



Which retirement plan is right for you

Facts to help you make an informed choice
between the Iowa Public Employees' Retirement
System (IPERS) and the Iowa Association of
Community College Trustees' Defined Contribution
403(a) Plan with TIAA-CREF.



Financial Services



IOWA ASSOCIATION of COMMUNITY COLLEGE TRUSTEES

Introducing smart paths to your financial future

Iowa's Community Colleges (ICC) have long been leaders and innovators in providing scalable, flexible retirement benefits to their employees. And while these benefits may evolve to reflect changing markets and employee demand, you will find the commitment to you and your future remains constant.

As an ICC employee, you are eligible to participate in either the Iowa Public Employees' Retirement System (IPERS) or in the Iowa Association of Community College Trustees' Defined Contribution 403(a) retirement plan administered by TIAA-CREF.

About IPERS

The State of Iowa created IPERS in 1953 to provide a safe and dependable source of determinable income for the lifetime of retired employees. IPERS covers tens of thousands of education professionals statewide. Like many statewide, multi-employer public retirement systems around the country, IPERS is a defined benefit plan — meaning your contributions are pooled and invested by professional investment managers in the IPERS Trust Fund. Guaranteed lifetime monthly benefits are paid from the Trust Fund.

About TIAA-CREF

TIAA-CREF, one of the world's largest financial institutions, has been providing pension services to education professionals for nearly a century. Millions of people nationwide rely on TIAA-CREF for long-term investments and retirement income planning.

About the choice

Depending on your age, length of service, career plans and other factors, your retirement strategy may benefit from the IPERS defined benefit plan or TIAA-CREF's defined contribution plan. Whichever plan you choose, it's a one-time choice, so it's important to understand the key differences between each plan. You will automatically be enrolled in the IPERS plan if you do not make a choice within 60 days of your notice of eligibility.

Defined Benefit and Defined Contribution: What's the difference?

IPERS – Defined Benefit Plan

The “defined benefit” plan contributions from you and your employer are used to meet current and future pension obligations. At retirement, you will receive a guaranteed monthly pension payment based on a formula. You are guaranteed the payment for as long as you live — no matter how well or poorly the investments perform.

After you leave your employer, you can leave your assets in IPERS, continue to contribute and earn credit if you take another IPERS-covered job, roll them over to an IRA, or other qualified retirement plan, or request a full refund of your contributions.

IPERS takes on all the investment risk so you don't have to worry about market fluctuations.

As a Defined Benefit Plan, IPERS provides a lifetime benefit. This amount is calculated based on a formula which factors in your age, length of service, and the average of your five highest yearly salaries. To fund this benefit, both you and the community college make regular contributions based on a percentage of your wages. Years of service may also be purchased to increase the multiplier.

TIAA-CREF — Defined Contribution Plan

Your contributions, as well as any matching employer contributions, are allocated by you into choices offered by the Plan's carefully selected investment lineup. You build your own investment portfolio tailored to your risk tolerance and time to retirement. The amount of retirement income you receive will depend on how well your investments perform over the intervening years, and on how you choose to receive income from those investments. After you leave your employer, you can leave your assets in the Plan, roll them over to an IRA, or move them to your new employer's retirement plan, depending on that plan's rules.

The IACCT Defined Contribution Plan is a type of “defined contribution” plan, administered by TIAA-CREF. TIAA-CREF Consultants can guide you in creating a portfolio targeted to your unique goals.

With either Plan, you do not pay taxes on any earnings or income until you withdraw them from your account. That's usually at retirement, when most people may be in a lower tax bracket. Any withdrawals made prior to age 59½ may be subject to an additional 10% penalty in addition to ordinary income tax.

Comparing your retirement plan options

	Iowa Public Employees' Retirement System (IPERS) Defined Benefit 401(a) Retirement Plan	(TIAA-CREF) Iowa Association of Community College Trustees' Defined Contribution 403(a) Retirement Plan
Type of Plan	Defined Benefit	Defined Contribution
Pretax Employee Contributions	5.95% (as of 7/1/13). Contributions are not paid on wages of more than \$255,000 in 2013. Note: The contribution rate may change over time. Please contact your employer for the current contribution rate.	5.95% (as of 7/1/13). Contributions are not paid on wages of more than \$255,000 in 2013. Note: The contribution rate may change over time. Please contact your employer for the current contribution rate.
Employer Contributions	8.93% (as of 7/1/13). Contributions are not paid on wages of more than \$255,000 in 2013.	8.93% (as of 7/1/13)
After-tax Employee Contributions	Professional investment managers make all the investment decisions for the IPERS Trust Fund. IPERS members do not select individual investments.	N/A
Tax Deferral	Any earnings accumulate tax deferred until withdrawal. Any withdrawals made prior to age 59½ may be subject to an additional 10% penalty in addition to ordinary income tax.	
Benefit Payment Basis	Your benefits are calculated based on a formula which factors in your age, length of service, and the average of your five highest yearly salaries. Upon retirement, you may choose from six benefit options, each of which provides a lifetime benefit.	The amount of retirement income you can receive is based upon the size of your account when you retire. Your account is made up from employer and employee contributions as well as investment performance. By contributing more and choosing the correct investments, the more income you could potentially have in retirement.
Investment choices	N/A	<ul style="list-style-type: none"> ▪ TIAA Traditional Annuity ▪ Variable annuities ▪ Mutual funds ▪ TIAA-CREF Lifecycle funds
Vesting	Starting July 1, 2012, a regular member who completes seven years of covered service or has reached the age of 65 while in IPERS-covered employment is vested. Vesting in IPERS means you become entitled to a portion of the contributions your employer has made on your behalf, and are eligible to purchase additional service, and eligible for disability benefits if needed.	Vested Immediately
Disability Benefit	A vested member who is awarded federal Social Security or Railroad Retirement disability benefits because of a disability is eligible to claim IPERS benefits regardless of age.	Withdrawals available only after retirement.
Portability	Yes, if moving to another IPERS-covered employer. Otherwise, you can rollover your contributions and the related interest to another qualified retirement plan.	Yes, if the new employer's plan rules allow.
Death Benefits	If a member dies before retirement, the member's designated beneficiary will receive a lifetime annuity or a lump-sum payment as calculated by a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the retirement income payout option the member has selected.	Full value of your account is paid to your named beneficiaries or your estate. (State and Federal taxes may be taken upon distribution.)



TIAA-CREF's Defined Contribution plan services

Through the Defined Contribution plan, TIAA-CREF offers you a clear, easy-to-understand menu of low-cost investment choices especially designed for Iowa Community College employees. What's more, you have access to personalized retirement plan advice on the plan's investment options to help you define and develop your unique plans toward achieving your retirement income goals, especially in these key areas:

- **Your vision for retirement.** What do you want your retirement to look like in 10, 20, or even 30 years? What do you most want to do? Where will you live? What will you own?
- **Major concerns, considerations, and life changes.** What changes do you foresee in your family situation? Major expenses, such as college or home purchase? What are the likely scenarios that could impact your long-term assets for better or worse?
- **Necessary funding.** What will it cost to turn your ideas and aspirations into tangible results? How much investment risk are you willing to take? What investment strategy can help you reach your retirement goals?

In fact, your retirement benefits can be a key resource in helping you define your retirement investment outlook over time.

When retirement begins

Under federal law, there is no mandatory retirement age. However, the law does require you start receiving a specified portion of your retirement income by April 1 after the year you reach age 70½ or the date you retire, whichever is later.

IPERS benefits

Vested members can begin receiving lifetime monthly benefits from IPERS at age 55. Benefits will be calculated with an early-retirement reduction unless normal retirement age is reached before your benefits start. IPERS' definition of normal retirement age determines when you can start receiving lifetime monthly benefits that have not been reduced for early retirement. Normal retirement age is age 65, age 62 if you have 20 years of service, or when your age and years of service add up to 88.

Also, an IPERS member who terminates public employment for any reason may request a full refund of the member's contributions. Vested members requesting a refund also receive a portion of their employer contributions.

TIAA-CREF benefits

No minimum age or service requirements apply to TIAA-CREF, because benefits are determined by your account balance when you start benefits. Your TIAA-CREF Consultant can show you several income scenarios based on your account value at retirement.

Choosing a retirement income option

Both the Iowa Public Employees' Retirement System defined benefit plan and the Iowa Association of Community College Trustees TIAA-CREF Defined Contribution 403(a) Plan offer a variety of ways you can receive retirement income. The choice you make will most likely be based on:

- How much pension income do you need to supplement your Social Security and other income and assets?
- How frequently will you need retirement income?
- Are there other major factors influencing your income requirements (e.g., housing, healthcare, lifestyle)?
- Is leaving a legacy to your heirs important?

IPERS retirement benefit options

Your monthly lifetime retirement benefit never runs out. It is calculated based on a formula which factors in your age, length of service, and the average of your five highest yearly salaries. Once determined, your benefit amount will not change. At the time you file your IPERS retirement application, you will be asked to select a death benefit from six options. IPERS benefits counselors are available to help you understand the differences so that you can make the best choice for your situation.

TIAA-CREF retirement income options

You have a range of choices when deciding how to take retirement income and distributions. You can take direct cash withdrawals, periodic withdrawals, or withdrawals over a fixed number of years.

Cash Options

For most accounts, you can receive cash payments in a lump sum, over a fixed period of time, or in one or more "systematic" withdrawals. If you have a Retirement Annuity (RA) contract, the TIAA annuity contract does not allow lump-sum cash withdrawals from the TIAA Traditional Annuity and transfers out must be spread over ten annual installments. If you have a Group Retirement Annuity (GRA) contract, lump-sum withdrawals are available from the TIAA Traditional Annuity, subject to the terms of your employer plan, only within 120 days after termination of employment and are subject to a 2.5% surrender charge. All other withdrawals and all transfers from TIAA Traditional to any variable annuity accounts or mutual funds offered through TIAA-CREF within the plan or to approved alternate carriers within the plan must be spread over ten annual installments (or over five years for withdrawals after termination of employment).

Systematic Withdrawals

Under this option, you can specify that you be paid any dollar amount (minimum \$100) from your cashable (non-TIAA Traditional) accumulation. You may receive payments on a bimonthly, monthly, quarterly, semiannual or annual basis.

Fixed-Period Payments

You may also receive payments from your cashable (non-TIAA Traditional) accumulation over a fixed period from two to 30 years. If you die during the period, payments can continue to your beneficiaries for the rest of the designated period, or be paid to the beneficiaries in a lump sum.

For more information

Call	Click	Visit
IPERS		
800 622-3849	www.ipers.org	Des Moines: 7401 Register Drive Des Moines, IA 50321
TIAA-CREF		
National Contact Center: 800 842-2252 Ames office: 866 904-7803 Iowa City: 866 842-2977	www.tiaa-cref.org/iowacc	Ames: 2713 Stange Road, Suite 105, Ames, IA 50010 Iowa City: 327 2nd Street, Suite 350, Coralville, IA 52241



Financial Services



This publication summarizes the IPERS retirement plan provided to most employees of Iowa's schools, cities, counties, townships, state agencies, and other governmental units. Information in this publication reflects the law as of July 2013. Any inconsistencies or inadvertent omissions will be resolved in favor of the law.

IPERS is a defined benefit plan with a qualified plan status under federal Internal Revenue Code section 401(a). A defined benefit plan provides a lifetime benefit calculated using a formula. Benefits grow with time over a lifetime career. So, as years of service and salary increase, IPERS benefits also grow. Benefit amounts are guaranteed for life at retirement, regardless of the performance of the stock market.

IPERS provides free counseling, training, and educational resources. For more information, or to speak to a representative, please contact us at **800-622-3849** or visit our website at www.ipers.org.

Investment, insurance and annuity products are not FDIC insured, are not bank guaranteed, are not deposits, are not insured by any federal government agency, are not a condition to any banking service or activity, and may lose value.

TIAA-CREF products may be subject to market and other risk factors. See the applicable product literature, or visit tiaa-cref.org for details.

You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877-518-9161 or go to www.tiaa-cref.org/iowacc for current product and fund prospectuses that contain this and other information. Please read the prospectuses carefully before investing.

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