

# Retirement Investors' Club (RIC)

Getting Ready to Retire  
and Take Income



Department of  
Administrative Services

Ready, Set, Retire

# Discussion

- Plan Features and Benefits
- Contributions
- Investments
- Retirement Options
- Taxes



# Introduction

The Iowa Retirement Investors' Club (RIC) is a voluntary retirement benefit savings program. RIC **helps you save a portion of your wages today**, to help build the life you envision in retirement.

- RIC is key part of your personal savings
- RIC offers flexible options 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
- Employer match up to \$75 per month
- Tax advantages/Tax-deferred & tax-free earnings
- Pretax & Roth deductions
- Access to financial advisors and competitive investments (at little to no cost) to take you to and through retirement
- Flexible options for income in retirement
- Outside assets may be rolled in or out of RIC at any time



# Will I Have Enough?

Social Security and IPERS income may not provide enough income to retire when you want or how you want.



The average retiree will spend 20 years in retirement.



There are many unknowns in life, but there's one thing you *can* control—and that's how much money you're putting aside today for retirement.

# Source of Income in Retirement



**Social Security**

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



No Cost of Living Adjustments

**Personal Savings**

*RIC*

IRAs, CDs, etc.

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





# Your 2 RIC Accounts

## 457 plan employee contribution account

- **Your contribution account** is funded by payroll deductions
- Pretax & Roth

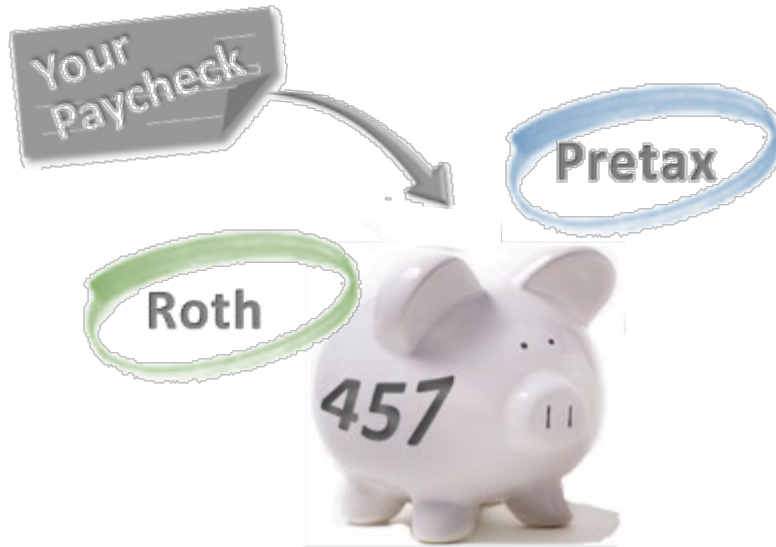
## 401a plan employer contribution account

- **Employer Match account** funded by your employer
- Up to \$75 per month



RIC is very flexible – you decided the amount, frequency and taxation.

# Pretax or Post Tax Benefits



*Do you want to pay  
taxes now or later?*



	Pretax	Roth
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

\* Refers to state and federal taxes; FICA is withheld.



# 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!"**



# No Vesting Requirements

Once you leave employment, your RIC assets are yours!

- There are no vesting requirements!
- RIC provides great benefits throughout your retirement.
- You don't have to move your money when you leave. You can leave it there until you are ready to use it.



# Enrollment Steps

Getting enrolled is easy - here's how to get started!


<b>STEP 1</b>	Make 457 payroll deduction election in Workday.
<b>STEP 2</b>	Open 457/401a accounts, select investments and name beneficiaries with provider.



# Provider Enrollment Options


There are a variety of provider enrollment options:

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

**IOWA** Retirement Investors' Club (RIC)

**RIC At-A-Glance**  
State of Iowa Employees


*We're saving – are you?*



**Program summary:** The Iowa Retirement Investors' Club (RIC) is the State of Iowa supplemental retirement savings benefit designed to help state 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:

- Employer match benefit of up to \$75/month
- Automatic deductions from payroll (no minimum)
- Tax advantages (pretax & post-tax 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



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

**Enrollment & Investments:** Enrollment is always open. RIC providers shown below have everything you need to open your accounts, select investments and start receiving the match.

Each RIC provider offers a variety of investments (see reverse side), including guaranteed interest accounts, no-load/low-cost mutual funds, target date funds, and brokerage accounts. 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 and transfers between RIC providers. You may make changes to your investment options online, by phone, or with help from your advisor at any time.

Provider Enrollment Options	corebridge <small>(formerly AIG)</small>	EMPOWER	Horace Mann	VOYA
Online	Enroll online (457/401a)	Not available	Enroll online (457/401a)	Enroll online (457/401a)
In person – request a meeting	Shawn.Monahan@corebridgefinancial.com Area agent list	Email Empower Area agent list	Robert.curtis@horacemann.com Area agent list	VoyaIowaRICInbox@Voya.com Request area agent information
Over the phone	515-240-1233	888-999-IOWA (4692)	877-682-1870	515-698-7973
Print forms	Print forms (457/401a)	Print forms	Print forms	Request 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.

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

# Making Changes in Workday

- Payroll deductions
- Providers
- Amounts
- Taxation
- Paycheck frequency

Deferred Compensation



*Smart Guide*

*Employees*

## Purpose

This guide provides information about requesting payroll deductions for deferred compensation in Workday. Deferred compensation is available for **permanent or probationary State** employees working 20 or more hours per week. See the [Retirement Investors' Club](#) (RIC) page on the DAS website for more information.

RIC is a retirement savings program that offers a 457 employee contribution plan and an employer match plan. The State will match your contributions up to \$75 per month. Options for employee contributions include both pre-tax and Roth.







# Making Changes With Your Provider

*Investments, address, beneficiary, advisor, or distribution request*

## Explore RIC providers

All investment options and services are provided by these RIC Providers.

Corebridge		<div><div>Corebridge</div><ul style="list-style-type: none"><li>Phone: <a href="tel:515-240-1233">515-240-1233</a></li><li><a href="#">Email Corebridge</a></li><li><a href="#">Enroll online</a></li><li><a href="#">Meet with an agent</a></li><li><a href="#">Fund details</a></li><li><a href="#">Access and print forms</a></li><li><a href="#">Corebridge website</a></li></ul></div>
Empower		
Horace Mann		
Voya		

<https://das.iowa.gov/ric/state-iowa-employees-soi/providers-investments-soi>



# Contributions

- Your payroll deductions are deposited to your selection of 457 RIC investments.
- Annual 457 contributions must not exceed the IRS limits.

## 3-Year Catch-Up

- 4 years from normal retirement\*
- Available for 3 consecutive years
- Worksheet required



IRS 457 Maximum Contribution Limits		2025
Regular	100% of compensation up to:	\$23,500
Age 50+	Regular limit + \$7,500	\$31,000
Age 60 -63	Regular limit + \$11,250 if 60 -63	\$34,750
3-Year Catch-Up	Up to twice the regular limit	\$47,000

\* Rule of 88, Rule of 62/20, or age 65 (POR- Age 55 & 22 years of service)

# Final Pay

You may defer a portion of your final paycheck to your RIC account.  
*(within IRS annual maximum limits)*

Submit a *Special Deduction Request form* to the RIC team by your last day, as this action cannot be completed in Workday.

Please contact the RIC team about 2 to 3 weeks prior to your last day, for assistance.



# 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.
- **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.

# Investment Disclaimer

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- Your RIC advisor is your best source of information about the investments being offered.
  - The State of Iowa does not give investment advice.
  - All investments involve some degree of risk; ask your advisor what risk is associated with the investments in your portfolio.
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# Selection Process

RIC uses a competitive bid process to select providers and investments.

Required minimum standards include:

- Diversified, competitive funds
- Restriction and penalty-free investments
- Flexible distribution options
- Advisors and investment planning tools
- 24/7 internet/phone account access



# RIC Providers 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





# Investment Resources

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

RIC has several resources to help!

- RIC website
- Provider websites
- Advisor listings
- Fund performance
- RIC At A Glance
- Your Advisor

**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, which includes target date funds. All funds must meet investment policy standards and undergo annual reviews by RIC and an outside investment consultant. There are no restrictions or fees for fund or provider transfers and eligible distributions.

Fund fees shown include all fees reported at the time of this chart's last update. For the most accurate fees, visit the provider website. Fund rate accounts have no fees.

Provider	Fund Category	Fund Name	Fund Fee	Provider Fee
Corebridge	Fixed Income	Corebridge Fixed Income Fund	0.25%	0.25%
		Corebridge Fixed Income Fund	0.25%	0.25%
		Corebridge Fixed Income Fund	0.25%	0.25%
		Corebridge Fixed Income Fund	0.25%	0.25%
Empower	Fixed Income	Empower Fixed Income Fund	0.25%	0.25%
		Empower Fixed Income Fund	0.25%	0.25%
		Empower Fixed Income Fund	0.25%	0.25%
		Empower Fixed Income Fund	0.25%	0.25%
Horace Mann	Fixed Income	Horace Mann Fixed Income Fund	0.25%	0.25%
		Horace Mann Fixed Income Fund	0.25%	0.25%
		Horace Mann Fixed Income Fund	0.25%	0.25%
		Horace Mann Fixed Income Fund	0.25%	0.25%
Voya	Fixed Income	Voya Fixed Income Fund	0.25%	0.25%
		Voya Fixed Income Fund	0.25%	0.25%
		Voya Fixed Income Fund	0.25%	0.25%
		Voya Fixed Income Fund	0.25%	0.25%

## Retirement Investors' Club (RIC)

State of Iowa Employees

**RIC At-A-Glance**

**Program summary:** The Iowa Retirement Investors' Club (RIC) is the State of Iowa supplemental retirement savings benefit designed to help state 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:

- Employer match benefit of up to 5% / month
- Automatic deductions from payroll (no minimum)
- Tax advantages (pretax & post-tax Roth) and possible tax credit of up to \$1,600
- Diversified, no-load, low-cost investment options
- Flexible income options in retirement

**Enrollment & Investments:** Enrollment is always open. RIC providers shown below have everything you need to open your accounts, select investments and start receiving the match.

Each RIC provider offers a variety of investments (see reverse side), including guaranteed interest accounts, no-load/low-cost mutual funds, target date funds, and brokerage accounts. 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 and transfers between RIC providers. You may make changes to your investment options online, by phone, or with help from your advisor at any time.

**Provider Enrollment Options**

Provider	Enrollment Options	Contact Information
Corebridge	Enroll online (457/401a)	Shawn Monahan@corebridgeric.com 855-240-1233
Empower	Not available	Email Empower 888-999-IOWA (4692)
Horace Mann	Enroll online (457/401a)	Robert.Curtis@horacemann.com 877-682-1870
Voya	Enroll online (457b/401a)	VoyaiowaRICInfo@Voya.com 815-498-7973

**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.

# Advisor Services

You do not need to be an expert, your advisor is here to help!  
With RIC, you have access to no-cost advisor services.

Your RIC advisor can:

- Evaluate your investment mix
- Explain the associated risks
- Help you find and establish your investment style
- Provide action steps to take now and in your future
- Offer strategies to help you reach your goals
- Simply help you login to your account



# My Advisor

## Not sure who your advisor is?

- Check the RIC website
- Log into your account
- Check your statement
- Call your provider
- Contact the RIC team



# Investment Options

*Invest your way!*

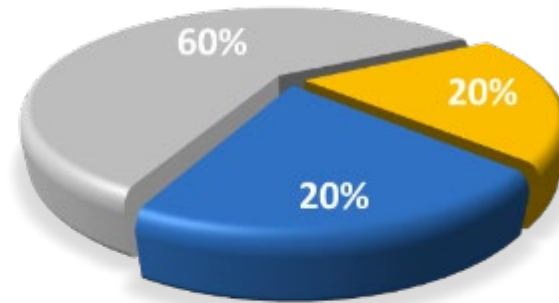
Each investor has different needs and goals as they approach retirement. Your investor type determines the makeup of your portfolio.



# Conservative Investor Style

*Invest your way!*

“I want to protect my investment.”



- Fixed Rate
- Fixed Income (short-term)
- Balanced Funds

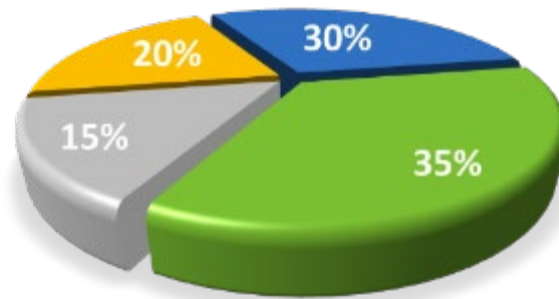




# Moderate Investor Style

*Invest your way!*

“I want to balance risk and return, with steady growth over time.”



- Fixed Rate
- Fixed Income (intermediate-term)
- Balanced Funds
- Large Co Stock Funds





# Aggressive Investor Style

*Invest your way!*

“I’m willing to take on more risk in order to achieve higher returns.”

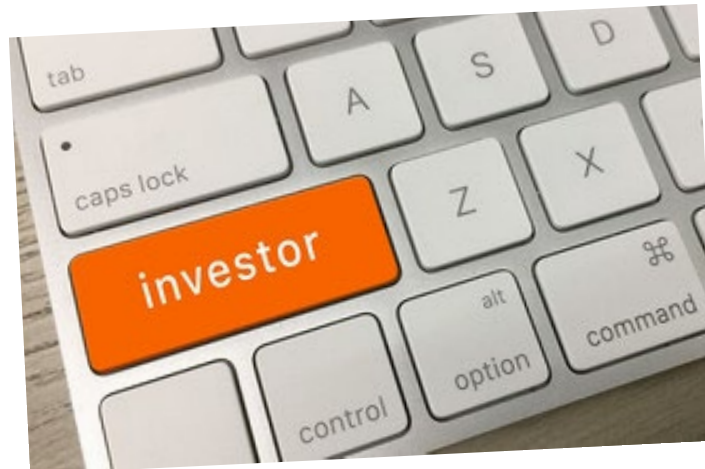


# Do it Myself Investor Style

*Invest your way!*

“I want to build my own portfolio.”

- ✓ I want to select my own mix of individual funds
- ✓ I want to decide how much to invest in each fund
- ✓ I will manage and monitor my account regularly



# Targeted Investor Style

*Invest your way!*

“I want to choose a fund based on a specific date close to my retirement.”



# Important Items

## Make a list ...

- Supplement your monthly income
- Projected date of income need
- Health insurance needs
- Investment goals (safety, growth)
- Death benefits (spouse, children, etc)
- Lifestyle in retirement (hobbies, travel, clubs, etc.)
- Need for liquid cash (emergencies, one-time expenditures)



**Everyone has different income needs.**

# In Retirement

## *When should I start taking distributions?*

### Flexible Options

- Stay invested and take cash
- Wait to take it when you need it
- Rollover to an outside retirement account
- Purchase IPERS service credits
- Wait until you reach your IRS required beginning date
- You may still change investments, providers, or advisors at any time
- You can request a distribution directly from your provider

Be sure you are taking *IRS Required Minimum Distributions (RMD)* as required.



# Stay Invested

## Make no changes

- Assets remain invested and tax-advantaged
- Investments remain liquid with no surrender fees
- Change investments/providers at any time
- Account access is available 24/7
- Advisors at no additional cost
- Roll-ins are accepted at anytime



# Required Minimum Distributions (RMD)

The IRS requires that you begin taking annual minimum distributions from your 457 account 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.

*\* Exception - You are not required to take withdrawals from Roth accounts*

# Timing of Your RMDs

After the first RMD, you must take subsequent RMDs by December 31 of each year beginning with the calendar year containing your required beginning date.

For Example:

- You turn 73 on July 15, 2024. You must take your first RMD, for 2024, by April 1, 2025.
- You must take your second RMD, for 2025, by December 31, 2025.
- You take your third RMD, for 2026, by December 31, 2026.



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

# Take Income

Once you leave employment, you may take income at any time without product restrictions or fees.

Cash may be taken:

- As you need it (flexible)
- As lifetime income (irrevocable)
- Any combination

# Payments

As you need it **FLEXIBLE**

- Lump sum payment (100%)
- Partial payment in any amount
- Periodic payments
  - You choose payment amount and frequency. (fixed dollar amount, percentage, even distribution, etc.)
  - Increase, decrease, stop, as income needs change.
  - Remaining funds stay invested and available for additional distributions

# Lifetime Income Annuity

Lifetime Income 

You may **purchase** a lifetime income annuity with all or a portion of your RIC assets.

- Payments continue for your lifetime even if you exhaust your account balance.
- Payments are irrevocable.
- No additional distributions.

# Income Options

**Single Life**  
(your lifetime only)



**Joint Life**  
(your lifetime and that of 1 survivor)



# Single Life Income

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Invested amount: \$100,000

Life expectancy: 18 years

Income Benefit: **\$9,006/yr.**



May be suitable for those who have longevity in their family, limited income sources, and/or no beneficiaries.



# Difference in Life Expectancy

## \$100,000 balance at retirement

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Lives to be age **95**?

Lifetime = \$270,180 ( $\$9006 \times 30 \text{ yrs}$ )

Lives to be age **70**?

Lifetime = \$45,030 ( $\$9006 \times 5 \text{ yrs}$ )

Remaining amount of more than \$55,000  
is kept by the provider.



May be suitable for those who have longevity in their family, limited income sources, and/or no beneficiaries.

# Joint Life Income

Provides income for the participant's lifetime and designated survivor's lifetime in the manner elected.

Invested amount: \$100,000

Combined life expectancy: 27 years

Income Benefit: **\$7,600/yr.**

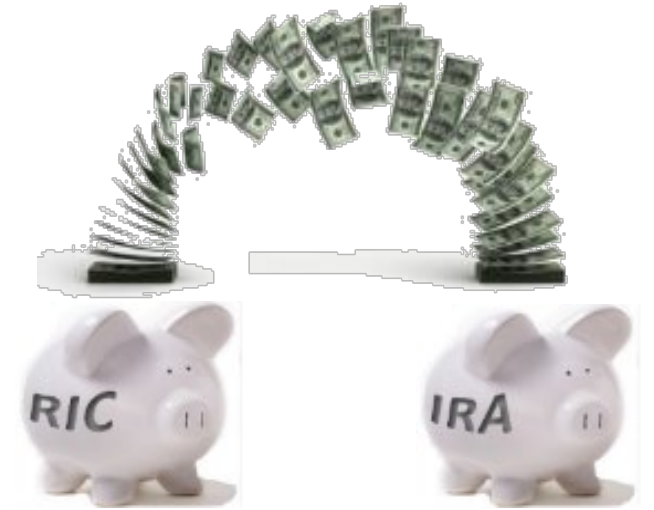


*If the beneficiary dies before you, you will continue to receive the joint amount until your death.*

# Rollovers

You may rollover all or a portion of your RIC assets to an outside retirement plan.

- IRS 10% penalty may apply to taxable distributions prior to age 59 ½
- Be ready to compare your options
- IRAs have similar investment risks and may be more costly or restrictive than your RIC accounts.
- Contact your Provider if you would like to request a rollover



*"Investment selection is limited in RIC"*

*"IRAs are safe"*

*"IRAs have more payment options"*

*"I don't get paid if you stay in RIC"*

# Service Credit Purchase



- Once you file for IPERS benefits, you may purchase service credits from both pretax 457 (no Roth) and 401a match assets.
- Purchasing credit increases your IPERS benefits. IPERS will calculate the cost and the increase in monthly benefits.
- Consult your RIC advisor to compare the amount you could expect from your RIC provider.
- Rollovers are non-taxable.
- Roth assets cannot purchase service credits.

# Service Credit Purchase Steps



STEP 1	Contact IPERS to determine your options
STEP 2	Contact provider or advisor for form
STEP 3	Send IPERs and provider form to RIC team
STEP 4	When your check arrives from the provider, send the check and your IPERS forms to IPERS

To inquire about this option, contact IPERS for a cost quote

# 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.

## **Pretax 401a**

- Contributions, earnings, and rollover assets are taxable. IRS 10% penalty may apply prior to age 59 ½ if leave employment prior to age 55.

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

# Qualified Roth Distributions

*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

- Call your provider or advisor if you have questions about your statements or the investments in your account
- Access your provider accounts online



Contact the RIC Team

RIC website: <https://das.iowa.gov/ric>

RIC email: [ric@iowa.gov](mailto:ric@iowa.gov)

