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To: New Jersey State Employees Deferred Compensation Board

From: Shoaib Khan, Director, Division of Investment

Subject: Clarification Regarding Empower S&P 500 Index Separate Account IS Platform

At the Board's meeting on June 10, 2025, the Division of Investment (DOI), acting in its capacity of fiduciary, recommended the addition of the Empower S&P 500 Index Separate Account IS Platform (the "Empower Fund"), an institutional select separate account with BlackRock Financial Management, Inc. acting as the sub-advisor, as an addition to the New Jersey State Employees Deferred Compensation Plan (DCP) investment lineup.

In its recommendation memorandum, DOI stated that the new fund would be available at "zero cost" to DCP participants, compared to the DCP Equity Fund, which has "an expense ratio of 9.4 bps." The memorandum did not point out that DCP participants investing in the Empower Fund would be charged a 0.0635% recordkeeping and administration fee, which is charged against investments in all funds in the DCP investment lineup. This recordkeeping and administration fee, which is allocated to the Division of Pensions and Benefits and to Empower as DCP plan administrator, was included in the 9.4 bps cited as the "expense ratio" for the DCP Equity Fund in the memorandum.

Thus, the true comparison between the Empower Fund and the DCP Equity Fund would be 0.0635% (gross expense ratio of 0% plus recordkeeping and administration fee of 0.0635%) for the Empower fund and 0.0935% (gross expense ratio of 0.03% plus recordkeeping and administration fee of 0.0635%) for the DCP Equity Fund.

We are available to answer any questions you may have.