnings on that match when you withdraw during retirement.

Does the 10% IRC penalty tax for distributions prior to age 59½ apply?

Generally, no. A IRC 10% premature distribution penalty tax could apply if you were to roll designated Roth amounts from a 401(k) or 403(b) plan into a governmental 457(b) plan with a Roth feature if, when withdrawn, those amounts were considered non-qualified Roth distributions.

Why should I consider the Roth 457(b) instead of a Roth IRA?

Two key reasons.

1. Not everyone can qualify for a Roth IRA. You can contribute the full amount if your adjusted gross income (AGI) does not exceed a certain amount (in 2013, if filing status is single or head-of-household, AGI must be less than $112,000. If filing status is married filing jointly, combined AGI must be less than $178,000).

2. You can contribute significantly more to a Roth 457(b) than you could to a Roth IRA (if eligible). For 2013, participants can contribute up to $17,500 to a Roth 457(b) ($17,500 if age 50 or older and additional amounts may be contributed by certain longer-service employees). But they can only contribute $5,000 to an individual Roth IRA ($6,500 if over age 50).

How will contributing to a Roth 457(b) affect my take-home pay?

It could reduce it. Unlike a Traditional 457(b), contributions to a Roth 457(b) won't reduce your taxable income. So you'll actually be paying taxes on a higher amount, which could reduce your take-home pay. (See the example below.)

	Traditional 457(b)	Roth 457(b)
Gross income	**$50,000**	**$50,000**
Traditional 457(b) contribution	- $5,000	N/A
Taxable Income	PRE-TAX **$45,000**	**$50,000**
25%[1] income taxes	- $11,250	- $12,500
After-tax income	**$33,750**	**$37,500**
Roth 457(b) contribution	N/A	- $5,000
Take-home pay	**$33,750**	AFTER-TAX **$32,500**

Contributing to a Roth 457(b) may also affect your ability to take other tax credits and deductions (for example, student loan deductions, medical expense deductions and child care tax credits). Whether you qualify for these tax credits and deductions depends on your income level. Since Roth 457(b) contributions won't reduce your adjusted taxable income, that could affect your eligibility for these tax reductions.

1 Based on current federal tax rates as of 2013.

We still have more answers.

Voya™ does not provide tax or legal advice. This brochure is designed to acquaint you with the new opportunity to hopefully accumulate retirement income.

www.voyaretirementplans.com/custom/nevada

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