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# Indiana Public Employees' Retirement Fund

About PERF  
&  
Your Potential Benefit



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## About PERF

- Approximately 220,000 Members
- 80,000 Benefit Recipients
- Six plans:

PERF	'77 Police & Fire
Judges	Prosecuting Attorneys
Legislators	Excise Police, Gaming Agents, Conservation Officers
- Greater than 90% of Members in PERF Plan
- Approximately 1,200 Employers, including:
  - Cities, Towns, Counties, Schools, Universities, State of Indiana



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## About PERF

### Economic Impact of PERF Payments

- In FY 2008 PERF payments in the state totaled \$465,820,128.
- Payments generated a total increase in state domestic product of \$902,247,000.
- The corresponding employment effect is estimated to be 11,290.
- These are jobs that PERF benefit payments support year after year in the state.



Date: 5/19/2010

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## About PERF Improved Performance



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## About PERF Improved Performance

- 2009 year-end assets of \$14.2 billion
- Among the better-funded public retirement systems in the nation, 93.5%
- Investment performance recognized among the best in nation.
- Retirements: 99% on time



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## About PERF Benefits Structure

Benefits available to eligible members:

1. Disability Benefits
2. Survivor Benefits
3. Retirement Benefits



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# PERF Benefits

## Disability Benefits

- Member who has 5 or more years of creditable service under PERF
- Deemed disabled by the Social Security Administration while on payroll

## Survivor Benefits before Retirement

- Surviving spouse or dependent child may be entitled to this benefit if member dies in service *or* has left service, while eligible to receive a benefit but has not yet applied for benefits.
- Member's age – under 65 – must have at least 15 years of creditable service
- Member's age – 65 or older – must have at least 10 years of creditable service.



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# PERF Retirement Benefits Structure

## Defined Benefit (Pension)



## Annuity Savings Account (ASA)



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# Your Annuity Savings Account

- State law requires that a contribution of 3% of your gross wages be made to your ASA
  - This may be paid by the employee or the employer (employer decides)
- Voluntary employee contributions available (if your employer participates)
  - Up to 10% in addition to the mandatory 3% contribs.
  - Post- or pre-tax basis
- Immediately vested
- No loan provision or hardship withdrawals available



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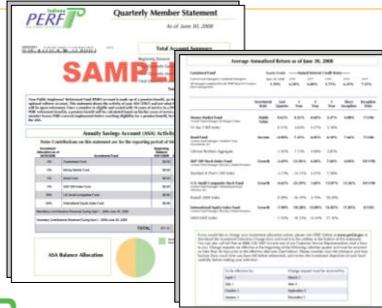
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## Your Annuity Savings Account

Annuity Savings Account Quarterly Statement



Your goals ... our commitment. • www.perfp.in.gov

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## Defined Benefit (Pension) Characteristics

- Employer paid contributions.
- Employer contributions are not held in an individual account.
- The formula used to calculate Pension benefits is the same no matter which employer you work for.
- Amount is determined by age, salary, length of service and retirement option chosen.
- Monthly benefit payment to eligible members for their lifetime.
- Members must meet eligibility requirements for this benefit.



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## Normal (unreduced) Retirement Eligibility

1. Age **65** with **10** or more years of creditable service;
2. Age **60** with **15** or more years of creditable service;
3. **Rule of 85:** Minimum age 55, age plus years of service must equal 85 or more.  
For example: age 55+30 yrs= 85; or age 58+29 yrs= 87.



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## Early Retirement with a Reduced Pension

1. A member who has **15** or more years of creditable service, **and**,
2. is between the ages of **50** and **59** can retire with a reduced pension...

Retirement Age	Percentage of Pension
50	44%
59	89%

(Percentage increases 5% per year between ages 50-59)

Please note that if you choose to take early retirement, your pension benefits will remain at a reduced level even after you reach 60 years of age.



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## Collect Retirement Benefits While Continuing to Work

1. **Millie Morgan:** Minimum age 70 with 20 or more years of creditable service (while working in a PERF-covered position);
2. **Elected officials:** Minimum age 55 with 20 or more years of creditable service (while serving in their elected position). If the member is younger than age 60, a reduced benefit would apply.



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## Defined Benefit Formula

The monthly Pension formula is defined by state law...

**(Final Average Salary x Creditable Service x 1.1%) divided by 12**

Examples

$(\$30,000 \times 20 \text{ yrs} \times .011) / 12 = \$550/\text{month}$  (before taxes)

$(\$30,000 \times 25 \text{ yrs} \times .011) / 12 = \$688/\text{Month}$  (before taxes)



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## Final Average Salary

x Creditable Service x 1.1%

- Five year salary average
- 20 highest quarters in groups of 4 consecutive quarters over your entire PERF career

**Note:** Phasing into retirement by working at a lower paying job will not impact your pension benefit.



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## Additional Creditable Service

### Earned Service:

- Teaching service
- Military service leave
- Paid leave
- Unpaid leave

### Purchased Service:

- Out of state service
- Prior military service
- Additional 1 year for every 5 actual years (available to vested members only).

**Note:** Any service previously lost, in taking an ASA distribution prior to retiring from a PERF covered position, is automatically reinstated six months after taking another PERF position.



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## Coming Soon to Your PERF Plan

Powerful new online tools for planning your retirement



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## Improvements in Service

Coming in August

Feature	Old	New
Value of my ASA account	Updated quarterly	Updated daily
Change investment options	Quarterly	Daily
Investment options	6	8
Target date funds	No	Yes
Guaranteed Fund	Yes	Yes



## Investment Option Changes

Retirement Investing Made Simple

### PERF Funds

Fund Facts	Fund Facts																		
Seeing Docs   PERF Statement	Seeing Docs   PERF Statement																		
<table border="1"> <thead> <tr> <th>Current Funds</th> </tr> </thead> <tbody> <tr><td>Guaranteed Fund</td></tr> <tr><td>Money Market Fund</td></tr> <tr><td>S&amp;P 500 Stock Index Fund</td></tr> <tr><td>U.S. Small Companies Stock Fund</td></tr> <tr><td>International Equity Index Fund</td></tr> <tr><td>Board Fund</td></tr> <tr><td>No current, comparable fund</td></tr> <tr><td>No current, comparable fund</td></tr> </tbody> </table>	Current Funds	Guaranteed Fund	Money Market Fund	S&P 500 Stock Index Fund	U.S. Small Companies Stock Fund	International Equity Index Fund	Board Fund	No current, comparable fund	No current, comparable fund	<table border="1"> <thead> <tr> <th>New, Comparable Funds</th> </tr> </thead> <tbody> <tr><td>Guaranteed Fund (retains the name)</td></tr> <tr><td>Money Market Fund (retains the name)</td></tr> <tr><td>Large Cap Equity Index Fund</td></tr> <tr><td>Diversified Cap Equity Fund</td></tr> <tr><td>International Equity Fund</td></tr> <tr><td>Fund Income Fund</td></tr> <tr><td>Inflation-Linked Fund Income Fund</td></tr> <tr><td>Target Date Funds</td></tr> </tbody> </table>	New, Comparable Funds	Guaranteed Fund (retains the name)	Money Market Fund (retains the name)	Large Cap Equity Index Fund	Diversified Cap Equity Fund	International Equity Fund	Fund Income Fund	Inflation-Linked Fund Income Fund	Target Date Funds
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## Target Date Funds

Retirement Investing Made Simple

- You don't have to be an expert.
  - Target date funds do asset allocation for you.
    - Pick the year you expect to retire.
    - Pick a fund date nearest to your planned retirement.
    - Your Target date fund will periodically reallocate your assets based on a long-term investment strategy.
      - More aggressive early in your career and becomes more conservative in your late-career years.



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# Improvements in Service

## Key Dates

Activity	Date
Open Enrollment	July 7-21
Temporary Blackout	July 22 - August 1
New Online Service Live	August 2

- Investment selection:
  - Do nothing and your options will map over
  - Or ... go online and select from the new options
  - Or ... change options via the Call Center
  - Members will be mailed more information in May and June



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# Employer Reporting & Maintenance (ERM)



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# Why ERM?

- Most positive customer experience:
  - Transition to daily valuation for members; increased transparency
  - Provides employers with more insight and a better tool
  - Reduces the amount of data requests on the back-end
  - Increases the overall accuracy and timeliness of the benefit process
- Better balance of cost and efficiency:
  - Eliminates/minimizes manual processing of transactions
  - Allows for easier management of exceptions
- Compliance:
  - Helps employers/PERF/TRF avoid potential non-compliance by providing real-time errors and warnings with appropriate means for resolution
  - Creates the foundation for a more secure, easily auditable, control environment



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## More about ERM

- Rejected/suspended accounts will be the responsibility of the employer to resolve prior to submission/payment.

*Examples of possible suspensions:*

- Member not found (not enrolled); requires employer to enroll via ERM
- Contribution amount(s) submitted is not correct; requires change in amount submitted or a change to the data causing the suspension
- Employers will be required to submit payments online (ACH) for the members that have successfully passed all validations with no suspensions.
- Employers will also be required to enroll new members and report terminations/leaves through ERM.
  - Failure to do so may cause unwanted suspensions to occur in ERM.



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## ERM Project Update

- What's happened so far?
  - “Employer Advisory Groups” conducted throughout the year in 2009
  - Requirements finalized in November 2009
  - Detailed design work started in December 2009
  - Initial development work started in February 2010



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## ERM Project Update (cont.)

- What's going on now?
  - Development continuing
    - Initial development work being reviewed by PERF/TRF
  - Sample data being converted
  - Last design elements being finalized
  - Finalizing plans for conversion of historical W&C
  - Finalizing detailed project timeline with important milestones



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## ERM Project Update

- What's next?
  - Continue development work (*through year end*)
  - Finalize testing plans/schedule (SIT, UAT & Pilot) in May 2010
  - Finalize plans/schedule for rollout and training in June 2010
  - Estimated “Go-Live” date: **July 2011**



## Questions?

About PERF  
or  
Your Potential Benefit

Customer Service 888-526-1687



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