

Retirement Investors' Club (RIC)

**Getting Ready to Retire
and Take Income**



**Department of
Administrative Services**

Discussion

- Program Review
- Contributions
- Investments
- In retirement
- Taxes



Introduction

The Iowa Retirement Investors' Club (RIC) is a voluntary retirement benefit savings program. RIC helps you save a portion of your hard-earned wages today, for a time in the future when you are ready to retire or unable to work.

- RIC is part of your personal savings and is a critical part of your retirement income.
- Your ability to retire when you want depends on what you are doing now to prepare.

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 be enough to retire when you want.

Saving now will help you be prepared either way.



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?



Personal Savings

RIC

IRAs, CDs, etc.

No Cost of Living Adjustments

You control this income source now and in the future



**Retirement
Income**

Your 2 RIC Accounts

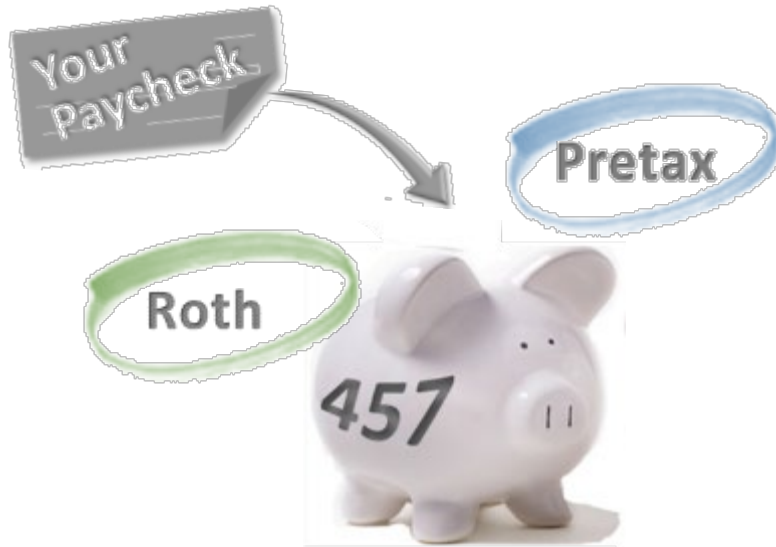
457 plan employee contribution account

- **Your contribution account** is funded by payroll deductions
- Pretax & Roth
- **401a plan** employer contribution account
- **Employer Match account** funded by our employer



Employer match contributions of **up to \$75/month** are deposited to your 401a account

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.

No Vesting Requirements

Once you leave employment, your RIC assets are yours!

- RIC plans provide great benefits throughout your retirement.
- Being familiar with your RIC benefits can help you make informed decisions about your retirement income.



Enrollment Steps

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



Making Changes

Your RIC plans are very *flexible*!

Changes submitted in Workday

- Payroll deductions

Changes made with your RIC provider

- Investments
- Address/name/beneficiary
- Provider/investment advisor
- Distributions



Deferred Compensation Smart Guide

Resource for making your changes in Workday

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.



Department of
Administrative Services

Changes Made With Your Provider

Register your accounts on your provider's website to make changes

Corebridge	Empower	Horace Mann	Voya
515-240-1233	833-999-4692	877-602-1870	515-698-7973
Enroll Online 	Enroll Online 	Enroll Online 	Enroll Online 
Meet w/ agent 	Meet w/ agent 	Meet w/ agent 	Request agent
Fund Details 	Fund Details 	Fund Details 	Fund Details 
Website 	Website 	Website 	Website 

Contributions

- A portion of your wages is automatically deducted from your paychecks.
- 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 pay to RIC (within IRS annual maximum limits).



Submit a *Special Deduction Request form* by your last day

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

- 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.
-

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

More information is available on each of the providers and the products they offer on the RIC website.

Mutual Funds - Total fee range (as of 08/2024) = .16% - 1.10%

Investment Resources

To find information about:

- Provider websites
- Advisor listings
- Fund performance
- Fixed rates

Please go to the RIC website

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. Fixed rate accounts have no fees.

Corebridge				Empower				Horace Mann				Voya			
Investment Name				Investment Name				Investment Name				Investment Name			
Fee	Rate	Investment Name	Fee	Rate	Investment Name	Fee	Rate	Investment Name	Fee	Rate	Investment Name	Fee	Rate	Investment Name	Fee
0.14%	0.14%	VALIC Fixed Interest Option	0.14%	0.14%	Guaranteed Int. Acct	0.14%	0.14%	Horace Mann Stable Value Solution	0.14%	0.14%	Voya Fixed Plus II	0.14%	0.14%	BlackRock Liquid Fed. Trust (I)	0.14%
0.25%	0.25%	Vanguard Federal Money Market (Inv.)	0.25%	0.25%	Vanguard Federal Money Market (Inv.)	0.25%	0.25%	Vanguard Federal Money Market (Inv.)	0.25%	0.25%	Voya Fixed Plus II	0.25%	0.25%	BlackRock Liquid Fed. Trust (I)	0.25%
0.25%	0.25%	Vanguard Inter-Term Bond Index (Adm)	0.25%	0.25%	Vanguard Inter-Term Bond Index (Adm)	0.25%	0.25%	Vanguard Inter-Term Bond Index (Adm)	0.25%	0.25%	Voya Fixed Plus II	0.25%	0.25%	BlackRock Liquid Fed. Trust (I)	0.25%
0.25%	0.25%	Vanguard Core Plus Bond (R6)	0.25%	0.25%	Vanguard Core Plus Bond (R6)	0.25%	0.25%	Vanguard Core Plus Bond (R6)	0.25%	0.25%	Voya Fixed Plus II	0.25%	0.25%	BlackRock Liquid Fed. Trust (I)	0.25%
0.25%	0.25%	DFA Inflation-Protected Securities (I)	0.25%	0.25%	DFA Inflation-Protected Securities (I)	0.25%	0.25%	DFA Inflation-Protected Securities (I)	0.25%	0.25%	Voya Fixed Plus II	0.25%	0.25%	BlackRock Liquid Fed. Trust (I)	0.25%
0.25%	0.25%	Vanguard High-Yield Corporate (Adm)	0.25%	0.25%	Vanguard High-Yield Corporate (Adm)	0.25%	0.25%	Vanguard High-Yield Corporate (Adm)	0.25%	0.25%	Voya Fixed Plus II	0.25%	0.25%	BlackRock Liquid Fed. Trust (I)	0.25%
0.25%	0.25%	Vanguard Wellington (Adm)	0.25%	0.25%	Vanguard Wellington (Adm)	0.25%	0.25%	Vanguard Wellington (Adm)	0.25%	0.25%	Voya Fixed Plus II	0.25%	0.25%	BlackRock Liquid Fed. Trust (I)	0.25%
0.25%	0.25%	Vanguard Target Retirement Income	0.25%	0.25%	Vanguard Target Retirement Income	0.25%	0.25%	Vanguard Target Retirement Income	0.25%	0.25%	Voya Fixed Plus II	0.25%	0.25%	BlackRock Liquid Fed. Trust (I)	0.25%
0.25%	0.25%	Vanguard Target Retirement 2020	0.25%	0.25%	Vanguard Target Retirement 2020	0.25%	0.25%	Vanguard Target Retirement 2020	0.25%	0.25%	Voya Fixed Plus II	0.25%	0.25%	BlackRock Liquid Fed. Trust (I)	0.25%
0.25%	0.25%	Vanguard Target Retirement 2025	0.25%	0.25%	Vanguard Target Retirement 2025	0.25%	0.25%	Vanguard Target Retirement 2025	0.25%	0.25%	Voya Fixed Plus II	0.25%	0.25%	BlackRock Liquid Fed. Trust (I)	0.25%

Fixed rate accounts

- Declared rate of interest
- Fixed period of time
- No market risk
- Guaranteed by provider
- No fees
- No maturities or restrictions

Variable rate "Mutual" funds

- Variable rates of return
- Principal and earnings can vary daily
- Varying degrees of risk
- No guarantees
- No index charges/load/contract fees
- No maturities or restrictions



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

Your paycheck

Roth or Pretax

Employer match & eligible roll-ins

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 (457b/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	VoyalowaRICInbox@Voya.com Request area agent information
Over the phone		515-240-1233	833-999-IOWA (4692)	877-602-1870	515-698-7973
Print forms		Print forms (457b/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.



Department of
Administrative Services

How Should I Invest?

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



No-cost advisor services

RIC advisors will evaluate your investment mix, suggest changes (if needed), and explain risks associated with each investment for no additional cost.

My Advisor

Not sure who your advisor is?

- [Log into your account](#)
- Check your statement
- Call your provider
- Contact RIC

Corebridge	Empower	Horace Mann	Voya
515-240-1233	833-999-4692	877-602-1870	515-698-7973
Enroll Online ↗	Enroll Online ↗	Enroll Online ↗	Enroll Online ↗
Meet w/ agent ↗	Meet w/ agent ↗	Meet w/ agent ↗	Request agent
Fund Details ↗	Fund Details ↗	Fund Details ↗	Fund Details ↗
Website ↗	Website ↗	Website ↗	Website ↗

Investment Options

Invest your way!

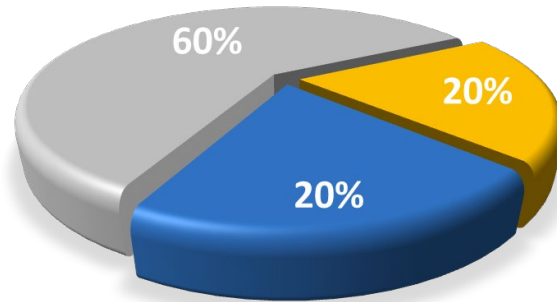
Each investor has different needs and goals as they approach retirement. Depending on the type of investor you are determines the makeup of your portfolio.



Investor Style - Conservative

Invest your way!

“I want to protect my investment.”



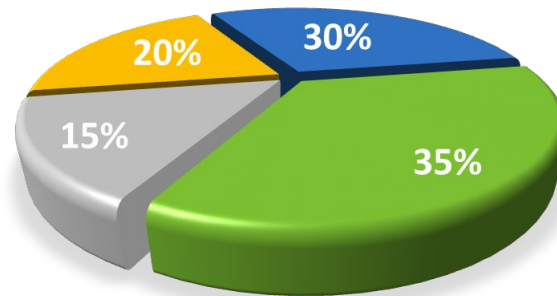
- Fixed Rate
- Fixed Income (short-term)
- Balanced Funds



Investor Style - Moderate

Invest your way!

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



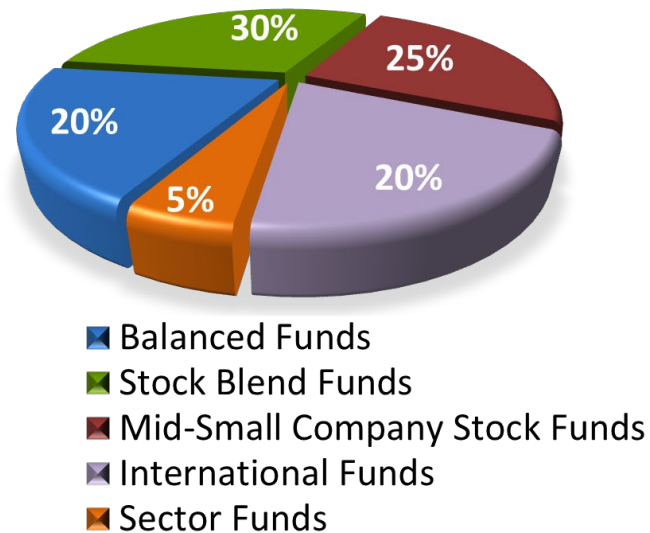
- Fixed Rate
- Fixed Income (intermediate-term)
- Balanced Funds
- Large Co Stock Funds



Investor Style - Aggressive

Invest your way!

"I'm willing to take on more risk in order to achieve higher returns."

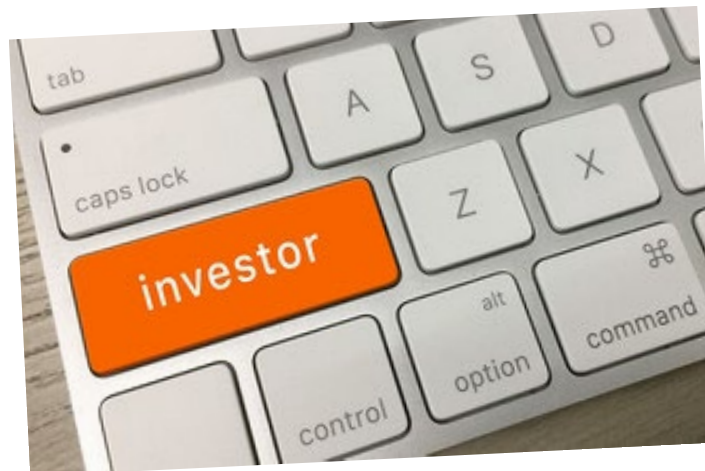


Investor Style – Do it Myself

Invest your way!

“I want to build my own portfolio.”

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



Investor Style – Targeted

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 when you need it.
- Set up systematic payments
- Take lifetime payments
- Rollover to an outside retirement account
- Purchase IPERS service credits



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

Flexible Options

- Stay invested and take cash when you need it.
- Set up systematic payments/lifetime payments
- Rollover to an outside retirement account
- Purchase IPERS service credits

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 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.

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 **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.

Income Options

Single Life
(your lifetime only)



Joint Life
(your lifetime and that of 1 survivor)



Single Life

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

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

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 to request a rollover



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

Taxable Distributions

Taxed as ordinary income and reported on IRS Form 1099-R

Mandatory withholding

minimum income tax withholding
of 20% federal and 3.8% state*
state 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.

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 Distribution

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
- Visit the RIC website at <https://das.iowa.gov/ric>
- Contact ric@iowa.gov






Iowa Retirement Investors' Club (RIC)

The Retirement Investors' Club (RIC), is your supplemental retirement savings benefit designed to provide income along with your pension and Social Security.

Topics: RIC State of Iowa


Welcome State of Iowa Employees!

The Iowa Retirement Investors' Club (RIC) 457/401(a) program is your employer-sponsored supplemental retirement savings benefit. Your savings in RIC, plus the State's matching contributions, are meant to supplement your pension benefits (Social Security, IPERS, POR, Judicial). You choose a payroll deduction amount and decide pretax and/or Roth!

- [RIC At-A-Glance](#) .pdf
- [RIC Overview Video](#) 
- [RIC Program Summary](#)
- [IRS 457 Contribution Limits](#)

Deductions are deposited into your selection of RIC investments in a 457 employee contribution account. You may choose to have deductions taken from your paycheck before state and federal income taxes (pretax) or after taxes have been withheld (post-tax Roth) or a combination of both.


Iowa Retirement Investors' Club (RIC)

RIC for State Employees (SOI) 

Distributions (SOI)

Enrollment / Contributions (SOI) 

Providers & Investments (SOI) 

Distributions (SOI) 

Forms & Documents (SOI)

Program Education (SOI)

Information for HRAs (SOI)