City and County of Honolulu Deferred Compensation Plan Newsletter

Quarter 4 of 2024

Managing investments at any age

Your plans and goals may change as you move through your life. So, too, should your investing strategy. No matter your age, it's important to regularly review your investment strategy to remain aligned with your financial goals and risk tolerance. Here are some key considerations for managing investments at any age.

Build a strong foundation in your 20s and 30s
In the early years of your career, you may be learning to manage expenses and build a life for you and your family. While retirement probably feels far away, one of the most important moves you can make financially is to treat your investments as long-term instruments meant to help achieve your long-term financial goals. Investing at this stage means that your portfolio can handle more risk and withstand short-term market volatility to potentially generate returns over time. With longer to invest and remain invested, you can also potentially benefit from compounded growth, which can help boost your investing power and build a strong foundation for your future. Be sure to also take your current needs, risk tolerance, and any changes in your financial circumstances into account when you're assessing your investments.

Grow and protect your wealth in your 40s and 50s
As you progress in your career and your income increases, it's important to continue growing your investments while also protecting what you've accumulated. This may be a good time to reassess your risk tolerance and make any necessary adjustments to your portfolio. That could mean beginning to transition from a more aggressive to a more conservative portfolio to reduce some investment risk. With preservation in mind, it's also wise to review your insurance coverage and estate planning documents to ensure your assets are protected.

Preserve and distribute wealth in your 60s and beyond
As you approach retirement, preserving your wealth becomes more important. You'll want to plan your retirement distributions for maximum tax-efficiency and prepare mentally, and financially, to live on a fixed income. Before and after retirement, your investments should also be fairly low risk to ensure you have the retirement income that works for your lifestyle. You may want to include more bonds and stable value investments in your mix to lower your market risk and create a steady income for your distributions. However, keeping some money in stocks can help keep your portfolio diversified and protect your savings from the impact of inflation. It's also important to develop a withdrawal strategy for retirement that balances your income needs with your goal of preserving principal. Consider working with a financial professional to create a comprehensive plan that includes Social Security benefits, pension income, and other sources of retirement income.

Managing investments requires ongoing attention and adjustments may be needed at any age. By understanding these unique considerations at various life stages, you can potentially develop a strategy that helps you achieve your financial goals and secure your future. Your local Voya representatives[4] can help provide you with guidance on the journey to and through retirement. Connect with them to review and discuss your investing strategy.

Prepare to thrive in 2025

Every year, the IRS announces the latest contribution limits for retirement savings accounts. The limits for 2025 **have increased**, giving you the opportunity to save even more today to help achieve your future goals.

Maximum Annual Deferral	$23,500
Maximum including Age 50-59 and 64 and older Catch-Up[1]	$31,000
Maximum including Age 60-63 Catch Up[2]	$34,750
Maximum including Three-Year Special 457(b) Catch-Up[3]	$47,000

Visit **voya.com/irslimits** for the latest contribution limits for all tax-deferred accounts and income thresholds for 2025.

PLAN
INVEST
PROTECT

Don’t overlook potential tax savings

In addition to a pre-tax retirement savings option, you can also choose to save after taxes with Roth contributions. With Roth contributions, any investment earnings grow tax free. Learn more about the benefits to Roth, visit **voyadelivers.com/Roth**.

Save more: Change from dollar to percentage

There is a natural benefit to saving in the City and County of Honolulu Deferred Compensation Plan by choosing a percentage of your pay instead of a dollar amount. Your contributions will increase anytime your salary increases—helping you save more for retirement.

Have a question?

Your local Voya representatives[4] are providing in person meetings on an appointment only basis. Telephone appointments may also be made. Individuals are encouraged to call the local office to speak with a Voya representative at **(808) 597-8213**. The Voya Office is available Monday – Friday, 8:00 a.m. to 4:00 p.m. HST.

How much can you afford to save each paycheck for retirement?

Planning for retirement can seem daunting at times but breaking it down into manageable steps can make the process much more approachable. A new year is a good time to check the status of your progress and determine if you’re saving as much as you can for retirement each paycheck. Here are some key considerations to help you make this decision.

Assess your retirement goals

How do you want to live in retirement? Consider the lifestyle you want to maintain in retirement, including your living expenses, travel plans and any other activities you wish to pursue. That will determine if you’re saving enough and encourage you to find additional ways to save if you’re not.

Understand your current financial situation

You can’t look to the future without also considering your current financial situation. That includes your current monthly income, regular expenses, existing debt, and any savings you’ve already accumulated. This will help you determine how much you can realistically set aside from each paycheck. It’s important to strike a balance between saving for retirement and meeting your current financial obligations.

Save as much as you can

Do you update your retirement savings rate in the Plan every time your salary increases? Increasing your contribution rate by just 1% each year has the potential to really make a difference. A long-term financial goal could be to save at least 15% of your income for retirement (considering all of your retirement savings options, including any pension and deferred compensation contributions, etc.). This may vary depending on your individual circumstances and retirement goals, but you’re more likely to accomplish this by gradually increasing your savings over time.

[1] If eligible for both the Age 50+ Catch-up and the 3 Year Catch-up in the same year, you may only use the catch-up which allows you to contribute the greatest amount. You may not use both at the same time.

[2] Under a change made in SECURE 2.0, a higher catch-up contribution limit applies for employees aged 60, 61, 62 and 63 who participate in most 401(k), 403(b), governmental 457 plans and the federal government’s Thrift Savings Plan plans.

[3] To use the 3 Year Catch-up you must be in one of the 3 years prior to the year you reach Normal Retirement Age as defined in the deferred compensation plan. In addition, you must have under contributed to the Plan in the past. A calculation is required.

[4] Investment adviser representative and/or registered representatives of, and securities and investment advisory services offered through, Voya Financial Advisors, Inc. (member SIPC). Investment advisory services are only offered through Investment adviser representatives of Voya Financial Advisors.

City and County of Honolulu
DEFERRED COMPENSATION PLAN
TAKE CHARGE...IT'S YOUR FUTURE

PLAN
INVEST
PROTECT

VOYA®