



	457 Employee Contribution Plan	401(a) Plan
Eligibility requirements	None	457 participation
Enrollment	Year-round – Call an RIC provider to request an enrollment kit or appointment. Return completed paperwork to the provider.	
Contributions	Minimum pretax and/or post-tax Roth payroll deductions of \$25/month; annual maximum limits 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.	None
Rollovers in	Accepts eligible 457 plan assets. Roll-in assets may roll out at any time.	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) <i>contributions</i> are subject to federal and state income tax when deducted from payroll. Post-tax (457 Roth) <i>earnings</i> accumulate tax-deferred and are tax-free at distribution if qualified.	
Vesting	Always 100% vested ⇨	
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. (go to <a href="https://das.iowa.gov/RIC/PSE/providers">https://das.iowa.gov/RIC/PSE/providers</a> for more information)	
Distributions of assets while employed (processed by RIC)	<b>Unforeseeable Emergency</b> - Must prove financial hardship due to an unforeseeable emergency (complete <i>RIC Unforeseeable Emergency Form</i> ). Taxed as ordinary income-no age penalty.	None
	<b>Cash Out Provision</b> - Allowed if total assets=\$5,000 or less and no deferrals have been made for a 2-year period (complete <i>RIC Distribution Form</i> ). Taxed as ordinary income-no age penalty.	
	<b>Service Credit Purchase</b> - A nontaxable transfer of <b>pretax</b> assets for purchase of permissive service credits such as IPERS (fax IPERS forms to RIC)	
	<b>Age 70 ½</b> - Allowed (but not required) in the year you attain age 70 ½ ⇨	
Options after separation from employment (processed by provider)	<b>Remain invested</b> - Distributions are not required until age 70 ½*. Assets remain invested without withdrawal restrictions or penalties.	
	<b>Take payment</b> - Options include total/partial lump sum withdrawals, periodic withdrawals, lifetime payments, or a combination. Pretax assets are taxed as ordinary income-no age penalty. Roth contributions are tax-free. Roth earnings are tax-free if qualified (account has been held for at least 5 years and you are either age 59 ½ or older, disabled, or deceased).	<b>Take payment</b> - Options include total/partial lump sum withdrawal(s), systematic withdrawals, lifetime payments or any combination. Distributions are taxed as ordinary income and reported on IRS 1099R form. Possible IRS 10% penalty before age 59½.
	<b>Rollover</b> - Assets may roll out of RIC to an eligible plan.	
	<b>Service Credit Purchase</b> - Pretax assets may be transferred to IPERS for purchase of eligible service credits at any time after separation from employment.	

\*Age 70 ½ requirement- IRS required minimum distributions must begin no later than April of the calendar year following the year you attain age 70½ or retire, whichever is later.