

DESTINATION: Retirement

What is your risk profile?

When it comes to investing, do you prefer higher expected returns with a higher risk or a slower but more stable growth over time? History has shown that investments with the greatest return potential carry the most risk and investments that are more stable with lower risk tend to have lower return potential over time.

Where do you fall on the risk spectrum?

An investment's potential for loss at any given point in time is referred to as its risk. Invest, but be mindful of the risk involved.

One way for you to build retirement income on your own is through investing. As you determine how to invest, keep in mind the need for diversification. Splitting

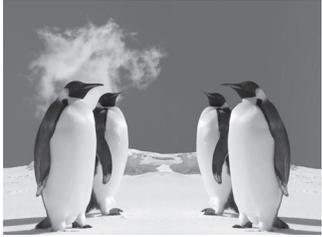
your dollars among various investment options could provide protection against a major loss if one investment option begins to decline.

So, which investment profile is right for you? Find out which investor profile is right for you by viewing PERF's online demo. Go to www.perf.in.gov/2656.htm and select the link under Online Demonstration.* Go

to slide 18 and take the investor profile quiz.

Your investor profile may change as you progress in your career, so evaluate your investments from time to time. You may also want to consider meeting with a financial advisor to discuss your investment objectives based on your retirement goals.

Most people fall into one of three types of investor profiles: aggressive, moderate or conservative. The information in this table is a suggestion and is not intended to constitute advice based on your career stage.

INVESTOR PROFILES			
	AGGRESSIVE	MODERATE	CONSERVATIVE
			
Risk Tolerance	High	High to moderate	Low
Potential career stage	Early career	Mid-career	Late career
General characteristics	Accepts significant changes in the value of investments in return for potential maximum long-term growth	Accepts moderate changes in the value of investments in return for potential long-term growth	Accepts relatively small changes in the value of investments in return for potential slow, stable growth

* Information provided in the online demo is not investment advice or a formula for determining your individual investment needs.

A limited time retirement alternative

Members of the 1977 Fund may elect to receive a partial lump sum distribution at retirement in exchange for an actuarially reduced lifetime monthly benefit. The lump sum would equal a member's monthly benefit times his or her years of service.

Passed by the Indiana General Assembly, this legislation became effective July 1, 2010, and expires on July 1, 2012.

Members must meet the following requirements on the date of their elections:

- Current active member of the 1977 Fund
- Qualify for an unreduced retirement benefit (at least age 52 with 20 years of service)
- Have not made an election to enter the Deferred Retirement Option Plan (DROP)

Members will need to submit an estimate request to find out the amount of their reduced monthly benefit and lump sum

payment. Visit our Web site at www.perf.in.gov, and click on "Forms" to obtain the Request for Estimate Partial Lump Sum Distribution form.

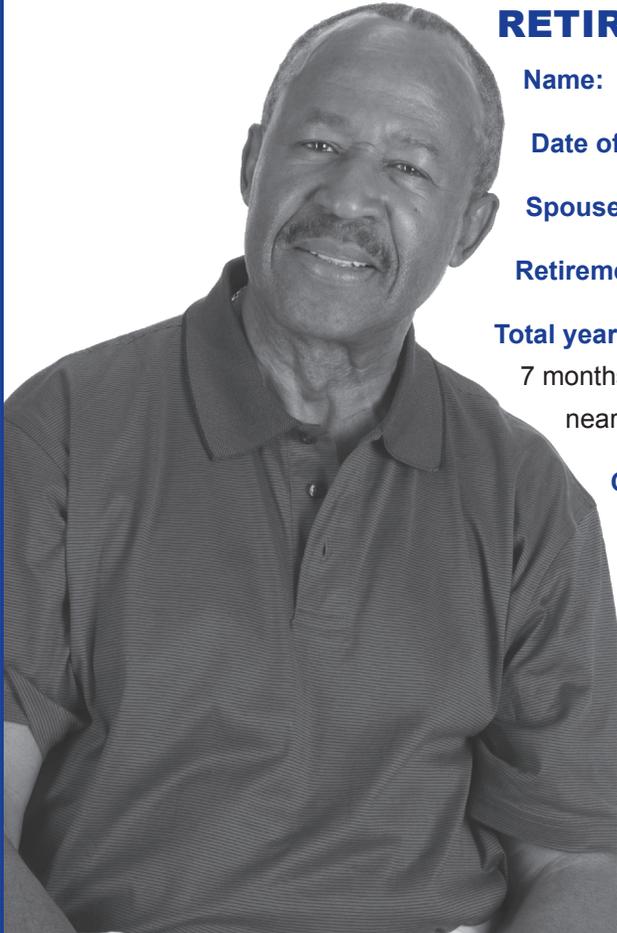
The reduced benefit calculation is based on three steps:

1. Monthly benefit amount is calculated using salary

and service at time of retirement

2. Lump sum distribution amount is calculated by multiplying the monthly benefit amount times years of service (rounded down to the nearest half year)
3. Reduced monthly benefit amount is computed using an actuarial calculation

The 1977 Fund Application for Retirement Benefits is available online at www.perf.in.gov. Members should complete Step 4 of the application if they want to elect the partial lump sum distribution. Contact PERF with questions at (888) 526-1687 or via e-mail at questions@perf.in.gov.



RETIREMENT EXAMPLE

Name: John Smith

Date of birth: 7/6/1958

Spouse's date of birth: N/A

Retirement date: 12/1/2010

Total years of service at retirement: 27 years, 7 months (27.5 years – rounded down to nearest half year)

Current certified salary: \$49,000

Monthly benefit before determination of partial lump sum: \$2,654.00

Partial lump sum amount: \$72,985

Reduced monthly benefit after determination of partial lump sum: \$2,260.05



Q&A – Ask a Consultant

Q. I have a PERF ASA. Can I roll it into my 1977 Fund account. Why or why not?

A. A rollover is a transfer of assets from one retirement plan to another. If you rollover your assets to a qualified retirement plan or account, you will not owe income taxes on the funds until a later date.

If you are not vested in PERF and you have an Annuity Savings Account (ASA), it

can be rolled over to another qualified retirement plan or account. However, the 1977 Fund does not allow for a member to roll money into the fund except under limited circumstances.

One such circumstance is that you can use your ASA to purchase years of service you earned in PERF to be used in the 1977 Fund. Contact us at (888) 526-1687 if you have questions.



Jim Kirk
Retirement
Counselor

Jim is a retirement counselor at PERF. For a face-to-face counseling appointment, contact us at (888) 526-1687. Our office is located at 143 W. Market St. in Indianapolis.

More service purchase options offered to 1977 Fund Members

Two additional service purchase options became available to 1977 Fund members on July 1, 2010. You may consider these options if you're interested in increasing your retirement benefit. The full actuarial cost will be due if you decide to purchase service.

Legislation passed by the Indiana General Assembly (IC 36-8-8-8.5 and IC 36-8-8-8.8) allows a member to purchase the following:

Prior Public Service

- Prior service in other public retirement funds including the Public Employees' Retirement Fund, Teachers' Retirement Fund, State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan, the State Police Trust and Sheriff's Pension Trust (IC 36-8-8-8.5)

Out-of-State Service

- Service earned out of state in a comparable position for which the 1977 Fund would give credit if the service was earned in Indiana (IC 36-8-8-8.8)

You must meet the following criteria to purchase service:

- Current active member of the 1977 Fund for at least one year (Prior Public Service and Out-of-State Service)
- May not be vested in the retirement fund from which you are purchasing service (Prior Public Service)
- May not receive service credit for the same years of service for which the member will receive a benefit in another governmental retirement system (IC 36-8-8-8.5 and IC 36-8-8-8.8)

You will need to submit a completed service purchase form to PERF. A cost calculation for the amount of service purchased will be provided to you by PERF, and you will have 30 days to decide if you want to complete the service purchase. You will have three payment options: pay immediately, defer payment for 90 days, or finance annual payments over five years.

By law, purchased service will not be used for:

- Early retirement (will not reduce the age at which you can receive retirement benefits)

– continued on page 4



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“More service purchase options,” continued

- Vesting status (need at least 20 years of active 1977 Fund service to receive retirement benefits)
- Increased benefit if you are already in the Deferred Retirement Option Plan (DROP). Service purchase must be completed before entering the DROP for this service to be considered.
- Reducing mandatory member contributions (required to contribute 6 percent of certified salary for 32 years of your employment in the 1977 Fund)

Go online to www.perf.in.gov and click on “Forms” to obtain the Request to Purchase Prior Service Credit in Other Indiana Public Retirement Funds form or Request to Purchase Out of State Service form. You may also contact PERF with your questions, toll-free, at (888) 526-1687 or via e-mail at questions@perf.in.gov.

Dates to Remember

Here are some dates for submitting retirement applications to PERF. You can find more Dates to Remember online at www.perf.in.gov.

If your retirement date is:	Apply by:
March 1, 2011	Dec. 1, 2010
April 1, 2011	Jan. 1, 2011
May 1, 2011	Feb. 1, 2011
June 1, 2011	March 1, 2011
July 1, 2011	April 1, 2011
Aug. 1, 2011	May 1, 2011



We are committed to serve — through exceptional customer service — our employers, our members and their families, in achieving their retirement goals and financial security.

Executive Director **Governor**
Steve Russo Mitch Daniels

Every attempt has been made to verify that the information in this newsletter is correct and up-to-date. Published content does not constitute legal advice. If a conflict arises between information in this publication and the law, the applicable law shall apply.

The Indiana Public Employees' Retirement Fund is a trust and an independent body, corporate and politic. The fund is not a department or agency of the state of Indiana, but is an independent instrumentality exercising essential government functions. (Indiana Code 5-10.2-2-1, 5-10.3-2-1(b))