
BOARD OF TRUSTEES OF THE INDIANA PUBLIC RETIREMENT SYSTEM

Resolution No. 2019-02-22

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 [IC 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 immediately, unless otherwise stated or covered by law;

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

SECTION 1. [35 IAC 1.2-1-7](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-1-7](#) Overpayments and underpayments to employer, PERF ASA, and 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. 7. (a) This rule applies to all INPRS funds that have contribution accounts.

(b) When there has been an overpayment of picked up member contributions or after-tax member contributions, the principal amount of the overpayment will be credited to the employer **to the extent funds are in the account**. The principal amount of the overpayment may be adjusted for earnings/interest at the interest rate defined in subsection (e).

(c) When there has been an underpayment of picked up member contributions or after-tax member contributions, the principal amount of the underpayment will be billed to the employer. The principal amount of the underpayment may be adjusted for earnings/interest at the interest rate defined in subsection (e) to begin accruing seven (7) days after the pay period end date of the original wage and contribution report.

(d) When there has been an overpayment of employer contributions, the principal amount of the overpayment will be credited to the employer. The principal amount of the overpayment may be adjusted for earnings/interest at the interest rate defined in subsection (e).

(e) When there has been an underpayment of the employer contribution, the principal amount of the underpayment will be billed to the employer. The principal amount may be adjusted for earnings/interest at the interest rate defined in subsection (f) to begin accruing seven (7) days after the pay period end date of the original wage and contribution report.

(f) For purposes of this section, the interest rate shall be determined by the executive director and shall not exceed the assumed rate of return set by the board. (*Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-1-7](#); adopted Mar 6, 2015: [20150318-IR-035150060ONA](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#)*)

SECTION 2. [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 that is the actuarial equivalent of the retirement benefit under the normal guaranteed retirement benefit payable as a life annuity that 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) 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 INPRS' 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) 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 INPRS' 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) Members may select any nonconflicting retirement option in addition to Social Security integration.

(f) If a retired member receiving benefits under this option dies before sixty-two (62) years of age, and a benefit is due to a survivor beneficiary under a joint and survivor option, the survivor benefit will be recalculated and adjusted as described in subsection (d) and in accord with the survivor option when the member would have reached sixty-two (62) years of age.

(g) Under [IC 33-38-8-14](#), a judge's 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 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](#); adopted Nov 4, 2016: [20161116-IR-035160500ONA](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#))

SECTION 3. [35 IAC 1.2-5-4](#) IS AMENDED TO READ AS FOLLOWS:

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

Authority: [IC 5-10.5-4-2](#)**Affected:** [IC 5-10.2](#); [IC 5-10.3](#)

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

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

~~(c) A member, including a state employee receiving state sponsored long term disability benefits, may not receive a distribution of their ASA under subsection (a) or (b) until the member separates from covered service or the Social Security Administration determines that the member has become disabled and the member has applied for disability benefits. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-4](#); filed Dec 20, 1988, 1:00 p.m.: 12 IR 1082; readopted filed Oct 31, 2001, 2:18 p.m.: 25 IR 897; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Dec 14, 2012: [20121226-IR-035120663ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#))~~

SECTION 4. [35 IAC 1.2-5-12.2](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-5-12.2](#) De minimis overpayments

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

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

Sec. 12.2. If an active, inactive, retired, retired for disability, suspended, or deceased member's ASA account is below the de minimis amount as determined within [35 IAC 1.2-2-1](#), **section 12.5 of this rule**, PERF may elect to not collect the overpayment from the member. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-12.2](#); adopted Dec 17, 2010: [20101229-IR-035100777ONA](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#))

SECTION 5. [35 IAC 1.2-5-12.5](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.2-5-12.5](#) "De minimis account" and "de minimis overpayment" defined

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

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

Sec. 12.5. (a) "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. The account will be closed once there are insufficient assets to pay the administration costs of the account.

(b) "De minimis overpayment" means an active, inactive, retired, retired for disability, suspended, or deceased member's ASA account that received an overpayment totaling not more than one hundred dollars (\$100). (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-12.5](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#))

SECTION 6. [35 IAC 1.2-5-12.6](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.2-5-12.6](#) De minimis accounts

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

Affected: [IC 5-10.2-3-6](#); [IC 5-10.4-4](#)

Sec. 12.6. (a) If after suspension, retirement, retirement for disability, death withdrawal, or other withdrawal, an inactive member's ASA account balance is below the de minimis amount as such amount is determined by PERF, PERF may close the member's account and credit the residual amount to the fund without further notice.

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

(c) If the credited amount is from a suspended member's account, no gains or earnings shall be credited to the member's account in accordance with [IC 5-10.2-3-6](#).

(d) After January 1, 2018, de minimis accounts will be closed when there are insufficient assets to pay for the administrative costs of the account. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-12.6](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#))

SECTION 7. [35 IAC 1.2-6-17.1](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-6-17.1](#) Prosecuting attorneys' retirement fund 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 prosecuting attorneys' retirement fund (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 not receiving a PERF pension on the date the participant retires from PARF but vested in PERF, 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 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 thirty thousand dollars (\$30,000) 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 vested in PERF~~ 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](#); adopted Feb 23, 2018: [20180307-IR-035180117ONA](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#))

SECTION 8. [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; 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](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#))

SECTION 9. [35 IAC 1.3-7-9](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.3-7-9](#) Withdrawal by political subdivisions; employer contributions

Authority: [IC 5-10.2-4-2](#); [IC 5-10.3-12-18](#)

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

Sec. 9. If a participating political subdivision withdraws from participation in the plan as described in section 7 of this rule, the employees of the participating political subdivision are immediately one hundred percent (100%) vested in employer contributions. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.3-7-9](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#))

SECTION 10. [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, **before its repeal**, 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](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#)) 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 11. [35 IAC 14-1-6](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-1-6](#) "De minimis account" or "de minimis amount" defined

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

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

Sec. 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. **The account will be closed once there are insufficient assets to pay the administration costs of the account.** (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-1-6](#); adopted Apr 21, 2010: [20100505-IR-550100241ONA](#); errata filed Jun 2, 2010, 3:01 p.m.: [20100616-IR-550100241ACA](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#)) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-1-2.6](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-1-6](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 12. [35 IAC 14-1-7](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-1-7](#) "De minimis overpayment" defined

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

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

Sec. 7. "De minimis overpayment" means an active, inactive, retired, retired for disability, suspended, or deceased member's ASA account ~~which~~ **that** received an overpayment totaling not more than ~~ten one hundred~~ **one hundred** dollars ~~(\$10)- (\$100)~~. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-1-7](#); adopted Dec 17, 2010: [20101229-IR-550100778ONA](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#)) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-1-2.7](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-1-7](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 13. [35 IAC 14-2-8](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-2-8](#) 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. 8. (a) A member may direct an allocation in the amount credited to the member among ~~the guaranteed program and~~ any available alternative accounts subject to the following conditions:

- (1) A member may select any combination of ~~the guaranteed program or any of~~ the available alternative accounts in one percent (1%) increments.
- (2) A member's selection remains in effect until a new selection is made.
- (3) On the effective date of a member's selection, TRF's record keeper shall reallocate the member's existing balance or balances in accordance with the member's direction, based on **the market value on the effective date**.

~~(A) for an alternative investment program balance, the market value on the effective date; and~~

~~(B) for any guaranteed program balance, the account balance on the effective date.~~

(b) TRF shall allow a member to make a change or selection at least once a day. TRF shall implement the member's selection the same day the selection is received by TRF, 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 TRF will 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.

(c) When a member who participates in the alternative ~~or guaranteed~~ investment programs transfers the amount credited to the member from one (1) alternative investment program to another alternative investment program, ~~or to the guaranteed program~~, the amount credited to the member shall be valued at the market value of the member's investment, as of the effective date of the member's selection.

(d) When a member who participates in an alternative investment program retires, becomes disabled, or suspends membership and withdraws from the fund, the amount credited to the member shall be 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.

(e) 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 TRF, the entire amount in the member's annuity savings account will be moved into the ~~guaranteed program or a fixed-value account, set at the same rate as the guaranteed program-~~ **market or stable value fund**. Such death notification shall be on a form or in a manner approved by TRF. The amount credited to the member's account and moved to the ~~fixed-value account~~ **money market or stable value fund as determined by the INPRS board** shall be 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-~~ **money market or stable value fund**.

(f) 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 ~~guaranteed program or a fixed-value account,~~ **money market or stable value fund as determined by the INPRS board**, set at the same rate as the ~~guaranteed program~~ **money market or stable**

value fund until claimed or forfeited under [IC 5-10.2-3](#). (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-2-8](#); adopted Dec 16, 2009: [20100106-IR-550090990ONA](#); adopted Sep 16, 2011: [20110928-IR-035110563ONA](#); adopted Mar 6, 2015: [20150318-IR-035150060ONA](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#)) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-2-6.1](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-2-8](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 14. [35 IAC 14-3-7](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-3-7](#) De minimis accounts

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

Affected: [IC 5-10.2-3-6](#); [IC 5-10.4-4](#)

Sec. 7. (a) If after suspension, retirement, retirement for disability, death withdrawal, or other withdrawal, an inactive member's ASA account balance is below the de minimis amount as such amount is determined by TRF, TRF may close the member's account and credit the residual amount to the fund without further notice.

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

(c) If the credited amount is from a suspended member's account, no gains or earnings shall be credited to the member's account in accordance with [IC 5-10.2-3-6](#).

(d) After January 1, 2018, de minimis accounts will be closed when there are insufficient assets to pay for the administrative costs of the account. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-3-7](#); adopted Apr 21, 2010: [20100505-IR-550100241ONA](#); errata filed Jun 2, 2010, 3:01 p.m.: [20100616-IR-550100241ACA](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#)) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-3-6.5](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-3-7](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 15. [35 IAC 14-4-4](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-4-4](#) Member designation of beneficiaries

Authority: [IC 5-10.4](#); [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-7.5](#); [IC 5-10.2-3-10](#); [IC 5-10.4-4-10](#)

Sec. 4. (a) "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 may designate more than one (1) primary beneficiary to receive the balance of their defined contribution account (ASA or RSA). Members may also designate more than one (1) contingent beneficiary.

(c) The primary beneficiary or contingent beneficiary designated by the member shall be:

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

(d) If multiple persons are designated the following shall apply:

- (1) The member shall indicate the percentage in whole numbers (no decimals or fractions) of total benefits each person is to receive.
- (2) If percentages are not indicated or not indicated in whole numbers, payments will be disbursed as nearly equally to the named beneficiaries with the first designated beneficiary listed receiving an additional percentage amount in order to distribute in whole percentages. For example: Mona has fifty thousand dollars (\$50,000) in her ASA (defined contribution account) when she dies. Mona designated three (3) primary beneficiaries without assigning a whole percentage number of the total benefit for each to receive. The first listed beneficiary would receive thirty-four percent (34%) and the remaining two (2) beneficiaries would receive thirty-three percent (33%) each.
- (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) Subject to subdivision (2), ~~of this rule~~, 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 nearly equal to the percentage allotted them by the member.

(5) So long as a primary beneficiary survives the member, a designated contingent beneficiary is not entitled to a share of the benefit unless the primary beneficiary disclaims the benefit.

(6) INPRS shall not accept per stirpes beneficiary designations.

(e) A new member shall designate, by name, primary and secondary beneficiaries to receive the assets present in the annuity savings account designated by whole number percentage increments on the occasion of the member's death prior to retirement, less any classroom disability benefits paid.

(f) A member may name a trust, the member's estate, or other legal entity as the beneficiary of the member's annuity savings account (ASA) or rollover account (RSA).

(g) The designated beneficiary's right to a benefit vests upon the death of the member in the designated beneficiary on file with the fund. A change of beneficiary designation must be made in 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 designation received after the time of death of the member is not valid. A written beneficiary designation for the ASA or RSA must be signed by the member. 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.

(h) A member's RSA shall be combined and distributed according to the member's beneficiary designation for the defined contribution account (ASA). A defined contribution account and RSA may not have separate beneficiaries. (*Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-4-4](#); filed Oct 5, 1992, 5:00 p.m.: 16 IR 707; readopted filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; adopted Mar 27, 2007: [20070404-IR-550070200ONA](#); adopted Apr 21, 2010: [20100505-IR-550100241ONA](#); adopted Nov 19, 2010: [20101208-IR-550100723ONA](#); adopted Apr 29, 2011: [20110511-IR-550110274ONA](#); adopted Feb 17, 2012: [20120222-IR-035120095ONA](#); adopted Apr 26, 2013: [20130508-IR-035130167ONA](#); errata filed Jan 16, 2018, 3:12 p.m.: [20180124-IR-035180061ACA](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#))* NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-4-5](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-4-4](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 16. [35 IAC 14-5-12](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 14-5-12](#) Service credit determinations

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

Affected: [IC 5-10.4-5-17](#)

Sec. 12. A member who:

(1) receives a service credit determination from INPRS that incorrectly states the member's vested status; and

(2) subsequently relies on that determination during the member's decision to resign his or her position;

may be eligible for vested status, if that member's retirement application is denied. Such cases shall be evaluated on a case by case basis and whether vested status is granted depends on the unique facts for each member's situation. Any service credit granted shall be used for pension eligibility purposes only and shall not be used in the calculation of a benefit. (*Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-5-12](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#)*)

SECTION 17. [35 IAC 14-9-6.5](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-9-6.5](#) Disability alternatives

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

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

Sec. 6.5. (a) A member who is eligible for early retirement and who has on file with the fund a copy of application to Social Security for Social Security disability benefits may file for early retirement and retain his or her right to disability benefits. Under such circumstances, when the member notifies the fund that he or she

qualifies for Social Security disability benefits, early retirement benefits shall cease and disability benefits shall begin.

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

~~(c) A member, including a state employee receiving state sponsored long term disability benefits, may not receive a distribution of the member's ASA under subsection (a) or (b) until the member separates from covered service or the Social Security Administration determines that the member has become disabled and the member has applied for disability benefits. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-9-6.5](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#); adopted Feb 22, 2019: [20190227-IR-035190137ONA](#))~~

DATED: February 22, 2019

Bret Swanson, Chairman
INPRS Board of Trustees
Indiana Public Retirement System

Resolution adopted by 7 affirmative, 0 negative votes.

Posted: 02/27/2019 by Legislative Services Agency
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