



Iowa

Retirement Investors' Club (RIC)

Look forward to retirement!

**State of Iowa
RIC Plan Summary**

| | 457 Employee Contribution Plan | 401(a) Plan |
|---|---|--|
| Eligibility requirements | Full-time state of Iowa employee working 20+ hours/week or receiving a fixed annual salary | All 457 participants |
| Enrollment | Year-round – Call an RIC provider to request an enrollment kit or appointment. Return completed paperwork to the provider. | |
| Contributions (pre & post-tax) | Minimum payroll deductions of \$25/month; maximums set by IRS annually. Deductions may be changed at any time. A 3-Year Catch-Up benefit is available to qualified participants who are 4 years from normal retirement. | Employer matches 100% of 457 contributions up to the maximum match amount of \$75/month (legislators are not eligible) |
| Rollovers in | Accepts eligible 457, 401k Roth and 403b Roth plan assets; no withdrawal restrictions. | Accepts eligible 401(a), 401(k), 403(a), 403(b), and IRA (traditional, rollover, and SEP) assets. Roll-in assets may roll out again at any time. |
| Fed & state tax | Pretax contributions and earnings are exempt until taxable distributions are made. Post-tax (457 Roth) contributions are subject to federal and state income tax when deducted from payroll; <i>earnings</i> grow tax-deferred and are tax-free at distribution if qualified. | Contributions and earnings are exempt until taxable distributions are made |
| Vesting | No vesting requirements ⇨ | |
| Investment options | A large selection of diversified investment options is available through RIC. You may change your investment selections online or by phone. There are no fees for moving money between RIC investments. | |
| Distribution options while employed (processed by RIC) | Unforeseeable Emergency - Must prove financial hardship due to an unforeseeable emergency (complete <i>RIC Unforeseeable Emergency Form</i>). Taxed as ordinary income-no age penalty. | None |
| | Cash Out Provision - Allowed if total assets=\$5,000 or less and no deferrals have been made for previous 24 months (complete <i>RIC Distribution Form</i>). Taxed as ordinary income; no IRS early withdrawal penalty. | |
| | Age 70 ½ - Allowed (but not required) in the year you attain age 70 ½ ⇨ | |
| Options after separation from employment (processed by provider) | Remain invested - Distributions are not required until you reach your required minimum distribution date . Assets remain invested without withdrawal restrictions or penalties. | |
| | Take payment - Options include total/partial lump sum withdrawals, periodic withdrawals, lifetime payments, or any combination. Pretax assets are taxed as ordinary income-no IRS early withdrawal penalty. Roth contributions are tax-free. Roth earnings are tax-free if qualified (Roth account held for 5+ years and you are either age 59 ½+, disabled, or deceased). | Take payment - Options include total/partial lump sum withdrawals, periodic withdrawals, lifetime payments, or any combination. Taxed as ordinary income. Possible IRS 10% early withdrawal penalty before age 59½. |
| | Rollover - Assets may roll out of RIC to an eligible plan. ⇨ | |
| | Purchase Eligible Service Credits – Pretax assets may be transferred to IPERS for purchase of eligible service credits when filing for IPERS benefits. | |