

# Your Retirement Savings Benefit



An Overview of the Deferred Compensation Program

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



# Introduction



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

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 showing a hand holding a pen over a document. The document has some text, including '59' and 'THIS NEW KEY'. Overlaid on the graphic is the text 'NOT SO FAST!' in large, bold, red, 3D-style letters. The word 'IPERS' is also visible in the background of the graphic.

# 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)

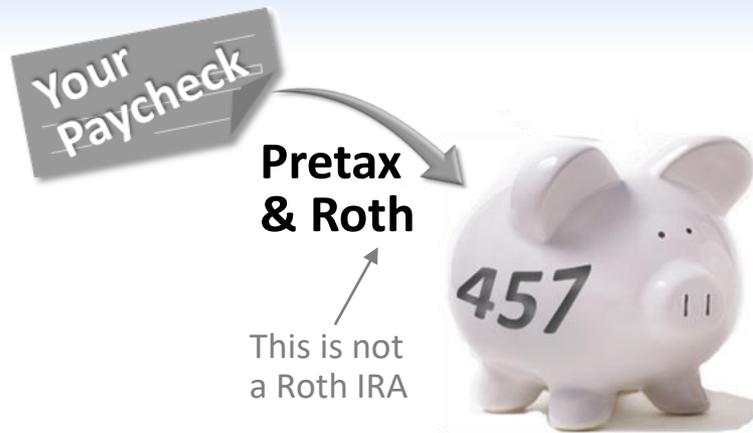


Payroll deductions ([minimum of \\$25/month](#)) are deposited into your selection of RIC investments in the 457 plan. Deductions may be changed or stopped at anytime.

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

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- 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.
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# Investments

## ∴ MassMutual

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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 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	Investment Options
Fixed Rate	MassMutual GIA
Money Market	
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](#)

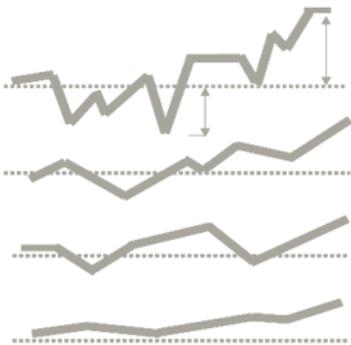
[Online Account Access Instructions](#) - Create your Iowa RIC retirement plan login information online with MassMutual.

[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	Lakes Regional Healthcare An Avera Partner												
<b>Personal Information</b>	Name _____ Social Security # _____ <small>Last First MI Existing accounts use last 4 digits only</small> Address _____ City _____ State _____ Zip _____ Birth Date _____ Phone (work) _____ Phone (home) _____														
<b>457 Payroll Deduction Election</b>	<p>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 <a href="https://das.iowa.gov/RIC/PSE/contributions">https://das.iowa.gov/RIC/PSE/contributions</a>).</p> <p>Changes affect the 1<sup>st</sup> available check of the month following receipt of this form unless a later date is indicated. Stop requests are immediate.</p> <table border="1"><thead><tr><th></th><th colspan="2">Deduction amount</th><th></th></tr><tr><th>MassMutual</th><th>Pretax</th><th>Roth</th><th></th></tr></thead><tbody><tr><td></td><td>\$ _____ or _____ %</td><td>\$ _____ or _____ %</td><td><input type="checkbox"/> Stop deductions</td></tr></tbody></table>				Deduction amount			MassMutual	Pretax	Roth			\$ _____ or _____ %	\$ _____ or _____ %	<input type="checkbox"/> Stop deductions
	Deduction amount														
MassMutual	Pretax	Roth													
	\$ _____ or _____ %	\$ _____ or _____ %	<input type="checkbox"/> Stop deductions												
<b>Participant Signature</b>	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 _____ Date _____ <small>Participant Signature</small>														
<b>Form Submission</b>	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)														
<b>Agent Use Only (Not required for existing accounts)</b> 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 <a href="https://das.iowa.gov/RIC">https://das.iowa.gov/RIC</a> 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) • <a href="https://das.iowa.gov/RIC">https://das.iowa.gov/RIC</a>															
															

# 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

## 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.*

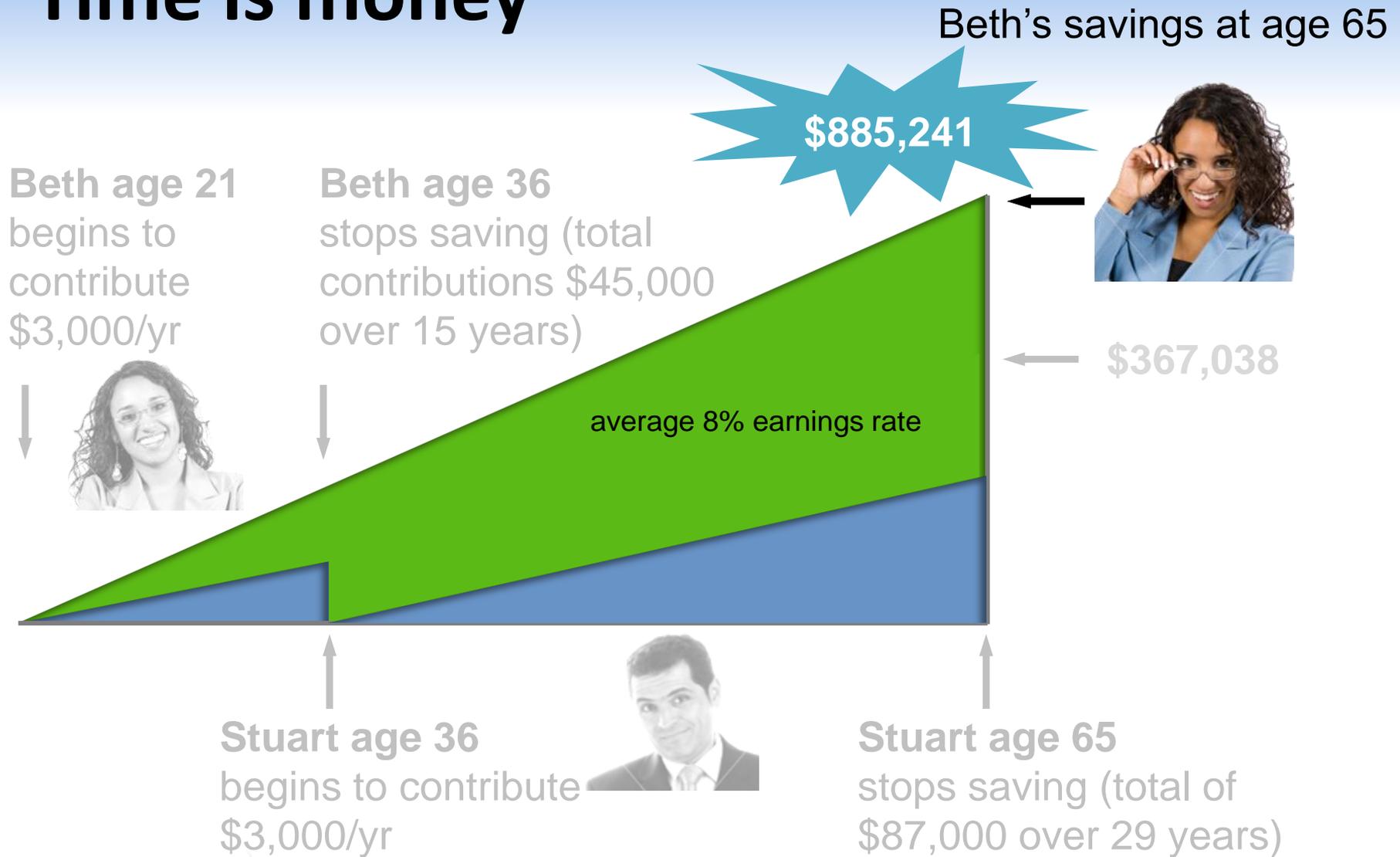
**Submit all information as instructed by the provider.**

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](mailto:robbie.stoecker@iowa.gov)

