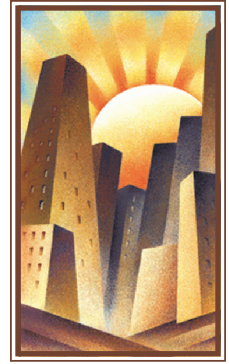


Deferred Comp/NYCE IRA

UPDATE

The Newsletter for the 457 and 401(k) Plans and the NYCE IRA



In This Issue:

- ◆ 2024 Annual Contribution Limit Changes
- ◆ Stable Income Fund FAQs
- ◆ Year-End Reminders

Annual Contribution Limits Increase in 2024

Maximum Annual Contribution Amounts change in 2024

The table below explains the most you can defer into the Deferred Compensation Plan in 2024, based on which plans you participate in and your age.

<i>If you participate in the...</i>	<i>Your maximum contribution amount will be...</i>
457	\$23,000
457 and are at least 50 years of age	\$30,500
401(k)	\$23,000
401(k) and are at least 50 years of age	\$30,500
457 and 401(k)	\$46,000
457 and 401(k) and you are at least 50 years of age	\$61,000
457 and Deferral Acceleration for Retirement (DAR)*	\$46,000 (\$23,000 in regular deferrals and \$23,000 in DAR deferrals, if applicable)
457, 401(k) and DAR	\$69,000
457, 401(k), DAR and you are at least 50 years of age	\$76,500
NYCE IRA	\$7,000
NYCE IRA and are at least 50 years of age	\$8,000

* DAR is available to participants who have underutilized 457 deferrals. Annual contribution limit is doubled for each of the three calendar years before reaching "Normal Retirement Age." Additional "over age 50" contribution is not included when calculating underutilized deferrals and cannot be used in the same year(s) DAR is used.

Questions & Answers about the Stable Income Fund Option

Prepared by Segal Marco Advisors - November 2023

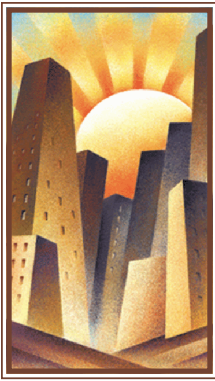
The following was prepared by the Plan's investment consultant, Segal Marco Advisors, regarding the Stable Income Fund investment option.

What is the investment objective of the NYCDGP Stable Income Fund (SIF)?

In a broadly diversified investment portfolio, the Stable Income Fund is considered a defensive, risk-reducing investment, not a return-seeking investment option. While losses are possible, a Stable Value strategy is designed to be the least risky investment option in a typical retirement plan.

The NYCDGP Stable Income Fund's investment objective is to conserve principal and to provide a steady rate of return.

Stable Value products are constructed to shield participants from volatility experienced in bond funds as interest rates change. As interest rates rise, the values of bonds decline, and vice versa. Stable Income Funds are expected to minimize



the effects of changing bond values by smoothing changes over time, usually over a three-to-four-year period. For instance, in the current rising rate environment the Stable Value crediting rate mechanism smooths market value declines over time and offers gradually higher interest income as cash flows are reinvested at higher rates. Finally, Stable Value products may also be used by participants that want to reduce volatility experienced in the stock market.

The SIF is designed to adjust to changes in interest rates gradually, so participants avoid abrupt changes in the rate, either up or down, over time. This structure is very similar to buying a laddered portfolio of certificates of deposit (CD's). At different points in time, the rates earned by the fund change gradually, and the participant experiences a blended rate that is smoothed over the investment period.

Is the NYCDPC Stable Income Fund a money market fund or a bond fund?

The NYCDPC SIF is not a money market fund nor a bond fund. The NYCDPC SIF is a Stable Value investment option. Stable Value investment products are unique from bond funds and money market cash equivalent funds. Stable Value products are generally composed of short and intermediate term bonds and synthetic or traditional guaranteed investment contracts (GICs), which together help provide the Fund's objective of capital preservation and steady returns.

How does the Stable Income Fund generate returns?

Returns generated by the Stable Income Fund are from interest income. This income is comparable to yields from short and intermediate term bond funds over time.

Will the Stable Income Fund returns be volatile?

No, the returns are expected to follow a consistent pattern in the form of a quarterly crediting rate. The crediting rate generally follows the overall level of prevailing interest rates. By design, Stable Value crediting rates adjust slowly so the participant does not experience big changes in income every quarter.

Compared to money market funds, how is the Stable Income Fund expected to perform when interest rates go up and down?

Because the crediting rate adjusts slowly, Stable Value investments tend to remain elevated relative to money market funds in declining interest rate environments. Conversely, in rising interest rate environments, by design Stable Value investments tend to lag behind money market rates when they go up. Eventually, Stable Value investment options are expected to reach comparable yields prevailing in the short to intermediate duration bond market.

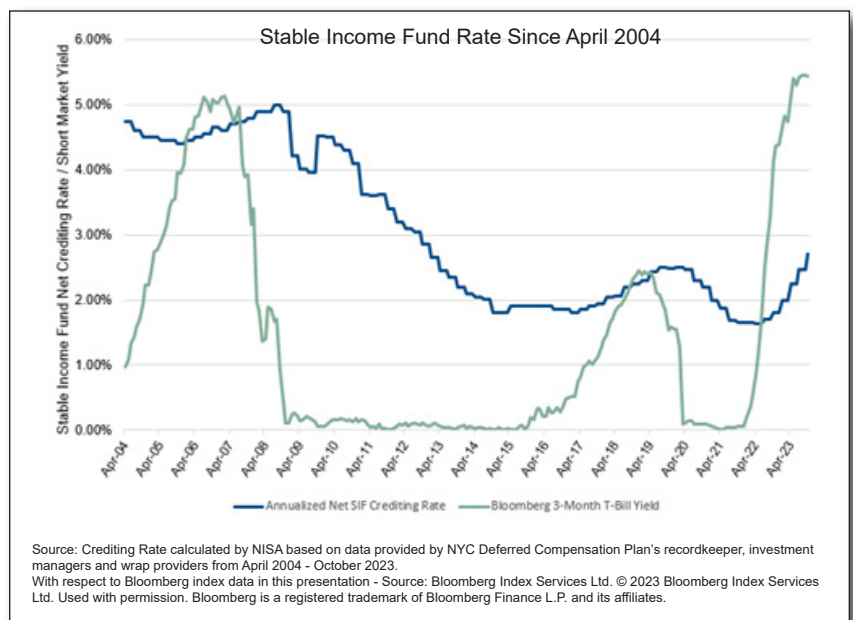
What is the current crediting rate of the NYCDPC SIF?

The current rate for the fourth quarter of 2023 is 2.7%.

How has the SIF crediting rate changed over time?

Over the past ten years, the Stable Income Fund generated a consistent 2.0% return. Over the same period, interest rates were at 0% or very low. Participants benefited from a consistently higher rate from the SIF when comparable money market investments had near 0% yields over the course of the last decade.

The Stable Income Fund returned a positive 1.7% over 2022, when the broader bond market, as measured by the



Bloomberg US Aggregate, was negative 13% and Treasury Inflation Protected Bonds were negative 11.8%.

When interest rates were lowered almost immediately to 0% in 2020, the SIF rate remained around 2.5% and gradually declined to just below 2% over the following few years. Interest rates have risen dramatically over the last 18 months to around 5%, and the SIF crediting rate has gradually increased every quarter and is now 2.7%.

Before the global financial crisis of 2008, interest rates and money market yields were close to 5%. The SIF rate at that time was around 4.5% and reached 5% by the end of 2008 after interest rates had been suddenly lowered to 0% by the Federal Reserve. The SIF rate remained around 2% over the course of the following decade when interest rates were held near 0%. Today, interest rates are back up to levels not seen in over 20 years, at around 5%. The SIF rate is expected to rise and may meet that level but will do so gradually over time.

What expectations do investors in Stable Value have?

Investors in Stable Value expect their account balance to change very little every quarter. These investors tend to be risk averse and value liquidity and accept a modest amount of income with low volatility. These investors have reasonable expectations to see a very similar rate over the course of a year. Stable Value investors are aware that interest rates can fluctuate daily and could go from 5% to 0% in a relatively short timeframe. Therefore, investors seek stable value solutions to avoid interest rate volatility and tend to lock in a more consistent rate over time.

Year-end Reminders

Understanding Your Form W-2

The amount you contributed to the Deferred Compensation Plan in 2023 will be reflected in Box 12 of your 2023 Form W-2.

- The code "G" before the dollar amount represents pre-tax 457 contributions.
- The code "EE" represents Roth 457 (after-tax) contributions.
- The code "D" before the dollar amount represents pre-tax 401(k) contributions.
- The code "AA" represents Roth 401(k) (after-tax) contributions.

For income tax filing purposes, your adjusted gross income (reportable income) will be reflected in Box 1. THIS WILL HAVE ALREADY BEEN ADJUSTED BY PRE-TAX 457 AND PRE-TAX 401(k) AMOUNT(S) IN BOX 12.

Did You Receive a Distribution from the Plan in 2023?

If you received a distribution payment during 2023, you will receive a 2023 Form 1099-R from the Plan's recordkeeper, Voya Financial.

Expecting a Distribution Check Soon?

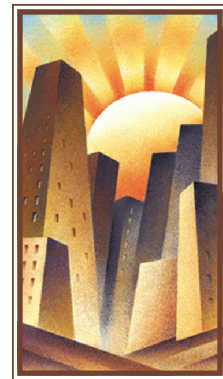
Please note that if you make any account transfers immediately prior to the processing of your distribution, this will delay your check or Electronic Fund Transfer.

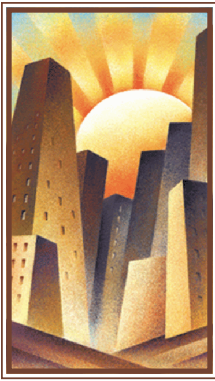
Payroll Deferral Notes

Are you contributing to the City's 401(k) Plan and a 401(k) or 403(b) plan with another employer? You must ensure that your contributions to all 401(k)'s and 403(b)'s combined do not exceed \$23,000 in 2024. If you contribute to the City's 401(k) Plan, a 403(b) plan and the VDC Program, combined contributions (employee and employer) cannot exceed \$69,000 in 2024.

Changing Agencies?

If you are changing agencies, you must complete a Change Form telling us the name of the new agency as soon as possible in order to avoid a break in your deferred compensation deductions. If you joined the Deferred Compensation Plan in lieu of paying FICA tax and experience a break in deductions due to an agency change, you may no longer meet the criteria for contributing to the Plan in lieu of FICA. You may be required to contribute to both until you re-qualify.





Changing Your Address?

You must inform the Plan if you have a change of address. You can either complete and notarize a Change Form indicating your new address or sign into your account through the Plan's website at nyc.gov/deferredcomp to make your change online. And, don't forget to change your beneficiaries' address information, if they moved with you.

Changing Beneficiary Information

You can continue to use the Change Form to change the beneficiaries you designated to receive your account or the amounts you want each beneficiary to receive, but you are required to have the form notarized. Make life simpler and make any beneficiary changes online.

Annual Report

The Plan no longer mails copies of The City of New York Deferred Compensation Plan/New York City Employee IRA Comprehensive Annual Financial Report to participants. The annual report is available online in the Forms and Downloads section of the Plan's web site at nyc.gov/deferredcomp.

Leaving City Service Soon?

If you are retiring or leaving City service, please note that you are not required to make any decisions regarding the distribution of your account immediately. You are able to postpone withdrawals up until you reach age 73, at which time you must begin taking your annual Required Minimum Distributions.

To attend a Distribution Planning webinar to learn more about your distribution options, call (212) 306-5050, or register online at nyc.gov/deferredcomp.

Contributing to the NYCE IRA for 2023?

Contributions to the New York City Employee (NYCE) IRA should be sent directly to the NYCE IRA lockbox. Visit nyc.gov/nyceira to download the Deposit Form, which includes payment and mailing instructions. Checks must be received in the lockbox no later than 3 business days prior to the tax filing deadline (excluding extensions).

Flexible Spending Accounts Program and 414(h) Pension Pick-up

• Box 14 of the Form W-2

Box 14 will contain the entry "IRC 125" which will represent the total pre-tax dollars used for paying health insurance premiums in the Medical Spending Conversion Program (MSC), the pre-tax dollars used for dependent care expenses in the Dependent Care Assistance Program (DeCAP), and the pre-tax dollars used for out-of-pocket medical expenses in the Health Care Flexible Spending Account (HCFSA).

The entry "IRC 414H" pertains to the pre-tax dollars used to pay pension or VDC Program contributions. These two dollar amounts in Box 14, IRC 125 and IRC 414H, are pre-tax for federal tax purposes, but not for New York State and New York City tax purposes. Consequently, they must be added back in the area designated for that purpose on the New York State tax return at the time you file your taxes.

• Box 10 of the Form W-2

If you participate in DeCAP, you will also see the amount set aside for this purpose listed in Box 10. You must also attach Form 2441 Child Dependent Care Expenses to your Form 1040. If you file Form 1040A, you must file a Schedule 2 form, as well. For New York State tax purposes, the DeCAP amount in Box 10 can be ignored since the same amount is included in the IRC 125 amount in Box 14. It is there for federal tax purposes as a record of dollars deferred for dependent care expenses.

The material contained in this newsletter is for informational purposes only. This information does not constitute the offering of investment, financial, tax or legal advice or other expert advice. You may wish to consult an investment advisor, tax advisor or legal counsel before reaching any decisions.



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