



December 18, 2013

**MEMORANDUM**

**TO:** Public Retirement Systems Committee

**FR:** Michelle Minnehan, Chief Operating Officer, Department of Administrative Services – Human Resources Enterprise

**RE:** Follow-Up on the 403b Presentation of 12/11/13

During my presentation to the Public Retirement Systems Committee on December 11, 2013, Committee Members asked two questions that required follow-up:

1. *Question:* Do the individual employers (school districts, area education agencies, and community colleges) determine distribution options at the time of retirement?

*Answer:* Distribution options at the time of retirement are defined by the Department of Administrative Services.

2. *Question:* Does the RIC program utilize automatic enrollment?

*Answer:* No, automatic enrollment is a feature utilized within the RIC program. Participants must voluntarily enroll in order to participate.

Additionally, as requested, below is a summary of the statistics that I presented on December 11, 2013.

**Deferred Compensation**

The Retirement Investors Club (RIC) is an employer-sponsored voluntary retirement savings program designed to supplement IPERS and social security benefits at the time of retirement.

The program includes a 457/401a plan for state employees and employees of participating non-state public sector employers (such as cities, counties, municipal utilities, hospitals) and a 403b plan for employees of participating education-related employers (including public K-12 districts, area education agencies, and community colleges).

**457/401a**

- The match began in August 2000 for judicial branch employees and in April 2001 for executive branch employees and legislative staff.

- The Roth feature was added in January 2012, allowing participants to save on a post-tax basis.
- From 1999 to the present, the participation rate among has more than doubled.
  - 1999: 25% of all eligible employees contributed (5,584 employees)
  - 2013: 59% of all eligible employees contribute (14,379 employees)
- The assets in this program have also increased over time.
  - 1999: \$218 million in assets
  - 2013: \$751 million in assets

#### **403b**

- In 2008, legislation was passed (SF 2424) which provided the opportunity for the State of Iowa, through the Department of Administrative Services (DAS), to offer a supplemental retirement plan to all Iowa public school districts, area education agencies, and community colleges.
- The employers, in conjunction with employee organizations, determined whether to join this plan, called the Retirement Investors' Club or RIC.
- Approximately 92% of all eligible employers are in the plan.
- The participation rate from 2009 to the present has remained relatively constant.
  - 2009: 15,787 employees contributed
  - 2013: 15,097 employees contribute
- While the participation rate has remained constant, the assets in this program have more than doubled.
  - 2009: \$162 million in assets
  - 2013: \$417 million in assets