



The Retirement Investors' Club (RIC) 457/401a program is an employer-sponsored supplemental retirement savings benefit that provides an easy way for you to save a portion of current wages for future income needs. RIC contains two plans: a 457 plan to hold employee contributions and a 401a plan to hold employer match contributions and assets rolled in from other eligible retirement plans. RIC has no vesting requirements.

Employer Match- All participants contributing to the 457 plan are eligible for the employer match benefit up to \$75/month. That's up to \$900/year just for saving your money for your retirement! The first \$75 you contribute to the 457 plan (pretax or Roth) monthly is matched 100% (SPOC employees-50% of \$150/mo). Match contributions deposit into your 401a account.

457 Contributions- Contributions are by payroll deduction only. The total of all 457 contributions in a tax year must not exceed the IRS declared annual maximum limits. You choose to:

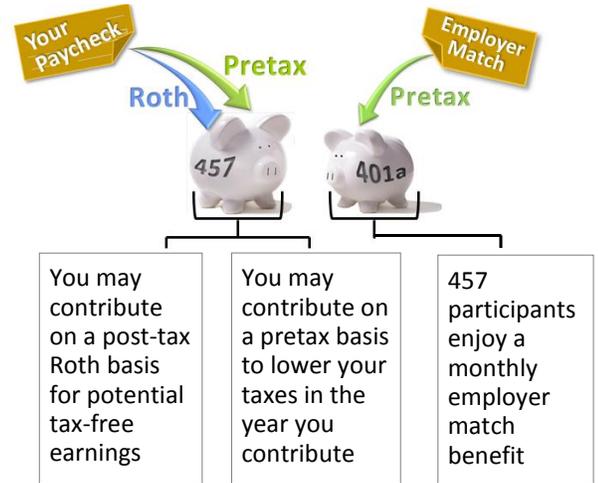
- Contribute from 1, 2, or all paychecks in a month or designate an amount for a single or final paycheck
- Contribute as little as \$25/month or as much as the IRS limits shown to the right
- Make pretax or post-tax Roth contributions, or both
- Change contribution amounts or stop at any time

Tax Advantages- Tax benefits differ based on the tax treatment of contributions going into RIC and tax credit eligibility. Contact a tax professional if you have questions about how these tax benefits may affect your specific needs.

- 1) **Pretax** contributions are deducted from your wages before state and federal income tax withholding. This gives you the immediate tax benefit of a lower taxable income for the year. Investment earnings grow tax-deferred.
- 2) **Post-tax Roth** contributions are deducted from your wages after state and federal taxes are withheld. There is no immediate tax benefit. Investment earnings are tax-free if distribution is qualified*.
- 3) **The Savers' Tax Credit** of up to \$1,000 may be available if you qualify.

Investment Selection- Whether your investment objective is safety, income, or growth, each RIC provider offers multiple diversified investment options to meet your investment style. Changes to investments and providers within the plan are penalty and restriction-free. For additional information, see <https://das.iowa.gov/RIC/SOI/providers>.

Enrollment (always open)- You may pre-enroll at http://www.surveymonkey.com/s/SOI_PreEnroll or call an RIC provider to request a meeting or enrollment kit (includes forms and investment information) to open your accounts, begin payroll deductions, and start receiving the match. Don't struggle through the enrollment process alone; ask a provider to help you! View sample questions to ask a provider on our website.



2017 IRS 457 Maximum Contribution Limits		
Regular 100% of compensation up to:	Age 50+ Participants age 50+	3-Year Catch-Up (Must qualify) Regular limit + missed contributions up to:
\$ 18,000	\$ 24,000	\$ 36,000

Compensation = gross salary minus your retirement, FICA, and other required deductions. The Age 50+ & 3-Year Catch-Up limits cannot be used at the same time.

Horace Mann	MassMutual	VALIC	Voya
877-602-1870	800-743-5274	800-945-6763	800-555-1970

* Roth qualified distributions are tax-free if a distributable event has occurred, account is held 5+ years; and participant is age 59½ or older, disabled, or deceased.

Distributions- A “distributable event” (shown below) must occur to be eligible for a distribution.

Event	Description	Requirements
Unforeseeable emergency withdrawal	In-service distribution of 457 assets due to an approved financial hardship, such as home foreclosure or uninsured medical bills	Completion of an application and proof that the hardship meets strict federal guidelines is required. Contributions must stop for 6 months after an approved withdrawal.
Cash out	In-service distribution of inactive small balance 457 accounts	Requires there have been no contributions in the previous 24 months and total 457 assets = \$5,000 or less. Contact RIC to request this type of distribution.
Age 70 ½⁺	In-service distributions of 457/401a assets due to attainment of age 70 ½	Distributions are allowed but not required. Contact RIC to request this type of distribution.
Severance from employment	No distribution is required unless age 70½ ⁺ . 457/401a assets are available for distribution in a wide variety of payment options.	Contact your RIC provider to request this type of distribution.

Tax Treatment of Distributions- Taxation of distributions differs based on the tax-treatment of contributions (illustrated to the right). All 401a contributions are pretax.

Distribution Requests- Once separated from employment, you may remain invested and/or request distributions directly from your RIC provider (exception-IPERS Service Credit Purchase¹). No employer approval required.

RIC provider products have no distribution penalties or restrictions. Assets invested with an inactive provider may limit distribution options and impose surrender charges. Distribution requests from inactive providers require completion of the *RIC Distribution Form* (available on the RIC website) and, in most cases, the inactive provider’s distribution form.

¹*Purchasing IPERS Service Credits- If you are eligible to purchase IPERS service credits, and wish to make a non-taxable transfer of RIC 457/401a pretax assets to IPERS, contact the RIC office to request the transfer. Contact IPERS at 800-622-3849 or info@ipers.org to determine eligibility and cost to purchase.*



457 Post-tax Roth	457 Pretax	401a Pretax
Tax-free if qualified*	Taxed as ordinary income	Taxed as ordinary income
<i>Eligible distributions have no IRS early withdrawal penalty</i>		<i>Eligible distributions subject to IRS 10% penalty prior to age 59 ½</i>

Roll-ins- You may roll previous government employer 457 plan assets into your RIC 457 account at any time. You may roll outside eligible plan assets (such as a traditional/rollover IRA, 401k, 403b, 401a etc.) into your RIC 401 account. Assets rolled into RIC may be rolled out at any time without a distributable event. To roll assets into RIC, contact your RIC provider.

Program Education is available on the RIC website. For employees new to RIC, the RIC Basics presentation provides an overview of the features and benefits of the program. If you are closer to retirement, review the RIC Distributions presentation to hear how to best utilize RIC as a pre-retiree and know what options are available to you in retirement. Both presentations are available at https://das.iowa.gov/RIC/SOI/program_education.

Want more information? For additional program information, visit <https://das.iowa.gov/RIC>. If you have questions please call the provider directly or give RIC a call.

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