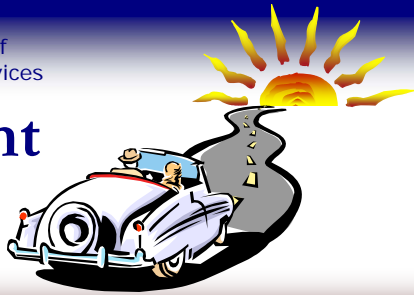


Retirement Investors' Club



journey to retirement

enrollment made easy

take advantage of...

- tax benefits
- professional money managers
- employer match
- internet access to accounts
- flexible payment options

The Retirement Investors' Club (RIC) (also referred to as 457/401(a) deferred compensation) is a voluntary retirement savings program designed to help you meet your need for income at retirement and lower your current income taxes. Your contributions to RIC are automatically withdrawn from your paycheck and you are credited with an employer match. You may enroll* and make changes at any time. Other advantages are explained below...keep reading about this excellent employee benefit!

*You are eligible to participate if you are a full time or permanent part time State of Iowa employee working 20 hours or more a week (excluding Board of Regents employees). Your contributions are held in trust for your exclusive benefit.

Retirement Income Uncertainties...

Social Security may not always fund your retirement at the same rate it currently pays. With today's employment uncertainties, you may not accumulate the number of years you need to receive full pension benefits at retirement. Your RIC savings may help fill the gap left by your Social Security and pension benefits.



when should I begin?



Your journey should begin **now**. Americans spend an average of 20 years in retirement. Think of it as the longest vacation of your life...have you saved enough? The example to the right shows the cost of waiting just one year to start saving.

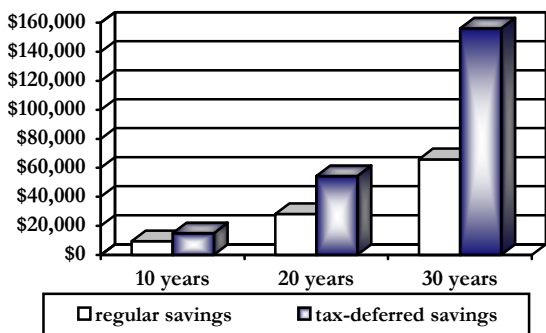
Goals such as generating income, buying a vacation home, traveling, paying for healthcare premiums in early retirement, and providing for beneficiaries are realistic if you start to save now.

Age	Investment Amount	Results at age 65*
35	\$1,000/year	\$122,356
36	\$1,000/year	\$112,283
Cost of waiting 1 year...		\$ 10,073

*Assumes a hypothetical 8% average rate of return

why should I participate?

RIC gives you the benefit of automatically contributing a portion of your salary before you pay taxes on it. While your money is invested in RIC, you do not pay taxes on the earnings from your investments. For 2006 low and middle-income savers (adjusted gross income level does not exceed \$50,000-joint or \$25,000-single) may qualify for an additional tax credit. Below is an example of an investor who saves \$50/month and earns a hypothetical 10% average annual return over a 10, 20, and 30-year period. Notice the significant benefit of **tax-deferred** savings over regular savings. Over 30 years, tax deferral may mean an extra \$90,000 in your pocket.

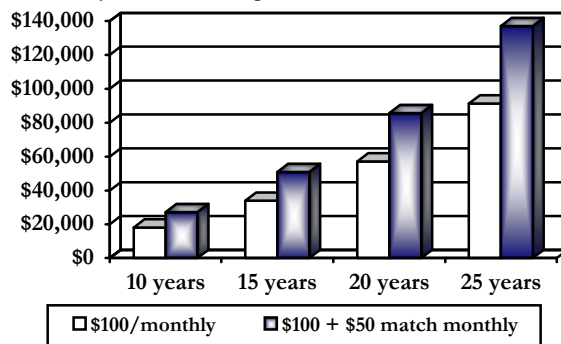


In addition to tax advantages and automatic savings benefits, your employer offers a **match**. Your match account receives \$1 for every \$2 you contribute to the 457, up to the maximum match amounts shown here.

The example below shows an employee contributing \$100/month, earning a hypothetical 8%

Executive/ Legislative Branch Match Maximum	
AFSCME/SPOC	\$75/mo
Non-contract	\$75/mo
UE/IUP	\$50/mo (\$75/mo Jan 2008)
Judicial Branch Match Maximum	
All Employees	\$75/mo

average annual return. Note the \$45,600 difference the match makes over 25 years. More money means more options in retirement.



how does my account work?

pretax deductions¹ are taken from your paycheck & deposited into your selection of investments in your RIC 457 account

(you may roll your previous government employer 457 plan into your RIC 457 account)



once separated from State employment...

you may leave your money in RIC, take payments (taxable), or roll² over to an IRA, 401(k) or other eligible plan. No additional contributions may be made to these accounts once you terminate from State employment.

Please note that you cannot receive payment from your account while employed unless you apply and qualify for a Hardship Withdrawal, Cash Out, or Service Credit Purchase.

¹The total of all employee contributions made to this 457 plan and/or any other government employer's eligible 457 plan in 2007, must not exceed the IRS maximum limit of \$15,500 (\$20,500 for employees age 50 or older and \$31,000 for 3-Year Catch-Up participants)

²If you roll your 457 out of RIC to an IRA or other qualified plan, an IRS 10% penalty may apply for taking payments prior to age 59½.

who invests my money?

You select one or many investments with low fees, professional management, and internet access. RIC offers fixed rate accounts, as well as stock and bond funds through AIG VALIC, Hartford Life, ING Financial Advisers, and Nationwide Retirement Solutions. These providers have no surrender fees.



Conservative Investor	Wants safety
Moderate Investor	Wants growth and safety
Aggressive Investor	Wants long-term maximum growth

Investments offered in RIC are not FDIC insured or guaranteed by the government. Fixed rate accounts are guaranteed by the issuing provider.

With as little as \$12.50 per paycheck, you may diversify into a mixed investment portfolio to help minimize your investment risk and maximize returns. Your choice of investments should be based on your personal retirement goals, length of time you will invest, and your tolerance for investment risk. We've listed three basic types of investors here. Your investment goals may be similar to one of these. Your provider can help you determine what kind of investor you are.

what happens when I leave?



Once you terminate from State employment, you may stay invested in RIC (until age 70 ½), take total or partial lump sums, take scheduled payments (flexible or lifetime), or roll to an IRA, 401(k) or other eligible plan. Please read the Special Tax Notice before completing the provider's Distribution Form. Consult a tax specialist if you have questions about how taxes may impact you.

how do I enroll?

Enrollment is always open. The investment providers listed to the right have all the paperwork and product information necessary to make your investment decisions and get your deductions started. You may contribute as little as \$25/mo (contribution amounts may be changed at any time) up to the annual maximum limits* shown below:

year	regular limit ¹	50+ limit ²	3-yr catch-up limit ³
2006	\$15,000	\$20,000	\$30,000
2007	\$15,500	\$20,500	\$31,000

¹ The regular limit is equal to your gross salary minus your retirement (IPERS, POR, Judicial) deductions or the regular limit, whichever is less. The maximum amount you may contribute is also reduced by deductions for FICA and may be reduced by insurances, flexible spending accounts, auto use maintenance, employee organizations, and assignments.

² Amount added to regular limit for participants age 50 or older. The 50+ limit cannot be used at the same time as the 3-Year Catch-up limit.

³ If you are within three years of your normal retirement date, you may qualify to contribute more than the regular maximum under the program's 3-Year Catch-up Provision.

* The total of all employee contributions made to this 457 plan and/or any other government employer's eligible 457 plan in 2006, must not exceed the IRS maximum limits shown above.

Contact an active provider to open an account today. A RIC Investment Provider Comparison is available on request.

AIG VALIC 816-522-3438 or 800-892-5558 x88700
Hartford Life 800-424-2825 x 47634 or 319-270-7505
ING Financial Advisers 800-555-1970
Nationwide 877-677-3678 opt. 1 then 2



Ask the providers these questions:

1. I am a state of Iowa employee and I want to participate in the State's deferred compensation benefit. How do I enroll?
2. Is there a representative in my area to walk me through the investment selection & application process (or send me what I need to open an account myself)?
3. Is there a reason why I should choose your firm over the other 3 investment providers?

Was contacting someone easy? Is the process to open a new account clear? Is the process of selecting investments clear? Answers to these questions will help you determine which provider will meet your needs. Don't hesitate to ask for a meeting to help you review the investment information and complete the applications.

View our website at www.das.hre.iowa.gov/ric, contact us at 515-242-6846, or call a provider for additional program information.

Iowa Department of Administrative Services

Retirement Investors' Club

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