



**Retirement Investors' Club (RIC)** - The State of Iowa 457/401a supplemental retirement savings benefit provides an easy way for you to save a portion of current wages for future income needs. State employees working 20+ hours per week or receiving fixed annual salaries are eligible to participate. RIC will receive rollover assets from eligible outside retirement plans. RIC participants have two plan accounts: a 457 plan to receive employee contributions and a 401a plan to receive employer match contributions. RIC has no vesting requirements.



**457 Contributions** - Contributions to the 457 plan are through automatic payroll deduction only. The total of all 457 contributions in a tax year must not exceed the IRS declared annual maximum limits. You choose to:

- Contribute as little as \$25/month up to the IRS annual limits
- Contribute from 1, 2, or all paychecks in a month or designate an amount for a single or final paycheck
- Make pretax or post-tax Roth contributions, or both
- Change contribution amounts or stop at any time

**2018 IRS 457 Maximum Contribution Limits**

Regular	Age 50 <sup>+</sup>	3-Year Catch-Up
100% of compensation up to:	Participants age 50 <sup>+</sup>	Regular limit + missed contributions up to:
<b>\$ 18,500</b>	<b>\$ 24,500</b>	<b>\$ 37,000</b>

Compensation = gross salary minus your retirement, FICA, and required deductions. Age 50<sup>+</sup> & 3-Year Catch-Up limits cannot be used at the same time.

**401a Employer Match** - All participants contributing to the 457 plan are eligible for the 401a employer match benefit of up to \$75/month. That's up to \$900/year just for saving your money for your retirement!

**Roll-ins** - You have the option to consolidate retirement assets. Your RIC 457 account will accept pretax and Roth rollover assets from previous employer 457 plans as well as Roth 401k and 403b plans. Your RIC 401 account will accept rollover assets (tax-deferred only) from plans such as a traditional/rollover IRA, 401k, 403b, 401a etc. Assets rolled into RIC may be rolled out at any time without penalty or restriction. To roll assets into RIC, contact your RIC provider.

**Tax Advantages** - Tax benefits differ based on the tax treatment of payroll deductions and saver's tax credit eligibility. Contact a tax professional if you have questions about how these tax benefits may affect your specific needs.

- 1) **Pretax** contributions are deducted before state and federal income tax withholding. This gives you the immediate tax benefit of a lower taxable income for the year. Investment earnings are tax-deferred until withdrawn.
- 2) **Post-tax Roth** contributions are deducted after state and federal taxes are withheld. There is no immediate tax benefit. Investment earnings are tax-free if distribution is qualified\*.
- 3) **The Savers' Tax Credit** of up to \$1,000 may be available if you qualify. (see [https://das.iowa.gov/saver\\_credit](https://das.iowa.gov/saver_credit))

**Enrollment** (always open) - Enrollment options are shown below. The RIC provider you choose has everything you need to open your accounts, select investments, begin payroll deductions, and receive the employer match. At no additional cost, advisors can explain the investments and help you complete the enrollment process.

	Horace Mann	MassMutual	VALIC	VOYA FINANCIAL
<b>Online</b>	<a href="#">Enroll online</a>	(Not available)	<a href="#">Enroll online (457b/401a)</a>	<a href="#">Enroll online (457b/401a)</a>
<b>In person</b>	<a href="mailto:Steve.Harder@horacemann.com">Steve.Harder@horacemann.com</a> <a href="#">Link to area agent list</a>	<a href="mailto:MassMutualIowaPlan@financialguide.com">MassMutualIowaPlan@financialguide.com</a> <a href="#">Link to area agent list</a>	<a href="mailto:Michael.bauer@valic.com">Michael.bauer@valic.com</a> <a href="#">Link to area agent list</a>	<a href="mailto:VoyalowaRICInbox@Voya.com">VoyalowaRICInbox@Voya.com</a> Call for agent information
<b>By phone</b>	877-602-1870	(Not available)	800-945-6763	800-555-1970/515-698-7973
<b>Print forms</b>	<a href="#">Print forms</a>	<a href="#">Print forms</a>	<a href="#">Print forms (457b/401a)</a>	(Not available)

**Investment Selection** - Whether your investment objective is safety, income, or growth, you have multiple diversified investment options to meet your investment style. Changes to investments and providers within the plan are penalty and restriction-free. For additional information, see <https://das.iowa.gov/RIC/SOI/providers>.

\* Roth qualified distributions are tax-free if a distributable event has occurred, account is held 5<sup>+</sup> years; and participant is age 59½ or older, disabled, or deceased.

**Distributions** - A “distributable event” must occur to be eligible for a distribution.

Event	Description	Requirements
<b>Unforeseeable emergency withdrawal</b>	In-service distribution of 457 assets due to an approved financial hardship, such as home foreclosure or uninsured medical bills	Completion of a RIC application and proof that the hardship meets strict federal guidelines is required. RIC contributions must stop for 6 months after an approved withdrawal.
<b>Cash out</b>	In-service distribution of inactive small balance 457 accounts	Requires there have been no contributions in the previous 24 months and total 457 assets = \$5,000 or less. Contact RIC to request this type of distribution.
<b>Age 70 ½<sup>+</sup></b>	In-service distributions of 457/401a assets due to attainment of age 70 ½	Distributions are allowed but not required. Contact RIC to request this type of distribution.
<b>Separation from employment</b>	No distribution is required unless age 70½ <sup>+</sup> . 457/401a assets are available for distribution in a wide variety of payment options.	Contact your RIC provider to request this type of distribution. Employer approval is not required.

**Distribution Requests-** Contact RIC to request an in-service distribution. Once separated from employment, you may request distributions (without employer approval) directly from your RIC provider (exception-IPERS service credit purchase\*\*). RIC active provider products have no surrender penalties or restrictions.

**Options at separation from employment** - You are not required to begin distributions until the year you turn 70 ½ or retire, whichever is later. No contributions can be made after separation from employment.

- Stay invested and take cash when you need it. Change investments, providers, advisors, etc. at any time.
- Take lump sum payments, as needed (no maximums).
- Set up systematic payments. You choose the payment amount and frequency (change or stop at any time).
- Purchase a lifetime income annuity based on your life expectancy (irrevocable).
- Rollover to an outside retirement account (or roll money into RIC).
- Purchase IPERS service credits\*\* (non-taxable transfer).
- Choose any combination of options.

### Tax Treatment of Distributions -

Taxation of distributions differs based on the tax-treatment of contributions. There is no Roth option in the 401a plan.

		
Pretax Distributions	Post-tax Roth Distributions	Pretax Distributions
Taxed as ordinary income	Tax-free if qualified*	Taxed as ordinary income
<i>457 distributions have no IRS early withdrawal penalty</i>		<i>Possible IRS 10% penalty prior to age 59½</i>

### Program Education -

State employees new to RIC, RIC presentations provide an overview of the features and benefits of the program as well as information about how to best utilize your RIC plan benefits as a pre-retiree and know what options are available to you in retirement. You may register to attend either presentation by live webcast given monthly (see <https://das.iowa.gov/event-calendar-date>) or view a recorded presentation at [https://das.iowa.gov/RIC/SOI/program\\_education](https://das.iowa.gov/RIC/SOI/program_education).

**Want more information?** For additional program information, visit <https://das.iowa.gov/RIC/SOI>. If you have questions, please call a RIC provider directly or give RIC a call at 866-460-4692.

\* Roth qualified distributions are tax-free if a distributable event has occurred, account is held 5+ years; and participant is age 59½ or older, disabled, or deceased.

\*\* If you are eligible to purchase IPERS service credits and wish to make a non-taxable transfer of RIC 457/401a pretax assets to IPERS, contact the RIC office to request the transfer. Contact IPERS at 800-622-3849 or [info@ipers.org](mailto:info@ipers.org) to determine eligibility and cost to purchase.