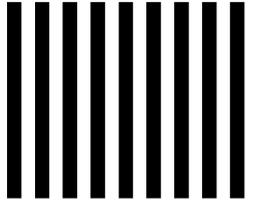




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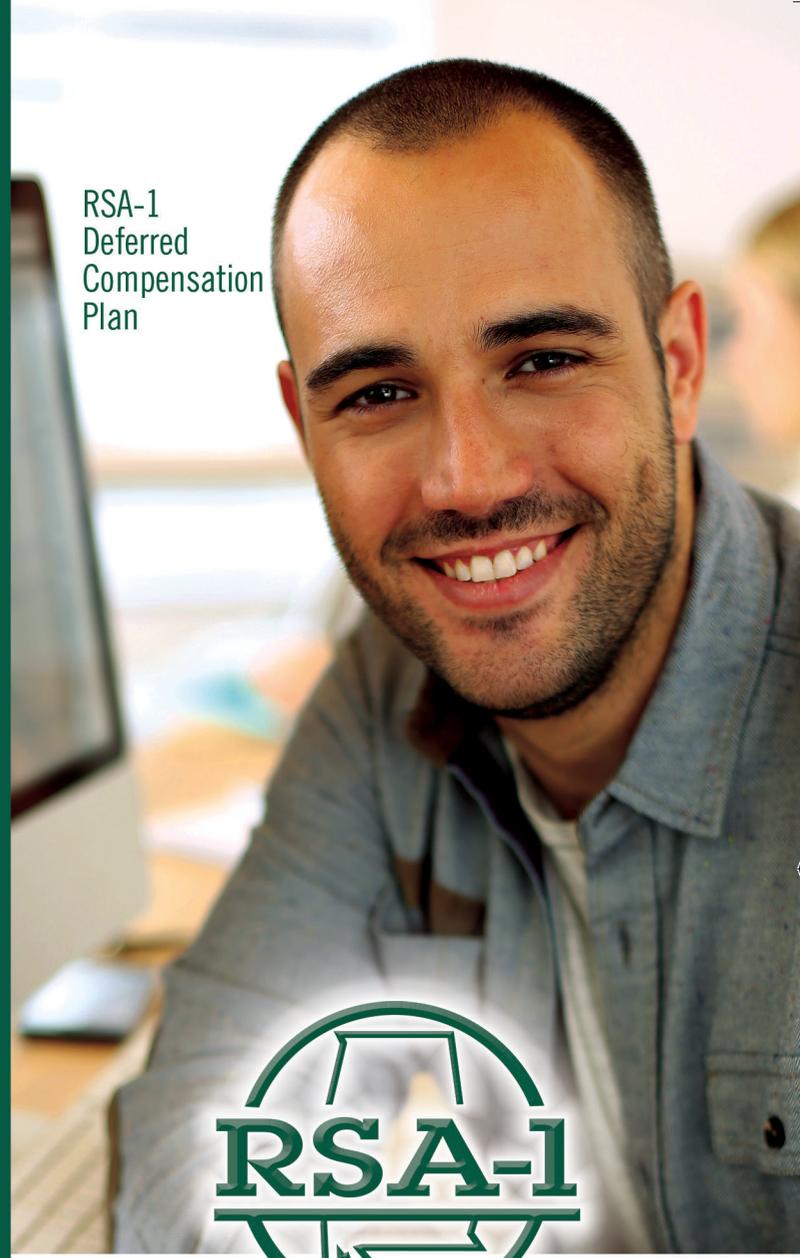
RETIREMENT SYSTEMS OF ALABAMA
FIELD SERVICES
PO BOX 302150
MONTGOMERY AL 36177-8632



RSA-1
DEFERRED COMPENSATION PLAN
P. O. Box 302150
Montgomery, Alabama 36130-2150



www.rsa-al.gov



RSA-1
Deferred
Compensation
Plan



**Secure a
Better Tomorrow**





Contact RSA-1

Phone 877.517.0020 • 334.517.7000

Fax 877.517.0021 • 334.517.7001

Email rsalinfo@rsa-al.gov

Because email submissions are unsecured, do not include confidential information like your Social Security number. Please include your full name, employer, home mailing address, and daytime phone number.

Mail The RSA-1 Deferred
Compensation Plan
P.O. Box 302150
Montgomery, AL 36130-2150

Website www.rsa-al.gov

Member Online Services

Change your address and view your account statement online

<https://mso.rsa-al.gov>

Building Location

201 South Union Street

Request a Presentation

Field Services Division
877-517-0020

Business Hours

8:00 a.m. - 5:00 p.m.
Monday - Friday

Please provide your full name and Social Security number on all faxes and letters.



2015

Want to Know More?

To request more information or forms, please complete, detach, and mail the postcard below. No postage necessary.

Request for RSA-1 Information and Forms

Name: _____
First Last

Address: _____
Street Address

_____ City _____ State _____ ZIP

Employer: _____

I would like RSA-1 to mail me the following materials:

- RSA-1 Member Handbook including enrollment forms
- Forms Separately:
 - RSA-1 Enrollment
 - Beneficiary Designation
 - Authorization to Defer Compensation
 - Investment Option Election for New Accounts
 - Special Catch-Up Election and Worksheet
 - Address Change Form

Secure a Better Tomorrow with RSA-1

This brochure provides information on how members of the Retirement Systems of Alabama (RSA) or any other public employee can:

- ◆ Defer some of their income before taxes, and
- ◆ At the same time, establish more savings to enjoy a better retirement.

RSA-1 is a tremendous benefit offered to you by the RSA. By contributing pre-tax dollars, you can lower your taxable income and reduce the amount of taxes you pay.

Every member of the Teachers' Retirement System (TRS) and Employees' Retirement System (ERS) should take advantage of this plan. RSA-1 is payroll deductible, which makes saving easy and convenient. There is no minimum amount you must contribute each month and the contributions may be increased, decreased, or stopped as often as your payroll officer allows.

On average, Social Security and a retirement pension will make up less than sixty percent of the total income needed for a sound retirement. This makes personal savings extremely important to help members maintain their standard of living once they retire.

An old adage states: "You should always pay yourself first!" This is true and RSA-1 makes it easier than ever before. Members can enroll in RSA-1 at anytime.

***So - what are you waiting on?
Go see your payroll officer today.***

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What is RSA-1?

RSA-1 is an Internal Revenue Code Section 457 deferred compensation plan. RSA-1 is administered by the Secretary-Treasurer of the ERS under the supervision and direction of the PEIRAF Board of Control, which is composed of members of the investment committees of the TRS and ERS Boards of Control.

Under the RSA-1 Deferred Compensation Plan, a public employee may elect to defer receipt of a portion of his or her salary until a later determined date, usually at retirement or other termination of service. Because receipt of the income is deferred, the deferred income is not included in your federal or state of Alabama gross taxable income.

Deferring Equals Tax Savings

The deferred income is paid into RSA-1 and invested for your benefit. Investment earnings are accumulated in the fund and like the deferred income, are not subject to federal or state of Alabama income taxation until distributed to you. Deferred income and the investment earnings are held in your account for the exclusive benefit of you and your beneficiaries.



Saving Taxes with RSA-1

The following is an example of how participation in RSA-1 can help you reduce current taxes:

Example:

- ◆ An employee earning \$1,000 semimonthly
- ◆ Deferring \$100 into RSA-1 semimonthly
- ◆ Filing as single with one withholding allowance

Tier 1	With RSA-1	Without RSA-1
Semimonthly pay	\$1,000.00	\$1,000.00
RSA-1 Deferral	100.00	0.00
Less 7.50% Retirement Contribution	75.00	75.00
Federal Tax*	51.96	66.96
State Tax*	29.00	33.00
FICA	76.50	76.50
Take Home Pay	\$667.54	\$748.54

Tier 2	With RSA-1	Without RSA-1
Semimonthly pay	\$1,000.00	\$1,000.00
RSA-1 Deferral	100.00	0.00
Less 6.0% Retirement Contribution	60.00	60.00
Federal Tax*	54.21	69.21
State Tax*	29.00	34.00
FICA	76.50	76.50
Take Home Pay	\$680.29	\$760.29

**Based on the 2014 tax tables.*

For Tier 1 members, deferring \$100 only decreases your take-home pay by \$81 while saving you \$19 in taxes. For Tier 2 members, deferring \$100 only decreases your take-home pay by \$80 while saving you \$20 in taxes.

No Fees!

Unlike other funds, there are **no** administrative, membership, investment, transaction, sales or commission fees for participating in RSA-1. All the money you defer and all investment earnings are placed into your account and invested by RSA-1.

Power of Compounding

Many retirees frequently say their biggest regret is that they did not start saving earlier. By committing to a savings plan early, you can contribute less but save more.

How does this work?

This financial phenomena is known as the Power of Compounding. As the years pass, the money you invest in the RSA-1 Deferred Compensation Plan will continue to earn tax-free monies. By reinvesting these monies, additional funds are earned, continuing this cycle year after year.

The following examples illustrate the power of compounding*:

Will started deferring \$50 monthly into his RSA-1 Deferred Compensation Plan account when he was 25 years old. At age 55, Will's account balance will be \$50,226.

Katherine started deferring \$75 monthly into her RSA-1 Deferred Compensation Plan account when she was 35 years old. At age 55, Katherine's account balance will be \$34,653.

Both contributed a total of \$18,000 but Will contributed a smaller amount each month and still accumulated \$15,573 more than Katherine. This is the power of compounding.

** This example assumes a 6% rate of interest and is for illustrative purposes only. It is in no way indicative of the future performance of any of the investment options available through RSA-1.*

The Advantage of Beginning Early

The earlier you begin participating in RSA-1, the bigger the difference in long-term accumulation. The chart below is an example based on a monthly contribution of \$100 earning an assumed interest rate of 7%.

<i>Beg. Age</i>	<i>Value at Age 65</i>	<i>Tot. Amt. Contrib.</i>	<i>Cost of Waiting One Year</i>
25	\$264,012	\$48,000	
26	\$245,051	\$46,800	\$18,961
35	\$122,709	\$36,000	
36	\$113,274	\$34,800	\$ 9,435
45	\$ 52,397	\$24,000	
46	\$ 47,702	\$22,800	\$ 4,695

**This chart is for illustrative purposes only and should not be considered indicative of the future performance of any of the investment options available through RSA-1.*

Enrolling is Easy

Who is eligible to join RSA-1?

Any public official or employee of the state of Alabama or any political subdivision thereof is eligible to participate in the RSA-1 Deferred Compensation Plan, regardless of age or participation in the RSA. Participation in RSA-1 is strictly voluntary.

How do I enroll?

You can enroll in RSA-1 at any time. Request an RSA-1 Member Handbook by completing the card at the back of this brochure. Just drop the card in the mail. No postage is required. All publications and forms are located on our website.

To participate in RSA-1, you must:

- ◆ Complete the RSA-1 ENROLLMENT, BENEFICIARY DESIGNATION, and INVESTMENT OPTION ELECTION FOR NEW ACCOUNTS forms and submit the completed forms to the RSA-1 Deferred Compensation Plan to establish an account.
- ◆ Once an account is established, submit the AUTHORIZATION TO DEFER COMPENSATION form to your payroll officer.
- ◆ You can only defer contributions to RSA-1 through payroll deductions. Do not send the AUTHORIZATION TO DEFER COMPENSATION form to RSA-1 or the RSA.

Easy to Make Deferrals

- ◆ Deferrals may be in any amount desired (for example, \$10, \$20, \$50, etc.) as long as you do not exceed the maximum deferral allowable.
- ◆ The amount of your deferral may be increased, decreased or suspended as often as you wish, subject only to employer payroll requirements.
- ◆ Statements are mailed quarterly in January, April, July, and October. You may view your account statement online at any time at Member Online Services. Otherwise, request your balance by calling or emailing RSA-1 at rsalinfo@rsa-al.gov.

Note: For the protection of your privacy, RSA-1 will not disclose balances nor confirm beneficiary designation over the phone or through email. Once the request is received, the information is sent to the address on file.

Investing in RSA-1

What are my options on investing my contributions?

RSA-1 funds are invested under the same authority and restrictions that govern investments made by the TRS and ERS. The RSA-1 Deferred Compensation Plan offers the option to invest in either fixed income (bonds), or stocks, or a combination of both. The funds in both the RSA-1 fixed (bond) investment and stock investment options are not self-directed; rather they are invested as a pool.

The RSA-1 fixed (bond) portfolio is invested in fixed income investments such as corporate bonds, U.S. agency obligations, government national mortgage association securities, and commercial paper. The stock portfolio is invested in an S&P 500 Index Fund, which invests in the stock of America's 500 largest companies.

Beginning on or around February 1, 2015, RSA-1 will offer a Short Term Investment Fund option. Investments under the Short Term Investment Fund option may include money market securities, U.S. Treasury bills or notes, and U.S. government agency notes.

How do I select my investment option?

New participants must complete the INVESTMENT OPTION ELECTION FOR NEW ACCOUNTS form and submit it with your RSA-1 ENROLLMENT and BENEFICIARY DESIGNATION forms to RSA-1 to open an account.

Existing participants will be able to change their investment option every 90 days.

The election will remain in effect until a subsequent eligible election is made, but it must remain in effect for 90 days. If you do not wish to change your investment option, the election will remain in effect until subsequently revoked. You may stop deferrals at any time, but the election will remain in effect if you subsequently resume deferrals. Use the INVESTMENT OPTION ELECTION FOR EXISTING ACCOUNTS form to change your investment options.

Are my investment earnings taxed?

You do not pay current income taxes on your investment earnings. RSA-1 deferrals and earnings are only subject to taxes when they are withdrawn from RSA-1.

How much will my investments earn?

Your earnings are based on market conditions. For monthly returns on investments, visit our website or call RSA-1.

Are there any limits on what I can contribute to RSA-1?

The maximum amount you may defer per year is 100% of your includable compensation reduced by other tax-deferred retirement contributions and pre-tax salary reductions, but not more than the following annual contribution maximums:

Annual Contribution Maximum

<i>Year</i>	<i>Under 50</i>	<i>50 and Over</i>
2014	\$17,500	\$23,000
2015	\$18,000	\$24,000

There is no minimum amount you may defer. Deferrals to RSA-1 do not affect retirement

benefits because retirement benefits are calculated on your gross salary.

If you are making deferrals to another 457 plan, the annual contribution maximum applies to all 457 plans. For example, if you are deferring \$9,000 in 2015 to RSA-1, you are limited to a total of \$9,000 (or \$15,000 age 50 and over) with any other 457 plan in that calendar year. If you are contributing to a 403(b) or a 401(k), the limits to those plans will not be affected by deferrals to RSA-1.

Can I catch-up contributions for years I did not participate?

If you did not defer the maximum deferral amount in the years beginning with 1986 and were eligible to participate, you may “catch-up” unused eligible amounts for one to three years if you are within three years of normal retirement age.

The following limits apply:

<i>Year</i>	<i>Catch-up Maximum</i>
2014	\$35,000
2015	\$36,000

The RSA-1 plan allows members to make catch-up deferrals during the three calendar years that **end prior to Normal Retirement Age (NRA)**. Normal Retirement Age is the age you choose solely for the purpose of initiating your catch-up election. This age must occur no later than 70½ and be no earlier than the year you would be eligible for retirement benefits

To be eligible, the member must have unused eligible amounts from years in which the

maximum amount was not contributed. Total deferrals during the three-year catch-up period, including current year deferrals, must not exceed the annual catch-up maximum per calendar year. **You cannot participate in the Age 50 and Over and Catch-Up provisions at the same time.**

The following rules apply to the catch-up election:

- ◆ The NRA determines the three-year period during which you are eligible to make Special Catch-Up contributions.
- ◆ At NRA, you are able to receive benefits under the ERS or TRS pension plan.
- ◆ You cannot elect a NRA before you are otherwise eligible for retirement or after age 70¹/₂.
- ◆ You cannot use the Special Catch-Up in the calendar year in which you reach the NRA you elect.
- ◆ You may use the Special Catch-Up in the year you retire if your retirement occurs in one of the three calendar years immediately prior to the year in which you reach the NRA elected above.
- ◆ You can only make this election once. This election is irrevocable once you begin making Special Catch-Up contributions.
- ◆ The Special Catch-Up contributions cannot exceed the amounts determined on the Special Catch-Up Worksheet.

RSA-1 must approve the SPECIAL CATCH-UP ELECTION AND WORKSHEET before catch-up deferrals can be made.

Distribution of Your RSA-1 Funds

When can I withdraw my funds from RSA-1?

RSA-1 is not a savings account in which you make periodic withdrawals. Rather, it is a retirement account that is available only after you have either retired or terminated employment.

You may not withdraw your account unless you meet one of the following conditions:

- ◆ Separation from service through retirement or termination from employment.
- ◆ The attainment of age 70½.
- ◆ Unforeseeable Emergency (Contact RSA-1).
- ◆ Cash-out provision for small account balances (Contact RSA-1).

RSA-1 funds cannot be assigned or alienated. Contact RSA-1 for more information on distribution of your account.

Can I use my RSA-1 funds to purchase service credit with the ERS or TRS?

You may use your RSA-1 funds to purchase permissive service credit with a governmental defined benefit plan such as ERS and TRS. If you wish to purchase permissive service credit with the ERS or TRS, you must first contact the ERS or the TRS at 877.517.0020 for the calculation of service credit eligible to be purchased. Then complete the IN-SERVICE TRANSFER TO PURCHASE PERMISSIVE SERVICE CREDIT form.

Can I withdraw my money if there is an emergency?

There are conditions that permit members to withdraw their account for hardships.

Hardships that do not fall into the unforeseeable category do not qualify for withdrawal. Withdrawals will not be allowed for buying a home, college expenses or other similar purposes. Please contact RSA-1 to see if your emergency will allow for distribution of your RSA-1 funds.

Can I roll over my RSA-1 funds to another plan?

Once you are eligible for distribution, you may roll over your RSA-1 funds to a Section 401(k), 403(b), 457 plan, Roth IRA, or a Traditional IRA. While you are still in service, you may transfer your RSA-1 funds to other eligible 457 plans.

Does RSA-1 accept rollovers or transfers?

RSA-1 accepts rollovers from state of Alabama or other eligible employer DROP accounts once you have terminated employment. Only participants, not spouses or other beneficiaries, can roll into RSA-1.

RSA-1 accepts trustee-to-trustee transfers from other 457 plans held by the participant. An RSA-1 account must be established prior to the transfer. Funds transferred from other 457 accounts must never have been from any source other than 457(b).

May I defer my sick and annual leave?

If you are eligible to receive payment for sick and annual leave at termination of employment, you may defer up to the maximum limit.

When I withdraw my funds, how are they taxed?

Distributions are subject to the withholding

rules applicable to qualified plans. For lump-sum payments and partial lump-sum payments that are eligible for rollover distribution, federal regulations require a 20% withholding. For periodic payments of less than 10 years' duration, the member will have 20% withheld for federal income tax as required by the IRS. For periodic payments of greater than 10 years' duration, the member may select the amount of federal tax they wish to have withheld from their monthly or annual disbursement. Generally, for payments to non-resident aliens, the IRS requires 30% withheld for federal tax.

Deferred income and investment earnings distributed from RSA-1 will be taxed to the employee or beneficiary as ordinary income in the year of distribution. Payments to RSA-1 recipients and to beneficiaries are reported on a FORM 1099R in the year of distribution. There is no penalty for early distribution from a Section 457 Deferred Compensation Plan such as RSA-1 regardless of the recipient's age at the time of distribution.

For amounts deferred in 1996 and prior years, the principal and interest are subject to federal income tax upon distribution, while only interest is subject to state of Alabama income tax upon distribution.

For amounts deferred in 1997 and years thereafter, the principal and interest are subject to federal and state of Alabama income tax upon distribution.

Principal distribution from the DROP rollover account is not subject to state of Alabama income tax.

Why Save?

- ◆ Experts estimate you will need around 70 - 80% of your final income at retirement.
- ◆ If you live to age 65, you could expect to live 20 more years. Most people spend 1/3 of their lives in retirement.
- ◆ Inflation reduces your purchasing power; a movie ticket costing \$10 today might cost \$20 in 20 years if you factor in inflation!
- ◆ While some expenses will decrease when you retire, others such as medical expenses could increase.

Retirement and the Three-Legged Stool

We encourage you to think of your retirement in terms of a three-legged stool. Each leg of the stool represents a source of your retirement income. The first leg of your stool is your retirement benefit from your employer(s). Your pension benefit is typically calculated based on years of service, a benefit factor, and your ending salary.

The second leg of your stool is your Social Security benefit. You can begin receiving a reduced benefit from Social Security as early as age 62. The third leg of your stool is some type of a personal savings plan. Many retirees find that with the growing concern over the future of Social Security a personal savings program is the best way to take control of their future.

Let the RSA -1 Deferred Compensation Plan be the third leg of your stool.