

# ARTICLE 1.3. PUBLIC EMPLOYEES' RETIREMENT FUND—DEFINED CONTRIBUTION PROGRAM

## Rule 1. General Provisions

### 35 IAC 1.3-1-1 Administration

Authority: IC 5-10.3-12-18; IC 5-10.5-4-2

Affected: IC 5-10.3-12

Sec. 1. (a) The public employees' defined contribution plan, created under IC 5-10.3-12 (hereinafter referred to as the plan) shall be administered by the INPRS board of trustees of the Indiana public retirement system (hereinafter referred to as the INPRS board). The plan is a component of the public employees' retirement fund under the administration of the INPRS board.

(b) The executive director of the fund shall have the same duties and authority over the plan as apply to the fund under 35 IAC 1.2-1-2.

(c) The INPRS board shall have the same duties and authority over the plan as apply to the fund under 35 IAC 1.2-1-3.

(d) Pursuant to IC 5-10.3-12-7, the INPRS board shall implement this article the first day of the month that is six (6) months after the month in which the Internal Revenue Service issues an approval of the plan. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-1-1; adopted Sep 16, 2011: 20110928-IR-035110564ONA*)

## Rule 2. Definitions

### 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 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*)

## Rule 3. Years of Participation

**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 subdivision 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; errata filed Jan 16, 2018, 3:12 p.m.: 20180124-IR-035180061ACA*)

**35 IAC 1.3-3-2 Leave of absence**

Authority: IC 5-10.3-7-8; IC 5-10.5-4-2

Affected: IC 5-10.2; IC 5-10.3-7-6; IC 5-10.3-12

Sec. 2. (a) As used in this section, "FMLA" refers to the Family and Medical Leave Act (29 U.S.C. 2601 et seq.) and all applicable regulations and amendments.

(b) This section shall be administered in a manner consistent with the FMLA.

(c) Except as otherwise required by the FMLA, a member shall be entitled to years of participation credit for vesting purposes under the plan if a copy of the grant of the leave of absence is filed with PERF within ninety (90) days from the date the leave was authorized by the employer.

(d) If the member is compensated while on an FMLA-covered leave, the statutory contributions must be maintained. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-3-2; adopted Sep 16, 2011: 20110928-IR-035110564ONA*)

**35 IAC 1.3-3-3 Reinstatement**

Authority: IC 5-10.5-4-2

Affected: IC 5-10.2; IC 5-10.3-12

Sec. 3. A member whose service is involuntarily terminated and who is later reinstated as a result of a court determination and order or administrative final determination and order may be eligible for employer and employee contributions as provided in the court determination and order or administrative final determination and order. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-3-3; adopted Sep 16, 2011: 20110928-IR-035110564ONA*)

**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 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*)

**35 IAC 1.3-3-5 Unused sick leave**

Authority: IC 5-10.3-12-18; IC 5-10.5-4

Affected: IC 5-10.3-12

Sec. 5. No years of participation credit shall be given after a member's last physical day at work for unused sick, vacation, or personal leave time that may or may not be paid to the member, the member's beneficiary, or estate. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-3-5; adopted Sep 16, 2011: 20110928-IR-035110564ONA*)

**Rule 4. Members of the Plan**

**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 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*)

**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 on file with INPRS.

(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. If an employer requires all new employees to become members of the fund, the employee becomes a member of the fund regardless of the member's service or participation history.

(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. If an employer requires all new employees to become members of the plan, the employee becomes a member of the plan regardless of the member's service or participation history.

(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. If an employer offers new employees a choice between fund or plan membership, the employee may choose membership in either the fund or the plan, regardless of the employee's PERF service or participation history. The employee's choice is irrevocable. Once an employee makes a decision between the fund or the plan with a specific employer, that employee will not receive another choice if later reemployed with that specific employer.

(e) An employer may require all new employees without prior PERF service or participation to enter into only either the fund or plan. The same employer may allow new employees with prior PERF service or years of participation a choice between plan and fund membership.

(f) A previous PERF covered state employee rehired by the state who did not have a previous opportunity to elect plan participation with the state may make the irrevocable election to participate in the plan under same terms and conditions as a newly hired first-time PERF covered state employee.

(g) Employers may designate whether employees who are retired from the fund may be enrolled in the plan. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-4-2; adopted Sep 11, 2015; 20150923-IR-035150302ONA; adopted Nov 4, 2016; 20161116-IR-035160500ONA*)

### **35 IAC 1.3-4-3 Participation credit 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

Sec. 3. (a) A new employing unit joining the plan may give participation credit for previous service earned by a participant with the employer prior to joining the plan at the employer's discretion as expressed in the employer's plan participation ordinance or resolution. For example: Jeff has three (3) years of service with an employer prior to the employer electing to participate in the plan; Mary is a new employee of the employer. The employer may elect to give up to three (3) years of participation service in the plan for Jeff, but zero (0) years of previous participation service for Mary. Each employee participant will earn additional participation service with the employer going forward.

(b) An employer may not immediately vest a participant in the plan except as provided by this article and IC 5-10.3-12.

(c) No employer or employee contributions are required for vesting purposes for previous employee service.

(d) An employee cannot become a member of the plan except as provided in IC 5-10.3-12. (*Board of Trustees of the Indiana Public Retirement System 35 IAC 1.3-4-3; adopted Sep 14, 2018; 20180919-IR-035180399ONA*)

## **Rule 5. Member Accounts and Investment**

### **35 IAC 1.3-5-1 Member accounts**

Authority: IC 5-10.3-12-18; IC 5-10.5-4-2

Affected: IC 5-10.2-3-10; IC 5-10.3-12

Sec. 1. (a) Each member in the plan will have an account that includes the following subaccounts:

(1) A "member contribution subaccount" as defined in IC 5-10.3-12-13.

(2) An "employer contribution subaccount" as defined in IC 5-10.3-12-9.

(b) To the extent a member has made rollover contributions to the plan, a "rollover account" as defined in IC 5-10.3-12-22 and IC 5-10.3-12-29 will be maintained on behalf of the member as a separate subaccount within the member's account. Unless a member with a rollover account as defined within IC 5-10.2-3-10 rolls over the account into a rollover account under this rule, and as defined within IC 5-10.3-12, rollovers are to be maintained in separate subaccounts.

(c) The accounts will be held and invested in the annuity savings account, subject to the provisions of IC 5-10.3-12 and this

title, and the plan shall be a component of the fund. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-5-1; adopted Sep 16, 2011: 20110928-IR-035110564ONA; adopted Dec 14, 2012: 20121226-IR-035120663ONA*)

## **Rule 6. Retirement and Disability Benefits**

### **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*)

### **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 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*)

### **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 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 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 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 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 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*)

**35 IAC 1.3-6-3.1 Disability benefits effect of return to work or reemployment**

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. 3.1. (a) If a member of the plan separates from employment with the state and later returns to state employment in a position covered by the plan, the member is entitled to receive credit for the member's years of participation in the plan before the member's separation. However, any amounts forfeited by the member under section IC 5-10.3-12-25(e) or these rules may not be restored to the member's account.

(b) When a disabled member of the plan receiving a disability annuity under IC 5-10.3-12-30 and these rules returns to active duty state employment in a position covered by the plan, the member is entitled to continue receiving the disability annuity and the member is entitled to receive credit for the member's years of participation in the plan before the member's separation. However, any amounts forfeited by the member under section IC 5-10.3-12-25(e) or these rules may not be restored to the member's account.

(c) If a member receiving state long-term disability benefits returns to active duty state employment in a position covered by the plan prior to exhausting state long-term disability benefits, the member's benefit will not be recalculated upon termination of the state long-term disability benefits. No additional distribution shall be made except as otherwise provided by law and these rules. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-6-3.1; adopted Dec 14, 2012: 20121226-IR-035120663ONA*)

**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 receiving salary, worker's compensation benefits, employer-provided income protection benefits, or on leave under the Family and Medical Leave Act on the date the Social Security Administration determines the member becomes disabled.

(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*)

**35 IAC 1.3-6-4.1 State long-term disability benefits**

Authority: IC 5-10.3-12-18; IC 5-10.5-4-2

Affected: IC 5-10-8-7; IC 5-10.3-12

Sec. 4.1. "State long-term disability benefits" means any benefits paid to a member who is a state employee under a disability plan established under IC 5-10-8-7. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-6-4.1; adopted Dec 14, 2012: 20121226-IR-035120663ONA*)

**35 IAC 1.3-6-5 Military service and death in service; compliance with the Uniformed Services Employment and Reemployment Rights Act and the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART)**

Authority: IC 5-10.5-4-2; IC 5-10.3-12-18

Affected: IC 5-10.3-12

Sec. 5. The provisions of 35 IAC 1.2-3-10 and 35 IAC 1.2-5-9.1, as applicable to the annuity savings account, shall apply to this plan. *(Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-6-5; adopted Sep 16, 2011: 20110928-IR-035110564ONA)*

**35 IAC 1.3-6-6 De minimis accounts**

Authority: IC 5-10.3-12-18; IC 5-10.5-4-2

Affected: IC 5-10.3-1

Sec. 6. The provisions of 35 IAC 1.2-5-12.2 shall apply to the plan. *(Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-6-6; adopted Sep 16, 2011: 20110928-IR-035110564ONA)*

**35 IAC 1.3-6-7 Beneficiary designation**

Authority: IC 5-10.3-12-18; IC 5-10.5-4-2

Affected: IC 5-10.3-12

Sec. 7. The provisions of 35 IAC 1.2-5-13, 35 IAC 1.2-5-14, and 35 IAC 1.2-5-15 shall apply to the plan. *(Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-6-7; adopted Sep 16, 2011: 20110928-IR-035110564ONA)*

**35 IAC 1.3-6-8 Birth date; proof required**

Authority: IC 5-10.3-12-18; IC 5-10.5-4-2

Affected: IC 5-10.3-12

Sec. 8. The provisions of 35 IAC 1.2-5-17 shall apply to the plan. *(Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-6-8; adopted Sep 16, 2011: 20110928-IR-035110564ONA)*

**35 IAC 1.3-6-9 Minors and other incompetent persons**

Authority: IC 5-10.3-12-18; IC 5-10.5-4-2

Affected: IC 5-10.3-12

Sec. 9. The provisions of 35 IAC 1.2-5-18 shall apply to the plan. *(Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-6-9; adopted Sep 16, 2011: 20110928-IR-035110564ONA)*

**35 IAC 1.3-6-10 Unclaimed ASA assets within dormant accounts**

Authority: IC 5-10.3-12-18; IC 5-10.5-4-2

Affected: IC 5-10.3-12

Sec. 10. (a) Whenever a vested member's account has received no contributions for a period of twenty (20) years and it has been determined by INPRS that the member is otherwise age and service eligible to receive a benefit, the fund may conduct an investigation to locate the member.

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

(c) If the member or the member's beneficiary is not located after an investigation to locate the member, the monies in the member's ASA shall remain in the member's account until the member or the member's beneficiary claims the monies or there are insufficient assets in the account to pay the administrative costs of the account, at such time the account will be closed. *(Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-6-10; adopted Sep 16, 2011: 20110928-IR-035110564ONA; adopted Sep 14, 2018: 20180919-IR-035180399ONA)*

**35 IAC 1.3-6-11 Stale checks**

Authority: IC 5-10.3-12-18; IC 5-10.5-4-2

Affected: IC 5-10.3-12

Sec. 11. The provisions of 35 IAC 1.2-5-23 shall apply to the plan. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-6-11; adopted Sep 16, 2011: 20110928-IR-035110564ONA*)

**35 IAC 1.3-6-12 Required minimum distributions**

Authority: IC 5-10.3-12-18; IC 5-10.5-4-2

Affected: IC 5-10.3-12

Sec. 12. The provisions of 35 IAC 13, as applied to the annuity savings account, shall apply to this plan. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-6-12; adopted Sep 16, 2011: 20110928-IR-035110564ONA*)

**Rule 7. Miscellaneous**

**35 IAC 1.3-7-1 Deductions for health insurance and taxes; minimum amount**

Authority: IC 5-10.3-12-18; IC 5-10.5-4-2

Affected: IC 5-10.3-12

Sec. 1. The provisions of 35 IAC 1.2-6-4 shall apply to the plan. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-7-1; adopted Sep 16, 2011: 20110928-IR-035110564ONA*)

**35 IAC 1.3-7-2 Adjustments**

Authority: IC 5-10.3-12-18; IC 5-10.5-4-2

Affected: IC 5-10.3-12

Sec. 2. The provisions of 35 IAC 1.2-6-5.5 shall apply to the plan. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-7-2; adopted Sep 16, 2011: 20110928-IR-035110564ONA*)

**35 IAC 1.3-7-3 Refund of contributions**

Authority: IC 5-10.5-4-2

Affected: IC 5-10.2; IC 5-10.3

Sec. 3. The provisions of 35 IAC 1.2-6-6 shall apply to the plan. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-7-3; adopted Sep 16, 2011: 20110928-IR-035110564ONA*)

**35 IAC 1.3-7-4 Annuity savings account contributions received by PERF subsequent to processing of retirement benefit**

Authority: IC 5-10.5-4-2

Affected: IC 5-10.2-4-2

Sec. 4. (a) Notwithstanding a member's election to receive an annuity provided by the amounts credited to the member's annuity savings account at retirement, annuity savings account contributions totaling not more than one thousand dollars (\$1,000) posted to a member's account 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. Once the annuity savings account is moved into a fixed value account in contemplation of retirement, the election cannot be changed. In addition, any annuity savings account contributions posted to a member's account subsequent to payment of the first annuity check shall be held in an account valued at



the PERF Money Market rate, until such time as that amount is distributed to the member. If the member cancels the retirement process, the member's account will be moved into the Money Market Fund until a new election is made by the member.

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

(1) terminates service in a covered position; and

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

is entitled to withdraw amounts in the member's account to the extent the member is vested in the account. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-7-4; adopted Sep 16, 2011: 20110928-IR-035110564ONA; adopted Dec 14, 2012: 20121226-IR-035120663ONA; adopted Jun 20, 2014: 20140820-IR-035140335ONA*)

### **35 IAC 1.3-7-5 Direct deposit of benefits**

Authority: IC 5-10.3-12-18; IC 5-10.5-4-2

Affected: IC 5-10.3-12

Sec. 5. The provisions of 35 IAC 1.2-6-9 shall apply to this plan. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-7-5; adopted Sep 16, 2011: 20110928-IR-035110564ONA*)

### **35 IAC 1.3-7-6 Withholding of payments**

Authority: IC 5-10.3-12-18; IC 5-10.5-4-2

Affected: IC 5-10.3-12

Sec. 6. The provisions of 35 IAC 1.2-6-10 shall apply to this plan. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-7-6; adopted Sep 16, 2011: 20110928-IR-035110564ONA*)

### **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; IC 5-10.3-12-32

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.

(5) Whether the employer will allow a member retired from the fund to enroll in the plan, in accordance with IC 5-10.3-12-32.

(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 participating in the plan or fund. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-7-7; adopted Sep 11, 2015: 20150923-IR-035150302ONA; adopted Nov 4, 2016: 20161116-IR-035160500ONA*)

**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, if the participating entity never participated in 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) Participating entities described in subsection (c) or (d) may, at a later date, allow new employees to elect fund membership. Such participating entities are not required to pay the supplemental contribution. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-7-8; adopted Sep 11, 2015: 20150923-IR-035150302ONA; adopted Nov 4, 2016: 20161116-IR-035160500ONA*)

**Rule 8. Administrative Proceedings**

**35 IAC 1.3-8-1 Administrative orders; proceedings; reviews**

Authority: IC 5-10.3-12-18; IC 5-10.5-4-2

Affected: IC 4-21.5; IC 5-10.3-12

Sec. 1. All administrative orders, proceedings, and reviews shall be made pursuant to IC 4-21.5 and 35 IAC 1.2-7. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-8-1; adopted Sep 16, 2011: 20110928-IR-035110564ONA*)

**Rule 9. Annual Compensation Limit**

**35 IAC 1.3-9-1 Annual compensation limit**

Authority: IC 5-10.3-12-18; IC 5-10.5-4-2

Affected: IC 5-10.3-12

Sec. 1. The provisions of 35 IAC 12, as applied to the annuity savings account, shall apply to this plan. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 1.3-9-1; adopted Sep 16, 2011: 20110928-IR-035110564ONA*)

**Rule 10. Assumptions**

**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 six and seventy-five hundredths percent (6.75%) interest rate and 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*

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*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)*

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