

Iowa Retirement Investors' Club (RIC)  
Look forward to retirement!

## Your Retirement Savings Benefit



An introduction to deferred compensation

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### Introduction



The State of Iowa takes your retirement readiness seriously.

The Iowa Retirement Investors' Club (RIC) is the State's **voluntary** retirement savings benefit designed to **help you save a portion of your hard-earned wages today**, for a time in the future when you are ready to retire or unable to work.



Average retiree will spend 20-30 years in retirement.

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### Have you ever thought...



*"When I get to retirement, I can count on Social Security and IPERS benefits to be everything I need."*



- Your ability to retire when you want depends on what you are doing now to prepare.
- Your own personal savings will be a critical part of your retirement income.

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**Purpose**

**Sources of income in retirement**

**Social Security**  
What if SS is no longer able to fund at the intended 40% income replacement?

**Pension**  
PERS  
What if you don't reach full benefit status of the intended 60% income replacement?  
(No COLA)

**Personal Savings**  
You control this income source now and in the future.

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**Purpose**

There are many types of voluntary retirement savings plans available to investors today.

As a public sector employee, we have the option to save through our employer's 457/401a plans.

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**Purpose**

Supplemental retirement savings plans like RIC are *One part of your future you CAN control!*

Future uncertainties you CAN'T control:

- Social Security & pension income
- Healthcare costs
- Inflation & taxes
- Health
- Employment
- Death

**You CAN control how you prepare to handle these things.**

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### Purpose

Participants in the RIC 457/401a retirement savings plans enjoy:

- Automatic savings
- Tax advantages
  - Pre & post-tax deductions
  - Tax-deferred/free earnings
  - Tax credit (must qualify)
- Access to competitive investments while saving and in retirement at little to no cost
- Flexible income at retirement




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### RIC participants enjoy control over

- Contributions/Roll-ins
- Investment mix
- Changes/Distributions
- Enrollment




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### Contributions

When you enroll in RIC, you will open 2 accounts.



- **A 457 account** for your contributions from payroll and eligible roll-in assets
- **A 401a account** for employer match contributions and eligible roll-in assets

You are fully vested in both accounts from day 1.

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### Contributions



- Payroll deductions (no minimum) can be a percentage or dollar amount and are deposited into your selection of investments in the 457 account.
- 457 deductions may be changed or stopped anytime.

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### Contributions (limits)



The total of all contributions (pretax and post-tax) made to the 457 account in a tax year must not exceed the IRS annual maximum limits.

IRS 457 Maximum Contribution Limits		2023
<b>Regular</b>	100% of compensation up to:	<b>\$22,500</b>
<b>Age 50+</b>	Regular limit + \$6,500	<b>\$30,000</b>
<b>3-Year Catch-up</b>	Up to twice the regular limit	<b>\$41,000</b>

\*Must be within 4 year of IPERS Normal Retirement

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### Contributions (tax benefits)

**Tax advantages** differ depending on the taxation of deductions. You have the option to contribute pretax and Roth (post-tax)



	Pretax	Post-tax Roth*
Tax treatment of deductions	No withholding	Regular income tax withholding
Immediate tax benefit	Lower taxable income reported	None
Tax treatment of earnings	Tax-deferred until withdrawn as cash	Tax-free for qualified distributions

**Don't need new account for Roth**

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### Contributions (tax credit)

#### Savers (Tax) Credit

You may be saying **"I can't afford to save!"**. Consider the benefit of the Savers Tax Credit designed to help low-to-middle income earners save for their retirement.



You may be qualified to receive up to a \$1,000 credit (\$2,000 if filing jointly) against taxes owed if your adjusted gross income does not exceed limits shown here.

	2023
Filing jointly	\$73,000
Filing single	\$36,500
Filing Head of household	\$54,750

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### Roll-ins

Outside retirement plan assets may be rolled *into and out of* RIC at any time. This is a non-taxable transfer.



**IRA (non-Roth),  
401k, 403b (TSA),  
457, 401a**

**Consider RIC benefits** of penalty-free competitive fixed rate accounts, no-load/low-cost mutual funds, expert advisors, etc. for your outside retirement assets.

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### Investments

- Provider representatives are your best source of information about the investments being offered.
- The State of Iowa does not give investment advice.
- All investments involve some degree of risk; ask your providers what risk is associated with the investments in your portfolio.

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## Investments



Investment options include a variety of income, growth, international, index and **target date** mutual funds, fixed rate accounts, and self-directed brokerage accounts.

Empower offers products that meet the RIC investment policy standards and annual review requirements. Here are just a few investment standards you can expect:

- Diversified, competitive fund line-up with no sales charges, surrender penalties or restrictions for distributions and transfers between funds
- 24/7 internet/phone account access
- Flexible distribution options at separation from employment
- Investment planning tools and advisors to help you plan
- And much more at low cost

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## Investments



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<p><b>Bond (Income)</b></p> <ul style="list-style-type: none"> <li>Fixed Rate (safety)</li> <li>Interm-Term High-Quality Core Bond</li> <li>High-Yield Bond</li> <li>TIPS (Treasury Inflation-Protected Securities)</li> <li>Global Bond</li> </ul> <p><b>Stock/Bond (Balanced)</b></p> <ul style="list-style-type: none"> <li>Traditional Balanced Lifecycle (target date)</li> </ul>	<p><b>Stock (Growth)</b></p> <ul style="list-style-type: none"> <li>Large Capital Stock Index</li> <li>Large Capital Value Stock</li> <li>Large Capital Growth Stock</li> <li>Mid-Capital Stock Index</li> <li>Mid-Capital Value Stock</li> <li>Mid-Capital Growth Stock</li> <li>Small Capital Stock Index</li> <li>Small Capital Value Stock</li> <li>Small Capital Growth Stock</li> <li>Total US Stock Mkt Index</li> </ul>	<p><b>International</b></p> <ul style="list-style-type: none"> <li>Int'l Developed Mkts</li> <li>Int'l Emerging Mkts</li> <li>World</li> </ul> <p><b>Alternative</b></p> <ul style="list-style-type: none"> <li>Real Estate</li> <li>Socially Responsible</li> <li>Self-Directed Brokerage Account (SDBA)</li> </ul>
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## Investments



Investment options include a variety of income, growth, international, index and **target date** mutual funds, fixed rate accounts, and self-directed brokerage accounts.

### 2 basic types of investments

**Fixed Rate** 

- Declared rate-fixed period
- No market risk
- No restrictions/maturities
- No fees

**Mutual Funds** 

- Variable Rate
- Degrees of market risk
- No restrictions/maturities
- No sales charges or loads

Total fee range (as of 4/2023) = .23% - 1.05%

[View Empower funds](#)

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### Investments

Don't hesitate to ask questions. Advisors have investment knowledge to help you make informed decisions.




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### Investments

Access to provider websites, quarterly fund performance, advisor listings, fixed rates, etc. are easily accessed from the RIC website.

View [Empower funds](#)




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### Changes (payroll deductions)

Payroll deduction change requests for existing accounts are made by completing the RIC Account Form and submitting it to our Human Resources office.

The form is available on your employer's custom RIC webpage.

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## Changes

Your RIC 457/401a plans are very *flexible!*



At any time you may make changes to your:

- Payroll deduction amount Submit to payroll office
- Investments Contact Empower
- Address/name/beneficiary
- Investment advisor
- Distributions options at retirement

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## Distributions (in-service)

**A distributable event must occur**

- Unforeseeable emergency – financial hardship that meets strict federal guidelines (457 assets only)
  - Funeral expenses
  - Foreclosure or eviction
  - Loss of wages
  - Uninsured medical expenses
  - Not available for bankruptcy or divorce
- Attainment of age 70 ½
- Cash out (small inactive accounts)
- Separation from employment



In-service distribution requests are processed by RIC.

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## Distributions (separated from employment)

**At separation from employment you can:**

- Leave assets invested\*
- Take taxable distributions
  - Lump sums (total or partial)
  - Flexible periodic payments
  - Lifetime payments
  - Any combination
- Roll to another eligible plan



*Distribution requests are made directly to your provider. Employer authorization is not required.*

\*IRS minimum distributions must begin by the IRS required beginning date or retirement, whichever is later.

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**Distributions** (separated from employment)

**Sources of income in retirement**

Social Security (Irrevocable)

Retirement Income

Pension (Irrevocable)

Personal Savings, IRAs, 401(k)s, 403(b)s, 529 plans, etc.

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**Enrollment**

**Enrollment is always open**

Online

In person (request meeting)

Over the phone

Print forms

View [Empower enrollment options](#)

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**Enrollment**

**Enrollment steps**

**Step 1** **With a Provider:** Complete 457/401a applications and **select investments.**

**Step 2** **Complete RIC Account Form:** Make 457 **payroll deduction election(s)**

View [Empower enrollment options](#)

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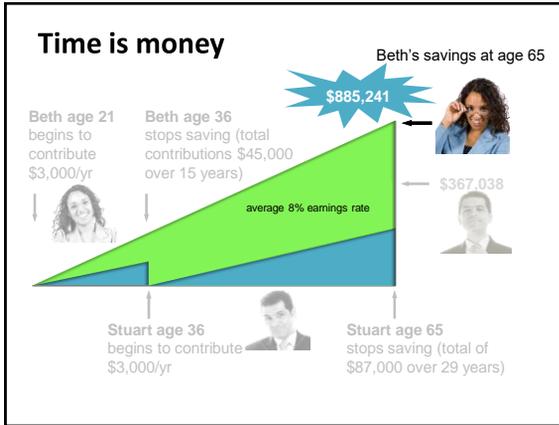
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### Benefits for all ages

Even if you are less than 5 years from retirement...

- Employer match up to \$75/month
- Automatic savings
- Tax benefits-lower taxes now or no taxes later (Roth)
- Fixed interest rate accounts (no maturities or fees)
- No-load, low-cost mutual funds (through retirement)
- Advisor services at no additional cost
- No surrender penalties or distribution fees
- No vesting requirements
- No IRS 10% penalty for 457 withdrawals before 59 ½.

**Get started today!**

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### Resources

- Contact Empower if you have questions about your statements or the investments in your account
- [LRH Custom RIC Webpage](#)
- Access your provider accounts online
- Visit the RIC website at <https://das.iowa.gov/RIC/457>
- Contact Robbie Stoecker  
515-601-2382  
[robbie.stoecker@iowa.gov](mailto:robbie.stoecker@iowa.gov)

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