



Washoe County-OBRA Plan - Fixed account only

04/01/2023 through 06/30/2023

For sponsor use only.  
Not for distribution to plan participants

PLAN | INVEST | PROTECT



---

## CONTACT INFORMATION

---

### M. Bishop Bastien

Vice President – Strategic Relation

Voya Retirement Services\*

3017 Douglas Blvd, Suite 300

Roseville, CA 95661

T: 9167747595

E-mail: Bishop.Bastien@voya.com



### Plan Sponsor web site

[www.voyaretirementplans.com/sponsor](http://www.voyaretirementplans.com/sponsor)

Use the Plan Sponsor web site to help better manage your retirement plan. The site provides access to an education library, fiduciary information, and legislative/industry updates. In addition, it includes the ability to:

- View plan and participant-level account balances
- View plan level transaction history
- View year-to-date contribution amounts
- Review and manage plan investment options

\* Entities listed above may or may not be affiliated with Voya.

Not FDIC/NCUA/NCUSIF Insured | Not a Deposit of a Bank/Credit Union | May Lose Value  
Not Bank/Credit Union Guaranteed | Not Insured by Any Federal Government Agency

---

## TABLE OF CONTENTS

---

Voya Update Section.....	4
Client Health Review Section.....	11
Plan Activity Section.....	20
Investment Review Section.....	30
Communication & Education Section.....	43



## Voya Update

---

At Voya, we are making strides toward being America's Retirement Company® by helping individuals become financially independent – one person, one family, one institution at a time. Within the Voya Update section, we explain why a growing number of people are choosing Voya to meet their financial and retirement planning needs.

# Voya Financial Fact Sheet

First-Quarter 2023



Our aspirational vision:

# Clearing your path to financial confidence and a more fulfilling life

Voya Financial, Inc. (NYSE: VOYA), is a leading health, wealth and investment company offering products, solutions and technologies that help its individual, workplace and institutional clients become well planned, well invested and well protected. Voya also is purpose-driven and equally committed to conducting business in a way that is socially, environmentally, economically and ethically responsible. Voya has earned recognition as: one of the World's Most Ethical Companies® by the Ethisphere Institute; a member of the Bloomberg Gender-Equality Index; and a "Best Place to Work for Disability Inclusion" on the Disability Equality Index.

## Fast Facts



14.7 million  
Customers



7,200  
Employees



\$771 billion  
Total assets under management and administration\*



Top 5  
Provider of retirement plans\*\*



Top 10  
Asset manager of unconstrained bonds, private equity, private placement debt, mid-cap growth and bank loans\*\*\*\*



Top 5  
Group provider of supplemental health insurance\*\*\*

\*As of March 31, 2023

\*\*Pensions & Investments magazine, Defined Contribution Record Keepers Directory, April 2023

\*\*\*LIMRA 4Q 2022 Workplace Supplemental Health Insurance Force Final Report; Marketshare-Total Group Based Supplemental Health Insurance is underwritten by ReliaStar Life Insurance Company (Minneapolis, MN) and ReliaStar Life Insurance Company of New York (Woodbury, NY), members of the Voya® family of companies.

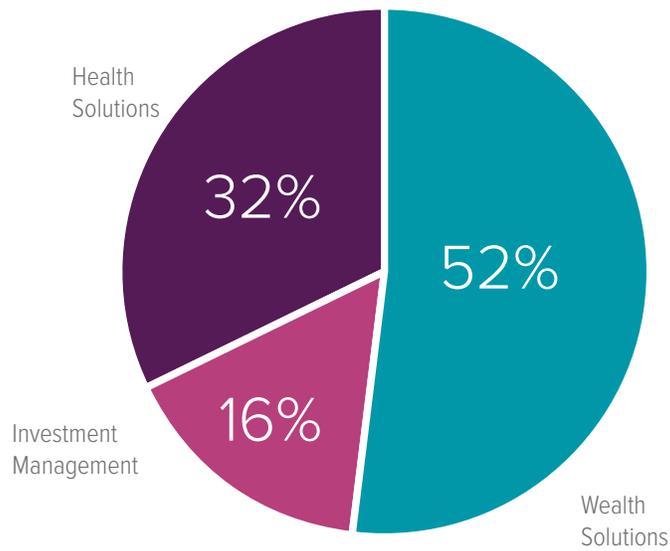
\*\*\*\*Pensions & Investments magazine, "The Largest Money Managers," 2022 Survey based on assets as of 12/31/21

PLAN  
INVEST  
PROTECT

**VOYA**  
FINANCIAL

# Percentage of adjusted operating earnings by segment\*

\*Before income taxes and for the trailing twelve months ended March 31, 2023. Excludes Corporate.



## Investment Management

Voya Investment Management manages public and private fixed income, equities, multi-asset solutions and alternative strategies for institutions, financial intermediaries and individual investors, drawing on a 50-year legacy of active investing and the expertise of 300+ investment professionals.

Health Account Solutions, including Health Savings Accounts, Flexible Spending Accounts, Commuter Benefits, Health Reimbursement Arrangements, and COBRA Administration offered by Voya Benefits Company, LLC (in New York, doing business as Voya BC, LLC). HSA custodial services provided by Voya Institutional Trust Company. For all other products, administration services provided in part by WEX Health, Inc.

Insurance products are underwritten by ReliaStar Life Insurance Company (Minneapolis, MN) and ReliaStar Life Insurance Company of New York (Woodbury, NY). Within the State of New York, only ReliaStar Life Insurance Company of New York is admitted, and its products issued. Both are members of the Voya® family of companies. Voya Employee Benefits is a division of both companies. Product availability and specific provisions may vary by state.



## Workplace Solutions:

Voya provides workplace benefits and savings products, technologies and solutions through its Wealth Solutions and Health Solutions businesses.

### - Wealth Solutions

Voya is a leading provider of retirement products and services in the U.S., serving more than 52,000 institutional clients and over 6 million individual retirement plan participants. Voya also has approximately 600 financial professionals serving retail and workplace clients. Voya is focused on guiding Americans to greater retirement readiness and financial wellness through employer-sponsored savings plans and holistic retirement and income guidance.

### - Health Solutions

Through our insurance companies, we are a leading provider of supplemental health insurance in the U.S., offering a comprehensive and highly flexible portfolio of stop loss, life, disability, and voluntary insurance products—as well as health savings and spending accounts—to businesses covering more than 6.6 million individuals through the workplace.



## Voya acquires Benefitfocus

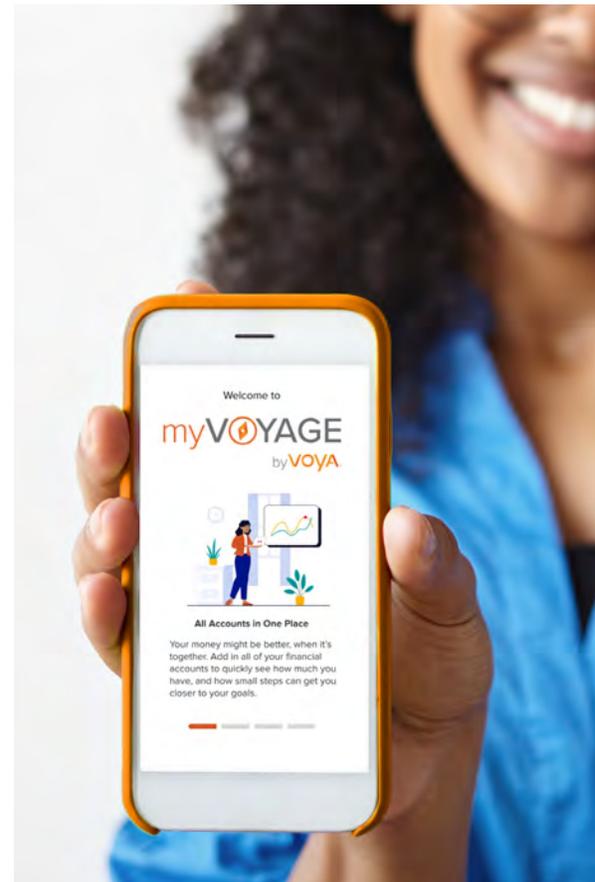
On Jan. 24, 2023, Voya completed its acquisition of Benefitfocus, Inc., an industry-leading benefits administration technology company that serves employers, health plans and brokers. The transaction accelerates Voya's workplace-centered strategy and increases the company's capacity to meet the growing demand for comprehensive benefits and savings solutions at the workplace. Benefitfocus extends Voya's workplace benefits and savings reach and capabilities by providing benefits administration capabilities to 16.5 million individual subscription employees across employer and health plan clients.

# Benefitfocus®

## Leveraging digital capabilities to drive better outcomes

Voya delivers digital guidance and solutions that enhance the participant education and user experience through all life stages. In 2022, Voya had nearly 99 million digital interactions with customers. Examples of Voya's focus on customer needs and driving innovation include:

- myVoyage, a first-of-its-kind personalized financial-guidance and connected workplace-benefits digital platform. Offering a "one stop" solution, myVoyage provides individuals with a complete view of their financial picture, inclusive of workplace benefits and savings accounts along with the integration of external accounts such as personal banking and credit accounts to help better manage one's health and financial well-being.
- Voya Claims 360 is an integrated and intuitive model designed to simplify the claims process for supplemental health insurance products we offer. From the time an employee enrolls to when a claim is processed and paid, Voya Claims 360 kicks off a variety of proactive actions to help employees get the most from their benefits.



## Awards and Recognitions



Third-party awards and/or rankings about entities within the Voya family of companies are given based upon various criteria and methodologies. Awards and/or rankings are not representative of actual client experiences or outcomes, and are not indicative of any future performance. For certain awards/rankings, Voya pays a fee to be considered. For material facts regarding an award, including but not limited to whether a fee was paid to be eligible for the award, please visit <https://www.voya.com/about-us/our-character/awards-and-recognition>.

“World’s Most Ethical Companies” and “Ethisphere” names and marks are registered trademarks of Ethisphere LLC.

THE INCLUSION OF VOYA FINANCIAL, INC., IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF VOYA FINANCIAL, INC., BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

## Strengthening our culture through workplace flexibility, employee well-being and diversity, equity and inclusion



# 85%

of employees would recommend Voya as a good place to work.

(Source: Emotional Well-being Virtual Focus Group of Voya employees, facilitated by Willis Towers Watson, March 29, 2022.)

Voya provides a variety of benefits and services for its employees with an emphasis on physical, mental and financial well-being, including a no-cost tuition program, access to financial advisors and paid parental leave for both parents after the birth or adoption of a child.

# 78%

overall diverse hiring rate in Voya leadership roles.

Source: Voya Financial Leadership Diversity Hiring Summary, as of March 31, 2023

Voya is building a workforce that better reflects the diversity of our society, including attracting and recruiting talent from underrepresented groups, and offering development programs to increase equity in career growth and mobility.

# 25%

of employees belong to one or more of Voya’s 11 employee-led councils.

Source: Voya Financial workforce data, as of Dec. 31, 2022

Each council creates a supportive community of colleagues who share similar experiences and their allies, as they learn to better understand and embrace differences and support each other. Councils are also business collaborators who help the company advance strategy through business plans, goal development and progress tracking.

## Voya's culture and values are reflected in how we serve clients and communities

Voya Foundation makes a meaningful difference in the community and empowers employees to engage in supporting causes that matter most to them, including nonprofits that serve health and human services, education and animal welfare.



Through Voya's Executive Board Program, 60 Voya leaders serve on nonprofit boards in local communities, where they can share their management skills.



Each employee receives 40 hours per year of paid time off to volunteer.



All full-time employees receive up to \$5,000 from Voya Foundation to match personal donations to any 501(c)3 organization.

## 2022 Employee Giving Campaign

Each year, Voya holds an Employee Giving Campaign to support our communities and demonstrate our commitment to giving and volunteerism. Through the campaign, we are able to give back in a fun way while creating awareness about others in need within our local communities and across the country.



**\$1.6 Million**

Total donations



**1,900+**

Nonprofits and charities supported



**81%**

Employee participation

## Voya Cares® resources, thought leadership and advocacy for disability inclusion

Voya Cares is committed to making a positive difference in the lives of people with disabilities and their caregivers from birth through aging. The program provides advocacy, educational resources and workplace solutions to help employers meet the complex needs of the special needs community in their workforce. The newest Voya Cares content focuses on Employment Extenders and Sandwich Caregivers. Learn more by visiting [VoyaCares.com](https://VoyaCares.com).

Voya also received a score of 100% on the 2022 Disability Equality Index®, designating the company as one of 240 companies named as a "Best Place to Work for Disability Inclusion" for the fifth consecutive year.



Products and services offered through the Voya® family of companies.  
CN2886301\_0524





## Client Health Review

---

Capture the pulse of your plan with the Client Health Review. This section provides an overview of plan performance through an intuitive analysis of key elements, including participation, deferrals, participant engagement, and more.

## PLAN PULSE

Gauge the direction and health of your plan by reviewing how key plan statistics have increased, decreased or stayed the same over time.

04/01/2022 - 06/30/2022 vs. 04/01/2023 - 06/30/2023

	Change since prior period	Impact of change
	 Increase  Decrease  No Change	 Positive impact  Negative impact  No impact
Plan assets		
Participant accounts		
Employee contributions*		
Employer contributions*		
Overall distributions		
Loan requests*		

\* If applicable to your plan.

**For sponsor use only. Not for distribution to plan participants.**

Plan statistics for: Washoe County-OBRA Plan - Fixed account only

## PLAN STATEMENT

Here's a summary of your plan's current and prior period assets. In addition, total assets are graphed in the chart below for the 5 most recent periods. Please note, in some cases there may be differences between amounts noted here and in other reports or statements you receive. Differences may be due to timing and reporting methods. For this reason, we suggest you do not rely solely on the Plan Review for audit purposes.

### Plan summary

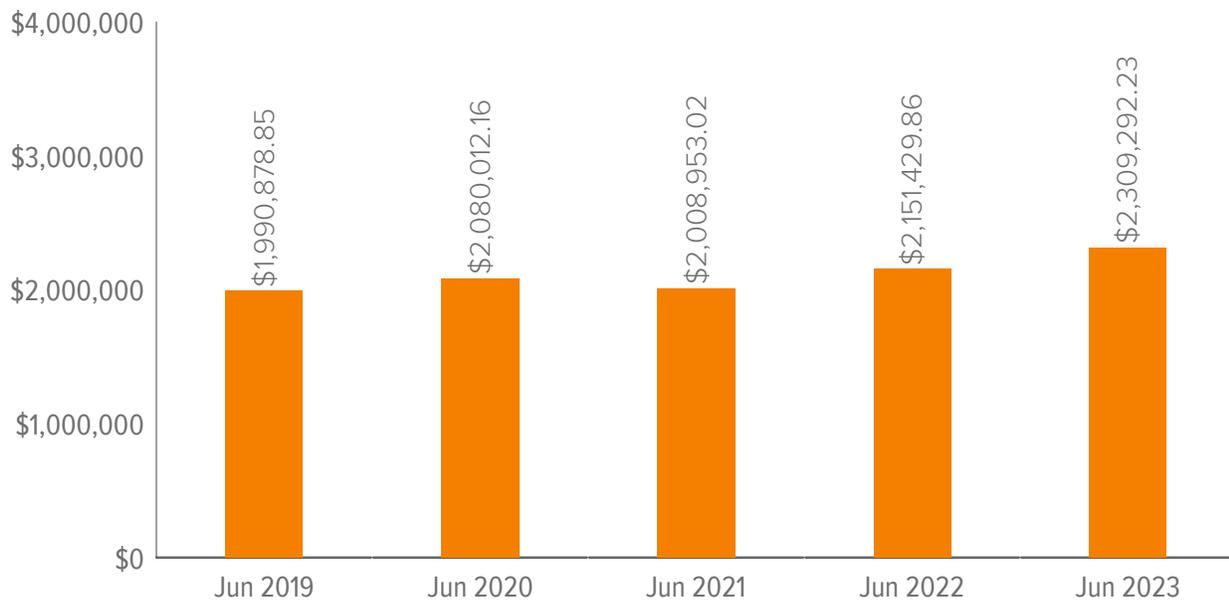
Compare by period

	(04/01/2022 - 06/30/2022)	(04/01/2023 - 06/30/2023)
Beginning of Period Plan Assets	\$2,159,039.50	\$2,256,104.26
Contributions	\$59,412.92	\$50,479.81
Distributions	-\$66,367.18	-\$17,456.33
Other Activity	-\$6,533.62	\$7,714.63
Dividends	\$0.00	\$914.17
Appreciation/Depreciation	\$5,878.24	\$11,535.69
End of Period Plan Assets	\$2,151,429.86	\$2,309,292.23

Appreciation/Depreciation reflects the investment gains/losses during the period reported excluding assets held outside Voya. If applicable, Dividends may represent dividends earned on assets held in NAV Funds or Self Directed Brokerage Option accounts.

### Total plan assets

Compare by period end



**For sponsor use only. Not for distribution to plan participants.**

Plan statistics for: Washoe County-OBRA Plan - Fixed account only

## PARTICIPATION

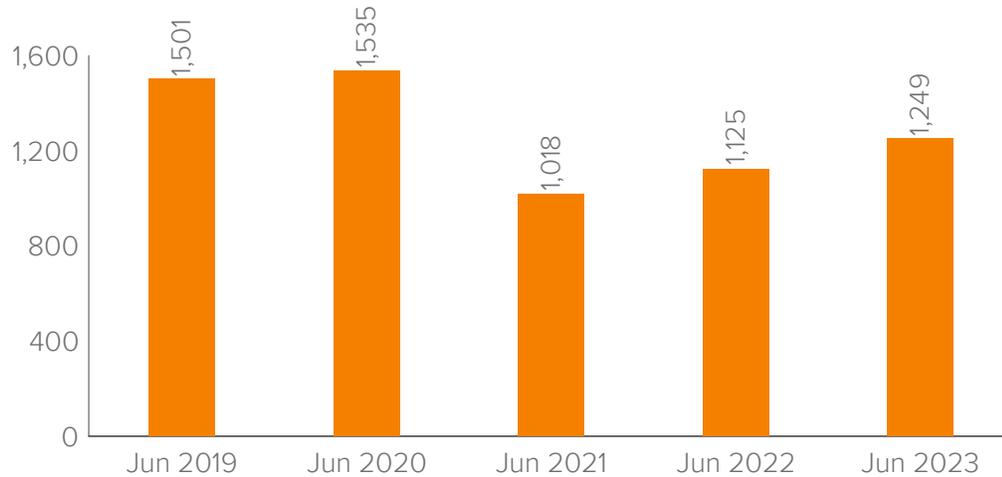
Participation is a key indicator of the success of your plan. Check out your progress. We can help you devise a plan to boost participation among employees as well as increase the deferral rates of existing participants.

### Participant account reconciliation

04/01/2023 - 06/30/2023

Beginning of Period	1,204
New Accounts	58
Closed Accounts	-13
End of Period	1,249
Terminated Employees with an account balance	350
Terminated Employees with an account balance < \$5,000	309

### Participant accounts by year



### Participant accounts by age group

	Jun 2019		Jun 2020		Jun 2021		Jun 2022		Jun 2023	
<30	468	31.18%	455	29.64%	316	31.04%	375	33.33%	437	34.99%
30 - 39	449	29.91%	473	30.81%	296	29.08%	314	27.91%	327	26.18%
40 - 49	201	13.39%	222	14.46%	143	14.05%	154	13.69%	158	12.65%
50 - 59	177	11.79%	181	11.79%	134	13.16%	135	12.00%	145	11.61%
60+	205	13.66%	203	13.22%	127	12.48%	144	12.80%	179	14.33%
Unknown	1	0.07%	1	0.07%	2	0.20%	3	0.27%	3	0.24%

**For sponsor use only. Not for distribution to plan participants.**

Plan statistics for: Washoe County-OBRA Plan - Fixed account only

## PLAN HEALTH INSIGHTS

As of 06/30/2023

 **148**  
**Participants**  
included in analysis

  
**9%**  
are on track  
to exceed 70% of their  
income in retirement.  
Benchmark: 17%

The average  
deferral  
rate

Benchmark: 7%

**3%**

Income replacement %

200%

150%

100%

50%

0%



1

148

Participants Included in Analysis

Average plan  
income replacement

Benchmark: 42%

**40%**

32%

Social  
Security

2%

DC

2%

Other

4%

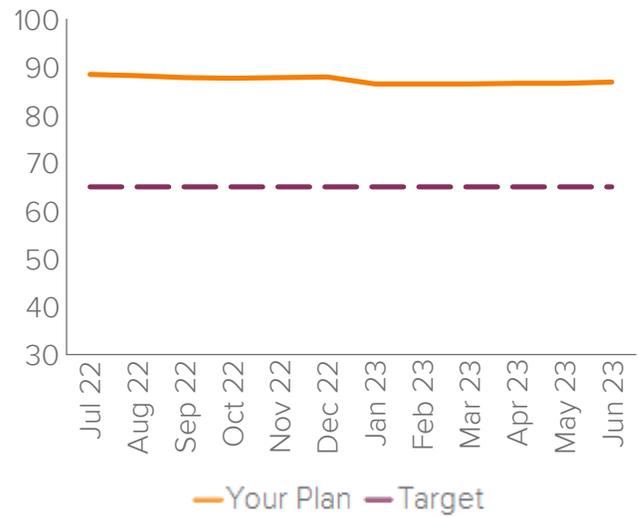
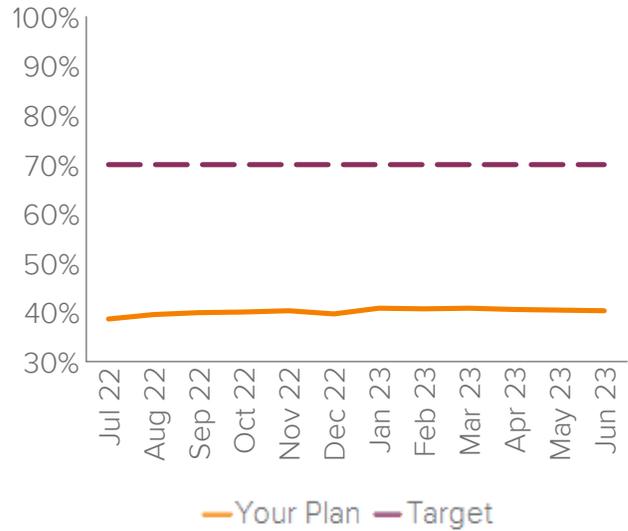
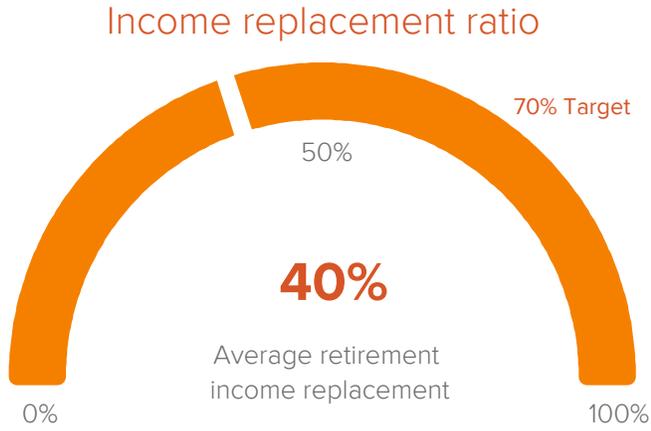
Pension

Benchmark data derived from Voya book of business statistics  
Source of Data: Voya Retirement Readiness Data Mart

For sponsor use only. Not for distribution to plan participants.  
Plan statistics for: WASHOE COUNTY OBRA DEFERRED COMP

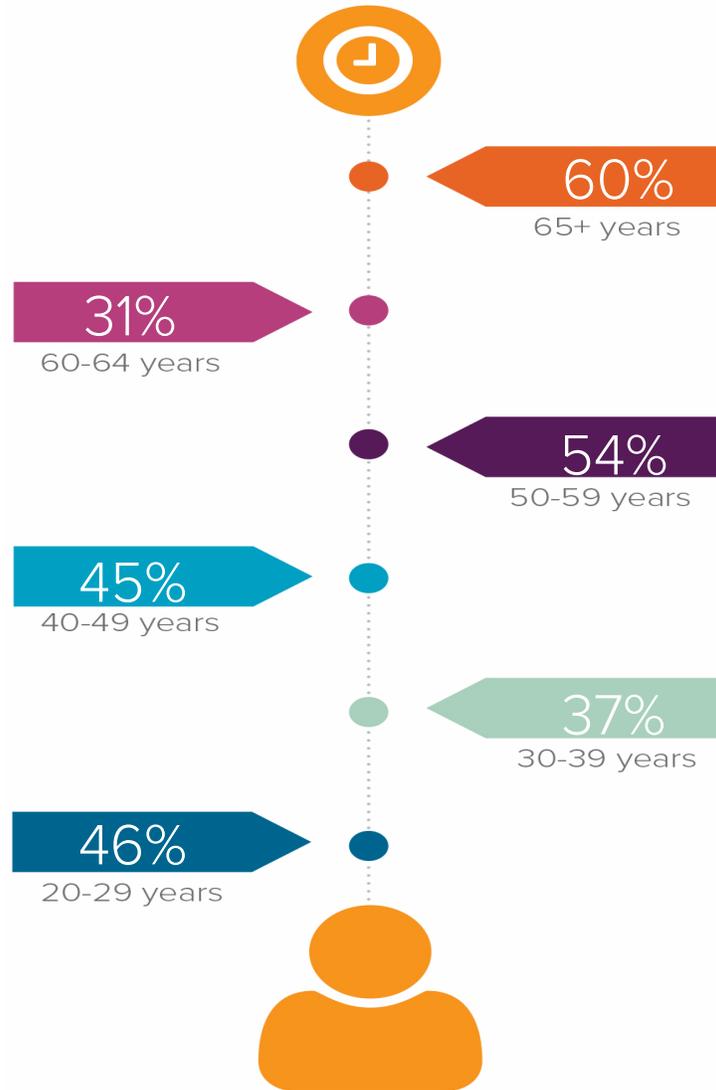
## PLAN HEALTH TRENDING

As of 06/30/2023



Source of Data: Voya Retirement Readiness Data Mart

# Income replacement ratio by age



Source of Data: Voya Retirement Readiness Data Mart  
CN0428-33960-0519D

For sponsor use only. Not for distribution to plan participants.  
Plan statistics for: WASHOE COUNTY OBRA DEFERRED COMP

## PARTICIPANT ENGAGEMENT

Offering a variety of services helps create a more engaging experience for participants, which encourages action and drives results. The Participant Engagement report provides an overview of participant activity with central services, such as the toll-free Customer Service Center, Internet, Mobile, and the Voice Response line. Use this report to gain key insight into the actions and engagement levels of plan participants.

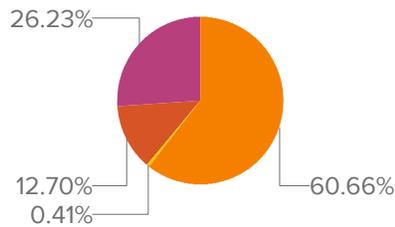
### Participant access statistics

04/01/2023 - 06/30/2023

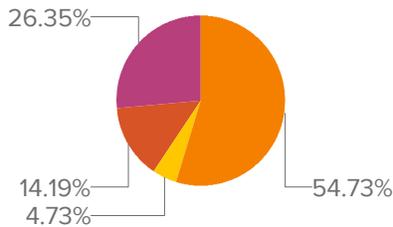
	Internet	Mobile	VRU	CSA*
<b>Inquiries by type</b>				
Total participants (unique)	65	16	0	0
Total inquiries	572	51	0	0

#### Unique participant inquiries by type

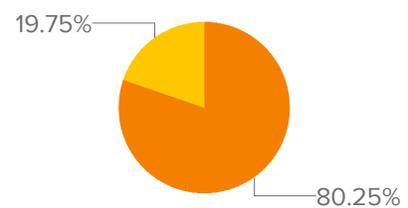
■ Internet 
 ■ Mobile 
 ■ VRU 
 ■ CSA\*



04/01/2021 - 06/30/2021



04/01/2022 - 06/30/2022



04/01/2023 - 06/30/2023

	Internet	Mobile	VRU	CSA*
<b>Actions by type</b>				
Catch up contribution elections	0	0	0	0
Contribution rate escalations	0	0	0	0
Deferral updates	0	0	0	0
Fund transfers	0	0	0	0
In-service/partial withdrawals	1	N/A	N/A	2
Investment election changes	0	0	0	0
Investment reallocations	0	0	0	0
Loan requests	0	N/A	N/A	0
Lump sum withdrawals	2	N/A	N/A	9
Rebalance elections	0	0	0	0
<b>Total</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>11</b>

\* CSA - Customer Service Associate

**For sponsor use only. Not for distribution to plan participants.**

Plan statistics for: Washoe County-OBRA Plan - Fixed account only

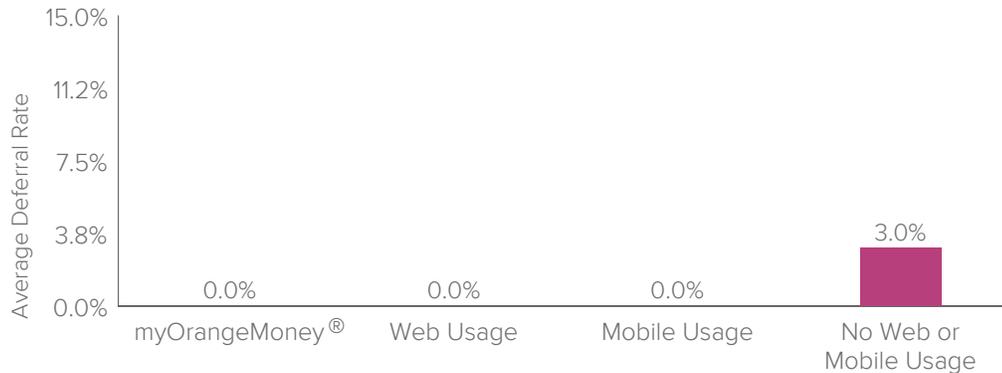
## Engagement

myOrangeMoney <sup>®</sup>	2
Retirement Readiness Service Center & agreed to take action	1
Total participants (unique)	3

## Web engagement impact on deferral rates

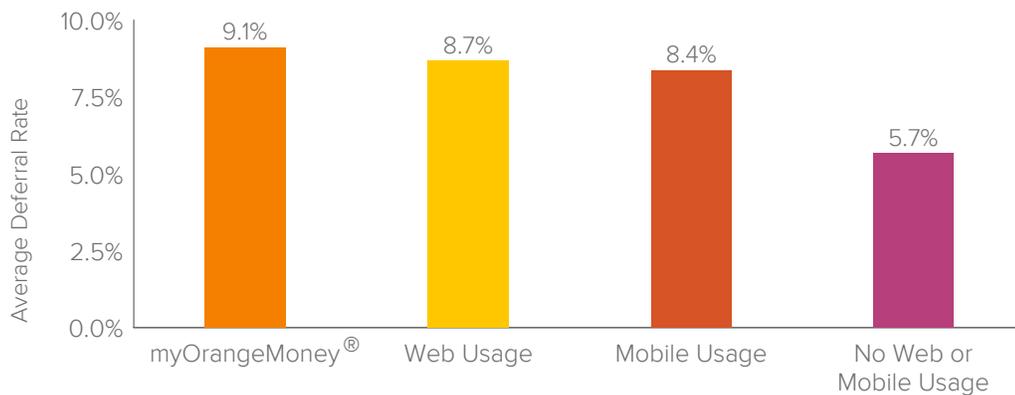
04/01/2023 - 06/30/2023

### Your plan



Important Note - Your plan's rates are calculated based on the information provided to Voya.

### All Voya plans



Rates derived from Voya Retirement Readiness Data Mart as of May 2023

**For sponsor use only. Not for distribution to plan participants.**

Plan statistics for: Washoe County-OBRA Plan - Fixed account only



## Plan Activity

---

The Plan Activity is designed to lighten your burden and provide you with several easy-to-read analysis tools. These tools will empower you to actively analyze plan performance and objectively make recommendations for optimizations.

## TRANSACTION ACTIVITY DETAIL

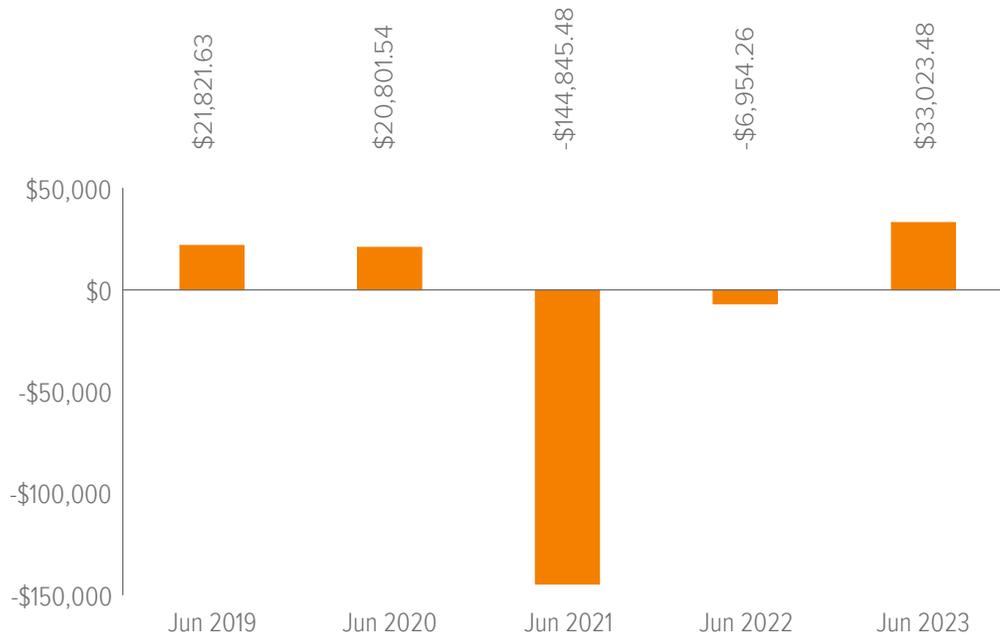
Below is a summary of your plan's transaction activity and net cash flow, along with highlights of the more notable transactions for the current period and prior periods. Monitor this data over time to ensure contribution levels are satisfactory and that distributions haven't risen unexpectedly, possibly indicating a need for further employee education.

### Summary activity

	Prior Period 04/01/2022 - 06/30/2022		Current Period 04/01/2023 - 06/30/2023	
	Amount	Participants	Amount	Participants
Contributions	\$59,412.92	243	\$50,479.81	248
Distributions	-\$66,367.18	14	-\$17,456.33	12
Other Activity	-\$6,533.62	1,010	\$8,628.80	1,226

The Summary Activity section does not include daily valuations of investment options; thus it does not reflect market appreciation or depreciation. Net Cash Flow below is determined by subtracting the total Distributions from the total Contributions for the period.

### Net cash flow by period end (contributions vs. distributions)



**For sponsor use only. Not for distribution to plan participants.**

Plan statistics for: Washoe County-OBRA Plan - Fixed account only

## Activity Highlights

	Prior Period 04/01/2022 - 06/30/2022		Current Period 04/01/2023 - 06/30/2023		Change Over Prior Period	
	Amount	Participants	Amount	Participants	Amount	Participants
<b>Contributions</b>						
414H Pickup	\$59,412.92	243	\$50,479.81	248	-15.04%	5
<b>Total</b>	<b>\$59,412.92</b>		<b>\$50,479.81</b>		<b>-15.04%</b>	
<b>Distributions</b>						
Minimum Distribution	\$0.00	0	-\$1,613.89	1	0.00%	1
Withdrawal	-\$66,367.18	14	-\$15,842.44	11	-76.13%	-3
<b>Total</b>	<b>-\$66,367.18</b>		<b>-\$17,456.33</b>		<b>-73.70%</b>	
<b>Other Activity</b>						
Asset Transfer	-\$6,323.16	2	\$8,800.11	3		
Dividends	\$0.00	0	\$914.17	1,169		
Fee	-\$210.46	1,008	-\$171.31	1,118		
Margin Change	\$0.00	0	\$0.00	1,203		
Miscellaneous	\$0.00	0	-\$914.17	0		
<b>Total</b>	<b>-\$6,533.62</b>		<b>\$8,628.80</b>			

If applicable, "Asset Transfer" may refer to internal or external transfers of assets as a result of various transactions including, but not limited to, 90-24 transfers, 1035 exchanges, rollover contributions, mergers or product conversions. If applicable, "Fee," aside from "TPA Fee Deduction" and "Maintenance Fee," may refer to asset based administration, service or loan fees. If applicable, "Dividends" may represent dividends earned on assets held in NAV Funds or Self Directed Brokerage Option accounts.

**For sponsor use only. Not for distribution to plan participants.**

Plan statistics for: Washoe County-OBRA Plan - Fixed account only

---

## CONTRIBUTION SUMMARY

---

Examine contribution levels in a simple year-over-year format. Find out if your employees' contribution levels increased or decreased over the last five years.

### Contributions by source and participants

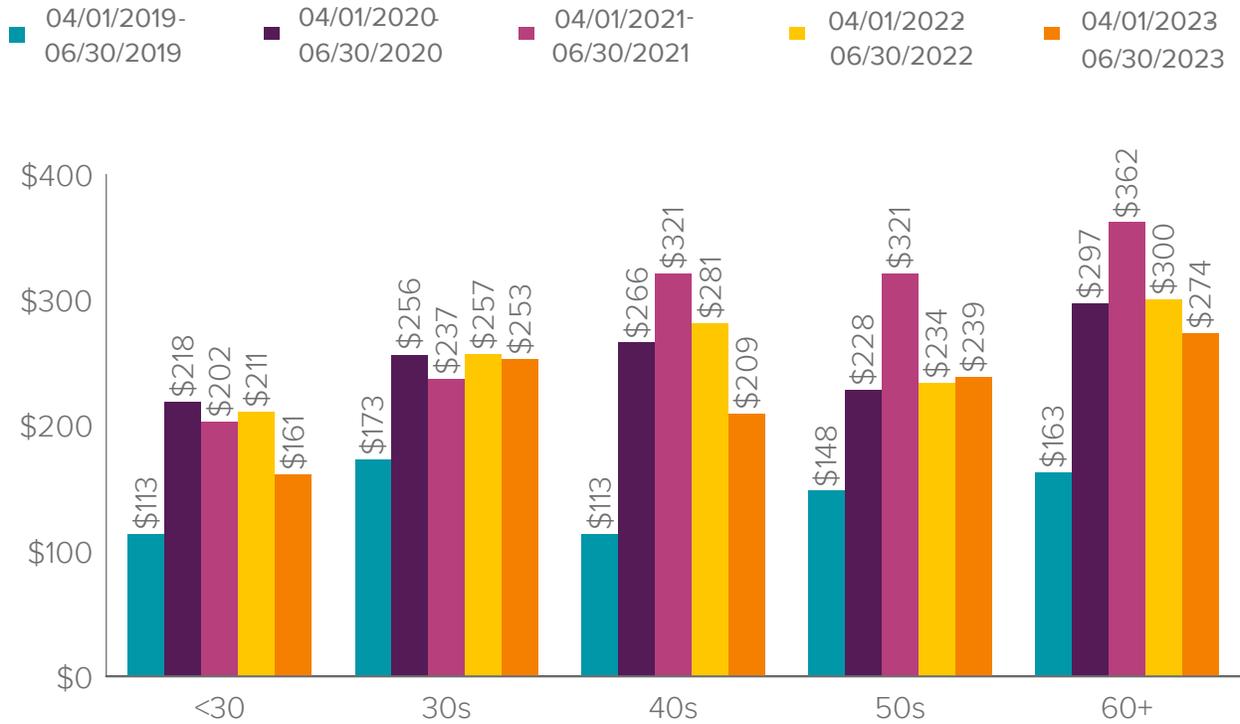
	04/01/2019 - 06/30/2019	04/01/2020 - 06/30/2020	04/01/2021 - 06/30/2021	04/01/2022 - 06/30/2022	04/01/2023 - 06/30/2023
<b>Employee</b>					
414H Pickup	\$32,173.76 (244)	\$49,772.55 (203)	\$69,960.88 (268)	\$59,412.92 (243)	\$50,479.81 (248)
<b>Total</b>	<b>\$32,173.76</b>	<b>\$49,772.55</b>	<b>\$69,960.88</b>	<b>\$59,412.92</b>	<b>\$50,479.81</b>
<b>Grand Total</b>	<b>\$32,173.76</b>	<b>\$49,772.55</b>	<b>\$69,960.88</b>	<b>\$59,412.92</b>	<b>\$50,479.81</b>

(Numbers) represent number of participants

**For sponsor use only. Not for distribution to plan participants.**

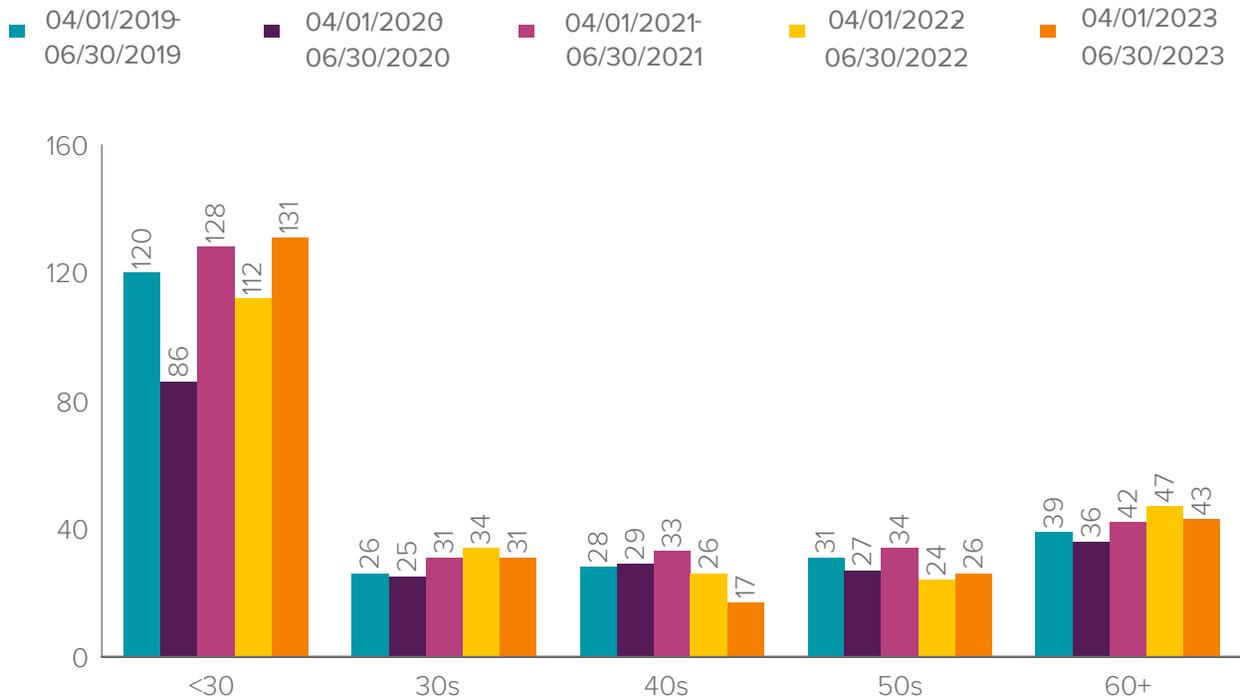
Plan statistics for: Washoe County-OBRA Plan - Fixed account only

## Average participant contributions by age group



Average participant contributions include employee sources only

## Contributing participant counts by age group



Contributing participant counts include employee sources only

**For sponsor use only. Not for distribution to plan participants.**

Plan statistics for: Washoe County-OBRA Plan - Fixed account only

## CURRENT PARTICIPATION AND ENROLLMENT STATISTICS

Review key plan enrollment statistics at a glance including participation, deferrals, auto enrollment, and more. Use this report to spot trends and understand the overall activity and enrollment health of the plan.

### Current participation

	Year End 2019	Year End 2020	Year End 2021	Year End 2022	Q1 2023	Q2 2023
Participant accounts	1,529	1,610	1,065	1,217	1,204	1,249
Deferral summary				Eligibility tracking		
<b>As of</b>				<b>As of 06/30/2023</b>		
Average deferral rate for all participants			%	Total eligible employees	1,499	
Average deferral rate for HCE participants			%	Eligible employees not enrolled	1	
Average deferral rate for NHCE participants			%	Plan participation		
Participants included in deferral rate calculation				<b>As of</b>		
Participants who changed deferral rate to 0 in the last 3 months			N/A	Participation rate	%	
Contribution summary				Terminated employees		
<b>As of 06/30/2023</b>				<b>As of 07/19/2023</b>		
Total participants actively deferring in last 4 months			212	With an account balance	350	
				With an account balance < \$5,000	309	

### Enrollment summary

04/01/2023 - 06/30/2023

New enrollments	69
Participants who opted for auto-escalation	0

### Auto enrollment

04/01/2023 - 06/30/2023

Average deferral rate of auto-enrollers (0)	0.0%
Average deferral rate of self-enrollers (0)	0.0%
Average deferral amount of self-enrollers (0)	\$0
Opted out	0

Your plan's data is calculated based on information provided to Voya. Participants actively deferring in last 4 months excludes those who've been suspended or currently have an inactive account status.

**For sponsor use only. Not for distribution to plan participants.**

Plan statistics for: Washoe County-OBRA Plan - Fixed account only

## PARTICIPANT BALANCE

Monitoring your participants' account balances and comparing them to benchmark data helps you encourage employees to remain on track with their retirement.

### Your average participant account balance compared to benchmark data

↑ Your balance is above the benchmark 
 ↓ Your balance is below the benchmark 
 × No change

	Jun 2019	Jun 2020	Jun 2021	Jun 2022	Jun 2023
Your Plan	\$1,326	\$1,355	\$1,973	\$1,912	\$1,848
Benchmark	\$40,381 <sup>1</sup>	\$46,823 <sup>2</sup>	\$52,286 <sup>3</sup>	\$43,405 <sup>4</sup>	\$46,040 <sup>5</sup>
	<span style="color: #0070C0;">↓</span>				

<sup>1</sup> Voya Universe of Government Plans as of December 2019

<sup>2</sup> Voya Universe of Government Plans as of December 2020

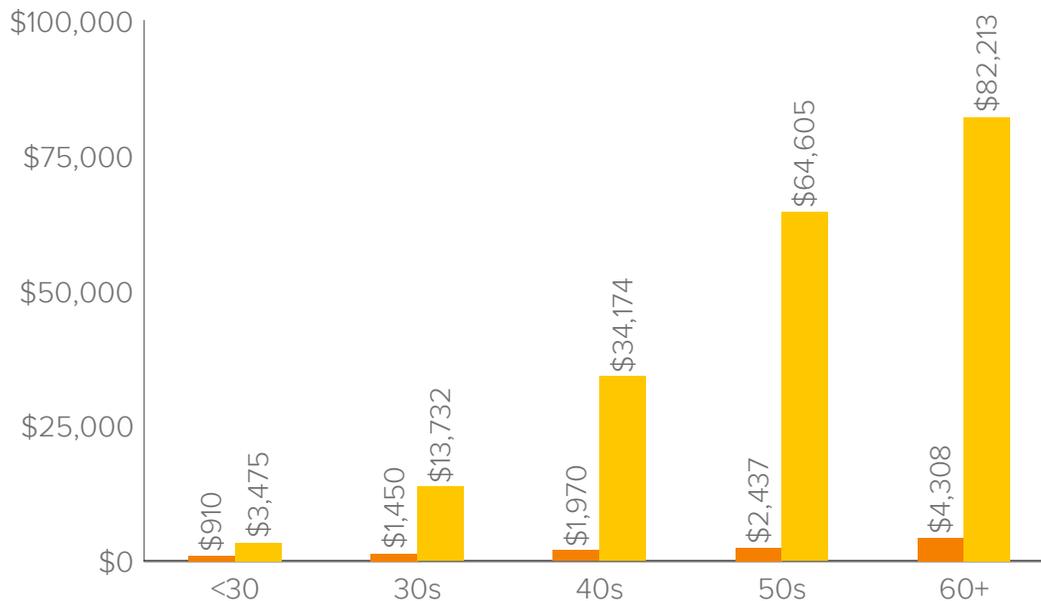
<sup>3</sup> Voya Universe of Government Plans as of December 2021

<sup>4</sup> Voya Universe of Government Plans as of December 2022

<sup>5</sup> Voya Universe of Government Plans as of March 2023

### Your average participant account balance by age group

👤 Your Plan 
 👤 Benchmark



Voya Universe of Government Plans as of March 2023

**For sponsor use only. Not for distribution to plan participants.**

Plan statistics for: Washoe County-OBRA Plan - Fixed account only

## DISTRIBUTION SUMMARY

Compare your plan's total distribution dollars over a five year span. See how these dollars change according to type of distribution, in addition to your number of transactions.

### Distributions by type and participants

	04/01/2019 - 06/30/2019	04/01/2020 - 06/30/2020	04/01/2021 - 06/30/2021	04/01/2022 - 06/30/2022	04/01/2023 - 06/30/2023
Death Claim	\$0.00 (0)	-\$175.10 (1)	-\$1,467.38 (1)	\$0.00 (0)	\$0.00 (0)
Minimum Distribution	\$0.00 (0)	\$0.00 (0)	\$0.00 (0)	\$0.00 (0)	-\$1,613.89 (1)
Withdrawal	-\$10,352.13 (7)	-\$28,795.91 (14)	-\$213,338.98 (660)	-\$66,367.18 (14)	-\$15,842.44 (11)
<b>Total</b>	<b>-\$10,352.13</b>	<b>-\$28,971.01</b>	<b>-\$214,806.36</b>	<b>-\$66,367.18</b>	<b>-\$17,456.33</b>

(Numbers) represent number of participants

**For sponsor use only. Not for distribution to plan participants.**

Plan statistics for: Washoe County-OBRA Plan - Fixed account only

## DIVERSIFICATION

It's sensible for each participant to hold a well-diversified retirement portfolio. Doing so reduces each investor's exposure to risk while optimizing his/her potential for return. The information that follows provides some insight as to how your participants are diversifying their investments.

### Investment diversification

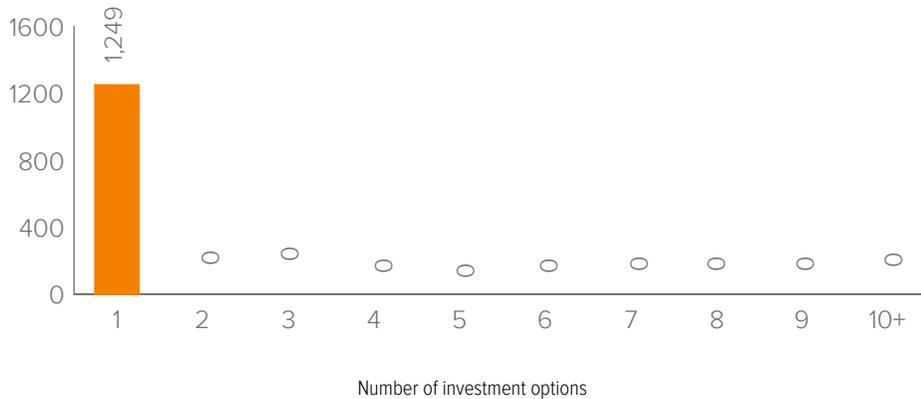
As of 07/19/2023



Voya views a person as diversified if their investment mix is made up of at least one fixed fund, one U.S. fund, and one Non U.S. fund and less than 20% in company stock, as applicable. Alternately they are considered diversified if they are invested in an asset allocation fund.

### Diversification of participant assets by number of participants

As of 06/30/2023



### Average number of investment options utilized per participant

	Jun 2020	Jun 2021	Jun 2022	Jun 2023
With Asset Allocation Funds	1.0	1.0	1.0	1.0
Without Asset Allocation Funds	1.0	1.0	1.0	1.0



Benchmark\*

The average number of investment options utilized per participant without asset allocation funds excludes those participants who are invested solely in an asset allocation fund.

Please remember, using diversification as part of an investment strategy neither assures nor guarantees better performance and cannot protect against loss in declining markets.

\* Voya Universe of Government Plans as of Mar. 2023; includes ppts invested solely in an asset allocation fund

**For sponsor use only. Not for distribution to plan participants.**

Plan statistics for: Washoe County-OBRA Plan - Fixed account only

## Diversification detail of participants utilizing one investment option

Investment Option/Fund Name (by Asset Class)	Participants Invested	
Asset Allocation	Total:	0
		0
Stability of Principal	Total:	1,249
Voya Fixed Account - 457/401 II		1,249
Bonds	Total:	0
Balanced	Total:	0
Large Cap Value/Blend	Total:	0
Large Cap Growth	Total:	0
Small/Mid/Specialty	Total:	0
Global / International	Total:	0
<b>Grand total of participants utilizing one investment option</b>		<b>1,249</b>

**For sponsor use only. Not for distribution to plan participants.**

Plan statistics for: Washoe County-OBRA Plan - Fixed account only



## Plan Investment Review

---

The Plan Investment Review provides a comprehensive overview of all of the investment options under your plan. It highlights multiple investment analysis tools, employee diversification, and several key facets to help you determine if the plan is on track to achieve the desired performance goals.

## TOTAL PLAN ASSETS AND CONTRIBUTIONS BY INVESTMENT OPTION

Compare the allocation of existing assets with that of the current period. Do you see a dramatic change where assets are currently being allocated? Does that shift make sense given current market conditions...or your employees? Are the participants well diversified across the asset classes?

### Diversification of Participant Assets and Contributions

Investment Option/Fund Name (by Asset Class)	Assets as of 06/30/2023	% of Total Assets	Participants Invested	Contributions 04/01/2023 - 06/30/2023	% of Total Contributions	Participants Contributing
<b>Asset Allocation</b>						
<b>Total</b>	<b>\$0.00</b>	<b>0.00%</b>		<b>\$0.00</b>	<b>0.00%</b>	
<b>Stability of Principal</b>						
Voya Fixed Account - 457/401 II	\$2,309,292.23	100.00%	1,250	\$50,479.81	100.00%	248
<b>Total</b>	<b>\$2,309,292.23</b>	<b>100.00%</b>		<b>\$50,479.81</b>	<b>100.00%</b>	
<b>Bonds</b>						
<b>Total</b>	<b>\$0.00</b>	<b>0.00%</b>		<b>\$0.00</b>	<b>0.00%</b>	
<b>Balanced</b>						
<b>Total</b>	<b>\$0.00</b>	<b>0.00%</b>		<b>\$0.00</b>	<b>0.00%</b>	
<b>Large Cap Value/Blend</b>						
<b>Total</b>	<b>\$0.00</b>	<b>0.00%</b>		<b>\$0.00</b>	<b>0.00%</b>	
<b>Large Cap Growth</b>						
<b>Total</b>	<b>\$0.00</b>	<b>0.00%</b>		<b>\$0.00</b>	<b>0.00%</b>	
<b>Small/Mid/Specialty</b>						
<b>Total</b>	<b>\$0.00</b>	<b>0.00%</b>		<b>\$0.00</b>	<b>0.00%</b>	
<b>Global / International</b>						
<b>Total</b>	<b>\$0.00</b>	<b>0.00%</b>		<b>\$0.00</b>	<b>0.00%</b>	
<b>Grand Total</b>	<b>\$2,309,292.23</b>			<b>\$50,479.81</b>		

For sponsor use only. Not for distribution to plan participants.

Plan statistics for: Washoe County-OBRA Plan - Fixed account only

# Voya Fixed Account – 457/401 II

The Voya Fixed Account – 457/401 II is available through a group annuity or other type of contract issued by Voya Retirement Insurance and Annuity Company (“VRIAC” or the “Company”). The Voya Fixed Account – 457/401 II is an obligation of VRIAC’s general account which supports all of the Company’s insurance and annuity commitments. All guarantees are based on the financial strength and claims-paying ability of VRIAC, which is solely responsible for all obligations under its contracts.

Asset Class: **Stability of Principal**

## Important Information

This information should be read in conjunction with your contract prospectus, contract prospectus summary or disclosure booklet, as applicable. Please read them carefully before investing.

## Voya Retirement Insurance and Annuity Company

One Orange Way  
Windsor, CT 06095-4774  
www.voyaretirementplans.com

## Objective

Stability of principal is the primary objective of this investment option. The Voya Fixed Account – 457/401 II guarantees minimum rates of interest and may credit interest that exceeds the guaranteed minimum rates. Daily credited interest becomes part of principal and the investment increases through compound interest. All amounts invested by your plan in the Voya Fixed Account – 457/401 II receive the same credited rate. This is known as a portfolio method of interest rate crediting.

## Key Features

The Voya Fixed Account – 457/401 II is intended to be a long-term investment for participants seeking stability of principal. The assets supporting it are invested by VRIAC with this goal in mind. Therefore, VRIAC may impose restrictions on transfers and withdrawals involving the Voya Fixed Account – 457/401 II if Competing Investment Options (as defined below) are offered, or if you have a choice between multiple service providers. These restrictions help VRIAC to provide stable credited interest rates which historically have not varied significantly from month to month despite the general market’s volatility in new money interest rates.

## Restrictions on Transfers from the Voya Fixed Account – 457/401 II

Transfers from the Voya Fixed Account – 457/401 II will be subject to the equity wash restrictions shown below.

## Equity Wash Restrictions on Transfers

Transfers between investment options are allowed at any time, subject to the following provisions:

- (a) Direct transfers from the Voya Fixed Account – 457/401 II cannot be made to a Competing Investment Option;
- (b) A transfer from the Voya Fixed Account – 457/401 II to other investment options under the contract cannot be made if a transfer to a Competing Investment Option has taken place within 90 days;
- (c) A transfer from the Voya Fixed Account – 457/401 II to other investment options under the contract cannot be made if a non-benefit withdrawal from a non-Competing Investment Option has taken place within 90 days; and
- (d) A transfer from a non-Competing Investment Option to a Competing Investment Option cannot be made if a transfer from the Voya Fixed Account – 457/401 II has taken place within 90 days.

## Competing Investment Option

As used throughout this document, a Competing Investment Option is defined as any investment option that:

- (a) Provides a direct or indirect investment performance guarantee;
- (b) Is, or may be, invested primarily in assets other than common or preferred stock;
- (c) Is, or may be, invested primarily in financial vehicles (such as mutual funds, trusts or insurance company contracts) which are invested in assets other than common or preferred stock;
- (d) Is available through an account with a brokerage firm designated by the Company and made available by the Contract Holder (as defined in the contract) as an additional investment under the plan;
- (e) Is a self-directed brokerage arrangement;
- (f) Is any fund with similar characteristics to the above as reasonably determined by the Company; or
- (g) Is any fund with a targeted duration of less than three years (e.g. money market funds).

For more information regarding Competing Investment Options in your plan, please contact the Customer Contact Center at (800) 584-6001.

## Requests for Full Withdrawals

If the contract is surrendered completely, or if you surrender your account to transfer to another carrier within the plan, a Market Value Adjustment (“MVA”) may be applied to the Voya Fixed Account – 457/401 II portion of your account (or the Contract Holder may elect to have the surrendered amount paid out over a period of 60 months, with interest paid). This MVA would not apply to any distribution made to you as a benefit payment. Please refer to your contract prospectus, contract prospectus summary or disclosure booklet, as applicable, for more information.

## Interest Rate Structure

The Voya Fixed Account – 457/401 II guarantees principal and a guaranteed minimum interest rate (“GMIR”) for the life of the contract, as well as featuring two declared interest rates: a current rate, determined at least monthly, and a guaranteed minimum floor rate declared for a defined period – currently one calendar year. The guaranteed minimum floor rate may change after a defined period, but it will never be lower than the GMIR that applies for the life of the contract. The current rate, the guaranteed minimum floor rate and the GMIR are expressed as annual effective yields. Taking the effect of compounding into account, the interest credited to your account daily yields the then current credited rate.

VRIAC’s determination of credited interest rates reflects a number of factors, which may include mortality and expense risks, interest rate guarantees, the investment income earned on invested assets and the amortization of any capital gains and/or losses realized on the sale of invested assets. Under this option, VRIAC assumes the risk of investment gain or loss by guaranteeing the principal amount you allocate to this option and promising a minimum interest rate during the accumulation period and also throughout the annuity payout period, if applicable.

Currently, the guaranteed minimum floor rate equals the GMIR. The current rate to be credited under a contract may be higher than the GMIR/guaranteed minimum floor rate and may be changed at any time, except that VRIAC will not apply a decrease to the current rate following a rate change initiated solely by us prior to the last day of the three-month period measured from the first day of the month in which such change was effective. The current rate for a plan’s initial investment in the Voya Fixed Account – 457/401 II may be in effect for less than a full three-month period.

Any insurance products, annuities and funding agreements that you may have purchased are issued by Voya Retirement Insurance and Annuity Company ("VRIAC"). VRIAC is solely responsible for meeting its obligations. Plan administrative services provided by VRIAC or Voya Institutional Plan Services, LLC ("VIPS"). Neither VRIAC nor VIPS engage in the sale or solicitation of securities. If custodial or trust agreements are part of this arrangement, they may be provided by Voya Institutional Trust Company. All companies are members of the Voya® family of companies. Securities distributed by Voya Financial Partners, LLC (member SIPC) or other broker-dealers with which it has a selling agreement. All products or services may not be available in all states.

# Multi-Asset Perspectives: Bond Market Boxes Out the Fed After Errant Bank Shot



**Paul Zemsky, CFA**  
Chief Investment Officer,  
Multi-Asset Strategies



**Barbara Reinhard, CFA**  
Head of Asset Allocation,  
Multi-Asset Strategies

An unexpected shock in the banking sector has stress-tested the economy and policymakers. Both initially passed. But the impact on lending and credit conditions remains unclear and increases the likelihood of a mistake by the Fed going forward.

## Tactical indicators



### Economic growth (mixed)

Housing and manufacturing are struggling, with U.S. PMIs moving deeply into contraction (46.3 in March), but the service sector continues to expand. We see early signs of weakness in the labor market, which is the last factor prolonging inflation and averting recession.



### Fundamentals (neutral)

Consensus earnings expectations for 2023 and 2024 seem optimistic but well understood by market participants. We forecast S&P 500 Index earnings will be ~\$200 per share for full-year 2023.



### Valuations (negative)

Falling bond yields make equities relatively attractive, but U.S. valuations are not cheap. The equity risk premium is still above its long-run average.



### Sentiment (positive)

Market based sentiment indicators are generally bearish, a contrarian “buy” indicator.

## Quick take

- After the banking sector shock in March, **FOMC projections and the fed funds futures markets imply starkly different interest rate paths for 2023**. The former suggest further hikes are on the horizon, whereas the latter suggest multiple rate cuts.
- Service sector inflation persists. Sticky prices tied to tight labor markets and strong wages have supported consumer spending and propped up GDP. There are signs service inflation is starting to decelerate. The question is: **Can inflation fall faster than nominal GDP?** If it can, we might be able to avoid a recession this year.
- **U.S. equity market fundamentals are neutral**. Revenues and margins are under pressure for some sectors, but there has been a lot of right-sizing of resources in the technology sector, which has been a leader this year. Earnings will struggle to meet estimates but the trough will come sooner than the consensus expects.
- Concerns are brewing that **sticky inflation and declining money growth could stifle recent European equity outperformance**. European stocks have caught some lucky breaks, e.g., a warm winter and subdued energy prices, but back-to-back quarters of negative GDP growth and lack of progress with structural challenges underscore risks.
- **Currency dynamics could diverge by country**, with emerging market currencies better positioned to strengthen, but the United States’ perceived “safe-haven” status still supports the U.S. dollar.
- **We continue to favor high quality fixed income** given high base rates, reasonable spreads and risks of impending recession.

## Portfolio positioning

Fundamentals appear mixed, but lower bond yields and the disinflationary impulse from 2022 monetary policy tightening should provide near-term support to risk assets. Voya recommends balancing risk-seeking positions with high quality tilts.

Equities		Overweight
U.S. large cap		Larger U.S. firms are better positioned to withstand prolonged inflationary pressures and have more durable earnings streams than companies of other sizes or regions.
U.S. small cap		Small caps continue to trade at a sizable discount to large caps but probably will lag in a risk-off period, given their exposure to regional banks, which are vulnerable to further weakness.
International		Europe's recent equity market performance has become detached from fundamentals and Japan faces a difficult monetary policy crossroads with uncertain, but probably unfavorable outcomes either way.
Emerging markets		China's reopening has jump started activity and recent regulatory developments could prove to be positive for investors, but geopolitical overhang keeps us neutral. The U.S. dollar could be a swing factor that shifts us long.
REITs		REITs are battered and beaten, but the near-term outlook for commercial real estate is still unfavorable.
Commodities		Precious metals may provide some diversification, but the basket approach should struggle in a global slowdown or recession.
Fixed income		Underweight
US core		Investment grade fixed income offers attractive carry with reasonable risk and provides a degree of protection against recession. Duration is less appealing after a big drop in yields.
Inflation (TIPS)		Disinflation is underway, but TIPS curve is too expensive, especially on the front end.
Non-investment grade		High yield spreads have widened and should provide cushion for patient investors. Any default cycle because of tightening lending standards should be mild.
International		Low relative yields and stiff inflation headwinds from Europe keep us favoring U.S. fixed income. Emerging market debt looks more interesting.

Underweight Neutral Overweight

## Investment outlook

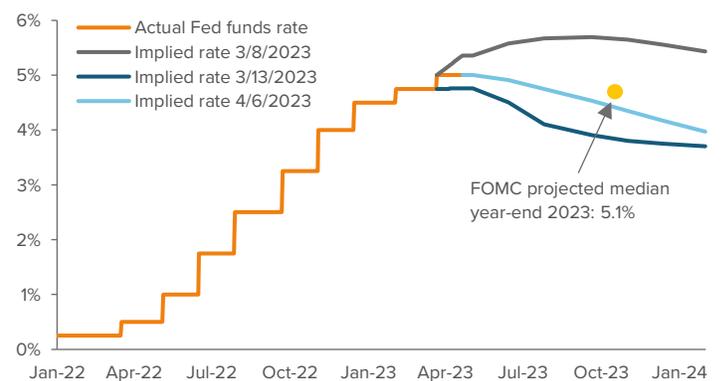
Just over a year into one of the most aggressive Fed tightening cycles ever, in which the target interest rate has been increased from near zero to approximately 5%, financial stability – or the perceived lack thereof – has come to the forefront of policymakers' and investors' dashboards. The Fed's theoretically simple but practically perplexing dual mandate of full employment and price stability has been made even more difficult by the sudden distress reverberating across certain segments the banking industry. While the Fed stepped in to provide banks with liquidity, further weakening in the financial system is plausible.

Given this risk and the expected tightening of lending standards – particularly by smaller banks that have seen deposits dwindle – **market participants now believe the hiking cycle is nearly over and cuts are coming in the back half of this year.** This marks an abrupt change from the beginning of March (Exhibit 1). Absent a collapse in commercial real estate or some other systemic shock, we think the Fed is unlikely to lower interest rates any time soon with inflation roughly three times its target. Instead, we expect the Fed to raise rates one or two more times and then enter a holding pattern around 5.5%, hoping that the relatively restrictive monetary conditions continue to gradually cool demand and ultimately prices, without spurring a financial meltdown.

**We believe the key to taming inflation lies in the service sector.** Prices here have been sticky because labor markets remain tight and wages strong, helping support consumer spending. We do, however, see softening in these related areas. U.S. job openings

**Exhibit 1. Market implied policy rates forecast cuts before year-end**

Fed funds rate curve, actual and implied future curves



As of 4/6/23. Source: Bloomberg, Federal Open Market Committee projections materials (<https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20230322.htm>).

have declined more than 10% since the start of the year and are fewer than 1.7 times the number of job seekers, which is down from more than two times late last year. Average hourly earnings growth are declining toward their long term average (Exhibit 2). Recent layoffs have been skewed towards white collar jobs, which tend to be higher paying. Combine that with lower net worth from falling financial asset prices and spending is likely to continue

declining. What's more, none of this recent data reflects the fallout from the banking industry issues. Together, these forces should weigh on services inflation. Whether inflation slows faster than the expected slowing in nominal GDP is unclear. If it does, we might be able to avoid an outright recession this year.

With the economy potentially headed for a contraction, it will be difficult for companies to grow revenue. Profit margins are also under attack from tighter financial conditions. Yet earnings estimates priced into stocks still forecast healthy growth for the full year (Exhibit 3). This appears overoptimistic given the current macro backdrop. However, there has been a lot of right-sizing of resources in the technology sector, which has been a leader this year. **Earnings are going to struggle to meet estimates, but we think the trough will be earlier than sell-side forecasts** and the market could look past the worst of it given that the earnings recession is already well understood on the buy side. Bond yields have declined significantly since the beginning of March, and we think inflation will fall below 4% faster than consensus estimates. As a result, equities could outperform in the near-term.

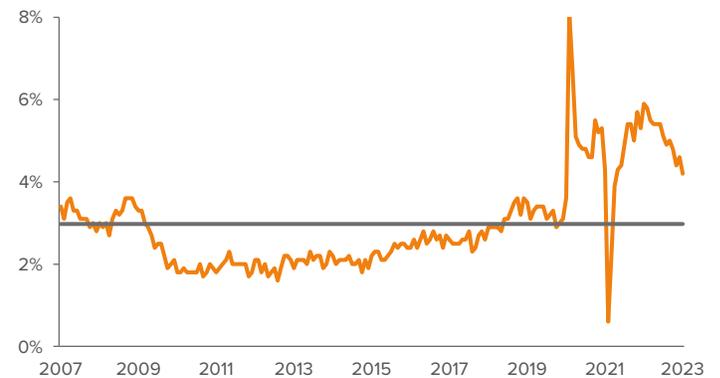
**Accordingly, we have been tactically long U.S. large cap stocks with a tilt toward growth**, which we think should receive a scarcity premium in this low growth world and could disproportionately benefit in the event of a reversal rally. Our medium-term view of U.S. stocks is less sanguine, so we are holding this position loosely. **Our portfolios retain home-country biases** with our largest underweight to international developed markets, primarily due to our unfavorable opinion of Europe. European stock markets dodged the winter weather bullet, but their unenviable situation appears little changed other than that they significantly outperformed over the last six months and the world seems to have gotten more comfortable with never-ending war in the eastern bloc, which makes us uncomfortable. Sticky inflation, declining money supply and back-to-back quarters of GDP contraction keep us from shifting our stances in the region. Japan looks better, but not great; after more than six years, it seems ready to abandon or significantly relax yield curve control. This would strengthen the yen but its impact on stocks is less obvious.

**We prefer international emerging market stocks over international developed markets.** Economic activity in China undoubtedly has picked up and may be one of the few global growth bright spots. Alibaba's recent breakup suggests that the

country's hulking regulatory apparatus has evolved to limit local big-tech firms' power while also preparing to release them back into growth mode. Nonetheless, we need more clarity around this and other simmering geopolitical matters to get confident with China. The other main driver of any broad emerging market investment is the direction of the U.S. dollar. The potential for an unwinding of recent U.S. dollar headwinds, including lower forward rate differentials (Exhibit 4) and negative relative economic momentum (Exhibit 5) could drive a reversal, but high starting valuations neutral positioning makes us believe the dollar will trade in a fairly tight range this year versus a trade-weighted basket. Nonetheless, positive growth differentials in developing countries, and fewer inflation problems, may help their currencies gain ground against it.

**Exhibit 2. Employee earnings estimates forecast healthy growth for 2023**

U.S. average hourly earnings for all employees, year over year change

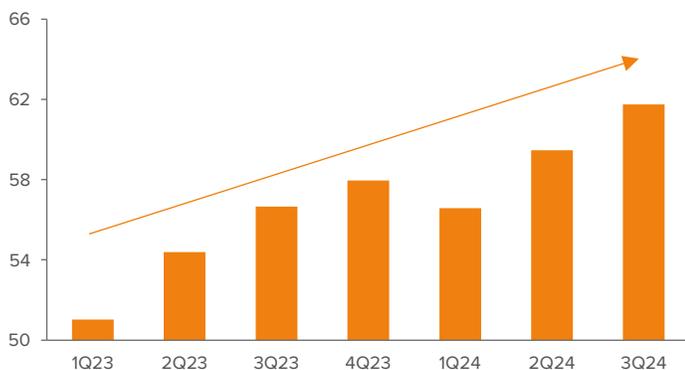


As of 3/31/23. Source: Bloomberg.

**Real bond yields remain positive and present a compelling alternative to stocks.** We are most drawn to corporate bonds and select investment-grade securitized issues, which offer considerable carry at reasonable risk and complement our long U.S. equity positioning. We have been reducing our duration tactically as yields have moved lower this year with signs of disinflation taking hold. There are juicy income plays among borderline distressed areas such as low quality commercial mortgage-backed securities, but we expect more defaults on the horizon. Overall yields appropriately compensate investors for the level of risk, but it's not a good time to get greedy.

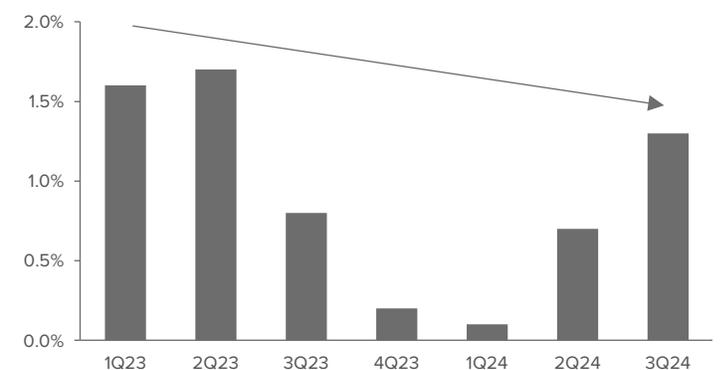
**Exhibit 3. Corporate earnings estimates forecast healthy 2023 growth despite economic headwinds**

S&P 500 quarterly EPS estimates, U.S. dollars



As of 4/18/23. Source: Bloomberg.

Real GDP year over year estimates



**Exhibit 4. Recent U.S. dollar headwinds could unwind**

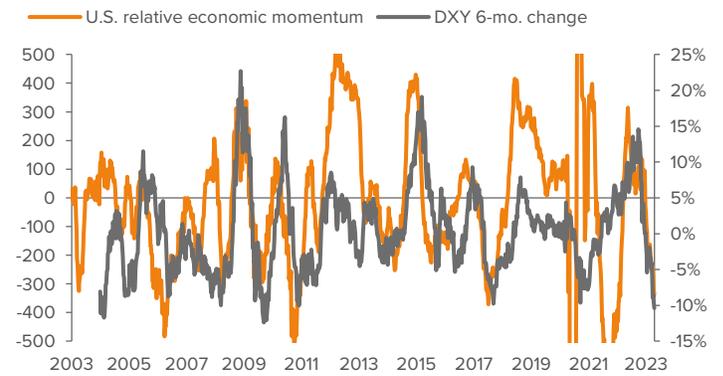
Implied change in G10 central bank interest rates, basis points

Currency	3 Mos	6 Mos	12 Mos	24 Mos
U.S. dollar	-2	-32	-134	-209
Euro	41	48	5	-49
Yen	3	7	12	30
British pound	32	37	-17	-71
Canadian dollar	3	-4	-97	-162
Australian dollar	10	2	-11	-50
New Zealand dollar	10	-6	-93	-168
Swiss franc	31	54	48	42
Norwegian krone	68	74	41	-22
Swedish krone	42	68	23	-50

As of 4/17/23. Source: Bloomberg. Table data represent three-month overnight index swap forward curves.

**Exhibit 5. Better than expected international growth differentials have moved against the U.S. dollar**

U.S. relative economic momentum versus U.S. dollar index (DXY) six-month change



As of 4/17/23. Source: Citigroup, Bloomberg, Voya Investment Management. Relative economic activity momentum is the differential between U.S. Citigroup economic momentum indexes and composite of Citigroup economic momentum indexes of the major components of the U.S. dollar index peer basket (euro, yen, British pound, Canadian dollar) countries/regions as a proxy for international growth momentum. Data covering 4/17/21 – 3/11/22 were impacted by the extreme outlier Covid period, the making indicator for this period less useful.

## Multi-Asset Strategies and Solutions team

Voya Investment Management's Multi-Asset Strategies and Solutions (MASS) team, led by Chief Investment Officer Paul Zemsky, manages the firm's suite of multi-asset solutions designed to help investors achieve their long-term objectives. The team consists of 25 investment professionals who have deep expertise in asset allocation, manager selection and research, quantitative research, portfolio implementation and actuarial sciences. Within MASS, the asset allocation team, led by Barbara Reinhard, is responsible for constructing strategic asset allocations based on its long-term views. The team also employs a tactical asset allocation approach, driven by market fundamentals, valuation and sentiment, which is designed to capture market anomalies and/or reduce portfolio risk.

### Past performance does not guarantee future results.

This market insight has been prepared by Voya Investment Management for informational purposes. Nothing contained herein should be construed as (i) an offer to sell or solicitation of an offer to buy any security or (ii) a recommendation as to the advisability of investing in, purchasing or selling any security. Any opinions expressed herein reflect our judgment and are subject to change. Certain of the statements contained herein are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (1) general economic conditions, (2) performance of financial markets, (3) interest rate levels, (4) increasing levels of loan defaults, (5) changes in laws and regulations and (6) changes in the policies of governments and/or regulatory authorities.

The opinions, views and information expressed in this commentary regarding holdings are subject to change without notice. The information provided regarding holdings is not a recommendation to buy or sell any security. Fund holdings are fluid and are subject to daily change based on market conditions and other factors.

The distribution in the United Kingdom of this Market Insight and any other marketing materials relating to portfolio management services of the investment vehicle is being addressed to, or directed at, only the following persons: (i) persons having professional experience in matters relating to investments, who are "Investment Professionals" as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order"); (ii) persons falling within any of the categories of persons described in Article 49 ("High net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be distributed in accordance with the Financial Promotion Order. The investment opportunities described in this Market Insight are available only to such persons; persons of any other description in the United Kingdom should not act or rely on the information in this Market Insight.

In addition, please be advised that Voya Investment Management is a non-Canadian company. We are not registered as a dealer or adviser under Canadian securities legislation. We operate in the Provinces of Nova Scotia, Ontario and Manitoba based on the international adviser registration exemption provided in National Instrument 31-103. As such, investors will have more limited rights and recourse than if the investment manager were registered under applicable Canadian securities laws.

The Capital Markets Authority and all other Regulatory Bodies in Kuwait assume no responsibility whatsoever for the contents of this Market Insight and do not approve the contents thereof or verify their validity and accuracy. The Capital Markets Authority and all other Regulatory Bodies in Kuwait assume no responsibility whatsoever for any damages that may result from relying on the contents of this Market Insight either wholly or partially. It is recommended to seek the advice of an Investment Advisor.

Voya Investment Management does not carry on a business in a regulated activity in Hong Kong and is not licensed by the Securities and Futures Commission. This Market Insight is issued for informational purposes only. It is not to be construed as an offer or solicitation for the purchase or sale of any financial instruments. It has not been reviewed by the Securities and Futures Commission.

Voya Investment Management accepts no liability whatsoever for any direct, indirect or consequential loss arising from or in connection with any use of, or reliance on, this insight, which does not have any regard to the particular needs of any person. Voya Investment Management takes no responsibility whatsoever for any use, reliance or reference by persons other than the intended recipient of this insight. Any prices referred to herein are indicative only and dependent upon market conditions. Past performance is not indicative of future results. Unless otherwise specified, investments are not bank deposits or other obligations of a bank, and the repayment of principal is not insured or guaranteed. They are subject to investment risks, including the possibility that the value of any investment (and income derived thereof, if any) can increase, decrease or in some cases be entirely lost, and investors may not get back the amount originally invested. The contents of this insight have not been reviewed by any regulatory authority in the countries in which it is distributed. The opinions and views herein do not take into account your individual circumstances, objectives, or needs and are not intended to be recommendations of particular financial instruments or strategies to you. This insight does not identify all the risks (direct or indirect) or other considerations which might be material to you when entering any financial transaction. You are advised to exercise caution in relation to any information in this document. If you are in doubt about any of the contents of this insight, you should seek independent professional advice.

This material may not be reproduced in whole or in part, in any form whatsoever, without the prior written permission of Voya Investment Management.

©2023 Voya Investments Distributor, LLC • 230 Park Ave, New York, NY 10169 • All rights reserved.

IM2862143 • CMMC-MAP-1120 • 042523 • ex043024



# First Quarter Outlook: Economic Resilience Begins to Crack



**Douglas Coté, CFA**

Head of  
Global Perspectives

## Executive summary

- The economy has begun to show signs of stress in its “tug of war” with a hawkish Federal Reserve.
- A banking crisis precipitated by Silicon Valley Bank put stocks in the red until the U.S. government backstopped depositors far beyond the \$250,000 FDIC limit.
- Does this mean the government will backstop other sectors edging toward crisis, e.g., commercial real estate? Even if that were in the cards, it might be too little, too late.
- Despite signs of economic stress, there still seems to be significant optimism in the markets; growth stocks and high-beta stocks have continued to trounce value stocks.
- We believe it’s prudent to keep in mind that “fundamentals drive markets,” and to have a plan for when those fundamentals turn negative.

## Signs of stress

The “tug of war” between a hawkish Federal Reserve and the resilient private economy continued through the first quarter. As we said in our 2023 forecast in early January:

“Despite the stress of higher rates, the private economy continues to be resilient. Wall Street’s expectation is that we’ll see a demand-driven recession and easing demand would help the Fed’s fight against inflation. But that has yet to happen. The economy is being driven by a relentlessly strong consumer in a tight job market, where there are nearly two openings for every applicant.”

Despite a positive first quarter the markets were marked by volatility. Many observers asserted the Fed would continue raising rates until something broke, and in mid-March, something did: a crisis among mid-sized banks, precipitated by the failure of Silicon Valley Bank, nearly erased equity market gains. Banks regained their footing after a rescue courtesy of the U.S. Treasury. The tug of war continues to be exemplified by a mix of good and bad news:

- The Consumer Price Index (CPI) dropped to 4.98% year over year in March but was bested by a positive surprise from its cousin, the Producer Price Index (PPI), which dropped to 2.7% y/y.
- The Federal Open Market Committee (FOMC) raised the Fed funds rate to a range of 4.75 – 5.00% in March, the fastest one year increase on record starting from its range of 0.00 – 0.25% in February 2022.
- S&P 500 fourth quarter 2022 earnings contracted by 3.2%.
- The second and third largest bank failures in U.S. history happened in March with Silicon Valley Bank and Signature Bank. First Republic Bank was on the brink but was saved by a public–private partnership.
- Some of the most respected and well capitalized companies in commercial real estate – including Blackstone, Brookfield and Columbia Property Trust – defaulted on loans for office towers in San Francisco, Los Angeles and New York.

It is the office tower sector in the commercial real estate space that elicits the most concern. Very simply, the “remote” workers that used to fill these office towers are unlikely to come back to the levels seen before the pandemic. But there is a quadruple whammy impacting office towers:

- Office tower properties are generating less income to service debt.
- Office tower property values are plunging.
- Rising loan to value ratios are curbing owners’ ability to refinance.
- Sky high relative refinancing rates are making projects unprofitable.

This is bad for banks, since even if they are not direct lenders to the properties, they are direct lenders to the owners of the properties. Meanwhile, bond yields are exciting and a relatively safe place to park for now. But what if the Fed engages in another round of quantitative easing (QE4) via the U.S. Treasury?

### The Fed to the rescue?

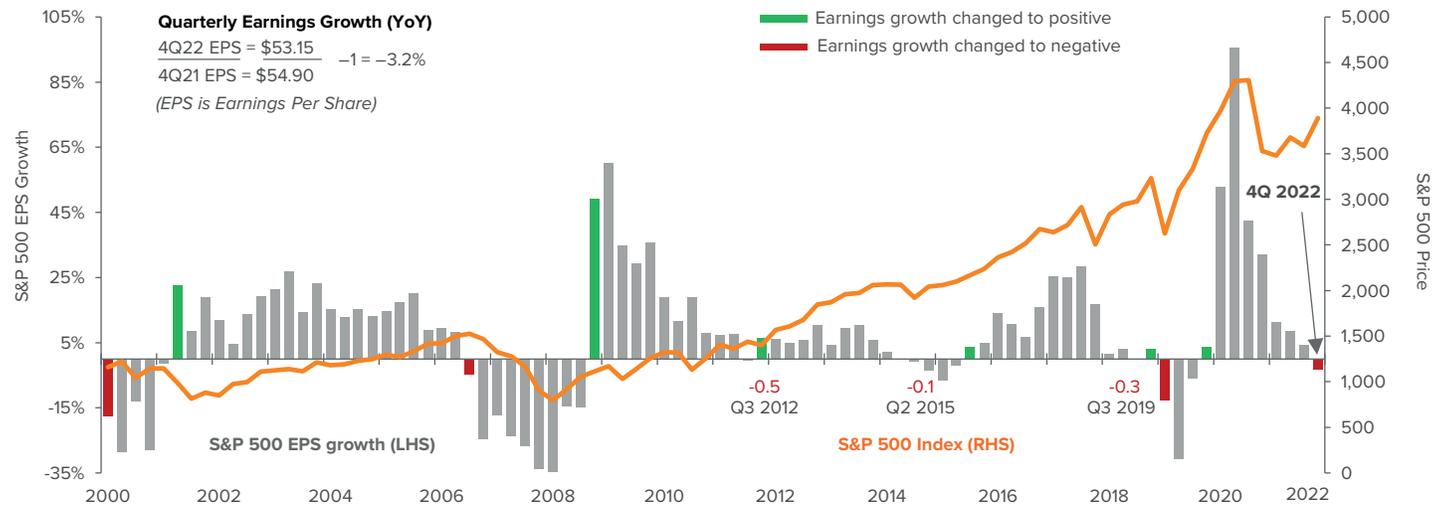
Do investors in 2023 expect the Fed to bail them out of their risky positions, as it did in 2020? There is reason to think so. By guaranteeing bank deposits far beyond the \$250,000 FDIC limit, in order to rescue the banking system from the SVB crisis, the U.S. government again injected liquidity into the system and effectively engaged in QE4. While this may have been necessary to sustain a basic building block of the financial system, it might be a step too far to assume the government will bail out commercial real estate. Even if that were a possibility, such a potential rescue is probably too late now: sky high refinancing rates and quantitative tightening likely have already damaged CRE.

My point is that there are a lot of things in the open to worry about, never mind the usual black swans that may be lurking underneath the surface. Below, we turn to the insights garnered from the Global Perspectives fundamentals: earnings, manufacturing and consumer spending.

### Corporate earnings’ uncertain path

The most recently reported quarterly earnings growth for the S&P 500 Index, for the fourth quarter of 2022, was negative for the first time in two years. Earnings were -3.2%, that is, 4Q22 compared to the level of 4Q21; due to substantial contraction in the technology, consumer discretionary and financial sectors; offset somewhat by high growth in energy and industrials. Topline revenue grew 5.8%, led by energy and industrials.

Exhibit 1. Corporate earnings growth recently turned negative



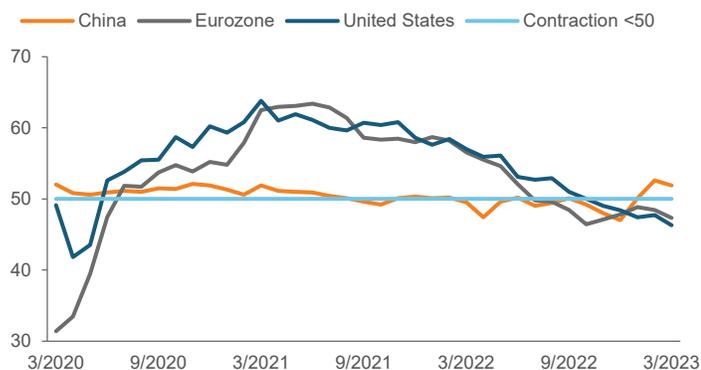
As of 3/31/23. Source: Refinitiv – Thomson Reuters and FactSet, Voya Investment Management. Earnings per share (EPS) is the portion of a company’s profit allocated to each outstanding share of common stock. Please see disclosures at the end of this commentary for the definition of the S&P 500 Index. Investors cannot invest directly in an index. **Past performance does not guarantee future returns.**

## Weaker manufacturing points to slower growth

The U.S. Institute for Supply Management (ISM) Manufacturing Index — a key measure of activity across the United States — dropped 1.4 points to 46.3 in March. Action Economics, LLC, reports this is the lowest level since May 2020, and the index has been in contractionary territory since November. The sub-components of the ISM Index also were weak, including employment, new orders and supplier deliveries.

### Exhibit 2. Global manufacturing continues to contract

Purchasing manager indexes, monthly, seasonally adjusted



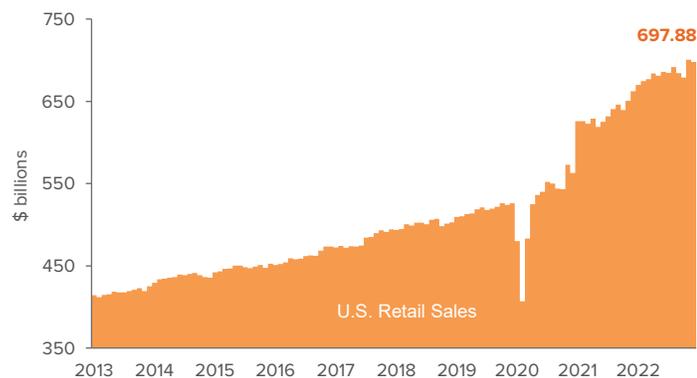
As of 3/31/23. Source: FactSet.

## Consumer spending remains supportive

Consumer spending remains alive and well, underscoring resilience in the economy. The advance estimate for February 2023 U.S. retail sales was \$697.9 billion, down 0.4% from January but up 5.4% from February 2022. Maybe even more important are the jobs data. U.S. nonfarm payrolls increased by 236,000 in March, beating forecasts, after rising 326,000 in February and 472,000 in January. The March unemployment rate dipped to 3.5% from 3.6% in February and a 54-year low of 3.4% in January. Average hourly earnings were up 0.3% in March from 0.2% previously, leaving the annual rate at 4.2%, the weakest since June 2021 and significantly slower than 4.6% in February. Average weekly hours slipped from 34.5 to 34.4.

### Exhibit 3. Consumer spending continues to advance

Advance monthly sales for retail and food services



As of 2/28/23. Source: U.S. Census Bureau.

## First quarter review

The financial markets were positive but volatile in March. The sudden failure of several U.S. regional banks, followed by the collapse and sale of Credit Suisse, forced a timeout on concerns with inflation and interest rates. Stocks pulled back as liquidity problems at Silicon Valley Bank briefly shook the banking sector, but the troubles appeared to be idiosyncratic rather than systemic. Markets regrouped after the government intervened to protect depositors. The U.S. Federal Reserve, seeking to avoid further “accidents” tied to higher rates, took a restrained step and increased the Fed funds rate by just 25 basis points at its March policy meeting.

### Exhibit 4. Despite volatility markets posted gains in the first quarter

Index	1Q23	1 year	3 years	5 years
<b>Equity</b>				
S&P 500	7.5	-7.7	18.6	11.2
S&P 400 mid cap	3.8	-5.1	22.1	7.7
S&P 600 small cap	2.6	-8.8	21.7	6.3
FTSE EPRA NAREIT Developed global REITs	1.0	-20.6	7.6	1.8
MSCI EAFE	8.6	-14	13.5	4.0
MSCI Emerging Markets	4.0	-19.7	8.2	-0.5
Equity average	4.6	-12.7	15.3	5.1
<b>Fixed income</b>				
Bloomberg U.S. Corporate	3.5	-15.8	-0.5	1.6
Bloomberg U.S. Treasury 20+ Year	6.6	-31.1	-11.9	-0.6
Bloomberg Global Aggregate	3.0	-16.2	-3.4	-1.3
Bloomberg U.S. High Yield	3.6	-11.2	5.9	3.2
Fixed income average	4.2	-18.6	-2.5	0.7
<b>Overall average</b>	<b>4.4</b>	<b>-15.0</b>	<b>8.2</b>	<b>3.3</b>

As of 3/31/23. Source: FactSet. Periods longer than one year are annualized. Averages shown are simple averages of all the indexes included in each group: all equity indexes, all fixed income indexes and a combination of all equity and all fixed income indexes. Please see disclosures at the end of this commentary for index definitions. Investors cannot invest directly in an index. **Past performance does not guarantee future returns.**

The Fed’s restrained policy move helped lower market rates. The ten-year U.S. Treasury yield fell from nearly 4.0% in early March to less than 3.5% by month-end. Falling rates helped both stocks and bonds. For the quarter, information technology led the way with outsized returns bolstered by the consumer discretionary sector as the S&P 500 Index posted a gain of 7.5% in 1Q23, outpacing smaller caps, with the mid cap S&P 400 Index up 3.8% and the small cap S&P 600 Index up 2.6%. Easing rates also gave growth stocks an advantage over value stocks — across the capitalization spectrum, growth styles saw gains whereas value styles posted losses.

The MSCI EAFE Index was the best performing equity asset class with a return of 8.5% and the MSCI Emerging Markets Index held up reasonably well with a return of 4.0%. The CBOE Volatility Index closed at 18.7%, a drop of 13.7%, and the S&P GCSI commodity Index was down 4.9%, hurt by the S&P GCSI energy sector, which was down 8.6% for the quarter.

## Conclusion and outlook

Our Voya Global Perspectives “north star” corporate earnings has signaled that it is time to move to a defensive positioning in the portfolio to protect against a projected bear market. The intuition is that companies are expected to grow earnings each quarter compared to the same quarter a year ago. It is relatively rare, and dangerous for stock market valuations, when this is not achieved.

We believe it's prudent to keep in mind our investment philosophy that “fundamentals drive markets,” and to have a plan for when those fundamentals turn negative. Depending on the government to bail out your risky positions is no plan at all, it's a hope that may or may not be realized. The prospect theory of behavioral finance points out that investors hate losses twice as much as they like gains; Voya Global Perspective seeks to protect twice as much with diversification, and at times like now, a defensive positioning.

## Disclosures

General investment risks: all investing involves risks of fluctuating prices and the uncertainties of rates of return and yield inherent in investing. All security transactions involve substantial risk of loss. Diversification does not guarantee a profit or ensure against loss. **Past performance does not guarantee future returns.**

The **S&P 500 Index** is a gauge of the U.S. stock market, which includes 500 leading companies in major industries of the U.S. economy. The **S&P MidCap 400 Index** is a benchmark for mid-sized companies, which covers over 7% of the U.S. equity market and reflects the risk and return characteristics of the broad mid-cap universe. The **S&P SmallCap 600 Index** covers approximately 3% of the domestic equities market and is designed to represent a portfolio of small companies that are investable and financially viable. The **S&P 500 Value Index** tracks the performance of the subset of S&P 500 stocks classified as value style, as measured by three factors: the ratios of book value, earnings and sales to price. The **S&P 500 Growth Index** tracks the performance of the subset of S&P 500 stocks classified as growth style, as measured by three factors: sales growth, the ratio of earnings change to price and momentum. **Investors cannot invest directly in an index.**

The **FTSE EPRA/NAREIT Global Real Estate Index** is designed to represent general trends in eligible real estate equities worldwide. The **MSCI EAFE Index** is a free float-adjusted market capitalization weighted index designed to measure the developed markets' equity performance, excluding the U.S. and Canada, for 21 countries. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that measures emerging market equity performance of 23 countries. **Investors cannot invest directly in an index.**

The **Bloomberg U.S. Corporate Bond Index** is a component of the Bloomberg U.S. Aggregate Index. The **Bloomberg U.S. Aggregate Index** is composed of U.S. securities in Treasury, government-related, corporate and securitized sectors that are of investment-grade quality or better, have at least one year to maturity and have an outstanding par value of at least \$250 million. The **Bloomberg U.S. Treasury 20+ Year Index** tracks the performance of U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury with 20 or more years to maturity. The **Bloomberg Global Aggregate Bond Index** measures a wide spectrum of global government, government related, agencies, corporate and securitized fixed-income investments, all with maturities greater than one year. The **Bloomberg U.S. Corporate High-Yield Bond Index** tracks the performance of non-investment grade U.S. dollar-denominated, fixed rate, taxable corporate bonds including those for which the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, and excluding emerging markets debt. **Investors cannot invest directly in an index.**

The **CBOE Volatility Index (VIX)** is a real-time index that represents expectations for the relative strength of near-term price changes of the S&P 500 index. The **S&P GCSI Index** is a benchmark commodities index that tracks the performance of the global commodities market. It is made up of 24 exchange-traded futures contracts that cover physical commodities spanning five sectors. **Investors cannot invest directly in an index.**

This commentary has been prepared by Voya Investment Management for informational purposes. Nothing contained herein should be construed as (i) an offer to sell or solicitation of an offer to buy any security or (ii) a recommendation as to the advisability of investing in, purchasing or selling any security. Any opinions expressed herein reflect our judgment and are subject to change. Certain of the statements contained herein are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (1) general economic conditions, (2) performance of financial markets, (3) interest rate levels, (4) increasing levels of loan defaults, (5) changes in laws and regulations and (6) changes in the policies of governments and/or regulatory authorities. This material may not be reproduced in whole or in part in any form whatsoever without the prior written permission of Voya Investment Management.

©2023 Voya Investments Distributor, LLC • 230 Park Ave, New York, NY 10169 • All rights reserved.

BBGP-COMMENTARY • IM2853251 • 042523 • ex043024 • WLT250005746

voyainvestments.com





## Communication & Education

---

Optimize your plan and strategic marketing initiatives with insightful information in the Communication & Education Section. Within this section, you can view marketing literature along with several other educational and communications topics.

# 2023 Cost of Living Adjustments Announced

On October 21, 2022, the Internal Revenue Service issued Notice 2022-55, providing for the following 2023 cost of living dollar limits:

<u>LIMIT</u>	<u>2023</u>	<u>2022</u>
<b>Defined Benefit Plans</b> The lesser of the maximum dollar limitation for annual benefits under defined benefit plans under Internal Revenue Code (IRC) Section 415(b)(1)(A) or 100% of the participant's average compensation for his high 3 years.	\$265,000	\$245,000
<b>Defined Contribution Plan 415 dollar limit</b> The lesser of the dollar limitation for annual additions under defined contribution plans under IRC Section 415(c)(1)(A) or 100% of compensation.	\$66,000	\$61,000
<b>401(k)/403(b)/Existing SARSEP Elective deferral limit</b> All elective deferrals (including designated Roth contributions) in a tax year made by a participant to a 401(k), 403(b) tax deferred annuity, simplified employee pension, and SIMPLE retirement plan are aggregated under IRC Section 402(g).	\$22,500	\$20,500
<b>457 Deferral Limits</b> The lesser of the limitation on vested contributions to 457 plans under IRC Section 457(e)(15) or 100% of includible compensation.	\$22,500	\$20,500
<b>403(b) Catch-up limit</b> The maximum available 402(g) elective deferral limit plus the special catch-up election for employees participating in a 403(b) tax deferred annuity who have had at least 15 years of service with an educational organization, hospital, home health agency, health and welfare service agency, church or convention or association of churches. <i>Note: The additional 403(b) special catch-up of up to \$3,000 per year cannot exceed cumulatively \$15,000 over the lifetime of the 403(b) participant.</i>	\$25,500	\$23,500

This material has been provided for educational purposes only for sponsors and prospective sponsors. This material was created to provide accurate and reliable information on the subjects covered. It is not intended to provide specific legal, tax or other professional advice. The services of an appropriate professional should be sought regarding your individual situation.

**IRS Circular 230 Disclosure:** Any tax advice contained in this document (including any attachments) was not intended by the author of this document to be used, and cannot be used by the audience or any other person, for the purpose of avoiding any Internal Revenue Code penalties that may be imposed on such person. Any tax advice contained in this document was not intended by the author of this document to be used or referred to, and cannot be used or referred to, in promoting, marketing, or recommending the transaction(s) or matter(s) addressed herein. Revised 10/2022

## LIMIT

2023

2022

### **457 Catch-up limit**

The special catch-up election for employees participating in an eligible 457 deferred compensation who have elected the special catch-up available in the three years prior to the year of normal retirement age.

\$45,000

\$41,000

*Note: The participant in a governmental 457(b) plan may make catch-up contributions in a year equal to the greater of (a) the amount permitted under the age 50+ catch-up, or (b) the amount permitted under the 457 catch-up.*

### **Age 50+ Catch-up Limits**

The special catch-up available under IRC Section 414(v) for individuals at least 50 years old in 2023 and make eligible pre-tax contributions to 401(k), 403(b), and governmental 457 plans.

\$7,500

\$6,500

The special catch-up is available for individuals who are at least 50 years old in 2023 and make eligible pre-tax contributions to a SIMPLE plan.

\$3,500

\$3,000

### **Definition of Key Employee**

The compensation threshold used for determining key employees under IRC Section 416(i)(1)(A)(i).

\$215,000

\$200,000

### **Definition of Highly Compensated Employees**

The compensation threshold used for determining highly compensated employees under IRC Section 414(q)(1)(B).

\$150,000

\$135,000

### **Compensation Limit**

The annual limit of compensation that may be taken into account for contribution purposes in accordance with IRC Section 401(a)(17).

\$330,000

\$305,000

The annual limit of compensation that may be taken into account for contribution purposes in accordance with IRC Section 401(a)(17) (certain governmental plan participants who first became participants in that governmental plan before the 1996 plan year).

\$490,000

\$450,000

### **Adjusted Gross Income Limit for Saver's Credit**

The highest adjusted gross income (based on federal income tax filing status) taken into account for eligibility for the Saver's Credit under IRC Section 25B.

\$73,000 (joint)

\$68,000 (joint)

\$36,500 (single)

\$34,000 (single)

\$54,750 (head of household)

\$51,000 (head of household)

- 2 -

This material has been provided for educational purposes only for sponsors and prospective sponsors. This material was created to provide accurate and reliable information on the subjects covered. It is not intended to provide specific legal, tax or other professional advice. The services of an appropriate professional should be sought regarding your individual situation.

**IRS Circular 230 Disclosure:** Any tax advice contained in this document (including any attachments) was not intended by the author of this document to be used, and cannot be used by the audience or any other person, for the purpose of avoiding any Internal Revenue Code penalties that may be imposed on such person. Any tax advice contained in this document was not intended by the author of this document to be used or referred to, and cannot be used or referred to, in promoting, marketing, or recommending the transaction(s) or matter(s) addressed herein. Revised 10/2022

**LIMIT**

**2023**

**2022**

**SIMPLE Retirement Accounts**

Compensation taken into account that an employee may elect to defer under a SIMPLE retirement plan described in IRC Section 408(p)(2).

\$15,500

\$14,000

**Compensation for SEPs**

Compensation taken into account to determine eligibility for simplified employee pensions (SEPs).

\$750

\$650

On October 13, 2022, the Social Security Administration released its cost of living information for 2023:

**Taxable Wage Base**

**2023**

**2022**

Maximum amount of earnings subject to payroll tax.

\$160,200

\$147,000

This material has been provided for educational purposes only for sponsors and prospective sponsors. This material was created to provide accurate and reliable information on the subjects covered. It is not intended to provide specific legal, tax or other professional advice. The services of an appropriate professional should be sought regarding your individual situation.

**IRS Circular 230 Disclosure:** Any tax advice contained in this document (including any attachments) was not intended by the author of this document to be used, and cannot be used by the audience or any other person, for the purpose of avoiding any Internal Revenue Code penalties that may be imposed on such person. Any tax advice contained in this document was not intended by the author of this document to be used or referred to, and cannot be used or referred to, in promoting, marketing, or recommending the transaction(s) or matter(s) addressed herein. Revised 10/2022

## Updated Investment Information:

To check if there is more recent plan and product performance, as well as fund fact sheet, information for your plan, visit Voya's Sponsor Web site at [www.voyaretirementplans.com/sponsor](http://www.voyaretirementplans.com/sponsor) and click on the menu selections below for the following:

### Plan and Product Performance Reports

> Investment Information > Fund Performance

### Investment Option Descriptions

> Investment Information > Investment Option Descriptions



**You should consider the investment objectives, risks, and charges and expenses of the variable product and its underlying fund options; or mutual funds offered through a retirement plan, carefully before investing. The prospectuses/prospectus summaries/information booklets contain this and other information, which can be obtained by contacting your local representative. Please read the information carefully before investing.**

For ERISA plan sponsors: Voya Retirement Insurance and Annuity Company, and/or Voya Institutional Plan Services, as administrative service providers, do not provide services to your plan which would be defined as investment advice under the Employee Retirement Income Security Act of 1974 ("ERISA") or the Internal Revenue Code ("IRC"). Accordingly, the service provider does not serve as an investment advice fiduciary to your plan as defined by ERISA or the IRC.

Insurance products, annuities and funding agreements are issued by Voya Retirement Insurance and Annuity Company ("VRIAC"), Windsor, CT. VRIAC is solely responsible for meeting its obligations. Plan administrative services are provided by VRIAC or Voya Institutional Plan Services LLC ("VIPS"). VIPS does not engage in the sale or solicitation of securities. All companies are members of the Voya™ family of companies. **Securities are distributed by Voya Financial Partners LLC (member SIPC) or third parties with which it has a selling agreement. All products and services may not be available in all states.**

170210 3032914.C.S-4 WLT 5515429 © 2019 Voya Services Company. All rights reserved. CN764922\_0421