

Your Retirement Savings Benefit



An Overview of the Deferred Compensation Program

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



Introduction



Your employer takes your retirement readiness seriously and offers you a supplemental retirement savings benefit called the Iowa Retirement Investors' Club (RIC).

Participation in the RIC **helps you save a portion of your hard-earned wages** for a time in the future when you want or need to retire.

Purpose

Your *need* for income in retirement is *inevitable*.

Your ability to retire depends on what you do now-**not** when you get there.



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

NOT SO FAST!

A graphic featuring a large, bold, red stamp that reads "NOT SO FAST!". The stamp is tilted and has a slight shadow. It is overlaid on a document that has "IPERS" and "THIS NEW KEY" visible on it. The document also shows a blue and white logo.

Purpose

Sources of income in retirement



Social Security

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

Personal Savings

Pension *IPERS*

What if you don't reach full benefit status?

What is IPERS?

Purpose

Sources of income in retirement



- Full IPERS benefit (60% income replacement) requires 30 years under an IPERS employer.
- Future IPERS contributions/calculations may change.
- Average IPERS-covered employee retires at 44% IPERS benefit (If you make \$45,000, could you live with a pension income of \$19,800 for the rest of your life?)
- No COLA

Purpose

Sources of income in retirement



Social Security

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

Personal Savings

You control this income source now and in the future. Planning and saving over the years will determine your benefit.

What if you don't reach full benefit status?

Purpose

Think about it...

Supplemental retirement savings plans are



One part of your future you CAN control!



Purpose

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. You can personally and positively affect what your options will be at retirement.

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 options in retirement



Now that you see
the basic purpose
and importance of
your retirement
savings plan, it's
time to take
control!



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.



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- **A 457 account** for payroll deductions (and roll-ins)
- **A 401a account** for qualified plan roll-in assets

**You are fully vested in
both accounts from day 1.**

Contributions (limits)

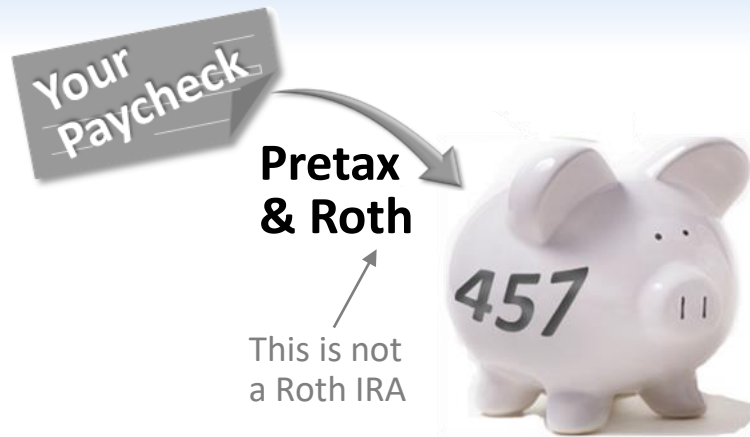


Payroll deductions ([minimum of \\$25/month](#)) are deposited into your selection of RIC investments in the 457 plan. Deductions may be changed or stopped at anytime.

IRS Annual Maximum Contribution Limits		2019
Regular	100% of compensation up to:	\$19,000
Age 50+	The regular limit + \$6,000:	\$25,000
3-Year Catch-Up	Up to twice the Regular limit	\$38,000

The total of all contributions made to the 457 account in a tax year must not exceed the [current IRS annual maximum limits](#).

Contributions (tax benefits)



Tax advantages differ depending on the taxation of deductions.

You have the choice to have your deductions taken pretax and/or post-tax Roth.

	Pretax 457	Roth 457
Tax treatment of <i>deductions</i>	No withholding	Regular income tax withholding
Immediate tax benefit	Lowers taxable income	None
Tax treatment of <i>earnings</i>	Tax-deferred until withdrawn as cash	Tax-free for qualified distributions
Consideration	Possibility of lower tax rate in retirement	Possibility of higher tax rate in retirement

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 qualify to receive up to a \$1,000 (\$2,000 if filing jointly) credit against taxes owed if your adjusted gross income does not exceed the [current IRS limits](#).

	2019
Filing jointly	\$64,000
Filing single	\$32,000
Filing Head of household	\$48,000

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

RIC participants enjoy control over

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



Investments

- Provider representatives are your best source of information about the investments being offered.
 - The RIC does not give investment advice.
 - Examples used in this presentation are for illustrative purposes only.
 - All investments involve some degree of risk; ask your provider what risk is associated with the investments you choose.
-



Investments

∴ MassMutual

MassMutual offers products that meet the RIC investment policy standards and annual review requirements. Here are a few of the product and service standards you can expect:

- Diversified, competitive fund line-up with no sales charges, surrender penalties or restrictions for qualified 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



Investments

::: MassMutual

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

Fixed Rate



- Declared rate-fixed period
- Guaranteed by provider
- Always liquid
- No market risk
- No restrictions/maturities
- No fees

Variable Rate



- No-load mutual funds
- No guarantees
- Always liquid
- Degrees of market risk
- No restrictions/maturities
- Fund management fees

Total fee range (1-1-2019)= .25% - 1.10%

Investments

Access to the provider website, quarterly fund performance, advisor listings, fixed rate, etc. is easily accessed from the RIC website.

Iowa Retirement Investors' Club (RIC)
457/401a Plans
Look forward to retirement!

RIC At-A-Glance
Public Sector Employees

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 for future income needs. There are no vesting requirements! Participants enjoy many benefits such as:

- Automatic deductions from payroll (minimum \$25/month)
- 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

RIC participants have 2 accounts

Your paycheck → Pretax (if available) → Roth (if available) → Eligible roll-ins

Eligible outside retirement plan assets (457, non-Roth IRA, 401k, 403b, etc.) may roll into/out of RIC at any time.

RIC Investment Options

There are 2 basic types of investments* offered (see illustration to the right). The chart below lists the provider's available fund options in each fund category, with more conservative fund options at the top. All funds meet investment policy standards and undergo annual reviews by RIC and an outside advisor.

Fund Categories	Fixed Rate	MassMutual
Money Market		MassMutual GIA
Core Bond		
Income		
Large Value		
Large Blend		
Large Cap Ind		
Large Growth		
Mid Value		
Mid Cap Index		
Mid Growth		
Small Value		
Small Cap Index		
Small Growth		
Foreign Stock		
Emerging Mkts		
World Stock		
Real Estate		
SDIRA (additional fees may apply)		
Total range of fees*		0.2

*Fixed rate accounts have no fees

Revised 06/26/18

MassMutual Information

800-743-5274

Website Returns Fixed Rate Advisors Email

Investor tools

- [RetireSMART Mobile App](#)
- [Managed Accounts](#)
- [RetireSmart Ready Tool](#)
- [Receive a tax break](#)
- [How to view your statement](#)
- [Stock market changes](#)
- [Consider a variety of funds](#)
- [Start saving early](#)

Enrollment & more

Enroll - MassMutual offers the following enrollment options:

- With an advisor (no additional cost) - Contact an [advisor in your area](#), if available.
- Over the phone - 800-743-5274
- Download Forms - Download a paper copy of the enrollment forms from the [MassMutual website](#).
- Request assistance - For enrollment help or to ask questions contact MassMutual at 800-743-5274 or to ask questions, [send an email](#)

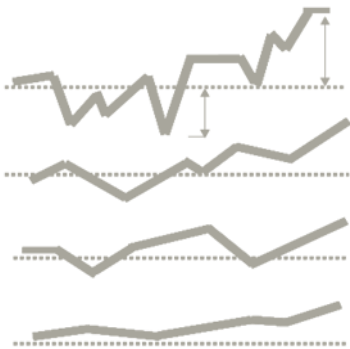
[Online Account Access Instructions](#) - Create your Iowa RIC retirement plan login information online with MassMutual.

[iowaric.org](#)

Investments

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

What kind of *risk* am I taking?



Will this enhance my *nest egg*?

Money markets/savings
IRAs CDs
Savings bonds
Annuities/life insurance
Real Estate
Spouse's 401(k)
Stocks/bonds
Outside mutual funds



RIC participants enjoy control over

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



Changes

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

At any time you may make changes to your:


- Payroll deductions
- Investments
- Address/name/beneficiary
- Investment advisor



Changes (payroll deductions)


Payroll deduction change requests for existing accounts are made by completing the *RIC Account Form* and submitting it to your payroll office.

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



Iowa Retirement Investors' Club (RIC)
457/401a Plans
Look forward to retirement!

Lakes Regional Healthcare
RIC Account Form



Personal Information

Name _____ Social Security # _____
Last First MI Existing accounts use last 4 digits only

Address _____ City _____ State _____ Zip _____

Birth Date _____ Phone (work) _____ Phone (home) _____

457 Payroll Deduction Election

Changes affect the 1st available check of the month following receipt of this form unless a later date is indicated. Stop requests are immediate.

The combined amount of all 457 pretax and Roth contributions in a tax year is limited to the IRS annually declared maximum contribution limits (see <https://das.iowa.gov/RIC/PSE/contributions>).

Deduction amount	
Pretax	Roth
MassMutual \$ _____ or _____ %	_____ or _____ %
<input type="checkbox"/> Stop deductions	

Participant Signature

I authorize my employer to process these requests. I have access and agree to the terms and conditions of the Iowa Retirement Investors' Club (RIC) as disclosed in Plan document. I have established 457 and 401a accounts with a RIC provider. I understand that the total of all 457 contributions made in the calendar year must not exceed the federal limits as required by the Internal Revenue Code section 457. I understand that withdrawals may only be made upon termination of employment or qualification for an in-service distribution.

X _____
Participant Signature Date


Form Submission

New accounts: *Provider account forms:* Forward to the provider
RIC Account Form: Forward to your payroll office (shown below)

Existing account changes: *RIC Account Form:* Forward to your payroll office (shown below)

Agent Use Only (Not required for existing accounts)
I am authorized to open accounts for this employee and verify that the participant has established 457/401a accounts with the provider shown below.


Print Agent Name	Agent Signature	Agent Phone Number	Provider Name	Date
Received by RIC	Payroll Office		RIC Use Only	
	Date Received: _____		Date Pended: _____	
	Paycheck Effective Date: _____		Entered: _____	
	Name: _____		Checked: _____	

 Visit the RIC website at <https://das.iowa.gov/RIC> and click on the Public Employees portal to access the RIC At-A-Glance (from Your Plan Details), IRS maximum contribution limits, and other plan options specific to your employer's 457/401a plans.

Lakes Regional Healthcare
 2301 Highway 71 South • Spirit Lake, IA 51360 • (712) 366-8700 ext. 8790 • Fax (712) 366-8621

CFN 563-0317-LRH
Revised 01/05/16

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



Changes (investments)

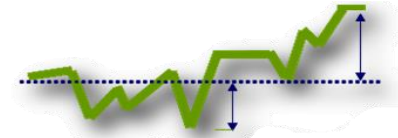
Conservative investor



Moderate investor



Aggressive investor



Risk tolerance and savings goals will likely change over time-your portfolio should too. Ask an advisor to help.

Distributions (in-service)

While employed, 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.

Distributions (separated from employment)

You choose how and when you want your money.

- 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 annual minimum distributions must begin at age 70 ½ or retirement, whichever is later.

Distributions (separated from employment)

Flexibility in retirement

Social Security
(Irrevocable)



Pension
(Irrevocable)

PERSONAL SAVINGS
FLEXIBLE
IRAs, CDs,
mutual funds, etc.

RIC participants enjoy control over

- Contributions/Roll-ins
- Investment mix
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Enrollment

Enrollment is always open

The provider has everything you need to enroll.

STEP 1

**Open 457/401a and
choose investments**

You may enroll with an advisor (no extra cost), by phone, or download forms from the provider's website. Your provider has tools to help you choose investments.

STEP 2

Complete *RIC Account Form*

Payroll deductions begin the month after you enroll. Your provider has tools to help you determine the amount you should contribute.

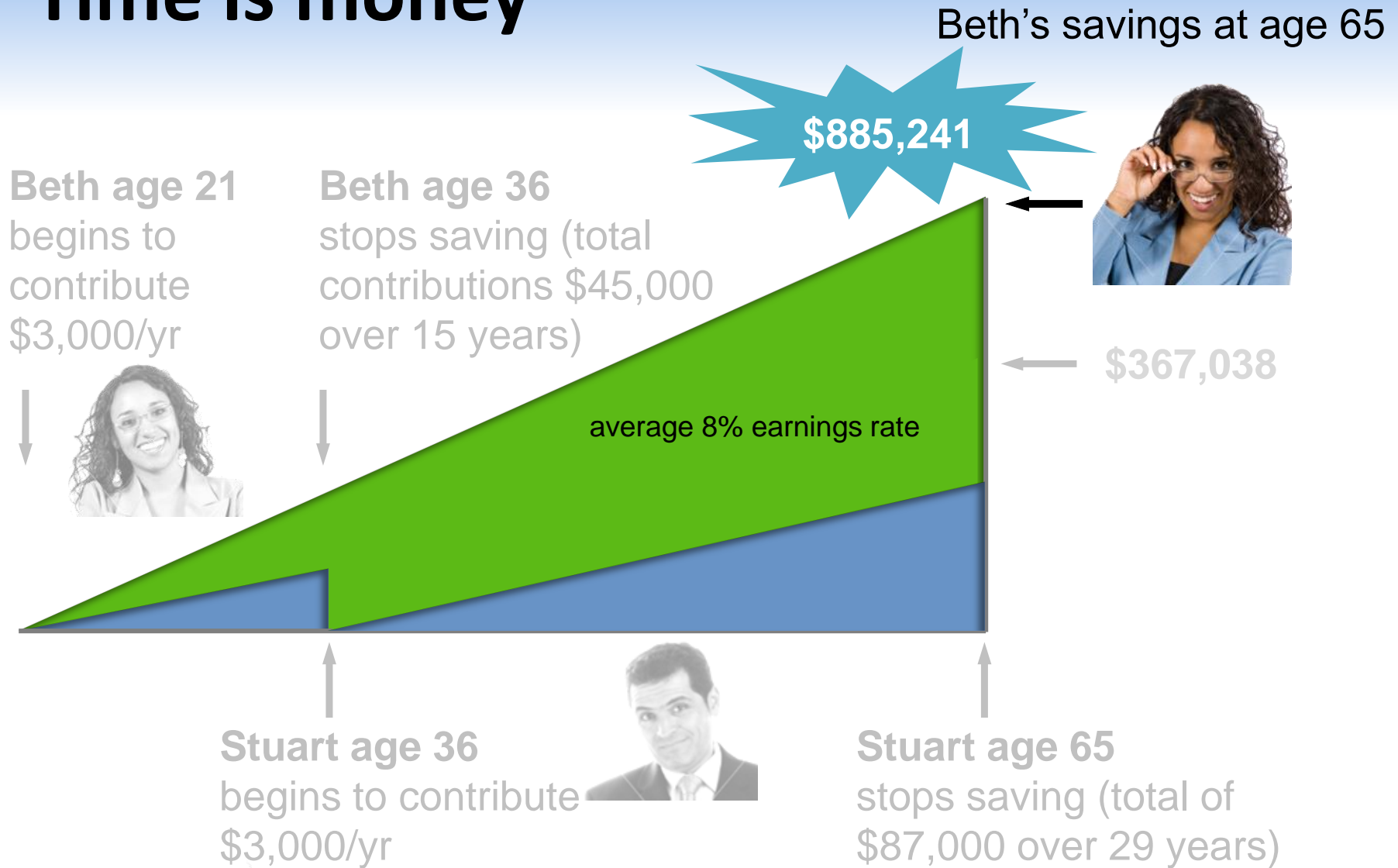
Submit all information as instructed by the provider.

You can't save
for retirement
in retirement!

*Enroll today,
time is money!*



Time is money



Save now

Benefits for all

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

- 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 age penalty for 457 plan withdrawals



Resources

- Access your account online and save your PIN.
- Call your provider if you have questions about your statements or the investments in your account.
- Visit the RIC website at <https://das.iowa.gov/RIC>
- Robbie Stoecker
515-242-6846
robbie.stoecker@iowa.gov

