

State of Iowa

# Retirement Investors' Club (RIC)



*Look forward to retirement!*

403b Plan Changes  
403b Plan Changes

# Welcome!

The **Retirement Investors' Club (RIC)** is a division of the Iowa Department of Administrative Services-Human Resources Enterprise (DAS-HRE)

RIC has been chosen to sponsor your 403b TSA pretax savings plan

RIC also sponsors the 457 and 401 plans for State of Iowa, and other participating government agencies



# Welcome!

## Today's agenda

- Explanation of changes
- RIC benefits
- Investment options
- Providers (new & old)
- Information resources



**What just happened to my  
403b?**



# What happened?

Historically,  
403b plans  
allowed investments  
to be offered by  
“any willing  
provider”



# What happened?

July of 2007-the IRS issued final 403b plan regulations that require significant changes to:

- 403b plan administration
- 403b plan supervision



# What happened?

- State legislation requires that employers either create their own local 403b plan or adopt the Iowa Retirement Investors' Club (RIC) 403b plan by August 15, 2008
- The decision of plan design must be made jointly by employers and associations representing employees
- Employers researched both the local plan and RIC plan options





# What happened?

Employers considered

## Local Plan:

- Employer pick up to 5 providers
- Associations pick up to 3
- Perform bid in 2009 for 2010 providers

## RIC Plan:

- Select from current RIC providers
- RIC performs bid in 2009 for 2010 providers





# What happened?

## 2009 local plan requirements

- Select 2009 providers/products
  - Employer up to 5; associations 3
  - Selections must be in best interest of employees
  - Decide how to administer
  - Hire a third party administrator
  - Establish plan structure & rules
  - Draft plan documents, forms, etc
  - Enter into ISAs with vendors
  - Educate employees about plan choices
- Draft RFP (investment consultant & attorney recommended)
  - Select RFP review committee
  - Issue, review, & score proposals
  - Enter into agreements with selected vendors
  - Establish investment policy and schedule periodic reviews
  - Educate employees on new plan/providers

**Why did my employer choose  
RIC?**



# RIC benefits

- Qualified RIC staff
- Large plan management experience
- Streamlined processes
- Competitive bidding experience
- Established consultant relationship for investment reviews & competitive bidding
- Knowledge of federal & state laws
- Low cost



# RIC benefits

RIC provides a well-designed plan platform that is customizable by the employer

- Competitively bid providers
- Negotiated services
- Monitored investments
- Contracted TPA
- Program communications
- Plan doc & investment policy
- Federal/State law compliance

**State 403b plan platform .....**



# RIC benefits

Employers plan options will be determined in the near future

Roth account.....

Participant Education.....

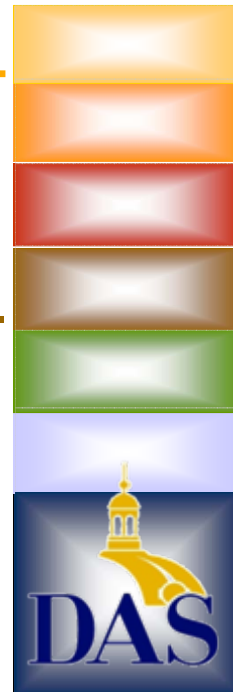
Loans & Hardships.....

Transfers & exchanges.....

Employer contributions.....

Eligibility rules.....

**State 403b plan platform .....**



# RIC benefits

403b plans must be competitively bid for 2010

2009 options	2010 & beyond
<ul style="list-style-type: none"><li>■ AIG Retirement</li><li>■ Hartford Life</li><li>■ Horace Mann</li><li>■ ING Financial Advisers</li><li>■ Security Benefit</li><li>■ TIAA-CREF</li></ul>	<p>RIC will bid for vendors and products to begin 1-1-2010 and at least every 6 years afterwards-ensuring we continually offer the highest quality products and services available</p>

# RIC benefits

RIC provider bid requirements include:

- A diversified fund line-up
- No surrender penalties or restrictions
- Flexible distribution options
- 24/7 internet and phone account access
- Investment planning tools
- Low costs





# RIC benefits

RIC provides portability for a mobile work force



Submit salary deferral to new employer



- Select Provider/advisor
- Select investments
- Possible transfer paperwork
- Submit salary deferral to new employer

# What are my investment options?



# Investments

The Retirement Investors' Club (RIC) authorizes 6 investment firms to offer multiple investments.



# Investments

Investments are offered in various categories

Category	Objective
Principal protection	Safety
Fixed Income funds	Income
Balanced funds	Balance
Core stock funds	Growth
Aggressive stock funds	Growth- Agg
International funds	Growth- Agg
Target date/Lifestage funds	Asset Mgmt
Self-directed brokerage	Add Selection

# Investments

Asset Class	Subclass	ABC Provider
<b>Principal Protection</b>	Stable Value	Fixed Interest Option
	Money Market	Am Century Money M
<b>Fixed Income Funds</b>	Gov't	JP Morgan Mortgage
	Interm-Term	Franklin Total Retur
	High Yield	Am Fnds High Incor.
<b>Balanced Funds</b>	Traditional	Am Fnds Balanced
<b>Core Stock Funds</b>	S&P 500 Index	SSgA S&P 500 Inde
	Lg Cap Value	Oppenheimer Value
	Lg Cap Blend	Davis NY Venture
	Lg Cap Growth	Am Fnds Gro Fc'
<b>Aggressive Stock Funds</b>	Mid Cap Value	Pioneer Mid Cap
	Mid Cap Blend	Dreyfus Mid Cap I
	Mid Cap Growth	AllianceBernstein
	Sm Cap Value	Dreyfus Prem 5
	Sm Cap Blend	Dreyfus Sm Ca
	Sm Cap Growth	Legg Mason Srr
<b>International Funds</b>	Global Stock	Oppenheimer 7
	Lg Stock Value	

Each provider offers a variety of 20+ investment options in various categories.

Funds are managed by top- performing managers.

**Provider  
Summary**

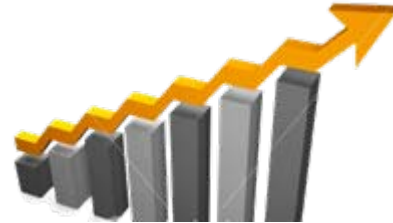
# Investments

Participants basically have two types of investments from which to choose



## low risk

fixed rate accounts,  
money market funds



## medium to high risk

bond funds    target date funds  
US funds    stock funds  
international funds    balanced funds

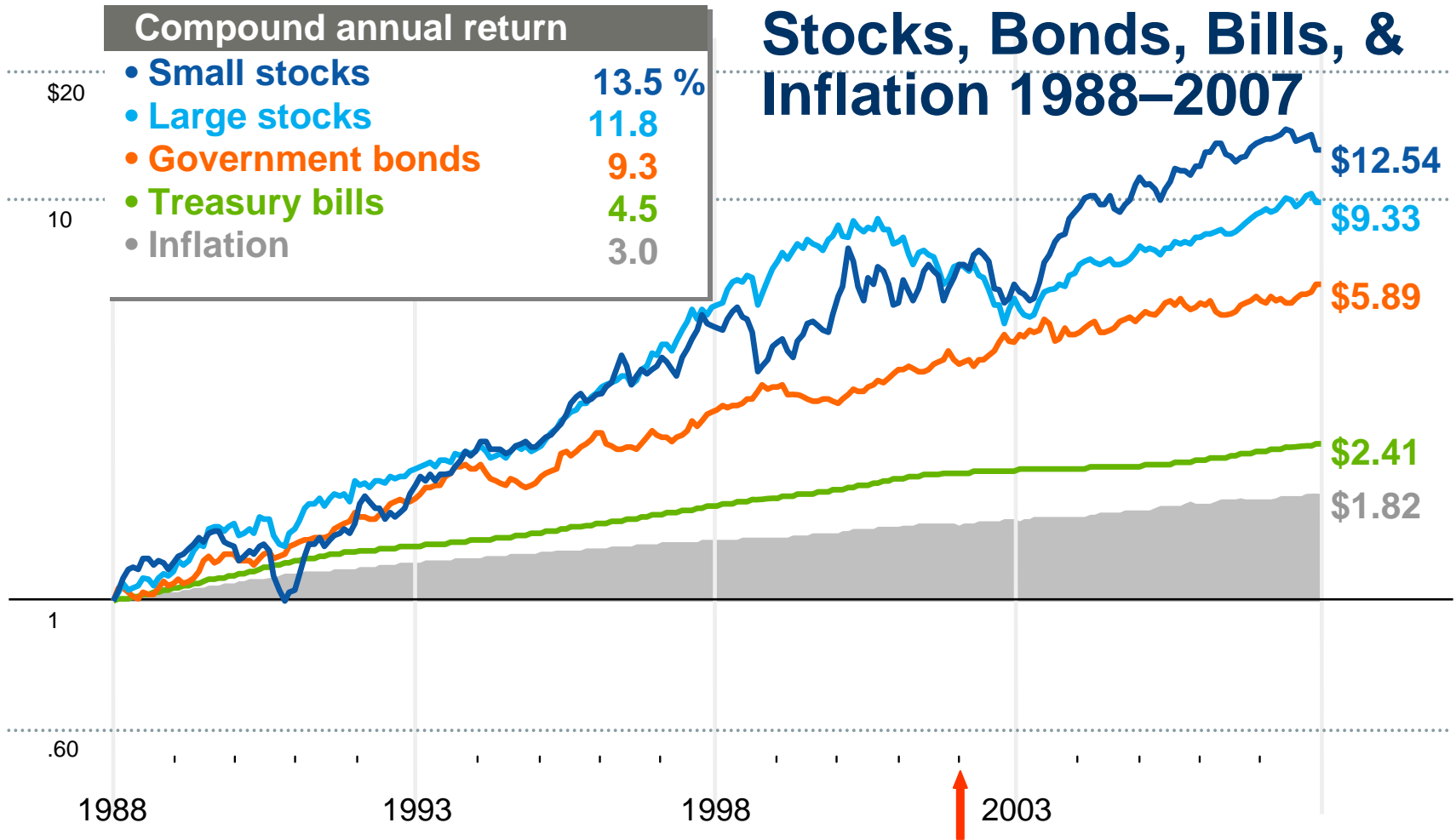
# Investments

- Variable investments give savers potential for higher returns over time
- Variable returns are not guaranteed & historical performance is no guarantee of future results
- Historically, the average rates of return have been as follows



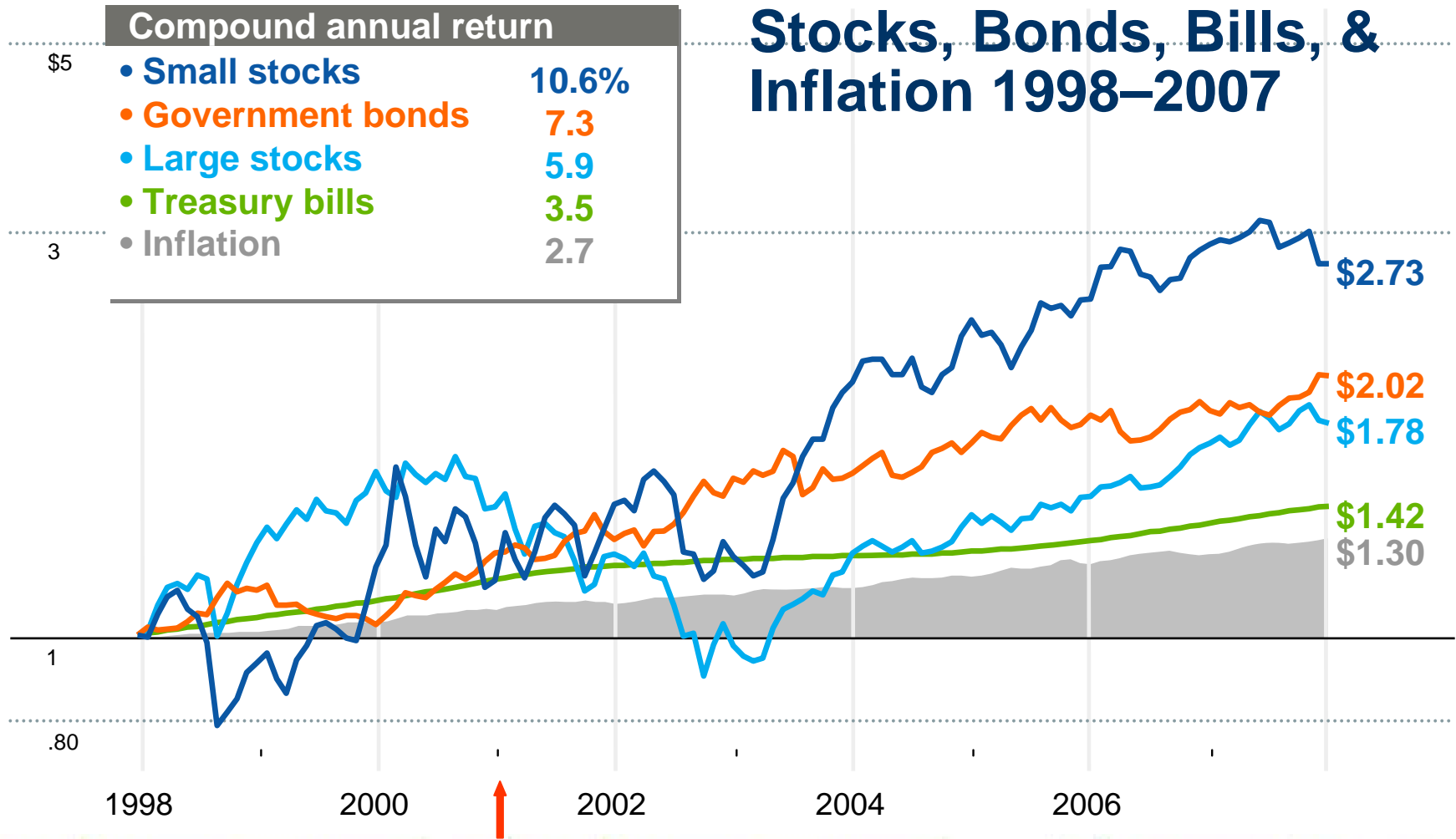


# Investments



Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1926. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2008 Morningstar, Inc. All rights reserved. 3/1/2008

# Investments

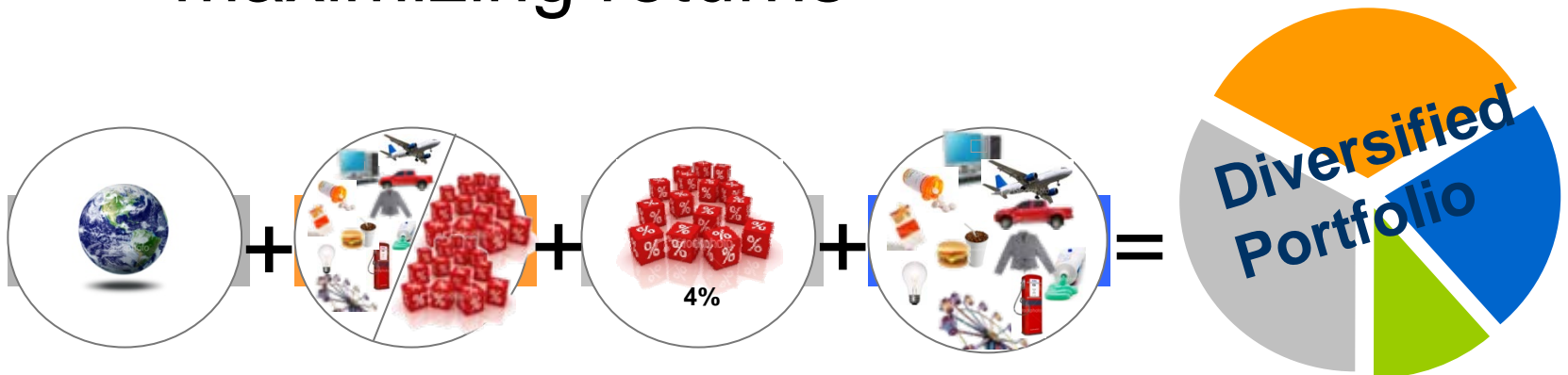


Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1926. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2008 Morningstar, Inc. All rights reserved. 3/1/2008

# Investments

The key is to diversify your investment dollars among a mix of investments to help you meet your retirement goals

- reducing risk
- maximizing returns



# Investments

“What if the 6 providers do not have the fund selection I want?”

ING will offer a self-directed brokerage account (SDBA) with up to 11,000 mutual funds from which to choose

Annual fee as well as possible loads and transaction fees may apply





# How do I choose a provider?

# Providers

- The providers are currently developing product information and applications for enrollment
- Providers will inform you when the enrollment kits are available
- Ask the provider to meet you at your location as soon as possible



# Providers

Do the providers have representatives in my area?

“I’ve used the same investment advisor for years. Will that change?”





# Providers

These RIC providers have a growing network of advisors who can help employees make the most of their 403b plan

 **AIG** Retirement

**515-267-1099**



**800-424-2825**  
ext 47636



**866-630-4032**



**515-698-7975**



**866 598-5757**

# Providers



look  
forward to  
retirement!

Iowa Department of Administrative Services  
Retirement Investors' Club (RIC)

## 403b 2009 Provider Summary

RIC 403b 2009 Investment Providers have all the investment information & applications you need to choose your investments & get your payroll deduction started. To choose a provider, call the providers and ask about their products & services (see sample questions below). In general, a good investment product should include diversified fund options, competitive returns, quality customer service, low administrative cost, and flexible distribution options.

						
Phone	515-267-1099 800-945-6763	800-424-2825 ext 47636	800-999-1030	800-555-1970 515-698-7973	800-747-5164 ext 2403	800-842-2776
Website	<a href="http://www.aigretirement.com/iowa">www.aigretirement.com/iowa</a>	<a href="http://www.re.thehartford.com/iowa/">www.re.thehartford.com/iowa/</a>	<a href="http://www.horacemann.com">www.horacemann.com</a>	<a href="http://www.ingretirement.com/ur/ia/iowa">www.ingretirement.com/ur/ia/iowa</a>	<a href="http://www.securebenefit.com">www.securebenefit.com</a> <a href="http://www.securebenefitretirement.com">www.securebenefitretirement.com</a>	<a href="http://www.tiaa-cref.com/iowa">www.tiaa-cref.com/iowa</a>
Credit Rating	A+ AM Best Credit Rating	A+ AM Best Credit Rating	A- AM Best Credit Rating	A+ AM Best Credit Rating	A- AM Best Credit Rating	A++ AM Best Credit Rating
Product Name	Inside Edge	Premier Solutions		ING RetirementChoice	Iowa Educator's GFR	TIAA-CREF Group Supplemental Retirement
Investment Options	Fixed Rollover Account 90 Variable Rate Funds	Fixed Rollover Account 23 Variable Rate Funds	Fixed Rollover Account 24 Variable Rate Funds	Fixed Rollover Account 25 Variable Rate Funds Self-Directed Brokerage Option	Fixed Rollover Account 44 Variable Rate Funds <small>NEA <del>Variable</del> <del>Rate</del> <del>Funds</del> available for current participants only</small>	Fixed Rollover Account 28 Variable Rate Funds
Investment Planning Tools	Guided Portfolio Account Aggregation	Morningstar Guidance	Asset Allocation Solutions Planning Software	Income Wizard Financial Calculator Online Inves for Profile	Morningstar Online Calculators TRAC K Software <del>Smart</del> <del>Match</del> <del>Massena</del>	Calculators Inves for Profiles Retirement Planning Bibbion Asset <del>Advice</del> <del>Advice</del>
Restrictions	None	None	None	None	None	None
Account Information	24/7 phone & Internet access Quarterly statement	24/7 phone & Internet access Quarterly statement	24/7 phone & Internet access Quarterly statement	24/7 phone & Internet access Quarterly statement	24/7 phone & Internet access Quarterly statement	24/7 phone & Internet access Quarterly statement
Options at Retirement	Flexible payment options - no penalties or restrictions	Flexible payment options - no penalties or restrictions	Flexible payment options - no penalties or restrictions	Flexible payment options - no penalties or restrictions	Flexible payment options - no penalties or restrictions	Flexible payment options - no penalties or restrictions

### Ask the provider...

- How do I enroll in the 403b program?
- Will a representative meet with me to explain investment options & help with paperwork if I wish?
- What are the fees for the program?

### Notes



# Providers

## The RIC Provider Summary gives sample questions to ask



### Ask the provider...

- How do I enroll in the 403b program?
- Will a representative meet with me, explain investments & help with paperwork?
- Why should I choose your firm over the other 5 providers?

### Ask yourself...

- Was contacting someone easy?
- Does selecting investments & opening a new account sound easy?
- Was the staff and product information helpful?

**look forward to retirement!**

**Retirement Investors' Club (RIC)**

**403b 2009 Provider Summary**

RIC 403b 2009 Investment Providers have all the investment information & applications you need to choose your investments & get your payroll deduction started. To choose a provider, call the provider and ask about their products & services (see sample questions below). In general, a good investment product should include diversified fund options, competitive returns, quality customer service, low administrative cost, and flexible distribution options.

	<b>AIG Retirement</b>	<b>The Hartford</b>	<b>Horace Mann</b>	<b>ING</b>	<b>SECURITY BENEFIT</b>	<b>FINANCIAL SERVICES FOR THE QUALITY GROUP</b>
Phone	819-307-1099 800-890-5556 x 88700	800-421-2621 ext 47636	800-999-4036	800-555-9070 519-596-7573	800-747-6144 ext 2403	800-840-2776
Website	<a href="http://www.aigretirement.com">www.aigretirement.com</a>	<a href="http://www.thehartford.com/ric">www.thehartford.com/ric</a>	<a href="http://www.horacemann.com">www.horacemann.com</a>	<a href="http://www.ingretirement.com">www.ingretirement.com</a>	<a href="http://www.securitybenefit.com">www.securitybenefit.com</a>	<a href="http://www.fsg.com">www.fsg.com</a>
Credit Rating	A++ AIG Best Credit Rating	A++ AIG Best Credit Rating	A++ AIG Best Credit Rating	A++ AIG Best Credit Rating	A++ AIG Best Credit Rating	A++ AIG Best Credit Rating
Product Name	Prima	Prima	Prima	Prima	Prima	Prima
Investment Options	Fixed Rate Account 25 Variable Rate Funds	Fixed Rate Account 25 Variable Rate Funds	Fixed Rate Account 25 Variable Rate Funds	Fixed Rate Account 25 Variable Rate Funds	Fixed Rate Account 25 Variable Rate Funds	Fixed Rate Account 25 Variable Rate Funds
Investment Planning Tools	Online Portfolio Account Application	Online Portfolio Account Application	Online Portfolio Account Application	Online Portfolio Account Application	Online Portfolio Account Application	Online Portfolio Account Application
Restrictions	None	None	None	None	None	None
Account Information	24/7 phone & internet access Quarterly & biannual	24/7 phone & internet access Quarterly & biannual	24/7 phone & internet access Quarterly & biannual	24/7 phone & internet access Quarterly & biannual	24/7 phone & internet access Quarterly & biannual	24/7 phone & internet access Quarterly & biannual
Options at Retirement	Flexible payment options - no penalties or tax hit	Flexible payment options - no penalties or tax hit	Flexible payment options - no penalties or tax hit	Flexible payment options - no penalties or tax hit	Flexible payment options - no penalties or tax hit	Flexible payment options - no penalties or tax hit

**Ask the provider...**

- How do I enroll in the 403b program?
- Will a representative meet with me, explain investments & help with paperwork?
- Why should I choose your firm over the other 5 providers?

**Ask yourself...**

- Was contacting someone easy?
- Does selecting investments & opening a new account sound easy?
- Was the staff and product information helpful?

*See the reverse side for a list of investment options*

# Providers

## Fees for variable rate funds

(fees are annualized on the assets you invest and are reflected in your returns)

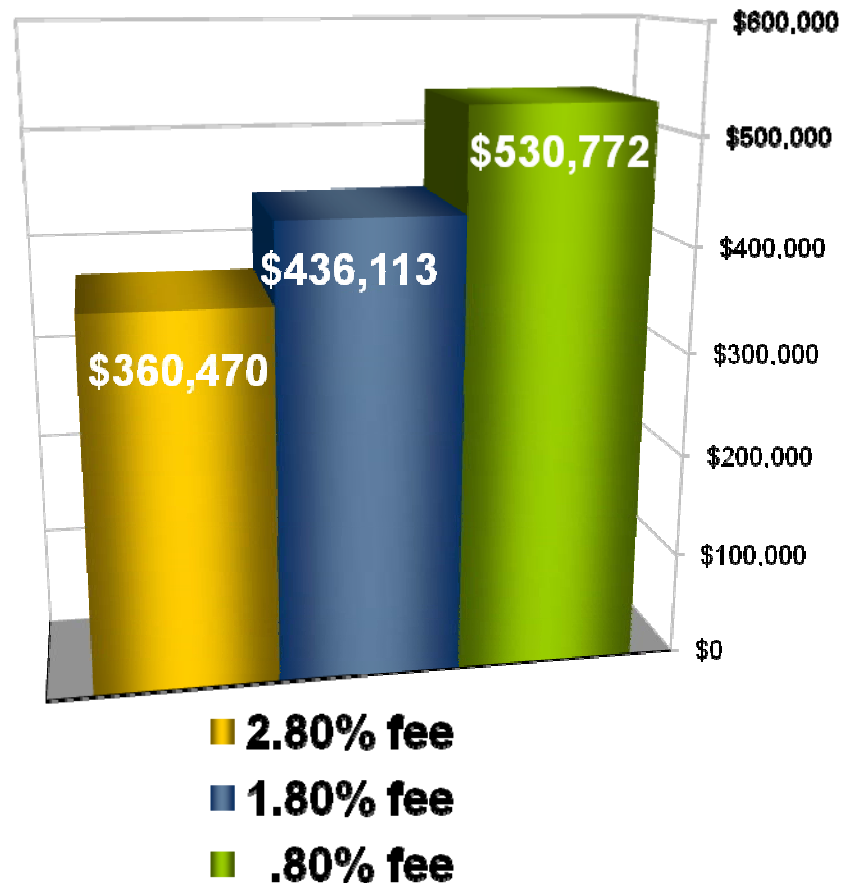


<b>Provider fee</b>	.40%+ \$7.50/qtr	0%	.95%	.10%	.50%	0%
<b>Fund Mgmt fee</b>	.35-1.17%	.75-1.47%	.10-1.79%	.51-1.31%	.50-1.75%	.49-.90%
<b>Range of total fees</b>	.75-1.57%	.75-1.47%	1.05-2.74%	.61-1.41%	1.00-2.25%	.49-90%

Please note that fees are not the only consideration when choosing investments. Fund performance and objective are just as important.

# Providers

Fees are not the only consideration in choosing an investment, but they can significantly affect the growth of your money over time



Assumes a by monthly contribution of \$208.33 over 30 years with an 8% return

**What happens to my old  
account?**



# Inactive accounts

- Participants may leave their accounts with their inactive providers
- No further contributions will be sent to the inactive providers after December 2008
- RIC will attempt to obtain agreements (ISAs) from inactive providers to enable exchanges
- If inactive providers comply, assets may transfer to the active providers (penalties may apply)



# Inactive accounts

- Some providers have decided to no longer accept 403b contributions in 2008 (Northwestern, Pioneer)
- **AIG Retirement, Horace Mann & Security Benefit will open new accounts now.** AIG and Horace Mann require the employer to sign a form selecting the new product.
- **ING will open an account if a payroll agreement already exists** with your employer.
- TIAA-CREF has arrangements with some employers.
- Hartford is not able to open accounts at this time.

# Inactive accounts

- RIC will offer education on how to ask your inactive provider important questions in order to compare products
- Your active provider will help you request a transfer from the old provider if that is what you want to do
- More information regarding options for the old accounts will be available in the near future

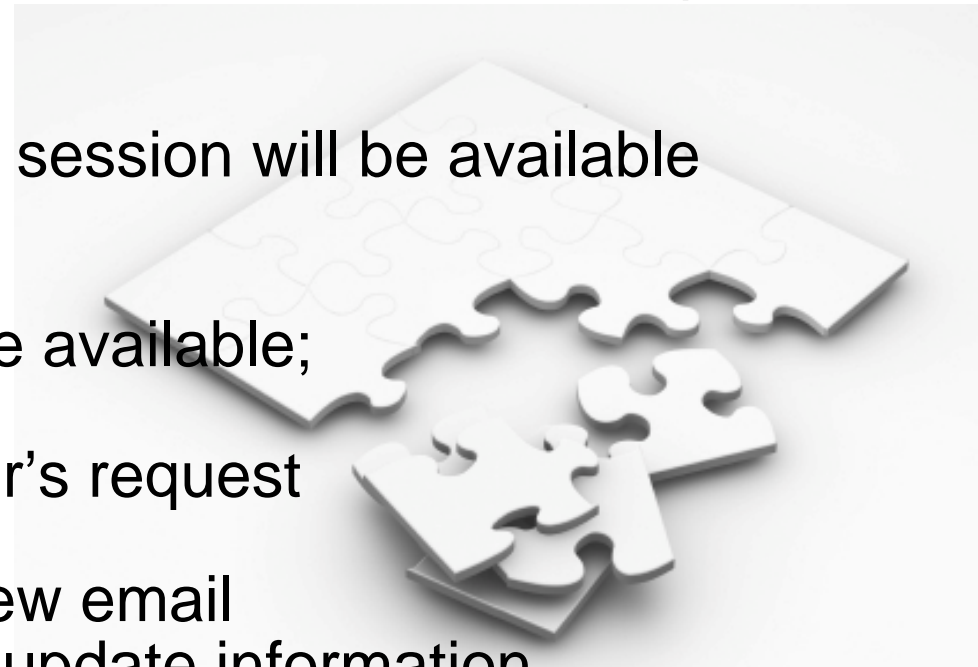


**How & when will I know more?**



# More information

- Essential 403b plan details will continue to develop over the next few months
- A recorded version of this session will be available online at anytime
- Additional webinars will be available; on-site sessions may be scheduled at the employer's request
- Check our website & review email alerts for new sessions & update information
- Enrollment will begin in the fall and should be completed by the end of November



**You want it when?**



# More information

- Contact the providers



- Contact us through the RIC website  
[www.das.hre.iowa.gov/ric.html](http://www.das.hre.iowa.gov/ric.html)
- Call the RIC office at 515-242-6846
- Email me [robbie.stoecker@iowa.gov](mailto:robbie.stoecker@iowa.gov)

# Questions?

- Explanation of changes
- RIC benefits
- 403b plan value
- Investment options
- Providers (new & old)
- Information resources



**Thank you for attending  
today's session!**

**We look forward to serving you.**

