

DESTINATION:

Retirement

Do you have your finances in order for retirement?

There are many things to consider before crossing the bridge to retirement. Are you sure you're ready?

Recent studies reveal the average 65-year old can expect to live to age 85. Longer life expectancies, coupled with rising inflation, mean that you will pay more for the goods and services you need, and, you will pay for a longer period of time. Some women may also have fewer years in the workforce due to raising children or caring for the home. For this reason, some women may struggle more in retirement.

The reality is that your own savings will be needed to cover expenses such as long-



term care. As you evaluate your assets, you may want to research long-term care insurance to protect your retirement savings from being depleted in the event you need nursing home care.

For most people, the majority of retirement income will include Social Security

benefits, personal savings, investments and an employer-sponsored retirement plan. You should carefully assess your financial future before deciding to make this big step.

Stay abreast of what's going on with your retirement benefit plan at all times. As a new or seasoned employee, you

can refer to your specific online handbook or At a Glance fact sheet by going to www.perf.in.gov. You'll need to click on "My Plan" and select your specific retirement benefit plan. You can also contact PERF with questions at (888) 526-1687 or at questions@perf.in.gov.

Collaboration saves millions

Collaboration between the Indiana Public Employees' Retirement Fund (PERF) and the Indiana State Teachers' Retirement Fund (TRF) has saved \$8.5 million this year.

Projected savings in years to come exceed \$100 million, which could lead to lower employer contribution rates in the future.

In May 2009, Steve Russo was named executive director of the Indiana Public Employees' Retirement Fund (PERF) and the Indiana State Teachers' Retirement Fund (TRF). This was done in compliance with legislation aimed at cost savings within the funds.

While PERF and TRF now have common leadership and management, the law requires they continue to be managed as separate entities with no merger of the two funds' assets. However, collaboration on investment decisions has collectively saved the funds millions.

Even as PERF and TRF continue to find ways to reduce costs, both funds remain

among the most solidly-funded public pension funds in the nation. Funded status is the ratio that measures plan assets, such as invested funds, as compared to liabilities, such as future pension payments.

PERF's aggregate funded status was 86.1 percent at the end of the 2010 fiscal year. Nationally, state pension plans were funded at about 65 percent according to the 2010 Wilshire Report on State Retirement Systems.

About TRF

A majority of TRF members are covered by a pre-1996 pay-as-you go plan that has been in place since 1921. It was never intended to be pre-funded and its funding status is low by design.

In 1995, the state established a separate fund to protect TRF retirees against any disruption in state payments and to smooth out payments from the state as the baby boomer generation retires. As of the end of calendar year 2010, this fund's assets are \$1.9 billion.

Also in 1995, the legislature established a pre-funded

plan to cover teachers hired after 1996. This plan's funded status at the end of the 2010 fiscal year was 94.7 percent, significantly ahead of the 80 percent target that experts consider a healthy level.

Modernizing Together

PERF and TRF are also collaborating on an extensive multi-year project to modernize the systems used to manage pensions and members' Annuity Savings Accounts (ASAs).

In the coming months and years, members will see continued close collaboration between PERF and TRF. The funds now have a single management team and are sharing office space.

A new joint member service center is now open at 1 North Capitol in Indianapolis, and TRF and PERF field counseling staff collaborate closely in bringing retirement education and counseling to locations throughout the state.

While many in public service in Indiana and the nation have worked tirelessly to reduce expenses, the team at PERF and TRF is no different.

The funds remain in solid shape, however, we know continued cost savings will benefit active members, retirees and the public employers that help fund the plans.

The PERF member counseling staff has relocated to the lower level of 1 North Capitol, Suite 001, in Indianapolis. All member counseling meetings will be held in the new location.

Please note that correspondence to PERF should be addressed to 1 North Capitol, Suite 001, Indianapolis, IN 46204. Please review your documents carefully before mailing to ensure you are sending to the correct address.

- If your document states to return to 143 W. Market St., mail to 1 North Capitol, Suite 001.
- Correspondence with a P.O. Box should be returned to the P.O. Box.



Q&A – Ask a Consultant

Q. I'm a member of the 1977 Fund. How is the first-class officer salary calculated for retirement?

A. The first-class officer salary is calculated for retirement based on the salary provided to PERF by the city or town where the member is employed. Salaries are certified by a member's Clerk Treasurer, Controller or Township Trustee of the municipality in which he or she works.

Q. I'm a member of the Judges' Retirement System (JRS). What are my options for taking an early retirement?

A. You will qualify for early retirement with full benefits

if you are at least age 55 and your age in years plus years of creditable service is at least 85 (Rule of 85).

You will qualify for early retirement with reduced benefits if you are between the ages of 62 and 65 and have at least eight years of service credit as a judge.

If you receive early retirement benefits between the ages of 62 and 65, your benefits will be reduced by 0.1 percent for each month that your retirement precedes your 65th birthday. Your retirement benefits will remain at a reduced level even after you reach 65 years of age.



Jim Neddeff
Retirement Services
Consultant

Based in Fort Wayne, Jim covers the northern region of the state. If you live in that area and would like a face-to-face counseling session with him, please call (888) 526-1687 to schedule an appointment.

Explanation of dual fund membership

If you are a prosecuting attorney or chief deputy prosecuting attorney, you are a member of the Prosecuting Attorneys' Retirement Fund (PARF) and the Public Employees' Retirement Fund (PERF). Did you know that?

Your PARF benefit will be separate from any benefit you receive from PERF. Your PARF supplemental benefit will be offset by your PERF benefit on the date you begin receiving a benefit from PARF. This means your PARF monthly benefit amount will be reduced by the monthly pension amount of your PERF benefit. This excludes the Annuity Savings Account (ASA) portion that may be included in your PERF monthly pension amount.

You are entitled to receive a retirement benefit from each fund based on your age and service eligibility requirements. A separate retirement application, which should be submitted 90 days prior to your anticipated retirement date, is required for each fund.

In addition to the PARF and PERF online handbooks, both PARF and PERF applications for retirement benefits are available online at www.perf.in.gov. Contact PERF with questions at (888) 526-1687 or via e-mail at questions@perf.in.gov.

The PARF pension benefit estimate below shows how the PARF monthly benefit amount is reduced by the PERF monthly pension amount. This hypothetical member is planning to retire at age 65.*

- Highest Annual Salary: \$94,235.18
- Years of Service: 13
- Benefit Percentage: 51 percent (based on years of service)
- Estimated total benefit amount: \$4,005 (based on age and service requirements)
- Estimated PERF pension amount: \$1,139.75 (based on member's choice of Option 10)
- Estimated PARF amount after offset: \$2,865.25

*Early retirement at age 62 with reduced benefits is optional.



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Indianapolis, IN 46204

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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:
June 1, 2011	March 1, 2011
July 1, 2011	April 1, 2011
Aug. 1, 2011	May 1, 2011
Sept. 1, 2011	June 1, 2011
Oct. 1, 2011	July 1, 2011
Nov. 1, 2011	Aug. 1, 2011



We advance the achievement of retirement security for current and future retirees and beneficiaries through our delivery of operational and investment excellence, exemplary customer service and trusted stakeholder communication.

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))