
BOARD OF TRUSTEES OF THE INDIANA PUBLIC RETIREMENT SYSTEM

Resolution No. 2017-06-23

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

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

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

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 Fund without adopting a rule under Indiana Code 4-22-2;

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 Fund as described herein; and

WHEREAS, the following adoptions and amendments are effective January 1, 2018, unless otherwise stated;

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

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

[35 IAC 1.2-1-6](#) Interest on employees' contribution accounts administered by the Indiana public retirement system

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

Affected: [IC 5-10-5.5](#); [IC 5-10.2](#); [IC 5-10.3](#); [IC 33-38](#); [IC 33-39](#); [IC 36-8](#)

Sec. 6. (a) This rule applies to all INPRS funds that have contribution accounts.

(b) Unless otherwise provided by law or rule of the board, when crediting interest on employee contribution accounts, INPRS shall do the following:

(1) With approval of the board, set the interest rate at least annually for the contribution accounts.

(2) For active members, credit interest at least once a year on the prior fiscal year-end balance.

(3) For members separated from service, members who die before vesting, and for survivors, the amount credited to the member's contribution account shall be the value of the member's contribution account plus interest valued the day after INPRS receives the member's application for a distribution or the date of death of the member plus contributions received after that date. No contribution account shall be valued under this provision prior to the effective date of the record keeper requirements to effectuate the implementation of this provision.

~~(4) Cease crediting interest to accounts that have no activity after ten (10) years after the last contribution posting and which have total service credit of less than twenty (20) years.~~

(Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-1-6](#); adopted Dec 14, 2012:

[20121226-IR-035120663ONA](#); adopted Mar 6, 2015: [20150318-IR-035150060ONA](#); adopted Jun 23, 2017:

[20170705-IR-035170307ONA](#))

SECTION 2. [35 IAC 1.2-1-9](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.2-1-9](#) Administrative fees

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

Affected: [IC 5-10.2-3-6](#); [IC 5-10.3-12-22](#)

Sec. 9. (a) Administrative expenses incurred by accounts in a particular defined contribution plan shall be paid from within that respective plan.

(b) Administrative fees shall be a fixed annual amount per account. The annual amount shall be prorated over one (1) fiscal year and charged to be the member's account monthly.

(c) All defined contribution accounts are subject to administrative fees.

(d) Administrative fees include, but are not limited to, record keeper fees and INPRS' internal administrative expenses. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-1-9](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#))

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).~~
- (6) "Defined contribution account" means the account consisting of the member's contributions whether paid by the member or picked up by the employer, additional voluntary contributions, and earnings, minus fees.**
- ~~(8) (7) "Employer" means the state for employees of the state and a participating political subdivision for its employees.~~
- ~~(9) (8) "Employer contributions" means contributions made by the state and political subdivisions to the retirement allowance account.~~
- ~~(10) (9) "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) (10) "Full-time employee" means an employee occupying a position covered by the fund as set out in [IC 5-10.3-7](#).~~
- ~~(12) (11) "Fund" means the public employees' retirement fund of Indiana.~~
- ~~(13) (12) "Gender and number" means the masculine gender shall include the feminine, and the singular the plural as the context may require.~~
- ~~(14) (13) "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) (14) "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) (15) "INPRS" means the Indiana public retirement system established under [IC 5-10.5-2-1](#).~~
- ~~(17) (16) "Member" means persons qualifying for membership under [IC 5-10.3-7-1](#).~~
- ~~(18) (17) "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) (18) "PERF" means the public employees' retirement fund.~~
- ~~(20) (19) "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.~~

~~(24)~~ **(20)** "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)~~ **(21)** "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)~~ **(22)** "Rollover savings account" or "RSA" consists of a member's funds transferred to INPRS from another qualified plan plus any interest or earnings.

~~(24)~~ **(23)** "Vested status" means the member's status of 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](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#))

SECTION 4. [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) 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 the individual's prior service shall qualify as creditable service, if the individual 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, death of the employee, or other reason which occurred subsequent to the date of the reemployment, then such six (6) month requirement 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 **After** a member is suspended pursuant to ~~[IC 5-10.2-3-5](#)~~(e), under [IC 5-10.2-3-6](#), the fund shall conduct an investigation to locate **member's defined contribution account remains invested as previously directed by** the member.

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

(c) Distributions of less than one thousand dollars (\$1,000) made pursuant to [IC 5-10.2-3-6](#)(d) shall be mailed to the address on file with INPRS. INPRS shall make reasonable efforts to obtain valid addresses. If no valid address is available, the money remains invested as the member directed until it is claimed or the plan is otherwise required to make a distribution.

~~(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)~~ **(d)** Prior to the a distribution, the Fund **INPRS** shall serve **provide** the member with any **all** required notices as well as notice to the member explaining **and** 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](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#))*

SECTION 5. [35 IAC 1.2-5-9](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-5-9](#) Survivor benefits and defined contribution account beneficiaries

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

Affected: [IC 5-10.2-3-7.5](#); [IC 5-10.3](#)

Sec. 9. (a) If the total amount of payments from ~~the annuity savings account~~ **a defined contribution account** paid to a designated beneficiary does not exceed the member's total ~~annuity savings account contributions plus accumulated interest~~, **defined contribution account balance**, the difference shall be paid to the designated beneficiary's estate.

(b) If an active member with more than fourteen (14), but less than fifteen (15), years of creditable service dies, the surviving spouse or dependent is entitled to a benefit if:

- (1) the member dies after December 31, 2006;
- (2) the member was at least sixty-five (65) years of age at the time of death;
- (3) the member died in service in a PERF-covered position; and
- (4) the surviving spouse or dependent qualifies for a benefit.

(c) For the purposes of [IC 5-10.2-3-7.5](#), "survivor benefit" means the pension benefit and does not include the member's defined contribution account.

(d) If a member did not designate a beneficiary of the defined contribution account or the designated beneficiary does not survive the member, a spouse or dependent entitled to a survivor benefit may elect to receive the balance of the account.

(e) The following apply if no valid claim for the account balance is made within three (3) years of INPRS learning of the member's death:

- (1) Accounts with balances of at least one thousand dollars (\$1,000) will continue to be invested according to the deceased member's direction.
- (2) Accounts with balances of less than one thousand dollars (\$1,000) are subject to an automatic lump sum distribution.

(Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-9](#); 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 Feb 19, 2010: [20100310-IR-035100124ONA](#); adopted Nov 4, 2016: [20161116-IR-035160500ONA](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#))

SECTION 6. [35 IAC 1.2-5-13](#) IS AMENDED TO READ AS FOLLOWS:

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

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

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

Sec. 13. (a) ~~Active members may designate a primary beneficiary or beneficiaries and a contingent beneficiary or beneficiaries to receive the member's annuity savings account equally or designated by whole percentage increments upon the death of the member. Contingent beneficiaries shall receive the member's annuity savings account if no primary beneficiaries survive the member. If no primary and no contingent beneficiaries survive the member, the beneficiary shall be the member's estate. In lieu of a named individual, a member may designate a trust, estate, or other legal entity. "Designated beneficiary" means the person or entity designated by the member on a form approved by INPRS and part of the member's record as of the member's date of death. Beneficiary designations made electronically, via INPRS' website, are deemed to have met the requirements of this subsection.~~

(b) ~~Members electing a joint survivor option at retirement shall~~ **may designate only more than one (1) person as primary beneficiary for their joint survivor benefits. The beneficiary must be a named individual. to receive the balance of their defined contribution account. Members may also designate more than one (1) contingent beneficiary.**

(c) ~~Retired members who choose a retirement option other than a joint and survivor option and who do not elect to withdraw the total balance of their annuity savings account may designate a~~ **The primary beneficiary or beneficiaries and a contingent beneficiary or beneficiaries to receive the unpaid balance, if any, of designated by**

the member's annuity savings account upon the death of the member **shall be:**

- (1) **one (1) or more persons;**
- (2) **the member's estate; or**
- (3) **a trust.**

Members may designate that the assets held in the account shall be divided equally or allocated by whole percentage increments to primary and contingent beneficiaries. Such designations must be on the appropriate form. Forms must be filed and accepted by the fund before they are effective. Contingent beneficiaries shall receive the member's annuity savings account if no primary beneficiaries survive the member. If no primary and no contingent beneficiaries survive the member, the beneficiary shall be the member's estate. In lieu of a named individual, a member may designate a trust, estate, or other legal entity.

(d) If a member has **multiple persons** are designated more than one (1) primary beneficiary, and one (1) or more of the primary beneficiaries predecease the member and the member does not complete a new beneficiary designation form, the remaining primary beneficiaries will receive an apportioned pro rata share based on the remaining primary beneficiaries' allocated percentages of the deceased primary beneficiary or beneficiaries portion. For example, member X designates three (3) primary beneficiaries as follows: Ann 60%, Bob 30%, and Carl 10%. Ann predeceases member X, and member X does not submit a new beneficiary designation form. Member X had \$10,000 in her annuity savings account (ASA) at the time of her death. Ann's 60% share will be divided between Bob and Carl as follows: Bob \$4,500 and Carl \$1,500. Therefore, the total amount that Bob will receive from member X's ASA is \$7,500, and the total amount that Carl will receive from member X's ASA is \$2,500. **the following shall apply:**

- (1) **The member shall indicate the percentage of total benefits each person is to receive.**
- (2) **If percentages are not indicated, payments will be disbursed equally to the named beneficiaries.**
- (3) **If percentages indicated do not total one hundred percent (100%), each beneficiary shall receive an increased or decreased percentage which is proportional to the percentages allotted him or her by the member.**
- (4) **If any of the multiple beneficiaries die prior to the member's death, the remaining beneficiaries shall be entitled to the deceased beneficiary's percentage of the total benefits, and each shall receive a percentage of the deceased's share which is equal to the percentage allotted them by the member.**

(e) The designated beneficiary's right to a benefit vests upon the death of **primary and contingent beneficiary designation established by** the member in the designated beneficiary on file with the fund. A change of beneficiary designation must be **shall remain in full force and effect until changed by the member. Beneficiary designations** made in **on** a manner and form approved by the board and must be filed with the fund before the time of death of the member. A change of beneficiary **member's retirement application supersede** the designation received after the time of death of the member is not valid. A written beneficiary designation for the ASA or RSA must be witnessed by an individual other than the member's designated beneficiary. Timely electronic beneficiary designations submitted through the fund's website in a form and manner approved by the board shall be deemed to have met the requirements of this rule. **of all previous beneficiaries, unless the notification of retirement is withdrawn, invalid, or voided.**

(f) **Upon receipt of evidence the primary beneficiary did not survive the member, the contingent beneficiary is eligible to receive the member's defined contribution account.**

(g) **A member's RSA shall be combined and distributed according to the member's beneficiary designation for the defined contribution account. A defined contribution account and RSA may not have separate beneficiaries.** (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-13](#); filed Dec 20, 1988, 1:00 p.m.: 12 IR 1083; readopted filed Dec 2, 2001, 12:35 p.m.: 25 IR 1266; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Jun 11, 2010: [20100728-IR-035100467ONA](#); adopted Apr 29, 2011: [20110511-IR-035110273ONA](#); adopted Feb 17, 2012: [20120222-IR-035120095ONA](#); adopted Apr 26, 2013: [20130508-IR-035130167ONA](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#))

SECTION 7. [35 IAC 1.2-5-21](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-5-21](#) ASA valuation

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](#)

Sec. 21. (a) A member may direct an allocation in the amount credited to the member among the stable value fund and any of the available alternative investment programs subject to the following conditions:

- (1) INPRS shall allow a member to make a change or selection at least once a day.

(2) INPRS shall implement the member's selection the same day the selection is received by INPRS unless such selection is received after 4:00 p.m. EST on a business day, or anytime on a weekend or holiday, or any other date the New York Stock Exchange is closed, then INPRS shall implement the member's selection beginning the next business day after the selection is received. This date is the effective date of the member's selection.

(3) A member may select any combination of the stable value fund or any of the available alternative investment programs in one percent (1%) increments.

(4) A member's selection remains in effect until a new selection is made.

(5) On the effective date of a member's selection, INPRS shall reallocate the member's existing balance or balances in accordance with the member's direction, based on the sum of the market value on the effective date, minus any applicable investment management fees.

(b) When a member who participates in the alternative or stable value fund investment programs transfers the amount credited to the member from one (1) alternative investment program to another alternative investment program, or to the stable value fund, the amount credited to the member shall be valued at the sum of the market value of the member's investment, as of the effective date of the member's selection, minus any applicable investment management fees.

(c) When a member who participates in any of the investment programs retires, becomes disabled, or suspends membership and withdraws from the fund, the amount credited to the member shall be the sum of the market value of the member's investment as of the day after INPRS receives the member's application for distribution or annuitization at retirement, disability, or suspension and withdrawal, plus contributions received after that date, minus any applicable investment management fees.

(d) When a member who participates in an alternative investment program dies, within five (5) business days after the date of death notification is received by INPRS, the entire amount in the member's annuity savings account will be moved into a fixed value account. Such death notification shall be on a form or in a manner approved by INPRS. The amount credited to the member's account and moved to the fixed value account shall be the sum of the market value of the member's investment as of the day the amount in the member's annuity savings account is moved to the fixed value account minus any applicable investment management fees.

(e) (c) Subject to and in accordance with the distribution provisions of [IC 5-10.2-3](#) and [IC 5-10.2-4](#), in the event that the member has designated beneficiaries, beneficiary accounts will be established for each beneficiary and the pro rata share of all monies in the member's ASA will be moved to the respective beneficiary account and invested in the stable value fund under [IC 5-10.2-3](#). (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-21](#); adopted Feb 19, 2010: [20100310-IR-035100124ONA](#); adopted Sep 16, 2011: [20110928-IR-035110563ONA](#); adopted Dec 14, 2012: [20121226-IR-035120663ONA](#); adopted Mar 6, 2015: [20150318-IR-035150060ONA](#); adopted Nov 4, 2016: [20161116-IR-035160500ONA](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#))

SECTION 8. [35 IAC 1.2-5-23](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-5-23](#) Stale checks

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

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

Sec. 23. Whenever a member applies for a distribution from the member's an annuity savings account an effective distribution will be is deemed to have occurred as of the date on the distribution check. is issued. If the member fails to negotiate the check within one hundred eighty (180) days from issuance, the amount of the check may be credited to the fund as posttax monies and it will not be further adjusted for earnings, interest, or losses. The fund will retain the monies until the member claims them in writing. **will be transferred to an administrative account within the member's respective defined contribution plan.** (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-23](#); adopted Dec 17, 2010: [20101229-IR-035100777ONA](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#))

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 after the final date on which the member's benefit is processed 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.~~

(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](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#))

SECTION 10. [35 IAC 1.2-6-17.1](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.2-6-17.1](#) Prosecuting attorneys' retirement fund (PARF) retirement benefit computation

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

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

Sec. 17.1. (a) For PARF benefits computed for a participant who retires on or after July 1, 2017, the benefit is computed as follows:

(1) Calculate the PARF benefit pursuant to [IC 33-39-7-16](#)(c) without regard to any offset. This is the benefit amount to be paid to the participant unless the PERF benefit exceeds the PARF benefit amount.

(2) If the participant is receiving a PERF benefit on the date the participant retires from PARF, the actual PERF benefit amount will offset the amount needed to fund the remainder, if any, of the PARF benefit amount. For example: Tony's PARF benefit is computed to be sixty thousand dollars (\$60,000) per year. Tony's PERF benefit is thirty thousand dollars (\$30,000) per year. Tony's total benefit is sixty thousand dollars (\$60,000) per year, but \$30,000 is paid from the PERF pension fund and the remainder from the PARF pension fund.

(3) If the participant is age and service eligible to retire from PERF but is not receiving a PERF pension on the date the participant retires from PARF, the cost of the total benefit being paid from the PARF pension fund is reduced by the amount that would have been paid to the participant if the participant had retired from PERF at the same time the participant retired from PARF. For example: Lindsay retires from PARF, but not from PERF. Lindsay's total PARF pension benefit is computed to be sixty thousand dollars (\$60,000) per year. If Lindsay had retired from PERF her PERF pension benefit would have been computed to be twenty thousand dollars (\$20,000) per year. Lindsay will receive from the PARF pension fund forty thousand dollars (\$40,000) per year.

(4) A participant described in subsection 3 [subdivision (3)] is entitled to a recalculation of benefits based on the actual PERF pension benefit received by the participant upon retirement from PERF. For example: Lindsay now retires from PERF and she is being paid fifteen thousand dollars (\$15,000) [sic] per year. Lindsay will receive sixty thousand dollars (\$60,000) per year of which thirty thousand dollars is paid from the PARF pension fund and the remainder from the PERF pension fund.

(5) If the participant is not age and service eligible to receive a PERF pension benefit on the date that the participant retires from PARF, then there is no reduction in the amount of benefits paid from the PARF pension fund. For example: Mary has eight (8) years as a prosecutor and eight (8) years of PERF service when she retires from PARF. Mary's total PARF benefit will be paid from the PARF pension fund without any reduction from PERF.

(6) The actual PERF pension benefit being paid to the participant is used to offset the amount to be paid from the PARF pension fund for a participant who is receiving an in-service PERF benefit under [IC 5-10.2-4-8.2](#) (elected officials and Millie Morgan) while continuing to work in a PARF covered

position when the participant begins receiving a PERF in-service benefit. For example: Jodi is eligible to and makes an election to begin receiving her PERF pension benefit while still serving in a PARF position. Since no other PERF pension benefits may accrue, the actual PERF pension benefit being paid to Jodi at the time she retires from PARF is used to offset the total cost the PARF pension amount being paid from the PARF pension fund.

(b) In the event that the PERF pension benefit exceeds the PARF benefit, the participant is entitled to withdraw from PARF the total sum contributed by the participant plus interest at a rate determined by board under [35 IAC 1-2-1-6](#) [[35 IAC 1.2-1-6](#)]. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-6-17.1](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#))

SECTION 11. [35 IAC 1.2-6-17.2](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.2-6-17.2](#) PERF retirement for participants of the prosecuting attorneys' retirement fund

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

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

Sec. 17.2. (a) In accordance with the Pension Protection Act of 2006, a PARF participant may make an election to begin receiving their PERF benefits without a separating from PARF-covered service if:

- (1) the member is at least age fifty-five (55) and has accrued at least twenty (20) years of creditable PERF service;
- (2) the member meets the Rule of 85 and has at least thirty (30) years of creditable PERF service; or
- (3) the member has reached PERF normal retirement age, as defined in [35 IAC 1.2-1-4](#).

(b) A participant making such election shall not accrue additional PERF service credit and the participant's PERF benefit will remain unchanged despite further employment in any PERF-covered service.

(c) The election is irrevocable and must be made on a form approved by INPRS. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-6-17.2](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#))

SECTION 12. [35 IAC 1.2-6-20](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.2-6-20](#) Conversion of ASA monies to a third party annuity provider any time after January 2017

Authority: [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. 20. (a) A member who, upon filing for regular, early, or disability retirement benefits, elects to convert the balance of the ASA to an annuity shall be entitled to convert the ASA funds with INPRS and INPRS shall be the annuity provider so long as:

- (1) the member's retirement date (as determined under [IC 5-10.2-4-1.3](#)), disability retirement date, or retirement date due to an election made under [IC 5-10.2-4-8.2](#) is prior to January 1, 2018; and
- (2) INPRS receives the member's retirement application prior to December 1, 2017.

(b) A member who deferred their ASA under [IC 5-10.2-4-2\(c\)](#) and elects to convert the balance of the deferred ASA to an annuity shall be entitled to convert the ASA funds with INPRS and INPRS shall be the annuity provider so long as INPRS receives the member's postretirement payment of ASA election form prior to December 1, 2017.

(c) INPRS shall continue to provide the annuity for all members described in subsections [subsection] (a) or (b), regardless of a member's election to change their pension option or beneficiary designation.

(d) Beneficiaries receiving a benefit pursuant to [IC 5-10.2-3](#) who elect to annuitize the ASA are entitled to an annuity provided by INPRS so long as:

- (1) the deceased member's retirement date is prior to January 1, 2018; and
- (2) INPRS receives the member's survivor benefit application prior to December 1, 2017.

(Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-6-20](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#))

SECTION 13. [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 5-10.3-7-1](#); [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.

(g) For purposes of forfeiture under [IC 5-10.3-12-25](#)(e), "state employee" has the meaning set forth in [IC 5-10.3-7-1](#).

(h) Members who separate from state employment forfeit any employer contributions, unless they return to state employment within thirty (30) days.

(i) Members who separate from employment with a participating political subdivisions *[sic]* forfeit any employer contributions, unless they return to employment with the same political subdivision within thirty (30) days. (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](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#))

SECTION 14. [35 IAC 2-5-5.3](#) IS ADDED TO READ AS FOLLOWS:

35 IAC 2-5-5.3 Temporary disability benefits

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

Affected: [IC 36-8-8-12.3](#); [IC 36-8-8-13.7](#)

Sec. 5.3. (a) "Temporary disability" means a covered impairment that prevents the member from performing the essential functions of their duties but has a foreseeable rehabilitation period that would allow the member to return to duty.

(b) Eligibility for temporary disability benefits are determined under [IC 36-8-8-12.3](#) and subsection 5.1 of this chapter *[section 5.1 of this rule]*.

(c) Members receiving a temporary disability benefit shall have their disability status reviewed no less than one (1) time per fiscal year, or more as recommended by the INPRS medical authority.

(d) INPRS may stop a member's benefit if, within thirty (30) days of INPRS' request for a review, the member has not provided sufficient medical evidence to demonstrate a permanent disability. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 2-5-5.3](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#))

SECTION 15. [35 IAC 2-5-11](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 2-5-11](#) Deferred retirement option plan (DROP) disability benefit

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

Affected: [IC 36-8-8-13.5](#); [IC 36-8-8.5-12](#); [IC 36-8-8.5-16.5](#)

Sec. 11. (a) For the purposes of paying a retirement benefit calculated under the disability retirement provisions of [IC 36-8-8-13.5](#), the member's service credit and salary are frozen on the DROP entry date. The disability benefit shall be calculated based on the member's salary and service credit in effect on the member's DROP entry date.

(b) For the purposes of paying the additional amount calculated under [IC 36-8-8.5-16.5](#), the DROP retirement date is the effective date of disability or upon the member's separation from the employer, whichever is later.

(c) Pursuant to 26 U.S. Code §104, the monthly benefit related to the line of duty injury that is not determined on the basis of age, length of service, or prior contributions is nontaxable income. Benefits not related to a line of duty injury, including the DROP additional amount calculated under [IC 36-8-8.5-12](#), are not eligible for favorable tax treatment. (*Board of Trustees of the Indiana Public Retirement System; [35 IAC 2-5-11](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#)*)

SECTION 16. [35 IAC 4-3-4](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 4-3-4](#) Direct payments of insurance premiums, charitable contributions, or labor organization dues

Authority: [IC 5-10-5.5-3](#); [IC 5-10.5-4-2](#)

Affected: [IC 5-10-5.5-23](#)

Sec. 4. (a) Pursuant to [IC 5-10-5.5-23](#), INPRS may only pay insurance premiums directly to a healthcare plan sponsored by the state.

(b) Each member is limited to electing one (1) labor organization and one (1) charitable organization.

(c) The labor or charitable organizations a member may elect are available at INPRS' discretion. (*Board of Trustees of the Indiana Public Retirement System; [35 IAC 4-3-4](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#)*)

SECTION 17. [35 IAC 13-1-1](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 13-1-1](#) Required minimum distribution procedure

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

Affected: [IC 5-10.2-4-2](#); [IC 5-10.2-4-7](#); [IC 5-10.5](#)

Sec. 1. (a) Distribution of each member's entire interest benefit must begin by April 1 of the calendar year following the later of the calendar year in which the member:

- (1) attains seventy years of age and one-half (70 1/2) years of age; or
- (2) retires (the required beginning date).

(b) ~~If a nonvested member or a~~ **Members who are not vested and retired member members** who deferred withdrawal of his or her ~~their~~ **ASA will automatically receive annual required minimum distributions if the member** reaches the required beginning date without taking an ~~ASA a~~ distribution. ~~they will be subject to a mandatory lump sum distribution of their account less any monies owed for taxes or penalties, or both. The balance of the account shall remain invested as previously directed by the member.~~

(c) ~~If A vested member has not started receiving his or her monthly pension benefit by the required beginning date, the member's account will be automatically processed utilizing~~ **entitled to a monthly benefit is subject to mandatory distribution of the pension benefit if the member did not elect to begin the pension benefit before the required beginning date. The pension benefit shall be calculated based on a five (5) year guarantee as described in [IC 5-10.2-4-7](#)(b).** ~~and annuitizing any available ASA monies.~~

(d) ~~PERF INPRS~~ **INPRS** will attempt to notify members of a potential required minimum distribution prior to the member's required beginning date if ~~PERF INPRS~~ **INPRS** is able to locate a current valid address for the member

utilizing an existing locator service. If **PERF INPRS** is unable to locate a current valid address for a member who has not taken a distribution from their pension or ASA, or both, by the required beginning date, no such distribution shall be made until the member is located. Once a valid address is located distributions will proceed as set forth in subsections (b) and (c), less any **withholdings taxes** or penalties owed. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 13-1-1](#); adopted Feb 19, 2010: [20100310-IR-035100124ONA](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#))

SECTION 18. [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 after the final date on which the member's benefit is processed 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.~~

(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 14-7-5](#); adopted Dec 16, 2009: [20100106-IR-550090990ONA](#); adopted Nov 19, 2010: [20101208-IR-550100723ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#)) 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 19. [35 IAC 14-7-13](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-7-13](#) Stale checks

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

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

Sec. 13. (a) ~~Whenever A member applies for a distribution from the member's an annuity savings account an effective distribution will be is~~ deemed to have occurred as of the date **on the distribution check. is issued.** If the member fails to negotiate the check within one hundred eighty (180) days from issuance, the amount of the check ~~may will be credited transferred~~ to the fund as posttax monies and it will not be further adjusted for earnings, interest, or losses. The fund will retain the monies until the member claims them in writing: **an administrative account within the member's respective defined contribution plan.**

(b) Prior to the passage of [550 IAC 2-7-10](#), any member who requested an ASA lump sum full or partial distribution and the distribution check was not negotiated within one hundred eighty (180) days causing the check to go stale will receive interest on the amount of the payment beginning on the one hundred eighty first day after the distribution was made at the interest rate defined in section 9(c) of this rule. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-7-13](#); adopted Dec 17, 2010: [20101229-IR-550100778ONA](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#)) NOTE: Agency cited as [550 IAC 2-7-10](#), which was renumbered by the Publisher as [550 IAC 2-7-11](#). NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-7-11](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-7-13](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 20. [35 IAC 14-9-9](#) IS ADDED TO READ AS FOLLOWS:

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

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

Affected: [IC 5-10.2-4-1](#); [IC 5-10.2-4-10](#); [IC 5-10.2-5-43](#); [IC 5-10.4-5-1](#); [IC 5-10.4-6-4](#)

Sec. 9. (a) The minimum retirement benefit provided under [IC 5-10.4-6-4\(b\)](#) is determined based on the amount of the pension benefit only and does not include any money distributed from a member's defined contribution account.

(b) For the purposes of [IC 5-10.4-6-4](#), "unreduced pension benefit" means the regular retirement pension benefit paid under [IC 5-10.2-4-1\(b\)](#), plus supplemental benefits and postretirement increases.

(c) Additional benefits earned during a period of reemployment are not eligible for the minimum benefit unless the member earned ten (10) years of creditable service during the period of reemployment.

(d) The following are not eligible for this TRF minimum benefit:

(1) Disability retirement benefits.

(2) Members receiving an early (reduced) retirement benefit.

(3) Members who elected Social Security integration at retirement and whose pension payment after age 62 is reduced to zero (\$0).

(e) Survivor benefits are eligible for the minimum benefit, so long as the deceased member was not receiving an early retirement benefit. Survivors receiving a benefit as the result of a member's death in service are eligible for the minimum benefit so long as the deceased member's in-service retirement was not reduced due to early retirement. (*Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-9-9](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#)*)

SECTION 21. THE FOLLOWING ARE REPEALED: [35 IAC 1.2-5-12.1](#); [35 IAC 1.2-5-22](#); [35 IAC 1.2-6-4](#); [35 IAC 1.2-6-5.5](#).

DATED: June 23, 2017

Bret Swanson
Vice Chairman of the PERF Board of Trustees
Indiana Public Retirement System

Resolution adopted by 5 affirmative, 0 negative votes.

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