



# LUNCH AND LEARN

## Retirement Investors' Club (RIC)

### *Introduction & Overview*



Department of  
Administrative Services



# Introduction

Your employer takes your retirement readiness seriously. They partner with the Iowa Retirement Investors' Club (RIC) to provide a **voluntary** retirement savings benefit. RIC **helps 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.

- RIC is part of your personal savings and is a essential part of your retirement income.
- Participating in RIC can make saving for the future much easier.



*Saving for the future you imagine starts today*

# Plan Benefits

## **RIC savers enjoy benefits such as:**

- Year round enrollment
- Automatic savings through payroll deductions
- Tax benefits - Pretax & Roth deductions
- Competitive investments (at little to no cost) to take you to and through retirement
- Access to financial advisors
- Outside assets may be rolled in or out of RIC at any time
- AND Flexible options for income in retirement



# Introduction

Social Security and IPERS income may not be enough to retire when you want. Your ability to retire when you want depends on what you are doing now to prepare



The average retiree will spend 20 years in retirement

# Sources of Income in Retirement



**Social Security**

What if SS isn't able to fund at the current rate when you retire?



**Personal Savings**



IRAs, CDs, etc.

No Cost of Living Adjustments

*You control* this income source now and in the future



**Retirement Income**



# Saver's (Tax) Credit

The Saver's Credit rewards low and moderate income taxpayers who are making contributions to eligible retirement savings plans.

- You may qualify for up to a \$1,000 credit against taxes owed if your adjusted gross income (AGI) does not exceed IRS limits.
- To find out more about this credit visit the Saver's Credit page on the RIC website or talk to your tax advisor.

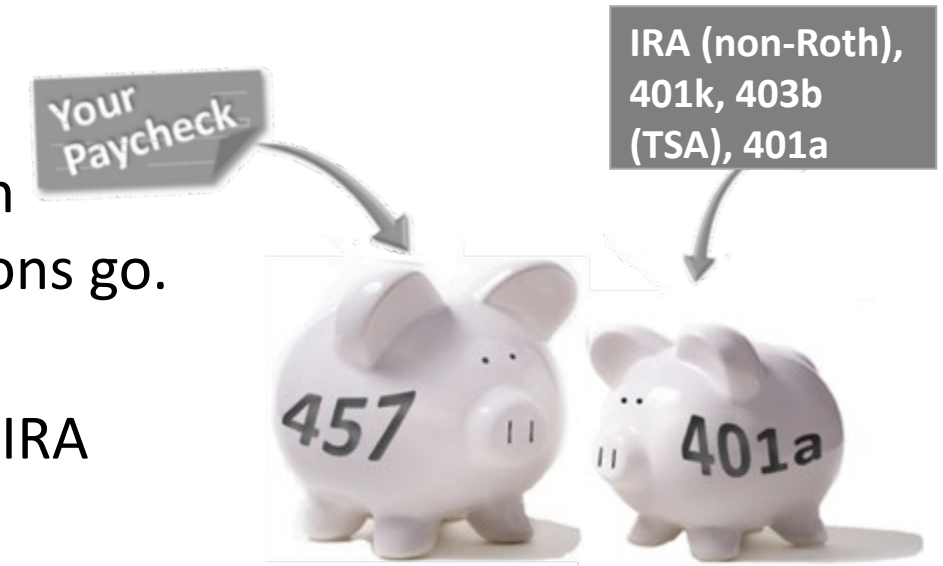
**"I can't afford to save!"**



# Contributions

Your 2 RIC accounts

- The 457 account is your contribution account where your payroll deductions go.
- The 401a account is where you can consolidate or roll in funds from an IRA (non-Roth), 401k, 403b (TSA), 401a.



***RIC is very flexible!***

- You choose the amount you would like to contribute.
- Options for pretax/post-tax Roth contributions
- 457 automatic payroll deductions may be change or stopped anytime.

# 457 Contributions



- A portion of your wages is automatically deducted from your paychecks.
- Deductions are deposited to your selection of 457 RIC investments.
- Annual 457 contributions must not exceed the IRS limits.

IRS Annual Maximum Contribution Limits		2025
Regular	100% of compensation up to:	<b>\$23,500</b>
Age 50+	The regular limit + \$7,500:	<b>\$31,000</b>
Age 60 – 63	Regular limit + \$11,250 if 60 -63	<b>\$34,750</b>

*\*457 contributions do not reduce Social Security & pension benefits.*



# 3-Year Catch-Up



- Have “catch-up” contributions
- 4 years from normal retirement\*
- Available for 3 consecutive years
- Worksheet required

IRS Annual Maximum Contribution Limits		2025
Regular	100% of compensation up to:	\$23,500
Age 50+	The regular limit + \$7,500:	\$31,000
Age 60 – 63	Regular limit + \$11,250 if 60 -63	\$34,750
<b>3-Year Catch-up</b>	<b>Up to twice the regular limit</b>	<b>\$47,000</b>

*457 contributions do not reduce Social Security & IPERS benefits.*

\* Rule of 88, Rule of 62/20, or age 65

# Pretax or Roth Tax Benefits

*Do you want to pay taxes now or later*



	Pretax (Before)	Roth (After)
Tax treatment of <i>deductions</i>	No taxes* withheld	Taxes withheld
Immediate tax benefit	Lowers taxable income	None
Tax treatment of <i>earnings</i>	Tax-deferred	Tax-free if qualified

# No Vesting Requirements

Once you leave employment, your RIC assets are yours!

- RIC plans provide great benefits throughout your retirement.
- Being familiar with your RIC benefits can help you make informed decisions about your retirement income.



# Consolidating

- You may consolidate retirement assets.
- Outside retirement plan assets may be rolled *into and out of* RIC at any time.
- This is a non-taxable transaction.
- RIC accepts rollover assets from:  
*IRA (non-Roth), 401k, 403b (TSA), 457, 401a* >>>>>



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

# Getting Enrolled

## **STEP 1**

Open accounts and  
choose investments

## **STEP 2**

Complete RIC Account  
Form

*Enrollment is always open!*



# Step 1 – Open Accounts & Choose Investments

## STEP 1

### Open accounts and choose investments

*Advisors have knowledge and tools to help you choose your investments.*

Your Provider is



*You may change your investment selection at anytime without fees or restrictions.*

- Access provider information on the RIC website or review their website.
- View the RIC At-A-Glance for a program summary, including a list of fund options
- Speak with your own financial advisor

### **You choose how you would like to enroll:**

- Complete enrollment and investment selection with the provider's investment and retirement planning tools.
- If you need assistance, ask an advisor to explain the investments and help you complete applications.



# Step 2 – Complete RIC Account Form

## STEP 2

### Complete RIC Account Form

*Your provider have tools to help you determine the amount you should contribute.*




- Complete the RIC Account Form available from your human resources office.
- The amount of your deductions may be changed or stopped at anytime.
- And finally, submit all information as instructed by your provider.


# Enrollment

There are a variety of enrollment options:

- Online
- In person
- Over the phone
- Paper form



RIC At-A-Glance  
Empower







*We're saving – are you?*

**Program summary:** The Iowa Retirement Investors' Club (RIC) is your employer's supplemental retirement savings benefit designed to help eligible employees\* save a portion of current wages to supplement IPERS and Social Security income in retirement. There are no vesting requirements! Participants enjoy many benefits such as:

- Automatic deductions from payroll (no minimum\*)
- Tax advantages (pretax & Roth\*) and possible tax credit of up to \$1,000
- Diversified, no-load, low-cost investment options
- Flexible income options in retirement


**Enrollment & Investments:** Enrollment is always open. The RIC provider shown below has everything you need to open your accounts, select investments, and begin payroll deductions.

The RIC provider offers a variety of investments (see reverse side), including guaranteed interest accounts, no-load/low-cost mutual funds, target date funds, and a brokerage account. Investment advisors are able to explain the investments and answer questions at no extra cost. Investments have no sales charges, annual contract fees, fund transfer fees, or restrictions/penalties for eligible distributions. You may make changes to your investment options online, by phone, or with help from your advisor at any time.

Provider Enrollment Options	
 In person – request a meeting	 IowaRICenrollment@emccatalyst.com Agent listing by location
 Over the phone	833-959-4692
 Print forms	Print forms


**Distributions:** RIC does not require assets to move out of the plan when you leave employment. Income options after leaving employment include lump sums, flexible periodic payments, lifetime annuity payments, or any combination. While employed, distributions are only available from the 457 account for an approved unforeseeable emergency, turning age 70 ½, and a qualified small account cash out.

\* Certain plan options and eligibility requirements are established by your employer. See plan details specific to your employer plan at [https://das.iowa.gov/RIC/PSI/plan\\_details](https://das.iowa.gov/RIC/PSI/plan_details)

 Visit the RIC website at <https://das.iowa.gov/RIC/PSI> to access program education, provider websites, advisor information, historical fund performance, fixed rates, plan documents, and more. Contact an RIC provider directly or the RIC office at 866-460-4692 if you have questions.

Revised 05/18/24

Iowa Retirement Investors' Club (RIC) • 866-460-4692 • <https://das.iowa.gov/RIC>



For additional information go to the RIC website or RIC At A Glance.

# RIC Provider and Investments Types

## 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



More information is available on the RIC website.

# Investments

## How should I invest?

Investments and potential for earnings depend on your risk tolerance and timeframe for investment.

## Advisor services

- No cost
- Evaluate your investment mix
- Suggest changes
- Explain risks associated with each investment



# Investments

Online, by form or with your advisor

<https://iowaric.empower-retirement.com/participant/#/login>

Group Id / Plan Number: 744906-01

Plan Enrollment Code: qs2tYHGd

Plan Enrollment Code expires: October 1, 2025



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

IOWA RIC EMPLOYEES LOGIN

[About your plan](#) [Investing](#) [Learning center](#) [Employer resources](#)



## Welcome to the Iowa Retirement Investors' Club (RIC) website

Learn more about the Iowa Retirement Investors' Club »

### Participant Login

Username

Password



[Forgot username/password?](#)

SIGN IN

REGISTER

### Need Help?

Speak with a representative regarding your account, Monday - Friday between 7 a.m. - 9 p.m. Central time, and Saturdays between 8 a.m. - 4:30 p.m. Central time.

**1-833-999-IOWA(1-833-999-4692)**



Department of  
Administrative Services

# Making Changes

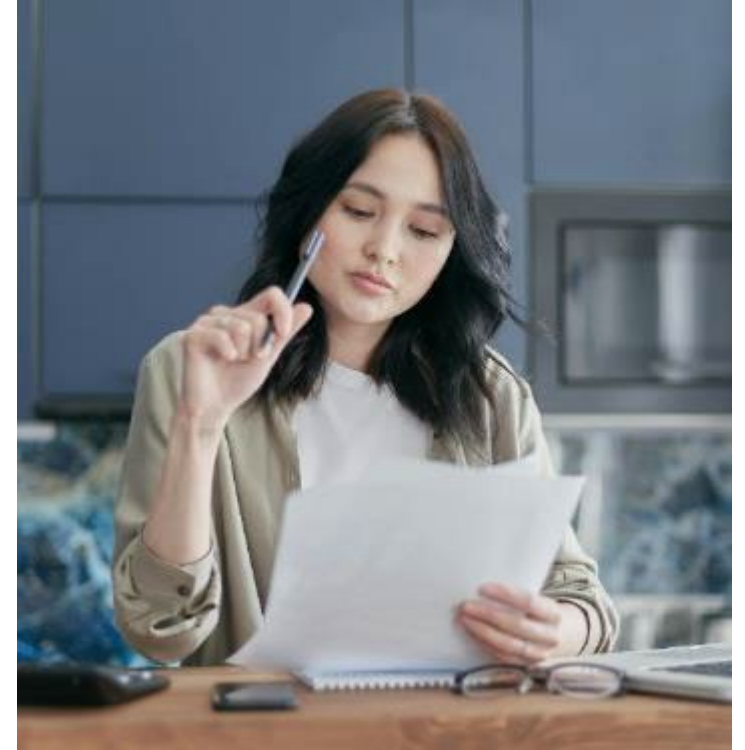
***Your RIC plans are very flexible!***

***Changes submitted to your payroll office***

- Payroll deductions

***Changes made with your RIC provider***

- Investments
- Address/name/beneficiary
- Provider/investment advisor
- Distributions





# Distributions

*Flexible options when you leave employment*

- Stay invested
- Take cash (lump sums, income/annuity payments)
- Rollover to an outside retirement account
- Purchase IPERS service credits
- Change investments, providers or advisors at anytime



# Required Minimum Distributions (RMD)

The IRS requires that you begin taking annual minimum distributions by the IRS required beginning date.

- Generally, April 1 following the later of the calendar year in which you:
  - reach age 73, or
  - Retire/leave employment

Extra taxes for not taking RMDs

- If you don't take any distributions, or if the distributions are not large enough, you may have to pay a 25% excise tax on the amount not distributed as required.

Visit [IRS.gov](https://www.irs.gov) for additional information on the IRS required beginning date.

# Distributions (in-service)

## Unforeseeable Emergency Withdrawal

If you experience a financial hardship, you may qualify to receive an in-service distribution.

- Strict federal guidelines
- 457 assets only
- Not available for bankruptcy or divorce
- May be available for:
  - Funeral expenses (legal dependent)
  - Foreclosure of or eviction from residence
  - Loss of spouse's wages
  - Uninsured medical expenses & related lost wages



# Taxable Distributions

When you take money out of the plan in cash, it is taxed as ordinary income and reported on IRS Form 1099-R.

## Mandatory withholding

- Minimum income tax withholding of 20% federal and 3.8% Iowa\*
- Other state's taxes may vary



\* Exceptions on request: Roth balance, Iowa tax exemption, RMD, annuitization, irrevocable equal payments for 10+ years

# Taxes on Contributions & Earnings

## Pretax 457

- Contributions and earnings are taxable for federal tax purposes and may be taxable for state tax purposes.



## Post-tax 457 Roth

- Contributions and earnings are tax-free if distribution is qualified.

*Non-qualified Roth distributions subject to taxation of earnings portion of the distributed amount.*

# Qualified Roth Distribution

*Earnings* on after-tax Roth contributions are tax-free if the participant meets all 3 of these requirements:

- A distributable event has occurred
- Roth account is held 5+ years (from first 457 Roth contribution), **and**
- The participant is age 59½ or older, disabled, or deceased.



*Non-qualified Roth distributions subject to taxation of earnings portion of the distributed amount.*



# Iowa Taxes

## Iowa State Income Taxes

RIC distributions are not taxable to Iowa residents who meet one of the following requirements.

- Age 55 or older
- Disabled
- Surviving spouse or survivor having insurable interest (child, parent, etc.)



*Providers may require an Iowa Form W-4P to request no withholding.*

# Resources

- Contact Empower if you have questions about your statements or the investments in your account
- Access your provider accounts online
- Visit the RIC website at <https://das.iowa.gov/ric/pse>
- Contact us: [ric@iowa.gov](mailto:ric@iowa.gov)
- LRH Custom RIC Webpage  
<https://das.iowa.gov/ric/pse/lakes-regional-healthcare>



*Thank you!*