

BOARD OF TRUSTEES OF THE INDIANA PUBLIC RETIREMENT SYSTEM

Resolution No. 2015-09-01

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 1.2-1-4](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-1-4](#) Normal retirement age

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

Affected: [IC 5-10.2-4-1](#); [IC 5-10.3-8-1](#)

Sec. 4. For purposes of permissible in service distributions subject to the service restrictions of [IC 33-38-7-11](#) and [IC 33-38-8-13](#) as provided in [35 IAC 1.2-5](#), a member's normal retirement age is

- (1) at least sixty two (62) years of age with at least eight (8) years of service credit; or
- (2) at least fifty five (55) years of age and the participant's age and years of service credit is at least eighty five (85).

the age and service requirements necessary to be eligible for a normal, unreduced benefit for the member's particular fund. This section applies to all of the funds administered by INPRS. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-1-4](#); adopted Sep 16, 2011: [20110928-IR-035110563ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 2. [35 IAC 1.2-1-8](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.2-1-8](#) Vested status

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

Affected: [IC 4-30-3-14.5](#); [IC 5-10.2-2-20](#); [IC 5-10.3-6](#)

Sec. 8. (a) A member entitled to vested status due to:

- (1) the lottery commission conversion to PERF under [IC 4-30-3-14.5](#);
- (2) the withdrawal of a political subdivision or miscellaneous participating entity under [IC 5-10.3-6-8](#), [IC 5-10.3-6-8.5](#), or [IC 5-10.2-2-20](#);
- (3) termination from state employment as a result of transfer of state property to a nongovernmental entity or a contractual arrangement with a nongovernmental entity to perform certain state functions under [IC 5-10.3-6-8.9](#); or
- (4) any other position where the member is entitled to vested status by law, despite having less than ten (10) years of service;

is not entitled to additional creditable or eligibility service to reach vested status.

(b) Vested, under this rule, is a status and no eligibility service or other service may be used to attain vested status. For example: Jodi was an employee of the lottery commission with three (3) years of lottery commission service when she became a PERF member on July 1, 2013, while still being employed by the lottery commission. Jodi is vested with three (3) years of service. No eligibility service is added to these three (3) years to arrive at ten (10) years of service. If Jodi were to work five (5) more years in a PERF covered position, she would have eight (8) years of service and would be eligible for a PERF

pension benefit when she is sixty-five (65) years of age. Jodi would not be service eligible to begin receiving a benefit prior to attaining age sixty-five (65). (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-1-8](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

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

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

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

Affected: [IC 5-10.2](#); [IC 5-10.3-2-1](#); [IC 5-10.3-7](#); [IC 5-10.5](#)

Sec. 1. The following definitions apply throughout this title, unless the context otherwise clearly requires:

- (1) "After the member's retirement", for purposes of [IC 5-10.2-4-8\(b\)](#), means when a member separates from employment.
- (2) "Annuity savings account" or "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.
- (3) "Board" means the board of trustees of the public employees' retirement fund of Indiana.
- (4) "Ceases service", for purposes of [IC 5-10.2-4-3\(e\)](#) only, means when a member stops earning creditable service.
- (5) "Contribution accounts" means accounts holding employee contributions other than those to the annuity savings account.
- (6) "De minimis account" or "de minimis 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.
- (7) "De minimis overpayment" means an active, inactive, retired, retired for disability, suspended, or deceased member's ASA account which received an overpayment totaling no more than ten dollars (\$10).
- (8) "Employer" means the state for employees of the state and a participating political subdivision for its employees.
- (9) "Employer contributions" means contributions made by the state and political subdivisions to the retirement allowance account.
- (10) "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.
- (11) "Full-time employee" means an employee occupying a position covered by the fund as set out in [IC 5-10.3-7](#).
- (12) "Fund" means the public employees' retirement fund of Indiana.
- (13) "Gender and number" means the masculine gender shall include the feminine, and the singular the plural as the context may require.
- (14) "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.
- (15) "Indiana pension administration system" or "INPAS" means the defined benefit system, a software application that manages employer and member data and calculates member retirement, disability, and survivor benefits.
- (16) "INPRS" means the Indiana public retirement system established under [IC 5-10.5-2-1](#).
- (17) "Member" means persons qualifying for membership under [IC 5-10.3-7-1](#).
- (18) "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.
- (19) "PERF" means the public employees' retirement fund.
- (20) "Political subdivision" 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.
- (21) "Record keeper" means a third party service provider that provides bookkeeping services for INPRS members' individual ASA **and RSA** investment trading transactions and individual accounts, including daily valuations of accounts.
- (22) "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.

(23) "Rollover savings account" or "RSA" consists of a member's funds transferred to INPRS from another qualified plan plus any interest or earnings.

(23) (24) "Vested status" means the member's status of having ten (10) years of creditable service: being guaranteed a pension benefit.

(Board of Trustees of the Indiana Public Retirement System; [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](#); adopted Nov 19, 2010: [20101208-IR-035100722ONA](#); adopted Dec 17, 2010: [20101229-IR-035100777ONA](#); adopted Feb 17, 2012: [20120222-IR-035120095ONA](#); adopted Jun 29, 2012: [20120718-IR-035120397ONA](#); adopted Dec 14, 2012: [20121226-IR-035120663ONA](#); adopted Apr 26, 2013: [20130508-IR-035130167ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 4. [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 20-25.7-4](#); [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 [IC 20-25.7-4](#), an innovation network school established under [IC 20-25.5-4](#) [IC 20-25.7-4](#) 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](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))*

SECTION 5. [35 IAC 1.2-4-7](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-4-7](#) Prosecuting attorneys' retirement fund highest annual salary defined

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

Affected: [IC 33-39-7-16](#)

Sec. 7. (a) The highest annual salary is the sum of the highest completed consecutive four (4) quarters of salary that was paid to the participant before retirement.

(b) ~~Notwithstanding subsection (a), once INPRS implements INPAS, The highest annual salary for purposes of [IC 33-39-7-16](#)(c)(1) is the sum of the highest completed consecutive twelve (12) months of salary that was paid to the participant before retirement.~~ *(Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-4-7](#); adopted Apr 29, 2011: [20110511-IR-035110273ONA](#); adopted Sep 16, 2011: [20110928-IR-035110563ONA](#); adopted Feb 17, 2012: [20120222-IR-035120095ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))*

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

[35 IAC 1.2-5-1](#) Retirement options

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

Affected: [IC 5-10.2-4](#); [IC 5-10.3-8-3](#); [IC 33-38-8-14](#)

Sec. 1. (a) A member who retires or becomes eligible for a disability retirement cannot change the retirement option, nor may a member who chooses a lump sum payment under [IC 5-10.2-4-2](#)(a) change this choice, nor may the beneficiary designation on the application for benefits be changed under joint and survivorship options 30, 40,

or 50, after the first day of the month that benefit payments are scheduled to begin. It is immaterial whether or not a check has been sent, received, or negotiated. (See also section 13 of this rule.) A member of the fund after June 30, 2008, may change a beneficiary designation pursuant to [IC 5-10.2-4-7](#) or [IC 5-10.2-4-7.2](#).

(b) Under [IC 5-10.2-4-7](#), in the event that the increased retirement benefit under the integration with Social Security option prior to Social Security eligibility is calculated to be greater than an amount which is the actuarial equivalent of the retirement benefit under the normal guaranteed retirement benefit payable as a life annuity which ceases on the date of the member's death or, if later, the member's Social Security age of eligibility, then the increased retirement benefit shall be limited to such actuarial equivalent and there will be no retirement benefit payable after the age of Social Security eligibility. (In no event shall fewer than sixty (60) payments be made.) **For purposes of this section, the retirement benefit does not include any payments from an ASA or RSA.**

(c) Under [IC 33-38-8-14](#), a judges' retirement benefit is calculated upon the date the member applies to receive a retirement benefit. As used in [IC 33-38-8-14](#), "applies to receive a retirement benefit" is defined as the date upon which PERF INPRS receives and accepts a member retirement application. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.2-5-1; filed Dec 20, 1988, 1:00 p.m.: 12 IR 1081; 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 Dec 14, 2012: 20121226-IR-035120663ONA; adopted Sep 11, 2015: 20150923-IR-035150302ONA*)

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

[35 IAC 1.2-5-1.2 Retirement benefit commencement without employer separation](#)

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

Affected: [IC 5-10.2-4-1](#); [IC 5-10.3-8-1](#); [IC 5-10.4-5-6](#)

Sec. 1.2. For retirements after the effective date of this rule, in accordance with Section 905 of the Pension Protection Act of 2006, and unless otherwise prohibited by law, a PERF or TRF participant who:

- (1) is no longer working in PERF or TRF covered service with an employer;
- (2) is actively working with the same employer; and
- (3) is working in a non-PERF or non-TRF covered position;

is entitled to retire from PERF or TRF and begin receiving retirement benefits if the participant is otherwise eligible for retirement and the participant is ~~at least sixty-two (62) years of age at the time the participant applies for retirement.~~ **has reached normal retirement age, as defined in [35 IAC 1.2-1-4](#).** For example, Steve is sixty-two (62) years of age and has fifteen (15) years of PERF service as a state of Indiana employee. Steve is elected as a judge eligible for service in the judges' retirement system (JRS). Steve terminates his previous state of Indiana PERF covered employment and immediately begins serving as a judge participating in the JRS. Since Steve is age and service eligible for a PERF benefit, ~~is at least sixty-two (62) years of age,~~ **has attained normal retirement age**, and has terminated his PERF covered position, he is eligible to begin receiving PERF retirement benefits even though Steve did not separate from state employment. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.2-5-1.2; adopted Mar 6, 2015: 20150318-IR-035150060ONA; adopted Sep 11, 2015: 20150923-IR-035150302ONA*)

SECTION 8. [35 IAC 1.2-5-1.3](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-5-1.3 Suspension and withdrawal of ASA without employer separation](#)

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

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

Sec. 1.3. ~~(a)~~ For withdrawals after the effective date of this rule, in accordance with Section 905 of the Pension Protection Act of 2006, and unless otherwise prohibited by law, a PERF or TRF participant, who is not age and service eligible for a retirement benefit, who:

- (1) is no longer working in PERF or TRF covered service with an employer;
- (2) is actively working with the same employer; and
- (3) is working in a non-PERF or non-TRF covered position;

may suspend and withdraw the amounts in their ASA pursuant to [IC 5-10.2-3-5](#) and [IC 5-10.2-3-6](#) if the participant is at least sixty-two (62) years of age at the time the participant applies for the withdrawal. For example, Josh has worked in a PERF covered position for four (4) years. Josh is promoted to a non-PERF covered position with the same employer. When Josh is sixty-two (62) years of age, he may ~~suspend and withdraw his ASA so long as he~~ **is not working in a TRF or PERF covered position and is not age and service eligible to receive a PERF or TRF retirement benefit.**

(b) For the purposes of subsection (a)(3), non-PERF or non-TRF covered position does not include employer withdrawals or privatization of an employer under [IC 5-10.3-6-8](#), [IC 5-10.3-6-8.5](#), or [IC 5-10.3-6-8.9](#). (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-1.3](#); adopted Mar 6, 2015: [20150318-IR-035150060ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 9. [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](#)

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 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) After December 31, 2008, under [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).

(c) Notwithstanding subsection (a), after October 1, 2015, for purposes of this section, the minimum disability benefit amount does not include any payments from the ASA or RSA. (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](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 10. [35 IAC 1.2-5-12.3](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.2-5-12.3](#) Unclaimed ASA assets within dormant accounts

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

Affected: [IC 5-10.2-3-6](#); [IC 5-10.3-12-26](#)

Sec. 12.3. If a former member of the fund is active only in the plan, the member's fund account is considered an active, nondormant account. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-12.3](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 11. [35 IAC 1.2-5-12.4](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.2-5-12.4](#) Minimum defined benefit payable after December 31, 2008

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

Affected: [IC 5-10.2-5-43](#)

Sec. 12.4. For the purposes of the minimum benefit described in [IC 5-10.2-5-43](#), payments from an ASA or RSA shall not be included in the calculation of minimum benefit eligibility. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-12.4](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 12. [35 IAC 1.2-6-12](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-6-12](#) Withdrawal of political subdivisions and miscellaneous participating entities

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

Affected: [IC 5-10.2-1-4.3](#); [IC 5-10.3-1-6](#); [IC 5-10.3-6-8](#); [IC 20-24-6-7](#)

Sec. 12. (a) The withdrawal of a political subdivision, and charter schools are governed by [IC 5-10.3-6-8](#) and this rule: as defined in [IC 5-10.3-1-6](#), or miscellaneous participating entity, as defined in [IC 5-10.2-1-4.3](#), is governed by [IC 5-10.3-6-8](#) and this rule.

(b) Whenever a political subdivision or ~~charter school~~ **miscellaneous participating entity** intends to stop participation in PERF, not as a result of the termination of the participant **political subdivision or miscellaneous participating entity** as an entity or as a result of the participant **political subdivision or miscellaneous participating entity** selling all of the participant's **their** assets, the following process will apply:

- (1) The withdrawing employer-participant **political subdivision or miscellaneous participating entity** shall notify PERF in writing of its intent to withdraw and stop participating.
- (2) The date of the notice shall be the first day of a participant's **political subdivision or miscellaneous participating entity's** payroll period.
- (3) The withdrawing participant **political subdivision or miscellaneous participating entity** shall provide the names of the participant's current and former employees as of the date on which the notice was provided.
- (4) No further employee or employer contributions shall be made and no further service credit shall accrue from the date of the notice.
- (5) PERF INPRS will determine the participant's **political subdivision or miscellaneous participating entity** liabilities as described in [IC 5-10.3-6-8](#) as of the date of the notice.
- (6) The participant **political subdivision or miscellaneous participating entity** shall contribute to PERF the amount necessary to pay the liability in a lump sum or amortized over a two (2) year period beginning with the notice date. ~~and~~
- (7) Two (2) years after the notice date, ~~provided that if~~ all the requirements of [IC 5-10.3-6-8](#) and this rule have been met, a termination date shall be set by PERF: INPRS.

(c) Should a political subdivision or ~~charter school~~ **miscellaneous participating entity**:

- (1) revoke its notice of intent to withdraw after receiving notification of its liabilities; files
- (2) file another notice of intent to withdraw within one hundred eighty (180) days of receipt of its notification of liabilities; or
- (3) request another calculation of its liabilities for any reason within one hundred eighty (180) days of the previous calculation of its liabilities;

the political subdivision or ~~charter school~~ **miscellaneous participating entity** shall pay the cost of the additional calculation.

(d) Should a political subdivision or ~~charter school~~ **miscellaneous participating entity** revoke its notice of intent to withdraw, the past contributions plus interest, if any, will be immediately due and payable to INPRS at the current actuarial interest assumption. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.2-6-12; adopted Sep 16, 2011: 20110928-IR-035110563ONA; adopted Apr 26, 2013: 20130508-IR-035130167ONA; adopted Sep 11, 2015: 20150923-IR-035150302ONA*)

SECTION 13. [35 IAC 1.2-6-13](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-6-13](#) Member name changes

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

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

Sec. 13. PERF may accept member name changes from the member's employer on behalf of the member for administration of PERF business. ~~in a form and manner prescribed by PERF that includes a certification from the employer that the name change has been verified by the employer and supported with a copy of a marriage certificate, divorce decree, or other court order filed with the employer.~~ (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.2-6-13; adopted Sep 16, 2011: 20110928-IR-035110563ONA; adopted Sep 11, 2015: 20150923-IR-035150302ONA*)

SECTION 14. [35 IAC 1.2-6-18](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.2-6-18](#) Prosecuting attorneys' retirement fund (PARF) disability benefits

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

Affected: [IC 5-10.2-4-7](#); [IC 33-39-7-15](#); [IC 33-39-7-17](#)

Sec. 18. (a) A participant receiving disability benefits under [IC 33-39-7-17](#) who has attained normal retirement age, as defined in [35 IAC 1.2-1-4](#), is not required to be reexamined for a disability determination.

(b) A participant receiving disability benefits under [IC 33-39-7-17](#) whose disability is a degenerative disease unlikely to improve over time, as reviewed by INPRS, is not required to be reexamined for a disability determination.

(c) A benefit payable under [IC 33-39-7-15](#) is considered a retirement benefit when the participant reaches normal retirement age, as defined in [35 IAC 1.2-1-4](#).

(d) For the administration of disability claims under [IC 33-39-7-17](#), a licensed treating physician of the member may be designated by INPRS as a physician appointed by the board of trustees. However, such designation shall not entitle the treating physician to remuneration or other compensation paid from INPRS unless there is an express written agreement signed by the parties in advance of any compensable services provided by the treating physician. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-6-18](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 15. [35 IAC 1.2-6-19](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.2-6-19](#) Judges' retirement system (JRS) disability reexamination

Authority: [IC 5-10.5-4-2](#); [IC 33-38-6-23](#)

Affected: [IC 33-38-8-15](#)

Sec. 19. (a) A participant receiving disability benefits under [IC 33-38-8-15](#), who has attained normal retirement age, as defined in [35 IAC 1.2-1-4](#), is not required to be reexamined for a disability determination.

(b) A participant receiving disability benefits under [IC 33-38-8-15](#) whose disability is a degenerative disease unlikely to improve over time, as reviewed by INPRS, is not required to be reexamined for a disability determination.

(c) A benefit payable under [IC 33-38-8-15](#) is considered a retirement benefit when the participant reaches normal retirement age, as defined in [35 IAC 1.2-1-4](#). (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-6-19](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 16. [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 or unless the context otherwise clearly requires:

(1) "Annuity savings account" or "ASA" means the annuity savings account maintained under [IC 5-10.2-2-2\(a\)\(1\)](#), 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, **political subdivisions, and miscellaneous participating entities** 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 [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.

(6) "Plan" means the public employees' defined contribution plan established under [IC 5-10.3-12](#).

(7) "Vested" or "vested portion" means the portion of the ~~member's account~~ **employer contribution subaccount that** 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](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 17. [35 IAC 1.3-3-1](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.3-3-1](#) Years of participation

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

Affected: [IC 5-10.2-3-1](#); [IC 5-10.3-7-4](#); [IC 5-10.3-12](#)

Sec. 1. (a) All years of participation for purposes of determining vesting under the plan are determined by [IC 5-10.3-12](#) and this article.

(b) A member's years of participation shall be credited in yearly increments, and shall not be prorated for partial years of participation credit.

(c) If a plan participant:

(1) is employed in two (2) different plan-covered positions at the same time; and

(2) then terminates employment from either one (1) of those positions;

the participant forfeits only those contributions, as described in [IC 5-10.3-12-25\(e\)](#), from the participating entity from which he or she terminates. The participant does not forfeit any member contributions.

(d) Participants who separate employment from one (1) participating entity in the plan retain their accumulated years of participation if the participant is hired by another participating entity.

(e) A participant's years of participation in the plan may only be used towards calculating the participant's vesting percentage in the plan. Years of participation in the plan may not be treated as creditable service in the fund.

(f) If a participant is employed in one (1) fund-covered position and at the same time is employed in a separate plan-covered position, the member is entitled to both creditable service in the fund and years of participation in the plan. If a plan participant is employed in two (2) plan-covered positions, the member may earn years of participation from only one (1) position at a time. (*Board of Trustees of the Indiana Public Retirement System*; [35 IAC 1.3-3-1](#); adopted Sep 16, 2011: [20110928-IR-035110564ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 18. [35 IAC 1.3-3-4](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.3-3-4](#) Service credit for injured employees

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

Affected: [IC 5-10.2-3-1](#); [IC 5-10.3-7-4](#); [IC 5-10.3-12-16](#)

Sec. 4. Years of participation shall be earned by a member injured during the scope of the member's employment and paid benefits under the ~~Workmen's~~ **Workers'** Compensation Act or the state personnel. (*Board of Trustees of the Indiana Public Retirement System*; [35 IAC 1.3-3-4](#); adopted Sep 16, 2011: [20110928-IR-035110564ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 19. [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 5-10.3-2-4](#); [IC 5-10.3-6-1](#); [IC 5-10.3-7-1](#); [IC 5-10.3-12-1](#)

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](#); **either the plan or the fund, determined by the default membership elected by the employer in the resolution on file with INPRS.**

(c) The default described in subsection (b) is irrevocable.

(d) If a member terminates employment prior to making a membership election the member will be defaulted to membership in either the plan or the fund, determined by the default membership elected by

the employer in the resolution on file with INPRS. (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](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 20. [35 IAC 1.3-4-2](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.3-4-2](#) Membership options

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

Affected: [IC 5-10.3-6-1](#); [IC 5-10.3-7-1](#); [IC 5-10.3-12-1](#)

Sec. 2. (a) An employee's participation in the fund or the plan is determined by the employer classification of a participant's position, in the employer resolution.

(b) A participant with only prior fund service shall become a member of the fund, only if the employer offers fund membership to that participant's position.

(c) A participant with only prior plan service shall become a member of the plan, only if the employer offers plan membership to that participant's position.

(d) A participant with both prior fund service and prior plan service shall become a member of the plan, only if the employer offers plan membership to that participant's position. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.3-4-2](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 21. [35 IAC 1.3-6-1](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.3-6-1](#) Member distribution options

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

Affected: [IC 5-10.2-3-10](#); [IC 5-10.2-4-7](#); [IC 5-10.3-12](#)

Sec. 1. (a) As provided under [IC 5-10.3-12-26](#), [IC 5-10.3-12-29](#), and this article, a member who terminates service in covered employment is entitled to withdraw the vested portion of the member's account as:

- (1) a lump sum;**
- (2) a direct rollover to an eligible retirement plan; as provided in 35 IAC Article 8, and [35 IAC 10-1-4](#) and [40-1-5](#); or**
- (3) if the member has attained normal retirement age, as defined in [IC 5-10.3-12-14](#), as a monthly annuity, subject to this article.**

(b) For a member electing a distribution under subsection (a)(3), the forms of monthly annuity payments that are available under the annuity savings account of the fund shall be available, pursuant to [IC 5-10.2-4-7](#), for the member's selection, provided that the amount of the member's account to be annuitized must be at least fifteen thousand dollars (\$15,000) in order for the annuity option to be available. Amounts in a member's rollover account established under [IC 5-10.2-3-10](#) or [IC 5-10.3-12-29](#) may be rolled into the amount in the member's ASA account to meet the threshold amount described in this section. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.3-6-1](#); adopted Sep 16, 2011: [20110928-IR-035110564ONA](#); adopted Dec 14, 2012: [20121226-IR-035120663ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 22. [35 IAC 1.3-6-2](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.3-6-2](#) Preretirement survivor benefits

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

Affected: [IC 5-10.3-12-27](#)

Sec. 2. The distribution options available to the beneficiary or beneficiaries shall be as described in [IC 5-10.3-12-27](#)(c), and subject to the provisions of [35 IAC 1.3-6-1](#) section 1 of this rule with regard to member distribution options. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.3-6-2](#); adopted Sep 16, 2011: [20110928-IR-035110564ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 23. [35 IAC 1.3-6-3](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.3-6-3](#) Disability benefits

Authority: [IC 5-10.3-12-18](#); [IC 5-10.5-4-2](#)
Affected: [IC 5-10.3-12-25](#); [IC 5-10.3-12-30](#)

Sec. 3. (a) A member who becomes disabled while in service in a covered position and who presents proof of the member's qualification for Social Security benefits to the INPRS board is entitled to withdraw the vested portion of the member's account as described in [IC 5-10.3-12-30](#) ~~35 IAC 1.3-6-1~~, **and section 1 of this rule**, provided that a monthly annuity shall be available as a distribution option regardless of whether the member has attained normal retirement age, if the minimum monthly annuity amount rule under ~~35 IAC 1.3-6-1(b)~~ **section 1(b) of this rule** is satisfied.

(b) Nonvested amounts at the time of the initial disability distribution are not forfeited under [IC 5-10.3-12-25](#)(e) at the time of the disability distribution. Except as provided in ~~35 IAC 1.3-6-3.1(e)~~, **section 3.1(c) of this rule**, the disability retirement benefit shall be recalculated once the member is no longer receiving state disability payments so long as the member remains otherwise eligible for such disability retirement benefits. For example, Ann has ~~two (2)~~ **three (3)** years of service and goes on state long-term disability leave. Ann received a disability onset date by the Social Security Administration that coincides with the date she began receiving state long-term disability benefits. Ann may receive forty percent (40%) of the amounts in her ASA. Ann continues to receive state long-term disability benefits for two and a ~~one-half (2 1/2)~~ **one-half (2 1/2)** more years and terminates state employment. Ann may now receive one hundred percent (100%) of vested amounts in her ASA including the residual amounts not paid to her when she first applied for disability and any contributions and earnings since that time. (*Board of Trustees of the Indiana Public Retirement System*; [35 IAC 1.3-6-3](#); adopted Sep 16, 2011: [20110928-IR-035110564ONA](#); adopted Dec 14, 2012: [20121226-IR-035120663ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 24. [35 IAC 1.3-6-4](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.3-6-4](#) In service for disability and survivor benefits

Authority: [IC 5-10.3-12-18](#); [IC 5-10.5-4-2](#)
Affected: [IC 5-10.3-12-30](#)

Sec. 4. (a) "In service", for purposes of availability of account distribution under the plan, means that the member was in an employer-employee relationship as determined by the employer within established rules of the employer.

(b) To be eligible to receive disability benefits, the member must be ~~determined to be disabled by the Social Security Administration while the member was receiving salary, or state long-term disability benefits, Family and Medical Leave Act leave, or exhaustion of all 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.**

(c) For the purpose of [IC 5-10.3-12-30](#) only, "while in a covered position" 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. (*Board of Trustees of the Indiana Public Retirement System*; [35 IAC 1.3-6-4](#); adopted Sep 16, 2011: [20110928-IR-035110564ONA](#); adopted Dec 14, 2012: [20121226-IR-035120663ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 25. [35 IAC 1.3-7-7](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.3-7-7](#) Resolutions filed by political subdivisions; contributions

Authority: [IC 5-10.3-12-18](#); [IC 5-10.5-4-2](#)
Affected: [IC 5-10.2-2-11](#); [IC 5-10.3-6-1](#); [IC 5-10.3-12-23](#)

Sec. 7. (a) Resolutions to join, expand coverage in, modify, or withdraw from the plan or fund may be submitted any time prior to the effective date.

(b) Resolutions to join shall be effective the later of January 1st or July 1st after the date of approval by the board. All other resolutions described in subsection (a) and modifications described in subsection (c) shall be effective when the necessary actuarial costs are calculated and the respective statutory requirements to expand coverage in or otherwise modify participation have been met and approved by INPRS.

(c) Resolutions and modifications to resolutions should include the following:

- (1) Whether the employer will pay mandatory contributions or voluntary contributions, or both.
- (2) The employer contribution rate, as a percentage of each member's compensation, between zero percent (0%) and the normal cost of participation in the fund, as described in [IC 5-10.2-2-11](#).
- (3) Whether the employer will match fifty percent (50%) of each participant's additional contributions to the plan.
- (4) A default plan election.

(d) Modifications may be made during an "open enrollment" period, communicated to participating entities in advance.

(e) If an employer elects to pay all or part of the member contributions, the employer must pay the same amounts for all eligible employees, regardless of plan or fund membership. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.3-7-7](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 26. [35 IAC 1.3-7-8](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.3-7-8](#) Supplemental contribution and forfeited funds

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

Affected: [IC 5-10.2-2-11](#); [IC 5-10.2-2-21](#); [IC 5-10.3-6-7](#)

Sec. 8. (a) The following participating entities with an unfunded liability are required to pay the supplemental contribution as set forth in [IC 5-10.2-2-11\(c\)](#):

- (1) Any participating entity with fund participation prior to July 1, 2015.
- (2) Any participating entity with participants active in a fund-covered position on July 1, 2015.

(b) The supplemental contribution is paid in addition to any plan contributions owed by the participating entity.

(c) No participating entity is required to pay the supplemental contribution for members enrolled in the plan, who were never members of the fund.

(d) Participating entities who have completed and paid for a freeze, as described in [IC 5-10.2-2-21](#), and are no longer offering any positions covered by the fund, are not required to pay the supplemental contribution as set forth in [IC 5-10.2-2-11\(c\)](#).

(e) If a participant forfeits funds upon separation from the participating entity, such forfeited funds are paid towards any unfunded liability of the participating entity. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.3-7-8](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 27. [35 IAC 1.3-10-1](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.3-10-1](#) Actuarial rules

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

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

Sec. 1. Two (2) forms of benefit payments are considered to be actuarially equivalent if the expected present value of future payments are the same. For PERF, the expected present value of the pension portion of the benefit is calculated based on a ~~seven and one-half percent (7.50%)~~ **six and seventy-five hundredths percent (6.75%)** interest rate and the ~~1984 Uninsured Pensioners Unisex Mortality Table (UP84) set back two (2) years.~~ **2013 Static Mortality table for males and females, projected five (5) years using Scale AA, and weighted 50/50.** The expected present value of the annuity portion of the benefit is calculated using the **2013 Static Mortality table for males and females, projected five (5) years using Scale AA, and weighted 50/50** and prior to January 1, 2017, and after October 1, 2015, an interest rate equal to the greater of similar annuities in the private market or four and one-half percent (4.5%). After January 1, 2017, the interest rate used will be equal to similar annuities in the private market. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.3-10-1](#); adopted Sep 14, 2012: [20120926-IR-035120542ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 28. [35 IAC 11-1-1](#) IS AMENDED TO READ AS FOLLOWS:

35 IAC 11-1-1 Payroll deduction for additional contributions**Authority:** [IC 5-10.5-4-2](#)**Affected:** [IC 5-10.2-3-2](#)

Sec. 1. (a) The purpose of this rule is to provide a pickup of member contributions by participating employers under Section 414(h)(2) of the Internal Revenue Code of 1986 for additional employee contributions made to the member's annuity savings account under [IC 5-10.2-3-2\(c\)](#) and [IC 5-10.2-3-2\(d\)](#). Employers may elect to participate in the pickup of additional employee contributions by a resolution adopting the provisions of this rule.

(b) A member in active covered employment (with an electing employer) who elects to make contributions to the member's annuity savings account in addition to **and more than the mandatory** contributions required under [IC 5-10.2-3-2\(b\)](#) may do so through a binding, irrevocable payroll deduction authorization. **The total amount of additional employee contributions, in addition to and more than the mandatory contributions required under IC 5-10.2-3-2(b) that may be made to a member's ASA with respect to a payroll period may not exceed ten percent (10%) of the member's compensation for that payroll period. For example, Tony elects to contribute ten percent (10%) voluntary contributions. Together with Tony's mandatory three percent (3%) contributions, thirteen percent (13%) of Tony's compensation will be contributed into his ASA account.**

(c) A member in active covered employment, having executed a binding, irrevocable payroll deduction authorization with respect to any such additional contributions, is not entitled to any option of choosing to receive the contributed amounts directly instead of having them paid by the employer to the board of trustees of the public employees' retirement fund. Such contributions shall be remitted to the public employees' retirement fund in the same manner as all other contributions and shall be credited to the member's annuity savings account. The salary the employer will use to calculate such contributions will be the same as the salary the employer reports to the board of trustees for purposes of determining a member's mandatory contribution and benefit calculation. Such contributions, although designated as employee contributions, will be paid by the employer in lieu of contributions by the employee. The contributions so assumed shall be treated as tax-deferred employer pickup contributions pursuant to Section 414(h)(2) of the Internal Revenue Code, subject to a favorable letter ruling by the Internal Revenue Service.

(d) A member in active covered employment may elect to pay all or part of any additional contribution through payroll deduction. This election is available for two (2) years, beginning on September 1 following the plan year in which the employee completes five (5) years of creditable service and ending on August 31 of the second calendar year following the opening of the election period. The amounts to be deducted and the duration of the deduction shall be specified on the authorization form prescribed by the board, and the amounts and duration shall be irrevocable and binding once made. Prepayment of amounts covered by the authorization is not permitted. However, nothing in this rule shall prevent a member from paying any amounts not covered by the authorization with after-tax dollars, up to the statutory maximum. The investment of the additional contributions shall be made in the same manner and percentage as the investment of the member's mandatory contributions.

(e) If a member terminates and then returns to covered employment with a different employer, when the member has five (5) or more years of creditable service credited or reccredited under Indiana statutes, the member shall be entitled to execute a new binding irrevocable payroll deduction authorization within a two (2) year election period, beginning on September 1 following the plan year in which the employee completes or is reccredited with five (5) years of creditable service and ending on August 31 of the second calendar year following the opening of the election period. If a member terminates and then returns to covered employment with the same employer, the member's binding irrevocable payroll deduction authorization, if any, shall be immediately effective upon rehiring.

(f) No payroll deduction shall begin unless and until the active member executes the payroll deduction authorization on a form prescribed by the board, which must be received within the election period defined in subsection (d). The board will send the form to the treasurer or other disbursing officer of the employer. After receiving the binding, irrevocable payroll deduction authorization, the treasurer or other disbursing officer of each employer shall add such contributions to the contributions deducted from the member's regular compensation each pay day. The employer shall treat these deductions as picked up contributions.

(g) All such payroll deductions, including the amounts and the duration specified, shall be binding and irrevocable upon the member's execution of the prescribed form. A member may execute and submit the payroll deduction authorization with the election period defined in subsection (d), effective as of the next possible payroll date within the election period. However, such deductions will cease only upon any of the following events:

- (1) The member's death.

(2) The termination of the member's employment.

Distribution of the additional contributions shall be made in the same manner as distributions from the member's annuity savings account. In no event shall the member receive a return of the payroll deductions made under this rule except pursuant to the normal disbursement procedures of [IC 5-10.2](#).

(h) Members with at least five (5) years of creditable service as of June 30, 2003, may elect to make additional contributions to their annuity savings accounts through a payroll deduction pursuant to this provision between September 1, 2003, and August 31, 2005. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 11-1-1; filed Dec 4, 2003, 3:10 p.m.: 27 IR 1164; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#)*)

SECTION 29. [35 IAC 14-1-2](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-1-2](#) "Annuity savings account" or "ASA" and "rollover savings account" or "RSA" defined

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

Affected: [IC 5-10.2-2-3](#)

Sec. 2. (a) "Annuity savings account" or "ASA" means an individual account consisting of member contributions and the interest credits on those contributions in the guaranteed fund or the gain or loss in market value on those contributions in the alternate investment program.

(b) "Rollover savings account" or "RSA" consists of a member's funds transferred to INPRS from another qualified plan plus any interest or earnings. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 14-1-2; adopted Dec 16, 2009: [20100106-IR-550090990ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#)) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-1-1.2](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-1-2](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.*

SECTION 30. [35 IAC 14-2-15](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-2-15](#) Member name changes

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

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

Sec. 15. TRF may accept member name changes from the member's employer on behalf of the member for administration of TRF business. ~~in a form and manner prescribed by TRF that includes a certification from the employer that the name change has been verified by the employer and supported with a copy of a marriage certificate, divorce decree, or other court order filed with the employer.~~ (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 14-2-15; adopted Sep 16, 2011: [20110928-IR-035110563ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#)*)

SECTION 31. [35 IAC 14-2-16](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-2-16](#) Actuarial rule

Authority: [IC 5-10.4](#)

Affected: [IC 5-10.4](#)

Sec. 16. Two (2) forms of benefit payments are considered to be actuarially equivalent if the expected present value of future payments are the same. For TRF, the expected present value **of the pension portion of the benefit** is calculated based on a seven-and-one-half percent (7.50%) **six and seventy-five hundredths percent (6.75%)** interest rate and a forty percent (40%) to sixty percent (60%) unisex blend of the 1983 Group Annuity Male Mortality table set back three (3) years forty percent (40%) and the 1983 Group Annuity Male Mortality table set back seven (7) years sixty percent (60%). **the 2013 Static Mortality table for males and females, projected five (5) years using Scale AA, and weighted 50/50. The expected present value of the annuity portion of the benefit is calculated using the 2013 Static Mortality table for males and females, projected five (5) years using Scale AA, and weighted 50/50 and prior to January 1, 2017, and after October 1, 2015, an interest rate equal to the greater of similar annuities in the private market or four and one-half percent (4.5%). After January 1, 2017, the interest rate used will be equal to similar annuities in the private market.** (*Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-2-16](#); adopted Sep 14, 2012: [20120926-IR-035120542ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#)*)

SECTION 32. [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. (a) Whenever a member elects to annuitize ~~their~~ **the member's** ASA or ~~their~~ RSA, the annuitized interest rate 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. **Except for as set forth in subsection (c)**, the annuity interest rate that will be applied is the rate in effect as of the time ~~all the requirements of this subsection are met as follows:~~

(1) ~~The retirement date as determined under [IC 5-10.2-4-1.3](#), the disability retirement date, or the member's retirement date of the due to election made under [IC 5-10.2-4-8.2](#). has been determined as of the time all the requirements of this subsection are met;~~

(2) ~~The member is eligible to begin receiving a benefit and has separated from service, unless the member has elected an in-service distribution under [IC 5-10.2-4-8.2](#) or there has been a finding of disability under [IC 5-10.2-4-6](#); and~~

(3) ~~INPRS has received and accepted the member's completed retirement application.~~

(c) Except as provided in [IC 5-10.5-4-2.6](#), ~~if the~~ **when a** 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. **defer receiving, in any form, the member's annuity savings account under [IC 5-10.2-4-2\(c\)](#), the annuity interest rate that will be applied is the rate in effect as of the date INPRS receives the member's postretirement payment of ASA election form.**

(d) **When a member elects to change their survivor beneficiary or pension option, or both, under [IC 5-10.2-4-7.2](#), the annuity interest rate that will be applied is the rate in effect as of the date INPRS receives the member's election form.**

(e) 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 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) year 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](#); adopted Mar 6, 2015: [20150318-IR-035150060ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#)*)

SECTION 33. [35 IAC 14-3-1.2](#) IS AMENDED TO READ AS FOLLOWS:**[35 IAC 14-3-1.2](#) Suspension and withdrawal of ASA without employer separation****Authority:** [IC 5-10.5-4-2](#)**Affected:** [IC 5-10.2-3-5](#); [IC 5-10.2-3-6](#); [IC 5-10.3-6](#); [IC 5-10.4](#)

Sec. 1.2. (a) For withdrawals after the effective date of this rule, in accordance with Section 905 of the Pension Protection Act of 2006, and unless otherwise prohibited by law, a PERF or TRF participant, who is not age and service eligible for a retirement benefit, who:

(1) is no longer working in PERF or TRF covered service with an employer;

(2) is actively working with the same employer; and

(3) is working in a non-PERF or non-TRF covered position;

may suspend and withdraw the amounts in their ASA pursuant to [IC 5-10.2-3-5](#) and [IC 5-10.2-3-6](#) if the participant is at least sixty-two (62) years of age at the time the participant applies for the withdrawal. For example, Josh has worked in a PERF covered position for four (4) years. Josh is promoted to a non-PERF covered position with the same employer. When Josh is sixty-two (62) years of age, he may ~~suspend and~~ withdraw his ASA so long as he

is not working in a TRF or PERF covered position **and is not age and service eligible to receive a PERF or TRF retirement benefit.**

(b) ~~For the purposes of subsection (a)(3) of this rule, non-PERF or non-TRF covered position does not include employer withdrawals or privatization of an employer under [IC 5-10.3-6-8](#), [IC 5-10.3-6-8.5](#), or [IC 5-10.3-6-8.9](#).~~ (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-3-1.2](#); adopted Mar 6, 2015: [20150318-IR-035150060ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 34. [35 IAC 14-7-2.1](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-7-2.1](#) Retirement benefit commencement without employer separation

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

Affected: [IC 5-10.2-4-1](#); [IC 5-10.3-8-1](#); [IC 5-10.4-5-6](#)

Sec. 2.1. For retirements after the effective date of this rule, in accordance with Section 905 of the Pension Protection Act of 2006, and unless otherwise prohibited by law, a PERF or TRF participant who:

- (1) is no longer working in PERF or TRF covered service with an employer;
- (2) is actively working with the same employer; and
- (3) is working in a non-PERF or non-TRF covered position;

is entitled to retire from PERF or TRF and begin receiving retirement benefits if the participant is otherwise eligible for retirement and the participant ~~is at least sixty-two (62) years of age at the time the participant applies for retirement.~~ **has reached normal retirement age, as defined in [35 IAC 1.2-1-4](#).** For example, Steve is ~~sixty-two (62)~~ **sixty-five (65)** years of age and has fifteen (15) years of PERF service as a state of Indiana employee. Steve is elected as a judge eligible for service in the judges' retirement system (JRS). Steve terminates his previous state of Indiana PERF covered employment and immediately begins serving as a judge participating in the JRS. Since Steve is age and service eligible for a PERF benefit, ~~is at least sixty-two (62) years of age,~~ **has attained normal retirement age, as defined in [35 IAC 1.2-1-4](#),** and has terminated his PERF covered position, he is eligible to begin receiving PERF retirement benefits even though Steve did not separate from state employment. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-7-2.1](#); adopted Mar 6, 2015: [20150318-IR-035150060ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#))

SECTION 35. [35 IAC 14-7-12](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-7-12](#) Social Security integration; benefit calculation

Authority: [IC 5-10.2-3-6](#); [IC 5-10.5-4-2](#)

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

Sec. 12. (a) Pursuant to [IC 5-10.2-4-7\(b\)\(3\)](#), a member who retires between fifty (50) years of age and sixty-two (62) years of age may integrate the member's monthly pension benefit with the member's estimated Social Security benefits. This option increases the monthly pension benefit amount for which the member would ordinarily be eligible from the date of retirement until sixty-two (62) years of age. When the member reaches sixty-two (62) years of age, the member's monthly pension benefit will be reduced. Depending upon the factors used in the calculation, the member's monthly pension benefit may be reduced to zero (0). Such reduction will occur whether or not the member applies for Social Security Administration benefits.

(b) To receive an estimate of the member's monthly pension benefit with Social Security integration, the member shall obtain an estimate of Social Security benefits to be received at sixty-two (62) years of age from the Social Security Administration and provide the estimate to TRF.

(c) For retirement benefits payable on or after January 1, 2010, a member's pre-sixty-two (62) monthly pension benefit with Social Security integration shall be computed as follows:

- (1) Multiply the member's Social Security estimate for benefits to be received at sixty-two (62) years of age and actuarial factors established by TRF's actuary, and obtain a product.
- (2) Add the amount of the member's pension as calculated in [IC 5-10.2-4-4](#) and [IC 5-10.2-4-5](#) to the product obtained in subdivision (1). **For purposes of this section, the retirement benefit does not include any payments from an ASA or RSA.**

(d) For retirement benefits payable on or after January 1, 2010, a member's monthly pension benefit with Social Security integration at sixty-two (62) years of age shall be computed as follows:

- (1) Multiply the member's Social Security estimate for benefits to be received at sixty-two (62) years of age and actuarial factors established by TRF's actuary, and obtain a product.

(2) Subtract the product obtained in subdivision (1) from the member's pre-sixty-two (62) monthly pension benefit with Social Security integration as calculated in subsection (c).

(e) The amount of the member's Social Security benefits shall not be affected by the member's election of Social Security integration. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 14-7-12; adopted Nov 19, 2010: 20101208-IR-550100723ONA; adopted Sep 11, 2015: 20150923-IR-035150302ONA*) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund (550 IAC 2-7-10) to the Board of Trustees of the Indiana Public Retirement System (35 IAC 14-7-12) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 36. [35 IAC 14-9-3](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-9-3](#) Disability retirement

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

Affected: [IC 5-10.2-4-6](#); [IC 5-10.4-5-1](#)

Sec. 3. (a) ~~In order~~ **To be eligible** to receive disability retirement benefits, a member must have been employed under a uniform or supplemental contract, receiving workers' compensation disability benefits, on leave pursuant to the Family Medical Leave Act, or on a leave approved by the school board on the ~~disability onset date as determined by the Social Security Administration~~ **determines the member becomes disabled**.

(b) 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.

~~(b)~~ **(c)** A member seeking or receiving disability retirement benefits may execute a waiver authorizing the Social Security Administration to annually release to the fund information regarding the member's eligibility to continue receiving Social Security disability insurance payments. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 14-9-3; filed Oct 5, 1992, 5:00 p.m.: 16 IR 712; readopted filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; adopted Mar 27, 2007: 20070404-IR-550070200ONA; adopted Apr 26, 2013: 20130508-IR-035130167ONA; adopted Sep 11, 2015: 20150923-IR-035150302ONA*) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-9-2](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-9-3](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 37. [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 5-10.2-4-2](#); [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 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) Notwithstanding subsection (a), after October 1, 2015, for purposes of this section, the minimum disability benefit amount does not include any payments from the ASA or RSA. (*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; adopted Sep 11, 2015: 20150923-IR-035150302ONA*) 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.

DATED: September 11, 2015
Kendall W. Cochran,
Chairman of the Board of Trustees
Indiana Public Retirement System

Resolution adopted by 7 affirmative, 0 negative votes.

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