

Hello, my name is Ikeem Means and I serve as the Assistant Director of the RSA-1 Deferred Compensation Plan. I want to speak to you briefly about a few changes that are coming.

RSA-1 is a governmental 457(b) Plan offered to all public employees in the state of Alabama. This is a voluntary supplemental retirement plan administered by The Retirement Systems of Alabama. The plan allows members to contribute a portion of their salary into an investment account. These funds will be available to members upon retirement or separation from service.

We are proud of our plan and have seen the benefits of members saving during their career and building up a nice nest egg to use during retirement. We want to continue building up the plan for our members.

So, over the past 2 years RSA staff has worked diligently on the design of a new RSA-1 computer system. We feel confident the new system will be more efficient, while also enabling our members to process some requests through our Member Online Services.

A major change is the new Roth 457(b) option. This will be a voluntary after-tax contribution option to which members can contribute funds from their paycheck that have already been taxed. They would then pay no taxes on the qualified distributions withdrawn during retirement, including earned interest. Another benefit of the Roth option is that there is no Required Minimum Distribution.

The IRS contribution limits apply to the total amount contributed to the Roth and Regular pre-tax accounts. For 2024, members under age 50 can contribute up to \$23,000. Members 50 or older can contribute up to \$30,500, and members who have been approved for the Special Catch-up Provision can contribute up to \$46,000. So, with these IRS limits in mind, a member can elect to contribute both pre-tax and after-tax dollars. It is therefore imperative the payroll officers report the correct account types as it will affect the member's tax liability. Members will also be able to convert pre-tax accounts into a Roth account. This transaction is called an "In plan Roth conversion."

Enrolling in RSA-1 is now easier than ever. Members will be able to enroll online within a few minutes. The Authorization to Defer form will be used to communicate to the payroll officer how much to contribute and to elect either pre-tax or Roth contributions, or both. The Contribution Allocation form will be used to elect investment options. This form should be submitted to RSA-1.

Many of our current members have inquired about a Roth option and we are thrilled to be able to offer it. Our new system is expected to be live June 1, 2024, please be on the lookout for additional information about other features our new system will offer. If you have any questions, please contact Employer Services. Thank you for everything you do for RSA! Goodbye.