
BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES' RETIREMENT FUND

Resolution No. 10-05

Adopting rules related to the administration of the Fund as described herein.

WHEREAS, the Indiana Public Employees' Retirement Fund exists to provide retirement benefits to its members, their survivors, and beneficiaries;

WHEREAS, the Board of Trustees of the Indiana Public Employees' Retirement Fund, by statute, administers the Fund;

WHEREAS, the Board of Trustees, pursuant to [IC 5-10.3-3-8](#), may establish and amend rules and regulations for the administration of the Fund without adopting a rule under Indiana Code 4-22-2; and

WHEREAS, the Board of Trustees of the Indiana Public Employees' Retirement Fund wishes to adopt, amend, and/or repeal certain rules contained or to be contained in the Indiana Administrative Code related to the administration of the Fund as described herein;

NOW THEREFORE, BE IT RESOLVED by the Board of Trustees of the Indiana Public Employees' Retirement Fund that:

SECTION 1. [35 IAC 1.2-1-2](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-1-2](#) Delegation of authority; powers and duties of executive director

Authority: [IC 5-10.3-3-8](#)

Affected: [IC 5-10.2](#); [IC 5-10.3-2-1](#)

Sec. 2. (a) The executive director is the executive officer of the fund's affairs and operations, makes eligibility and other determinations on applications made to the board, makes periodic reports to the board, and performs all other duties assigned by the board. The executive director shall cause all applicants and other necessary persons to be notified promptly of any determinations made concerning such applications.

(b) The executive director shall have the authority to enter into agreements and sign contracts on behalf of the fund pursuant to and in accordance with procurement policies established by the board.
(Board of Trustees of the Public Employees' Retirement Fund; [35 IAC 1.2-1-2](#); filed Dec 20, 1988, 1:00 p.m.: 12 IR 1078; readopted filed Oct 31, 2001, 2:18 p.m.: 25 IR 897; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Jun 11, 2010: [20100728-IR-035100467ONA](#))

SECTION 2. [35 IAC 1.2-2-1](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-2-1](#) Definitions

Authority: [IC 5-10.3-3-8](#)

Affected: [IC 5-10.2](#); [IC 5-10.3-2-1](#); [IC 5-10.3-7](#)

Sec. 1. As used in this title, unless the context otherwise clearly requires:

"After the member's retirement", for purposes of [IC 5-10.2-4-8\(b\)](#), means when a member separates from employment.

"Annuity savings account (ASA)" consists of the member's contributions whether paid by the member or picked up by the employer, additional annuity contributions, and interest credits on these contributions.

"Board" means the board of trustees of the public employees' retirement fund of Indiana.

"Ceases service", **for purposes of [IC 5-10.2-4-3\(e\)](#) only**, means when a member stops earning creditable service.

"De minimus [sic] account" or "de minimus [sic] amount" means an inactive, retired, retired for disability, suspended, or deceased member's ASA account whereby no regular and continuing contributions are being received and the account has a balance of which the value is less than the actual

cost of making a distribution of the balance to the member or the member's beneficiary.

"Full-time employee" means an employee occupying a position covered by the fund as set out in [IC 5-10.3-7](#).

"Employer" means the state for employees of the state and a participating political subdivision for its employees.

"Employer contributions" means contributions made by the state and political subdivisions to the retirement allowance account.

"ERM" means the employer reporting and maintenance system, a web-enabled software application that manages employer and member data and collects members' wages and contributions.

"Fund" means the public employees' retirement fund of Indiana.

"Gender and number" for the purpose of this title, the masculine gender shall include the feminine, and the singular the plural as the context may require.

"Governing body" means the county council, city council, trustees of a town, the township board, board of school commissioners, library board, or any board which by law is authorized to fix a rate of taxation on property of a political subdivision, or any other board which is empowered to administer the affairs of any department of a political subdivision, which department receives revenue independently of, or in addition to, funds obtained from taxation.

"Member" means persons qualifying for membership under [IC 5-10.3-7-1](#).

"Member's contribution" means contribution which each member shall, as a condition of employment, contribute to the fund, which is three percent (3%) of the member's compensation (basic salary as defined in [35 IAC 1.2-5-5](#)), and which includes contributions paid by the employer for the member pursuant to [IC 5-10.2-3-2](#) and [IC 5-10.3-7-9](#), and additional annuity contributions.

"PERF" is the public employees' retirement fund.

"Political subdivision", as used in this article, means a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, township, and any department of, or associated with, a county, city, town or township, which department receives revenue independently of, or in addition to, funds obtained from taxation.

"Retirement allowance account" consists of employer contributions for pensions and separate accounts shall be maintained for contributions by the state and by each political subdivision.

"Vested status" means the status of having ten (10) years of creditable service. (*Board of Trustees of the Public Employees' Retirement Fund; 35 IAC 1.2-2-1; filed Dec 20, 1988, 1:00 p.m.: 12 IR 1078; readopted filed Oct 31, 2001, 2:18 p.m.: 25 IR 897; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Feb 19, 2010: [20100310-IR-035100124ONA](#); adopted Jun 11, 2010: [20100728-IR-035100467ONA](#)*)

SECTION 3. [35 IAC 1.2-5-12.1](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.2-5-12.1](#) De minimis accounts

Authority: [IC 5-10.2-2-1](#)

Affected: [IC 5-10.2-3-6](#)

Sec. 12.1. (a) If, after suspension, retirement, retirement for disability, death withdrawal, or other withdrawal, an inactive member's ASA account balance is below the de minimus [sic] amount as such amount is determined by PERF, PERF may close the member's account and credit the residual amount to the fund without further notice.

(b) A member or the member's beneficiary may claim the amount credited to the fund, and the account may be adjusted for gains, losses, or interest earnings unless otherwise limited by statute by petitioning PERF in writing.

(c) If the credited amount is from a suspended member's account, no gains or earnings shall be credited to the member's account in accordance with [IC 5-10.2-3-6](#). (Board of Trustees of the Indiana Public Employees' Retirement Fund; [35 IAC 1.2-5-12.1](#); adopted Jun 11, 2010: [20100728-IR-035100467ONA](#))

SECTION 4. [35 IAC 1.2-5-13](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-5-13](#) Beneficiary designation

Authority: [IC 5-10.3-3-8](#)

Affected: [IC 5-10.2](#); [IC 5-10.3](#)

Sec. 13. (a) Active members may designate a primary beneficiary or beneficiaries and a contingent beneficiary or beneficiaries to receive the member's annuity savings account **equally or designated by whole percentage increments** upon the death of the member. Such designations must be on the appropriate form. Forms must be filed and accepted by the fund before they are effective. Contingent beneficiaries shall receive the member's annuity savings account if no primary beneficiaries survive the member. If no primary and no contingent beneficiaries survive the member, the beneficiary shall be the member's estate. In lieu of a named individual, a member may designate a trust, estate, or other legal entity.

(b) Members electing a joint survivor option at retirement shall designate only one (1) person as beneficiary for their joint survivor benefits. The beneficiary must be a named individual.

(c) Retired members who choose a retirement option other than a joint and survivor option and who do not elect to withdraw the total balance of their annuity savings account may designate a primary beneficiary or beneficiaries and a contingent beneficiary or beneficiaries to receive the unpaid balance, if any, of the member's annuity savings account upon the death of the member. **Members may designate that the assets held in the account shall be divided equally or allocated by whole percentage increments to primary and contingent beneficiaries.** Such designations must be on the appropriate form. Forms must be filed and accepted by the fund before they are effective. Contingent beneficiaries shall receive the member's annuity savings account if no primary beneficiaries survive the member. If no primary and no contingent beneficiaries survive the member, the beneficiary shall be the member's estate. In lieu of a named individual, a member may designate a trust, estate, or other legal entity.

(d) If a member has designated more than one (1) primary beneficiary, and one (1) or more of the primary beneficiaries predecease the member and the member does not complete a new beneficiary designation form, the remaining primary beneficiaries will receive an apportioned pro rata share based on the remaining primary beneficiaries' allocated percentages of the deceased primary beneficiary(ies) portion. For example, member X designates three (3) primary beneficiaries as follows: Ann 60%, Bob 30%, and Carl 10%. Ann predeceases member X, and member X does not submit a new beneficiary designation form. Member X had \$10,000 in her annuity savings account (ASA) at the time of her death. Ann's 60% share will be divided between Bob and Carl as follows: Bob \$4,500 and Carl \$1,500. Therefore, the total amount that Bob will receive from member X's ASA is \$7,500, and the total amount that Carl will receive from member X's ASA is \$2,500. (Board of Trustees of the Public Employees' Retirement Fund; [35 IAC 1.2-5-13](#); filed Dec 20, 1988, 1:00 p.m.: 12 IR 1083; readopted filed Dec 2, 2001, 12:35 p.m.: 25 IR 1266; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Jun 11, 2010: [20100728-IR-035100467ONA](#))

SECTION 5. [35 IAC 1.2-6-1](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-6-1](#) Employer payments

Authority: [IC 5-10.3-3-8](#)

Affected: [IC 5-10.2](#); [IC 5-10.3-7-12.5](#)

Sec. 1. (a) In accordance with and pursuant to [IC 5-10.3-7-12.5](#), a quarterly report and payment of employee contributions and employer contributions shall be due in the PERF office no later than the fifteenth day following the end of each calendar quarter. Specifically, January 15, April 15, July 15, and October 15 each year (the "due dates"). If the fifteenth day following the end of the quarter falls on a Saturday, Sunday, or a legal holiday, the due date becomes the next working day. It shall be the responsibility of the local official to employ such method of delivery to insure that the report and payment will reach the PERF office, 143 West Market Street, Indianapolis, Indiana 46204, on or before the due date.

(a) (b) Notwithstanding subsection (a), as allowed in [IC 5-10.3-7-12.5](#), once PERF gives reasonable notice to covered employers and after installation of the ERM system, the PERF board of trustees herein

sets the due date for contributions as seven (7) days after a covered employer's payroll unless otherwise approved by the board.

~~(b) Any payments not made on the due date automatically accrue interest at a rate equal to the actuarial assumed rate of return as set forth in PERF's annual report.~~

(c) Any employer who fails to submit required contributions and reports within thirty (30) days of the due date will be subject to a penalty as set forth in [IC 5-10.3-7-12.5](#). If the thirtieth day following the due date falls on a Saturday, Sunday, or a legal holiday, the due date becomes the next working day. ~~It shall be the responsibility of the local official to employ such method of delivery to insure that the report and payment will reach PERF, 143 West Market Street, Indianapolis, Indiana 46204 on or before the due date.~~ (Board of Trustees of the Public Employees' Retirement Fund; [35 IAC 1.2-6-1](#); filed Dec 20, 1988, 1:00 p.m.: 12 IR 1085; readopted filed Oct 31, 2001, 2:18 p.m.: 25 IR 897; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Feb 19, 2010: [20100310-IR-035100124ONA](#); adopted Jun 11, 2010: [20100728-IR-035100467ONA](#))

DATED: June 11, 2010
Kendall W. Cochran
Chairman of the PERF Board of Trustees

Resolution adopted by 6 affirmative and 0 negative votes.

Posted: 07/28/2010 by Legislative Services Agency
An [html](#) version of this document.