

RSA-1 MEMBER BENEFITS AT A GLANCE

What is RSA-1?

RSA-1 is an eligible deferred compensation plan as defined by Section 457 of the Internal Revenue Code of the United States. The plan is authorized by §36-27A-1, et. seq., Code of Alabama 1975. Under this 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 termination of service. Because receipt of the income is deferred, the deferred income is not included in the participant's current federal or state of Alabama gross taxable income. The deferred income is paid into the RSA-1 Deferred Compensation Plan and invested for the participant's 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 the employee. Deferred income and the investment earnings are held in the participant's account for the exclusive benefit of the plan participants and their beneficiaries. An amended and restated RSA-1 Plan Document is available on the RSA website or by calling RSA-1 at 877.517.0020 to request a copy.

Employee Eligibility

Any public official or employee of the state of Alabama, supernumeraries, and those eligible employees under §36-27-6, 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.

No Fees

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



Existing Participants

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 you decide to make a change. You may stop deferrals at any time, but the election will remain in effect if you subsequently resume deferrals. The Investment Option Election for Existing Accounts form is on the website, or you may request it from Member Services.

Deferral Limits

There is no minimum amount you must defer. Deferrals do not affect retirement benefits because retirement benefits are calculated on your gross salary. 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:

For 2022, if you're under 50, the maximum amount is \$20,500

For 2022, if you are 50 and over, the maximum amount is \$27,000.

Distribution Elections

With the exception of Required Minimum Distributions (RMDs), the following distribution elections are permitted only upon retirement or other termination of service. See **Conditions for Withdrawal**. The account(s) will continue to have earnings posted to the balance each month. You may leave the balance in your account until you request a distribution or you retire or terminate service and reach age 72 when it is necessary to start the RMD. At the time of retirement or separation from service, you may choose one or a combination of the following distribution elections:

- **Periodic Payments:** Members who elect to receive a periodic payment for a period of 10 years or more may use Form W-4P to elect to have zero federal income tax withheld from payments, or to elect to have additional federal income tax withheld. In the absence of a Form W-4P election to the contrary, the amount withheld from such payments will be determined by treating the member as a married individual claiming three withholding exemptions. In all cases, the member will be responsible for taxation on federal tax returns. If the periodic payment is for a period less than 10 years, the IRS requires RSA-1 to withhold 20% for federal income tax.
 - **Fixed Time Period:** You may have your account funds distributed periodically based on a specific number of years.
 - **Fixed Dollar Amount:** You may have your account funds distributed in a specified dollar amount until your account is exhausted.
- **Lump-Sum Payments:** The IRS requires RSA-1 to withhold 20% of the payment for federal income tax.
 - **Partial Lump-Sum:** You may receive a partial lump-sum payment and leave the balance in the account.
 - **Full Lump-Sum:** You may receive a lump-sum payment consisting of the balance in the account(s).
- **Combination of Elections:** Participants may take a partial lump-sum payment and start periodic payments or a partial lump-sum payment and roll over a portion or the remaining balance to an eligible retirement plan.

Required Minimum Distributions

Required Minimum Distributions (RMDs) are the minimum amounts that must eventually be distributed from the plan to participants and beneficiaries. Participants and beneficiaries who do not take timely RMDs from the plan will be subject to a 50% excise tax on the amount of the required minimum distribution that should have been distributed. Of course, distributions can be made in greater amounts than the minimum required by law. In general, a participant is required to begin distributions no later than April 1 of the calendar year following the later of:

The calendar year the participant attains age 72

Or

The calendar year the participant retires

**For questions regarding your benefits or to set up an appointment, please call
Member Services at 877.517.0020 or 334.517.7000**

