
BOARD OF TRUSTEES OF THE INDIANA PUBLIC RETIREMENT SYSTEM

Resolution No. 2014-06-01

Adopting rules related to the administration of the Indiana Public Retirement System as described herein.

WHEREAS, the Board of Trustees of the Indiana Public Retirement System, by statute, administers the public pension or retirement funds listed in [IC 5-10.5-2-2](#) (collectively, "Funds");

WHEREAS, the Indiana Public Retirement System exists to manage and administer each of the Funds for the benefit of their members, survivors, and beneficiaries;

WHEREAS, the Board of Trustees, pursuant to [IC 5-10.5-4-2](#), may establish and amend rules and regulations for the administration of the Funds without adopting a rule under [IC 4-22-2](#); and

WHEREAS, the Board of Trustees of the Indiana Public Retirement System 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 Funds as described herein;

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

SECTION 1. [35 IAC 1.2-3-2](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-3-2](#) Reemployment after termination of employment; suspension of membership; withdrawal of contributions

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-5](#); [IC 5-10.2-3-6](#); [IC 5-10.3-7-6](#)

Sec. 2. (a) ~~To cancel previous~~ **A member's** suspension, after termination of employment and withdrawal of contributions or by operation of [IC 5-10.2-3-5](#) **shall be cancelled** and ~~qualify the individual's~~ **shall qualify** as creditable service, ~~if the individual must be~~ **is** reemployed in a PERF or TRF-covered position for a period of not less than six (6) consecutive months; however, if the employee shows to the satisfaction of the fund that there was bona fide intent to return to employment and comply with this rule and the employee was capable of performing such employment, but was prevented from working the full six (6) month period due to illness, injury, or death of the employee, **or other reason** which occurred subsequent to the date of the reemployment, then such six (6) month requirement ~~shall~~ **may** be waived. Time spent on an employer approved leave of absence granted under the Family Medical Leave Act (FMLA) or pursuant to [IC 5-10.3-7-6](#) taken during the reemployment period shall be used in determining whether the employee met the requirements of this section provided that the member returned to covered employment immediately after termination of such leave.

(b) Whenever a member is suspended pursuant to [IC 5-10.2-3-5](#)(c), the fund shall conduct an investigation to locate the member.

(c) Reasonable costs of locating the member may be charged against the member's ASA.

(d) Pursuant to [IC 5-10.2-3-6](#)(d), whenever a valid address can be determined for the member, the fund shall automatically make a lump sum distribution to the member from the member's ASA not to exceed one thousand dollars (\$1,000).

(e) Prior to the distribution, the Fund shall serve the member with any required notices, as well as notice to the member explaining the reason for the distribution.

(f) Pursuant to [IC 5-10.2-3-6](#)(b), if the member is not located or does not claim his monies, or both, within five (5) years after suspension, the monies shall be credited to the fund and the fund shall retain the monies until the member or the member's beneficiary claims them with no further interest credits or earnings after the monies are credited to the fund. (*Board of Trustees of the Indiana Public Retirement System*; [35 IAC 1.2-3-2](#); filed Dec 20, 1988, 1:00 p.m.: 12 IR 1079; readopted filed Oct 31, 2001, 2:18 p.m.: 25 IR 897; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Nov 21, 2008: [20090107-IR-035080955ONA](#); adopted Feb 19, 2010: [20100310-IR-035100124ONA](#); adopted Apr 26, 2013: [20130508-IR-035130167ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#))

SECTION 2. [35 IAC 1.2-3-3](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-3-3](#) School employees

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2](#); [IC 5-10.3-6-1](#); [IC 20-25.5-4-4](#); [IC 20-31-9-4](#); [IC 20-31-9.5-7](#)

Sec. 3. (a) A member who is employed in a PERF covered position by a school corporation, state school, university, school city or town, or school corporation shall receive one (1) year of service credit if employed during the full regular school term or contract period for that member's position. Nothing less than full compliance with this rule will give such year of creditable service.

(b) Pursuant to [IC 20-31-9.5-7](#), special management teams established under [IC 20-31-9-4](#) may enroll employees of the special management teams who are not licensed as teachers by the Indiana state board of education or the Indiana professional licensing agency in PERF by adopting a resolution described in [IC 5-10.3-6-1](#). Required contributions must be made to the fund.

(c) Pursuant to [IC 20-25.5-4-4\(c\)](#), the innovation network school established under [IC 20-25.5-4](#) may enroll employees of the innovation network school who are not licensed as teachers by the Indiana state board of education or the Indiana professional licensing agency in PERF by adopting a resolution described in [IC 5-10.3-6-1](#). Required contributions must be made to the fund. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.2-3-3; filed Dec 20, 1988, 1:00 p.m.: 12 IR 1079; readopted filed Oct 31, 2001, 2:18 p.m.: 25 IR 897; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Jun 29, 2012: [20120718-IR-035120397ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#)*)

SECTION 3. [35 IAC 1.2-3-17](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.2-3-17](#) Eligibility for additional service purchase refund

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.5-5-7.5](#); [IC 5-10.3-7](#); [IC 33-38-8](#); [IC 36-8-8-8.3](#); [IC 36-8-8-8.8](#)

Sec. 17. (a) This rule applies to all pension trust funds administered by INPRS and all circumstances under which a member may purchase service.

(b) A member who wishes to withdraw the service purchase amount plus accumulated interest after submitting a properly completed application for a refund to the fund, when permitted by Indiana law, satisfies the eligibility requirements necessary to receive a monthly allowance when the member is both age and service eligible for a retirement benefit. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.2-3-17; adopted Jun 20, 2014: [20140820-IR-035140335ONA](#)*)

SECTION 4. [35 IAC 1.2-5-2](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-5-2](#) Disability benefits; eligibility

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-4-6](#); [IC 5-10.3](#)

Sec. 2. (a) To be eligible to receive disability benefits, the member must have at least five (5) years of creditable service before the termination of a salary or employer provided income protection benefits, Family and Medical Leave Act leave, or exhaustion of all worker's compensation benefits.

(b) Except as otherwise provided in law or these rules, the disability benefit is computed using only the years of creditable service worked to the date of disability and without reduction for early retirement. For example, Ann has five (5) years of service credit. Ann's Social Security Administration disability onset date relates back to the end of her fourth year of service. Ann is eligible to receive disability benefits because she has at least five (5) years of creditable service, but only four (4) years of service credit is used to calculate the benefit.

(c) To be eligible to receive disability benefits, the member must be receiving salary, worker's compensation benefits, employer-provided income protection benefits, or on leave under the Family and Medical Leave Act on the date the Social Security Administration determines the member becomes disabled.

(d) For the purpose of [IC 5-10.2-4-6\(a\)](#), "while receiving a salary" includes the last check date for a

member, but does not include any checks received later than thirty (30) days from the last day the member was paid for physical work, for used sick time, for used compensatory time, or while on other leave or vacation.

(d) (e) A member may continue to receive PERF disability benefits so long as the member is entitled to receive Social Security benefits, including periods of trial employment or rehabilitation under Social Security guidelines. However, during any such period, no service credit under PERF shall be granted.

(e) (f) A member, including a state employee receiving state sponsored long-term disability benefits, may not receive a distribution of their ASA until the member separates from covered service or the Social Security Administration determines that the member has become disabled and the member has applied for disability benefits.

(f) (g) A member who is receiving a disability retirement shall be automatically converted to regular retirement benefits upon reaching age and service eligibility. Unless otherwise prohibited by law, service credit earned or awarded during the period of time the member was receiving PERF disability benefits will be used in the calculation of the retirement benefit. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.2-5-2; filed Dec 20, 1988, 1:00 p.m.: 12 IR 1082; filed May 7, 1998, 4:15 p.m.: 21 IR 3326; readopted filed Oct 31, 2001, 2:18 p.m.: 25 IR 897; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Apr 29, 2011: [20110511-IR-035110273ONA](#); adopted Dec 14, 2012: [20121226-IR-035120663ONA](#); adopted Apr 26, 2013: [20130508-IR-035130167ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#)*)

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

[35 IAC 1.2-5-4](#) Disability alternatives

Authority: [IC 5-10.5-4-2](#)

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

Sec. 4. (a) A member who is eligible for early retirement and who has on file with the fund a copy of application to Social Security for Social Security disability benefits may file for early retirement and retain his right to disability benefits. Under such circumstances, when the member notifies the fund that he qualifies for Social Security disability benefits, early retirement benefits shall cease and disability benefits shall begin.

(b) A member who has five (5) years of creditable service and who is not eligible for early retirement and has on file with the fund a copy of a request to Social Security for a disability determination may request a lump sum withdrawal of his annuity account without prejudice to his right to disability benefits under PERF should the Social Security Administration approve the request for disability within three (3) years from the date of the member's termination from employment. **If no request to Social Security for a disability determination is on file with INPRS at the time the member applies for disability, the disability application will not be approved or processed unless the member can prove, to INPRS' satisfaction, that the request for a Social Security disability determination was made prior to the annuity account distribution.**

(c) A member, including a state employee receiving state sponsored long-term disability benefits, may not receive a distribution of their ASA under subsection (a) or (b) until the member separates from covered service or the Social Security Administration determines that the member has become disabled and the member has applied for disability benefits. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.2-5-4; filed Dec 20, 1988, 1:00 p.m.: 12 IR 1082; readopted filed Oct 31, 2001, 2:18 p.m.: 25 IR 897; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Dec 14, 2012: [20121226-IR-035120663ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#)*)

SECTION 6. [35 IAC 1.2-5-7](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-5-7](#) Service for disability and survivor benefits

Authority: [IC 5-10.5-4-2](#)

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

Sec. 7. "In service" means that the member was in an employer-employee relationship as determined by the employer within established rules of the employer. Benefits for disability shall be paid

(1) that point in time when such employer-employee relationship no longer exists as determined by the employer; or

(2) the first of a month following the onset of disability as determined by the Social Security Administration

upon receipt and processing of the application for disability by INPRS. For example, Mary has been determined to be disabled by the Social Security Administration. Mary is receiving employer provided disability insurance payments. Mary's disability benefits will not commence until she files for a PERF disability benefit with INPRS and the application is processed. However, Mary's disability for retirement benefits will be paid back to the month following the onset of disability as determined by the Social Security Administration. In determining whether a member has achieved eligibility for disability benefits, periods of leave under the Family and Medical Leave Act (as defined in [35 IAC 1.2-3-5](#)) and periods whereby the member was receiving salary, worker's compensation benefits, or employer-provided income protection benefits shall be included. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-7](#); filed Dec 20, 1988, 1:00 p.m.: 12 IR 1082; filed May 7, 1998, 4:15 p.m.: 21 IR 3327; readopted filed Oct 31, 2001, 2:18 p.m.: 25 IR 897; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Dec 14, 2012: [20121226-IR-035120663ONA](#); adopted Apr 26, 2013: [20130508-IR-035130167ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#))

SECTION 7. [35 IAC 1.2-5-12](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-5-12](#) Minimum disability retirement benefit

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-4](#); [IC 5-10.3](#)

Sec. 12. (a) After June 30, 2008, if the member chooses a pension benefit under [IC 5-10.2-4-7\(b\)](#) and elects to purchase an annuity with the amount in the member's ASA under [IC 5-10.2-4-2\(a\)](#), the minimum disability benefit payable may not be less than one hundred eighty dollars (\$180). If the member elects a lump sum distribution of the ASA under [IC 5-10.2-4-2](#) and/or a retirement benefit option other than that provided under [IC 5-10.2-4-7\(b\)](#), the minimum monthly disability retirement benefit specified in [IC 5-10.2-4-6\(b\)](#) is one hundred dollars (\$100) only if the member chooses an annuity under [IC 5-10.2-4-2\(a\)](#) and the retirement benefit guarantee determined under [IC 5-10.2-4-7\(b\)](#), subject to the provisions of [IC 5-10.2-4-2\(b\)](#). **will be no less than the actuarial equivalent of one hundred eighty dollars (\$180) if the benefit is payable after June 30, 2008. If the benefit is payable before July 1, 2008, the minimum monthly disability benefit will be no less than the actuarial equivalent of one hundred dollars (\$100).**

(b) After December 31, 2008, under [IC 5-10.2-4-3](#), [IC 5-10.2-4-6](#), the minimum benefit provided by employer contributions to a retired member with at least ten (10) years creditable service not earned only as an elected official may not be less than one hundred eighty dollars (\$180).

(b) Should the member choose a lump sum distribution of the amount in his annuity savings account under [IC 5-10.2-4-2](#) and/or a retirement benefit payment option, under [IC 5-10.2-4-7](#), other than the five (5) year guaranteed retirement benefit, the minimum disability retirement benefit shall be the actuarial equivalent of the one hundred eighty dollars (\$180) under subsection (a) as determined by the rules of the board. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-12](#); filed Dec 20, 1988, 1:00 p.m.: 12 IR 1083; readopted filed Oct 31, 2001, 2:18 p.m.: 25 IR 897; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Nov 21, 2008: [20090107-IR-035080955ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#))

SECTION 8. [35 IAC 1.2-5-26](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-5-26](#) ASA and RSA annuity interest

Authority: [IC 5-10.2-2-1](#); [IC 5-10.2-2-3](#); [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3](#); [IC 5-10.2-4](#); [IC 5-10.5-4-2.6](#)

Sec. 26. After the implementation of INPAS, (a) Whenever a member elects to annuitize their ASA or their RSA, the annuitized interest rate as determined by the INPRS board and annuity factors will be applied beginning with the date of the distribution of the annuity and the annuity will be calculated prospectively from that date regardless whether the distribution was deferred under [IC 5-10.2-4-2\(c\)](#), there is a retroactive disability payment under [IC 5-10.2-4-6](#), or there is a retroactive benefit payment under [IC 5-10.2-4-8.2](#).

(b) The annuity interest rate is determined by [IC 5-10.5-4-2.6](#) and this rule. The annuity interest rate that will be applied is the rate in effect as at the time of the retirement date, the disability onset retirement date, or the date of the election made under [IC 5-10.2-4-8.2](#) has been determined.

(c) Except as provided in [IC 5-10.5-4-2.6](#), if the member elects to annuitize all or part of their distribution after deferring under [IC 5-10.2-4-2\(c\)](#), the annuity rate will be the current market rate at the time the request to annuitize is received. For example, Julia is a seventy-five (75) year old active member with

twenty-five (25) years of creditable service. She makes an election under [IC 5-10.2-4-8.2](#) to begin receiving benefits relating back to the date she was first eligible to make the election (five (5) years ago). Julia elects to annuitize her ASA. The annuity is calculated and interest rate is the rate in effect on the **retirement** date Julia ~~makes the election.~~ **selects.** Julia will receive five (5) years of retroactive pension benefits using only twenty (20) years of service credit in the pension calculation. Because Julia's ASA account was actively earning interest, gains, or losses during the five (5) period before Julia made the election, and the ASA had not been annuitized during this period, the annuitized interest rate will be applied beginning with the actual date of distribution of the annuity. (*Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-26](#); adopted Apr 26, 2013: [20130508-IR-035130167ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#)*)

SECTION 9. [35 IAC 1.2-6-8](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-6-8](#) Annuity savings account contributions received by PERF subsequent to processing of retirement benefit

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-4-2](#)

Sec. 8. (a) Notwithstanding a member's election to receive an annuity provided by the amounts credited to the member's annuity savings account at retirement, annuity savings account contributions **totaling not more than one thousand dollars (\$1,000)** posted to a member's account ~~subsequent to~~ **after** the final date on which the member's benefit is processed ~~may~~ **shall** be distributed to the member in a lump-sum payment.

(b) No later than October 1, 2014, a member may elect to receive annuity savings account contributions exceeding one thousand dollars (\$1,000) posted to a member's account after the final date on which the member's benefit is processed in either a lump-sum payment or as a direct rollover to a non-PERF tax deferred account.

~~(b)~~ **(c)** Pursuant to [IC 5-10.2-4-2\(b\)\(2\)](#), a member electing to fully or partially annuitize the member's annuity savings account in contemplation of separation from service and retirement, excluding state long-term disabilities, will have the entire amount in the member's annuity savings account moved into a fixed value account, set at the same rate as the guaranteed fund. Once the annuity savings account is moved into a fixed value account in contemplation of retirement, the election cannot be changed. In addition, any annuity savings account contributions posted to a member's account subsequent to the final date on which the member's benefit is processed shall be held in a fixed value account, set at the same rate as the guaranteed fund, until such time as that amount is distributed to the member. (*Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-6-8](#); adopted Dec 21, 2007: [20080109-IR-035080003ONA](#); adopted Feb 19, 2010: [20100310-IR-035100124ONA](#); adopted Nov 19, 2010: [20101208-IR-035100722ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#)*)

SECTION 10. [35 IAC 1.2-6-17](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.2-6-17](#) Prosecuting Attorneys' Retirement Fund (PARF) retirement benefit PERF offset calculation

Authority: [IC 5-10.5-4-2](#); [IC 33-39-7-11](#)

Affected: [IC 5-10.2-4-7](#); [IC 33-39-7-16](#)

Sec. 17. When calculating the reduction in PARF benefits described in [IC 33-39-7-16\(e\)](#) and [IC 33-39-7-16\(f\)](#), the pension, if any, that would be payable to the participant from the public employees' retirement fund will be based on the pension amount under [IC 5-10.2-4-7\(b\)](#) (commonly referred to as normal retirement option 10). (*Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-6-17](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#)*)

SECTION 11. [35 IAC 1.3-2-1](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.3-2-1](#) Definitions

Authority: [IC 5-10.3-12-18](#); [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-2-2](#); [IC 5-10.2-4-3](#); [IC 5-10.3-12](#)

Sec. 1. The definitions in [35 IAC 1.2-2-1](#) apply throughout this article, unless the term is defined in this section 4, or unless the context otherwise clearly requires:

(1) "Annuity savings account" or "ASA" means the annuity savings account maintained under [IC 5-10.2-2-](#)

- (a)(1), as described in [IC 5-10.3-12-3](#).
- (2) "Compensation", for the purposes of [IC 5-10.3-12-23](#) and this plan, means all compensation that is included as gross income as reported on the member's W-2 for covered service by a covered employer, plus the amounts stated in [IC 5-10.2-4-3](#) that are not paid directly to the member.
- (3) "Employer contributions" means contributions made by the state credited to the member's employer contribution subaccount, as described in [IC 5-10.3-12-9](#) and [IC 5-10.3-12-24](#).
- (4) "Member's contributions" means the member's contributions credited to the member's contribution subaccount, as described in [IC 5-10.3-12-13](#) and ~~5-10.3-12-23~~, [IC 5-10.3-12-23](#), which is three percent (3%) of the member's compensation under [IC 5-10.3-12-5](#).
- (5) "Normal cost of the fund", for purposes of [IC 5-10.3-12-24](#) and this plan, means the present value of the portion of the actuarial cost of projected benefits allocated to the current plan year. The normal cost is calculated by determining the projected future benefits to members, discounting the projected future benefits to the valuation date to establish the present value of benefits, and allocating the cost of the present value of benefits to past service, current service, and future service. The amount allocated to the current service is the normal cost. The normal cost of the fund is calculated annually by the actuary as part of the valuation process.**
- ~~(5)~~ (6) "Plan" means the public employees' defined contribution plan established under [IC 5-10.3-12](#).
- ~~(6)~~ (7) "Vested" or "vested portion" means the portion of the member's account which is vested as described in [IC 5-10.3-12-25](#).

(Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.3-2-1](#); adopted Sep 16, 2011: [20110928-IR-035110564ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#))

SECTION 12. [35 IAC 1.3-4-1](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.3-4-1](#) Members of the plan

Authority: [IC 5-10.3-12-18](#); [IC 5-10.5-4-2](#)

Affected: [IC 5-10.3-2-1](#); [IC 5-10.3-12](#)

Sec. 1. (a) Members of the plan are determined by [IC 5-10.3-12](#) and this article.

(b) Eligible members must elect membership in the plan defined in [IC 5-10.3-12](#) within the first sixty (60) days of their employment, or the member will be defaulted to membership in PERF as defined within [IC 5-10.3-2-1](#).

(c) The default described in subsection (b) is irrevocable. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.3-4-1](#); adopted Sep 16, 2011: [20110928-IR-035110564ONA](#); adopted Dec 14, 2012: [20121226-IR-035120663ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#))

SECTION 13. [35 IAC 1.3-7-4](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.3-7-4](#) Annuity savings account contributions received by PERF subsequent to processing of retirement benefit

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-4-2](#)

Sec. 4. (a) Notwithstanding a member's election to receive an annuity provided by the amounts credited to the member's annuity savings account at retirement, annuity savings account contributions **totaling not more than one thousand dollars (\$1,000)** posted to a member's account ~~subsequent to~~ **after** the final date on which the member's benefit is processed ~~may~~ **shall** be distributed to the member in a lump-sum payment.

(b) No later than October 1, 2014, a member may elect to receive annuity savings account contributions exceeding one thousand dollars (\$1,000) posted to a member's account after the final date on which the member's benefit is processed in either a lump-sum payment or as a direct rollover to a non-PERF tax deferred account.

~~(b)~~ (c) Pursuant to [IC 5-10.2-4-2\(b\)\(2\)](#), a member electing to fully or partially annuitize the member's annuity savings account in contemplation of separation from service and retirement, excluding state long-term disabilities, will have the entire amount in the member's annuity savings account moved into a fixed value account. Once the annuity savings account is moved into a fixed value account in contemplation of retirement, the election cannot be changed. In addition, any annuity savings account contributions posted to a member's account subsequent to payment of the first annuity check shall be held in an account valued at the PERF Money Market rate, until such time as that amount is distributed to the member. If the member cancels the retirement process,

the member's account will be moved into the Money Market Fund until a new election is made by the member.

(e) **(d)** Pursuant to the provisions of the Internal Revenue Code applicable to qualified plan distributions, a member who:

(1) terminates service in a covered position; and

(2) does not perform any service in a position covered by the fund for at least thirty (30) days after the date on which the member terminates service;

is entitled to withdraw amounts in the member's account to the extent the member is vested in the account.

(Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.3-7-4](#); adopted Sep 16, 2011:

[20110928-IR-035110564ONA](#); adopted Dec 14, 2012: [20121226-IR-035120663ONA](#); adopted Jun 20, 2014:

[20140820-IR-035140335ONA](#))

SECTION 14. [35 IAC 2-1-6](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 2-1-6](#) Calculation of prior service cost for transferred members

Authority: [IC 5-10.5-4-2](#); [IC 36-8-8-5](#)

Affected: [IC 36-8-8-18](#); [IC 36-8-8-18.1](#)

Sec. 6. (a) If a unit becomes a participant in the 1977 fund under the conditions of [IC 36-8-8-18](#), the INPRS actuary determines the cost of the prior service. The amount the police officers or firefighters pay is the accumulated amount of contributions each member would have paid into the 1977 Fund (contributions of 6% of the First Class Officer Salary with 3.5% annual interest) during the most recent years prior to transferring to the 1977 Fund.

(b) If the unit previously covered police officers, firefighters, or emergency medical technicians (as defined in [IC 36-8-8-18.1](#)) in PERF, the amount that the unit and the member must contribute to the 1977 Fund under [IC 36-8-8-18](#) shall be reduced by the amounts transferred to the 1977 Fund under [IC 36-8-8-18.1](#). The amount credited to the ASA to be transferred to the 1977 Fund shall be the full cost of the service if the member's ASA balance is enough to fund the full cost. If the member's ASA balance is less than the full cost of the service, the existing ASA balance should be transferred and used to reduce the member cost. The member shall owe the remaining balance and shall pay the balance pursuant to the service purchase rules in [35 IAC 2-1-2](#) [section 2 of this rule]. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 2-1-6](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#))

SECTION 15. [35 IAC 2-1-7](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 2-1-7](#) Calculation of the 1977 Fund minimum benefit

Authority: [IC 5-10.5-4-2](#); [IC 36-8-8-5](#)

Affected: [IC 36-8-8-18.1](#)

Sec. 7. For the purposes of calculating the minimum benefit described in [IC 36-8-8-18.1](#), the 77 Fund will adjust the minimum benefit calculation so that the amount credited to the ASA of the transferring member as of the day before the transfer reflects the actual amount transferred for that member. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 2-1-7](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#))

SECTION 16. [35 IAC 14-2-17](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-2-17](#) ASA and RSA annuity interest

Authority: [IC 5-10.2-2-1](#); [IC 5-10.2-2-3](#); [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3](#); [IC 5-10.2-4](#); [IC 5-10.5-4-2.6](#)

Sec. 17. After the implementation of INPAS, (a) Whenever a member elects to annuitize their ASA or their RSA, the annuitized interest rate as determined by the INPRS board and annuity factors will be applied beginning with the date of the distribution of the annuity and the annuity will be calculated prospectively from that date regardless whether the distribution was deferred under [IC 5-10.2-4-2](#)(c), there is a retroactive disability payment under [IC 5-10.2-4-6](#), or there is a retroactive benefit payment under [IC 5-10.2-4-8.2](#).

(b) The annuity interest rate is determined by [IC 5-10.5-4-2.6](#) and this rule. The annuity interest rate that will be applied is the rate in effect as at the time of the retirement date, the disability onset retirement date, or the date of the election made under [IC 5-10.2-4-8.2](#) has been determined.

(c) Except as provided in [IC 5-10.5-4-2.6](#), if the member elects to annuitize all or part of their distribution after deferring under [IC 5-10.2-4-2\(c\)](#), the annuity rate will be the current market rate at the time the request to annuitize is received. For example, Julia is a seventy-five (75) year old active member with twenty-five (25) years of creditable service. She makes an election under [IC 5-10.2-4-8.2](#) to begin receiving benefits relating back to the date she was first eligible to make the election (five (5) years ago). Julia elects to annuitize her ASA. The annuity is calculated and the interest rate is the rate in effect on the retirement date Julia makes the election. ~~selects~~. Julia will receive five (5) years of retroactive pension benefits using only twenty (20) years of service credit in the pension calculation. Because Julia's ASA account was actively earning interest, gains, or losses during the five (5) period before Julia made the election, and the ASA had not been annuitized during this period, the annuitized interest rate will be applied beginning with the actual date of distribution of the annuity. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 14-2-17; adopted Apr 26, 2013: 20130508-IR-035130167ONA; adopted Jun 20, 2014: 20140820-IR-035140335ONA*)

SECTION 17. [35 IAC 14-3-2](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-3-2](#) Membership following the withdrawal of contributions

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-6.5](#); [IC 5-10.4-4-13](#)

Sec. 2. (a) Except as provided under [IC 5-10.2-3-6.5](#), a member is not entitled to receive benefits after membership is suspended and the amount held in the annuity savings account withdrawn unless the member returns to covered employment in Indiana and remains employed long enough to earn at least one-half (1/2) year of service credit. However, if member shows to the satisfaction of the fund that there was bona fide intent to return to employment and comply with this rule and the employee was capable of performing such employment, but was prevented from working for the requisite period due to illness, injury, or death of the employee, **or other reason**, which occurred subsequent to the date of the reemployment, then such reemployment period requirement ~~shall~~ **may** be waived. Time spent on an employer approved leave of absence granted under the Family Medical Leave Act (FMLA) or pursuant to a leave granted under [IC 5-10.4](#) taken during the reemployment period shall be used in determining whether the person met the requirements of this section provided that the member returned to covered employment immediately after termination of such leave.

(b) Should the fund become aware that a member has reemployed in a covered position within thirty (30) days after having requested the withdrawal and if no withdrawal distribution has been made, the fund will not make the withdrawal distribution and the suspension of membership shall be automatically deferred and the member shall not be eligible for such refund. The member shall notify the fund immediately upon accepting such employment. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 14-3-2; filed Oct 5, 1992, 5:00 p.m.: 16 IR 706; readopted filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; adopted Mar 27, 2007: 20070404-IR-550070200ONA; adopted Dec 16, 2009: 20100106-IR-550090990ONA; adopted Dec 17, 2010: 20101229-IR-550100778ONA; adopted Apr 26, 2013: 20130508-IR-035130167ONA; adopted Jun 20, 2014: 20140820-IR-035140335ONA*) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-3-2](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-3-2](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 18. [35 IAC 14-4-1](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-4-1](#) Membership in the fund

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-2](#); [IC 5-10.4-4-1](#); [IC 5-10.4-4-11](#); [IC 20-24-1-4](#); [IC 20-25.5-4-4](#); [IC 20-31-9-4](#); [IC 20-31-9.5-7](#)

Sec. 1. (a) Membership in the fund shall be compulsory for all teachers licensed by the Indiana state board of education or its successor who are regularly employed pursuant to a uniform or supplemental teaching contract to perform educational or administrative services in the public schools of the state of Indiana. Licensed substitute teachers who have at least an associate's degree and who have taught at least one hundred twenty (120) days in any one (1) school year or at least sixty (60) days in any two (2) school years are also required to become members of the fund. Required contributions must be paid to the fund for each covered teacher.

(b) Membership in the fund is compulsory for employees of the fund, and all licensed teachers regularly employed in state educational institutions supported solely by the state who devote their entire time to teaching or in state benevolent, charitable, or correctional institutions. Required contributions must be paid to the fund.

(c) Membership is optional for regularly contracted faculty and professional staff at Ball State University, Indiana State University, University of Southern Indiana, and Vincennes University who are designated as eligible by the board. The universities shall petition the board before new teachers are given the opportunity to join the fund. Both employer and employee contributions must be paid to the fund.

(d) Membership in the fund is optional for employees and officials of a governing body and the Indiana state board of education who were licensed as teachers by the Indiana state board of education or the Indiana professional licensing agency prior to their election or appointment. Required contributions must be made to the fund.

(e) Membership in the fund is optional for teachers employed by charter schools as defined by [IC 20-24-1-4](#).

(f) Pursuant to [IC 20-31-9.5-7](#), teachers licensed by the Indiana state board of education or the Indiana professional licensing agency employed by special management teams established under [IC 20-31-9-4](#) may be enrolled as participants of the fund by filing enrollment forms approved by TRF. Required contributions must be made to the fund.

(g) Pursuant to [IC 20-25.5-4-4\(c\)](#), teachers licensed by the Indiana state board of education or the Indiana professional licensing agency employed by the innovation network school established under [IC 20-25.5-4](#) may be enrolled as participants of the fund by filing enrollment forms approved by TRF. Required contributions must be made to the fund. (*Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-4-1](#); filed Oct 5, 1992, 5:00 p.m.: 16 IR 706; readopted filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; adopted Mar 27, 2007: [20070404-IR-550070200ONA](#); adopted Nov 19, 2008: [20081126-IR-550080887ONA](#); adopted Dec 16, 2009: [20100106-IR-550090990ONA](#); adopted Jun 29, 2012: [20120718-IR-035120397ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#))* NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-4-1](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-4-1](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 19. [35 IAC 14-5-9](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-5-9](#) Purchase of service credit

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-1.2](#); [IC 5-10.2-4-10](#); [IC 5-10.4-4](#)

~~Sec. 9. (a) A member who is otherwise qualified to purchase service credit must do so while the member is in active service whereby the member is under contract or in an employment relationship to earn one (1) year of service credit during the year in which the application to purchase service credit is made. A retiring member who makes application for the purchase of service credit contemporaneously with the member's application for retirement following one (1) full year of service is deemed to have met this requirement.~~

~~(b) Except as provided in subsection (c),~~ **(a)** No additional purchase of service credit can be made once a member's application for retirement has been processed and a retirement benefit is scheduled to be distributed.

~~(c)~~ **(b)** A qualified member may only purchase service credit in increments of one-twelfth (1/12) of a year.

~~(d)~~ **(c)** A member seeking to purchase service credit must provide documentary evidence that the statutory requirements and the requirements stated herein have been satisfied. (*Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-5-9](#); adopted Mar 27, 2007: [20070404-IR-550070200ONA](#); adopted Nov 19, 2008: [20081126-IR-550080887ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#))* NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-5-10.4](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-5-9](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 20. [35 IAC 14-7-5](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-7-5](#) Annuity savings account contributions received by TRF subsequent to processing of retirement benefit

Authority: [IC 5-10.2-2-1](#); [IC 5-10.2-2-1.5](#); [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-4-2](#)

Sec. 5. (a) Notwithstanding a member's election to receive an annuity provided by the amounts credited to the member's annuity savings account at retirement, annuity savings account contributions **totaling not more than one thousand dollars (\$1,000)** posted to a member's account subsequent to **after** the final date on which the member's benefit is processed ~~may~~ **shall** be distributed to the member in a lump-sum payment.

(b) No later than October 1, 2014, a member may elect to receive annuity savings account contributions exceeding one thousand dollars (\$1,000) posted to a member's account after the final date on which the member's benefit is processed in either a lump-sum payment or as a direct rollover to a non-TRF tax deferred account.

~~(b)~~ **(c)** Pursuant to [IC 5-10.2-4-2\(b\)\(2\)](#), a member electing to fully or partially annuitize his **the member's** annuity savings account in contemplation of **separation from service and** retirement, **excluding state long-term disabilities**, will have the entire amount in his **the member's** annuity savings account moved into a fixed value account, set at the same rate as the guaranteed fund. Once the annuity savings account is moved into a fixed value account in contemplation of retirement, the election cannot be changed. In addition, any annuity savings account contributions posted to a member's account subsequent to the final date on which the member's benefit is processed shall be held in a fixed value account, set at the same rate as the guaranteed fund, until such time as that amount is distributed to the member. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-7-5](#); adopted Dec 16, 2009: [20100106-IR-550090990ONA](#); adopted Nov 19, 2010: [20101208-IR-550100723ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#)) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-7-4.5](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-7-5](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 21. [35 IAC 14-9-7](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-9-7](#) Minimum disability retirement benefit

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-4-7](#); [IC 5-10.4-5-1](#)

Sec. 7. (a) After June 30, 2008, if the member chooses a pension benefit under [IC 5-10.2-4-7\(b\)](#) and elects to purchase an annuity with the amount in the member's ASA under [IC 5-10.2-4-2\(a\)](#), the minimum disability benefit payable may not be less than one hundred eighty dollars (\$180). If the member elects a lump sum distribution of the ASA under [IC 5-10.2-4-2](#) and/or a retirement benefit option other than that provided under [IC 5-10.2-4-7\(b\)](#), the minimum monthly disability retirement benefit is one hundred eighty dollars (\$180) only if the member chooses the five (5) year retirement benefit guarantee and purchases an annuity with the amount credited in the member's annuity savings account. **benefit will be no less than the actuarial equivalent of one hundred eighty dollars (\$180) if the benefit is payable after June 30, 2008. If the benefit is payable before July 1, 2008, the minimum monthly disability benefit will be no less than the actuarial equivalent of one hundred dollars (\$100).**

~~(b) The minimum monthly disability retirement benefit shall be no less than the actuarial equivalent of one hundred eighty dollars (\$180) if the member chooses:~~

~~(1) to take the amount credited to the member's annuity savings account in a lump sum distribution;~~

~~(2) a retirement benefit option under [IC 5-10.2-4-7](#); or~~

~~(3) a combination of a lump sum distribution of the annuity savings account and an option under [IC 5-10.2-4-7](#).~~

(Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-9-7](#); filed Oct 5, 1992, 5:00 p.m.: 16 IR 713; readopted filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; adopted Nov 19, 2008: [20081126-IR-550080887ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#)) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-9-6](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-9-7](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 22. [35 IAC 18-1-4](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 18-1-4](#) Trustee-to-trustee transfer

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.5-5-7.5](#); [IC 5-10.2-3-1.2](#); [IC 5-10.2-3-10](#); [IC 5-10.3](#); [IC 5-10.4](#); [IC 5-10.5](#)

Sec. 4. (a) For purposes of accepting a rollover for the reason of purchasing service under [IC 5-10.2-3-1.2\(c\)\(4\)](#) or to be deposited into a rollover account described in [IC 5-10.2-3-10](#), a member who is otherwise qualified to purchase service credit or rollover money into a rollover account must do so while

the member is in active service.

(b) A retiring member, who was under contract or in an employment relationship to earn one (1) year of service credit during the year in which the application to purchase service credit is made, who makes application for the purchase of service credit contemporaneously with the member's application for retirement not more than thirty (30) days following the cessation of covered service is deemed to have met the active service requirement. The funds need not have been received by INPRS within the thirty (30) day time period to meet the requirements of this rule. For example, Kelly ended service as a teacher on May 15. On May 20, Kelly attends a TRF retirement counseling session and learns that she can apply for a trustee to trustee rollover to purchase additional service credit from her 403(b) account sponsored by her school corporation. Kelly may complete the rollover to purchase additional service so long as the application for the rollover is done within thirty (30) days of May 15 and at the same time she files for retirement.

(c) A retiring member who was in a covered employment position who makes application to rollover funds into a rollover account not more than thirty (30) days following covered service and contemporaneously with the member's application for retirement is deemed to have met the active service requirement. The funds need not have been received by INPRS within the thirty (30) day time period to meet the requirements of this rule. For example: Floyd is a PERF covered snow plow driver for a municipality who ends employment on January 1. Floyd may apply to roll his 457 deferred compensation account into a PERF rollover account so long as he applies to do this within thirty (30) days of employment termination and he makes his rollover account retirement option selections on his retirement application.

(d) A member who makes application for retirement, is no longer in a PERF or TRF covered position but did not separate from employment with the member's employer formerly sponsoring the TRF or PERF participation, who makes application to rollover funds into a rollover account not more than thirty (30) days following cessation of such employment and contemporaneously with the member's application for retirement is deemed to have met the active service requirement. The funds need not have been received by PERF within the thirty (30) day time period to meet the requirements of this rule. Sally worked for a state university in a PERF covered position for fifteen (15) years. Sally was promoted into a non-PERF covered position, continued to work for the university for another ten (10) years, and contributed to a 403(b) plan. Sally, now sixty-five (65) years of age, terminates her employment with the university on August 1. Sally may rollover her 403(b) funds into a PERF rollover account so long as she applies to do this within thirty (30) days of employment termination and she makes her rollover account retirement option selections at the time she files for retirement. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 18-1-4; adopted Jun 20, 2014: 20140820-IR-035140335ONA*)

SECTION 23. [35 IAC 20-1-3](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 20-1-3](#) Conversion

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.3-8-14](#)

Sec. 3. Upon termination of employment, the unused vacation leave of a retired employee, if any, but in any case not more than thirty (30) days (two hundred twenty-five (225) hours), shall ~~may~~ be converted to a credit to the retired employee's PERF 401(h) Account pursuant to section 4 of this rule. Sick leave, special sick leave, personal leave, and compensatory time off are not eligible for conversion. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 20-1-3; adopted Sep 14, 2012: 20120926-IR-035120542ONA; adopted Jun 20, 2014: 20140820-IR-035140335ONA*)

DATED: June 20, 2014

Kendall W. Cochran

Chairman of the Board of Trustees

Indiana Public Retirement System

Resolution adopted by 8 affirmative and 0 negative votes.

Posted: 08/20/2014 by Legislative Services Agency

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