

# 1977 POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT FUND

## MEMBER HANDBOOK



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## 1.1 Administration of System and Funds

Indiana Public Retirement System (INPRS) administers 16 funds (eight defined benefit (DB), five defined contribution (DC), two other post-employment benefit, and one custodial). In accordance with [Indiana Code \(IC\) 5-10.5-2-3](#), INPRS is governed by a nine-member Board of Trustees, appointed by the Governor. INPRS combined membership totals over 500,000 members representing more than 1,250 participating employers including public universities, school corporations, municipalities, and state agencies.

INPRS administers and manages the following plans:

- Public Employees' Defined Benefit Account (PERF DB)
- Teachers' Pre-1996 Defined Benefit Account (TRF Pre-'96 DB)
- Teachers' 1996 Defined Benefit Account (TRF '96 DB)
- 1977 Police Officers' and Firefighters' Retirement Fund ('77 Fund)
- Judges' Retirement System (JRS)
- Excise, Gaming and Conservation Officers' Retirement Fund (EG&C)
- Prosecuting Attorney's Retirement Fund (PARF)
- Legislators' Defined Benefit Fund (LE DB)

### 5 Defined Contribution Funds (DC Funds)

- Public Employees' Defined Contribution Account (PERF DC)
- My Choice: Retirement Savings Plan for Public Employees (PERF MC DC)
- Teachers' Defined Contribution Account (TRF DC)
- My Choice: Retirement Savings Plan for Teachers (TRF MC DC)
- Legislators' Defined Contribution Fund (LE DC)

### Other Postemployment Benefit (OPEB Fund)

- Special Death Benefit Fund (SDBF) - Effective July 1, 2017, the State Employees' Death Benefit Fund, Public Safety Officers' Benefit Fund, and the line of duty death benefit from the Local Public Safety Pension Relief Fund were merged to form the Special Death Benefit Fund. The SDBF provides a lump sum line of duty death benefit to surviving spouses, children, or parents of \$100,000 for state employees and \$225,000 for state public safety officers and eligible first responders of employers enrolled in the Hero's Honor program.
- Retirement Medical Benefits Account (RMBA) – RMBA is a health reimbursement account available to State of Indiana employees who have separated from service and are age and service eligible for a normal, unreduced, or disability retirement and PERF My Choice members who are of normal retirement age and service eligible. RMBA benefits are for the reimbursement of health insurance premiums.

#### Custodial (Custodial Fund)

- Local Public Safety Pension Relief Fund (LPSPR) – LPSPR is a fiduciary fund and is generally administered in accordance with [IC 5-10.3](#) and [IC 36-8](#). The purpose is to provide financial relief to pension funds maintained by units of local government for their police officers' and firefighters' retirement plan benefits.

For additional information about each fund visit the [Annual Reports](#) page of the INPRS website.

## 1.2 Board of Trustees

The Governor appoints the following Board members for INPRS pursuant to the following criteria:

- One trustee with experience in economics, finance, or investments;
- One trustee with experience in executive management or benefits administration;
- One trustee who is an active or retired member of the 1977 Fund;
- Two trustees who are TRF members with at least 10 years of creditable service;
- One trustee who is a PERF member with at least 10 years of creditable service;
- Director of the State Budget Agency, or designee;
- Auditor of State, or nominee;
- Treasurer of State, or nominee.

The executive director carries out the policies set by the Board and administers the Fund on a daily basis ([Indiana Code \(IC\) 5-10.5](#)).

## 1.3 Vision

Engaged members able to realize their retirement dreams

## 1.4 Mission

As fiduciaries, educate stakeholders, collect necessary contributions, and prudently manage member assets to deliver promised DB and DC benefits and services.

## 1.5 Principles

- **Integrity:** We hold ourselves accountable to the highest standards of ethical and professional behavior.
- **Stewardship:** We manage assets held in trust for current and future retirees. We are value oriented. We rigorously identify, measure, and manage risks.
- **Service:** We exist to serve our stakeholders with attentiveness to high quality, respectful customer service.
- **Trust:** We are our stakeholders' trusted source of reliable information.

- **Collaboration:** We seek out stakeholder input when establishing goals and setting priorities.

## 1.6 Indiana Code Governing the 1977 Fund

The laws and regulations governing the 1977 Fund may be found in Titles [IC 36-8-8](#), [IC 36-8-8.5](#), and [IC 36-8-5](#) of the Indiana Code (IC) and [Title 35 Article 2](#) of the Indiana Administrative Code (IAC).

**NOTE:** The content of this member handbook does not constitute legal advice, and nothing herein should be considered a legal opinion. In the event of a discrepancy between information in this member handbook and the laws of the state of Indiana, the applicable law shall apply.



## 2.1 Eligibility

Membership in the 1977 Fund is mandatory if:

- You are a full-time, fully paid police officer, or
- You are a full-time, fully paid firefighter (does not include volunteer firefighters),
- Your employer participates in the Fund, and
- You were hired or rehired after April 30, 1977.

However, to become a member of the 1977 Fund, a police officer or firefighter must:

- Pass the required statewide baseline test (physical examination), and the local board's mental examinations ([35-IAC 2-9](#))<sup>1</sup>, and
- Firefighters must be less than 36 years of age, and Police officers must be less than 40 years of age, or
- Be a veteran with 20 years of armed forces service with a maximum age of 40 years and 6 months<sup>2</sup>.

<sup>1</sup> Your department may conduct more physical agility or mental exams. If you are a public safety officer performing the duties of a police officer and firefighter for a single employer, you are covered in the Fund. You must meet the baseline requirements.

<sup>2</sup> For a veteran, it is the employer's responsibility to ensure the applicant meets the service requirement by checking the DD Form 214 *Certificate of Release or Discharge from Active Duty* (DD214).

There are additional exceptions to the maximum age limit, including reappointments under [IC 36-8-4-7](#), transfers and reappointments under [35 IAC 2-5-4](#), and members of participating new units under [IC 36-8-8-3](#).

The enrollment application for the 1977 Fund is available on the [Police Officers' and Firefighters' Fund \(1977\) Fund\) Member Forms](#) page of the INPRS website.

**NOTE:** As of July 1, 2020, political subdivisions may adopt a resolution specifying members of the volunteer fire department are required to become members of PERF My Choice. Members of a volunteer fire department are not eligible for membership in the 1977 Fund. See the [PERF My Choice Plan Local Government Employees Member Handbook](#).

## 2.2 Ineligibility

Membership requirements for the 1977 Fund are very specific and are listed in [IC 36-8-8-7](#). Anyone who does not meet these requirements is not eligible for membership in the 1977 Fund.

## 2.3 Personal Information

Your name and address on file in INPRS' records is the primary contact information maintained by INPRS.



## Membership

You can report any change in demographic information by contacting the Member Advocate Team at 1-844-GO-INPRS (844-464-6777). For TDD call (800) 579-5708. Member Advocates are available weekdays (excluding weekends and state-designated holidays) from 8 a.m. to 8 p.m. ET, or by logging into your account at [myINPRSretirement.org](https://myINPRSretirement.org).

Your employer can report your name changes when reporting wage and contribution information.

You can update your beneficiary information by submitting the *Beneficiary Designation* form to the address provided on the form. For forms applicable to the 1977 Fund, visit the [Police Officers' and Firefighters' Fund \(1977 Fund\) Member Forms](#) page of the INPRS website.

**NOTE:** As long as you have assets with the Fund, it is critical that you keep INPRS informed of any changes to your name, addresses, or beneficiaries.



Cities are required to participate in the 1977 Fund according to [IC 36-8-8-3](#). Towns, townships, and fire protection districts may be eligible to join the Fund upon meeting specific criteria.

The employer and member must make contributions as specified in [IC 36-8-8-18](#) in order for prior service to be used in the member's 1977 Fund benefit.

### 3.1 Employer Contributions

Employer contributions are dedicated to benefit obligations for the Fund. These contributions do not fund individual member accounts.

Employers must make yearly contributions to the Fund. The employer contribution is 17.5 percent of the base salary which funds the retirement plan. The actuarial firm appointed and approved by the INPRS Board recommends this amount.

#### 3.1.1 Contribution Rate

Employers contribute at an actuarially determined rate which is evaluated annually and approved by the INPRS Board. This is a single flat rate which is charged to all employers. These contributions are made to fund the employer's pension obligations for members in the 1977 Fund. The amount is expressed as a percentage of the certified salary of a first-class patrolman or firefighter. The employer contribution rate is separate and distinct from the 6 percent mandatory member contributions. The 1977 Fund is a cost-sharing plan.

#### 3.1.2 Changes in Employer Contribution Rate

The employer contribution rate may change from year to year depending on the current benefit obligations of the 1977 Fund. Factors that may cause a change in rates may include, but are not limited to, investment returns, turnover, mortality experience, an increase in membership or wages, recent retirements, members reaching vesting status, and certification of prior creditable service for current or former members.

#### 3.1.3 Employer Coverage of Additional Positions

The coverage of additional positions in the 1977 Fund would require action by the Indiana General Assembly.

### 3.2 Member Contributions

You must contribute 6 percent of your base salary while employed in your covered position. The 6 percent comes out of your paycheck each pay period. Your employer may choose to "pick up," or pay, all or part of your contribution.

If your employer "picks up" your portion, you will not be taxed on the 6 percent at that time. You will pay taxes on the "picked up" amount only if you withdraw your member account balance. At retirement, you will recover tax basis for post-tax contributions by receiving non-taxable retirement benefits at a rate determined by IRS tables. See the [Income Tax Considerations](#) section of this member handbook for more information about taxation of benefits.

## Contributions

Member contributions go to fund the pension benefit you will receive. If you terminate service prior to being vested in a benefit, you will be eligible to take a distribution of your member contribution account. See [Section 6.2 Distributions](#). If you end service, die before vesting or if you are the survivor of a member, your account equals the value of your contributions plus interest valued the day before you apply for a distribution. In the event of your death, your account equals the value of your contributions on the date of your death plus contributions received after that date. Your account includes mandatory contributions, made by you or your employer, and the accrued interest.

**NOTE:** Per [IC 36-8-8-8\(a\)](#), you only submit member contributions for the lesser of 32 years or the number of years you are employed.

**NOTE:** The beneficiary/beneficiaries cannot be changed or assigned to your account on or after your date of death.

### 3.3 Annual Member Statement

You will receive an annual statement about the total in your account.

Your statement will be posted online. Log on to your account. To have a paper statement mailed to your home, log on to your member account, go to the **My Profile** link and select **Communications Preferences**.

### 3.4 Vested Status

You are vested in the 1977 Fund with 20 years of active service.



The most common form of service credit is service earned in a position covered by the 1977 Fund. Still, there are other methods used to obtain service credit, some without cost and some with costs associated.

### 4.1 Member Service Credit

Service credit refers to the period of time you accumulate through employment in a 1977 Fund-covered position as outlined in this section. Service credit is important in determining your qualification for retirement benefits. As a 1977 Fund member you earn one month of service credit for every full month worked and reported to INPRS.

**NOTE:** Per [IC 36-8-8-8\(a\)](#), you only contribute for 32 years, but the employers contribute for all years of employment.

#### 4.1.1 Service Credit – Partial Months

At the time of retirement, any partial months at the beginning and end of service may be combined to total an additional full month of service. Days of service for partial months are added together and a full month of service is awarded for each 30 days. There is a maximum of 32 years of service that you can earn.

### 4.2 Types of Service Credit

You may be able to add various types of service credit in order to enhance your Defined Benefit Retirement. You must have 20 years of completed service in the 1977 Fund before the additional service can be used in your retirement benefit.

To access the forms associated with purchasing service credit, visit the [Police Officers' and Firefighters Fund \(1977 Fund\) Member Forms](#) page of the INPRS website.

#### 4.2.1 New Unit Prior Service

If eligible, you or your employer may purchase service at the rate determined by [IC 36-8-8-18](#). You may purchase service if you qualify to join but an error or oversight by the local board or hiring authority delays your enrollment effective date. New unit service credit counts towards vesting. You will not be kept from joining the Fund if you are age eligible when you apply.

#### 4.2.2 Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) Eligibility

You may also be eligible for service credit if the provisions of [Uniformed Services Employment and Reemployment Rights Act of 1994 \(USERRA\)](#) cover your military service. Conditions for USERRA eligibility are that you must meet all of the following criteria that you have:

- Applied for or currently hold a civilian job
- Given written or verbal notice to the civilian employer prior to leaving the job for military training or service except when precluded by military necessity
- Not exceeded the 5-year limit on periods of service, subject to certain exceptions

- Been released from service under honorable conditions
- Reported back to the civilian job in a timely manner or submitted a timely application for re-employment

All member and employer contributions must be paid upon return to 1977 Fund-covered service for leaves if the contributions are picked up by the employer. If the employer does not pick up the contributions, the employee contributions are not required. USERRA service can be used towards the 20 years required for vesting. Ultimately, INPRS relies on the assertions and verifications made by the plan's participating employer. Military service credit guidelines are governed by [IC 36-8-5-7](#) in conjunction with federal USERRA laws.

**NOTE:** Pursuant to 35 IAC 2-1-2, "Interest" is required at a rate determined by the INPRS Board for any installment payments.

### 4.2.3 Military Service

You may purchase up to 2 years of military service credit, under certain conditions. Payment may be made in a lump sum or annual installments for a period not to exceed five years.

Active members who have earned service credit after June 30, 2009, and who have served in the United States Armed Services may be able to purchase up to two years of military service credit if you meet all of the following conditions:

- You have at least 1 year of service in the Fund.
- You served on active duty for at least 6 months.
- You received an honorable discharge.
- You make payments as required by [35 IAC 2-1-5](#).
- Your service was not eligible under USERRA or [IC 36-8-5-3](#), leave of absence for military service.

### 4.2.4 Family and Medical Leave Act (FMLA)

You may also receive credit for up to 12 weeks of leave taken during a 12-month period under [Family and Medical Leave Act \(FMLA\) \(29 USC 2601, et seq.\)](#). This service is used only for vesting and is not included in the Defined Benefit calculation.

## 4.3 Purchase Additional Service Credit

As a member of the 1977 Fund you may purchase, at full actuarial cost, prior service in other public retirement funds including PERF, TRF, EG&C Fund, the State Police Trust, and the Sheriffs' Pension Trust.

In order to purchase this service in the 1977 Fund, you must have the following:

- At least 1 year of active service in the 1977 Fund after June 30, 2010,
- Have achieved 20 years of total service,
- Not be vested in the other public retirement fund, and
- Have made payment as indicated in [35 IAC 2-1-5](#).

Payment may be made in a lump sum or annual installments for a period not to exceed 5 years.

You may purchase, at full actuarial cost, prior service in other public retirement funds including:

- Public Employees' Retirement Fund (PERF) Hybrid Fund
- Teachers' Retirement Fund (TRF) Hybrid Fund
- Excise, Gaming and Conservation Officers' Retirement Plan (EG&C)
- The State Police Trust
- A Sheriffs' Pension Trust

For information about eligibility requirements as a PERF or TRF member purchasing the service, see either the [PERF Hybrid Plan Member Handbook](#) or the [TRF Hybrid Plan Member Handbook](#), as applicable.

#### 4.3.1 Purchase Out-of-State Service Credit

You may purchase, at full actuarial cost, service earned in another state in a position for which the 1977 Fund would give credit, if the service was earned in Indiana.

In order to purchase out-of-state service in the 1977 Fund, you must have the following:

- At least 1 year of active service in the 1977 Fund,
- Have achieved 20 years of total service,
- Not be vested in the other public retirement fund, and
- Have made payment as indicated in [35 IAC 2-1-5](#).

The member's out-of-state employer must certify that prior service on the appropriate INPRS form, [Request to Purchase Out of State Service Credit \(State Form 53956\)](#).

Payment may be made in a lump sum or annual installments for a period not to exceed 5 years.

Out-of-state years that qualify you for retirement in another governmental retirement system or in any federal retirement system may not be granted by the 1977 Fund.

#### 4.3.2 Purchase In-State Service Credit

Effective July 1, 2018, you may purchase at full actuarial cost, service earned in the state of Indiana for a previous employer in a comparable position for which you would receive service credit in the 1977 Fund if the service had been performed for an employer that participates in the 1977 Fund.

In order to purchase this service in the 1977 Fund, you must have the following:

- At least one year of active service in the 1977 Fund,
- Have achieved 20 years of total service,
- Not be vested in the other public retirement fund, and
- Have made payment as indicated in [35 IAC 2-1-5](#).

Payment may be made in a lump sum or annual installments for a period not to exceed 5 years.

In-state years that qualify you for retirement in another governmental retirement system or in any federal retirement system may not be granted by the 1977 Fund.

### 4.3.3 Cost to Purchase Service Credit

The cost of purchased service credit is the product of:

- The salary of a first-class patrolman (police officer) or firefighter at the time you make a contribution for the service credit.
- A rate (determined by the actuary) based on your age when the contribution was made and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.
- Any accrued interest (at a rate determined by the actuary) for the period from your initial membership in the Fund to the date you made payment.

## 4.4 Transfer of Creditable Service from This Plan

If you are a non-vested police or fire chief who was a member of the 1977 Fund and you separate from employment, you may transfer 1977 Fund service to the PERF Hybrid Fund. You may also elect a refund of your contributions if you are not transferring service.

If you are a 1977 Fund member who separates prior to becoming vested and you employ in a PERF- or TRF-covered position, you may purchase the prior 1977 Fund service credit. The purchase must be made at full actuarial cost and INPRS may transfer funds from the 1977 Fund to PERF or TRF in order to fund the service purchase. The employer may opt to pay for all or part of the cost to purchase the service credit. For information about eligibility requirements as a PERF or TRF member purchasing the service, see the [PERF Hybrid Plan Member Handbook](#) or the [TRF Hybrid Plan Member Handbook](#), as applicable. Service credit is not available for the PERF My Choice: Retirement Savings Plan.

## 4.5 Reinstatement of Service (Service Buy Back)

If you have previously taken a refund of your 1977 Fund contributions and return to service in a position covered by the 1977 Fund, you may buy back the previously withdrawn service by paying to the Fund the amount of the distribution which was previously received plus interest at a rate determined by INPRS. This amount includes accrued interest and member contributions up to the time in which the distribution was taken. Once the service is restored, the service is used for vesting and retirement benefit calculation.



## Investment Options

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There are currently no investment options for members of the 1977 Fund. The credited interest rate for the 1977 Fund member accounts is set annually by the INPRS Board.





### 6.1 Withdrawals

If you separate from service in a 1977 Fund-covered position for a reason other than death or disability prior to completing 20 years of active service, you may apply for a distribution of your contributions plus interest at a rate specified by rule by the INPRS Board. See the *Distributions* section of this member handbook for details.

You also have the option to leave your contributions invested with the 1977 Fund. They can be withdrawn at any time. See the *Distributions* section of this member handbook for details and the *Income Tax Considerations* section for details about taxes that may be levied on early distributions.

### 6.2 Distributions

To request a distribution, you can log in to your online member account. You may also contact our Member Advocate Team at 1-844-GO-INPRS (844-464-6777).

You are not permitted to withdraw your member contributions if you have at least 20 years of service. You qualify for a reduced benefit at age 50. You qualify for an unreduced benefit at age 52. Your member contributions are used to fund your retirement benefit.

If you end your employment (other than by death or disability) before you complete 20 years of service, you may apply for a distribution of your member contributions plus earned interest. If you have at least 20 years of service and decide to end employment before you are age eligible for a retirement benefit, your member contributions will be held until you qualify for a benefit. If you end employment before you complete 20 years of service, you can withdraw your 6 percent member contributions and earned interest from the Fund. You may receive your distribution by:

- Direct payment to you, or
- Direct rollover.

Your interest rate is set at least yearly and as an active member you are credited at least yearly based on the prior fiscal year end balance.

### 6.3 Payment Options

You must choose how to receive distributions.

#### 6.3.1 Payment Directly to You (Indirect Rollover or Cash Withdrawal)

If you receive a distribution of your 6 percent contribution before age 55 and you do not roll it over, you may have to pay an early distribution tax penalty. The penalty equals 10 percent of the taxable portion. It is in addition to the regular income tax. Prior to receiving a distribution, INPRS is required to withhold 20 percent for federal taxes. You may also request that we withhold state and local taxes. For more information, contact the Member Advocate Team at 1-844-GO-INPRS (844-464-6777). For TDD call (800) 579-5708. Member Advocates are available weekdays (excluding weekends and state-designated holidays) from 8 a.m. to 8 p.m. ET. You may also e-mail your questions to [questions@inprs.in.gov](mailto:questions@inprs.in.gov).

### 6.3.2 Direct Rollover

A direct rollover is a direct payment of some or all of your 6 percent contributions to:

- a Traditional IRA, or
- an eligible employer plan (such as a 403(b)-tax sheltered annuity, a 457 deferred compensation plan), or
- a 401(a) qualified plan that will accept the rollover.

You can choose a direct rollover for all or a portion of your eligible distribution. You will not be taxed on your direct rollover until you withdraw the funds from the rollover account. There is no income tax withholding on the amount you roll over.

You will have 60 days to directly roll over your contribution to a traditional Individual Retirement Account (IRA) or an eligible employer plan that will accept rollovers, if not rolled over, it would be considered a taxable cash withdrawal. If you do not roll over your contribution in 60 days, the taxable portion will be subject to a 20 percent federal income tax withholding. The federal tax is mandatory, and a state and/or local tax may also apply. The distribution is taxed in the year you receive it.

To request a distribution, you can log in to your online member account or contact the Member Advocate Team at 1-844-GO-INPRS (844-464-6777). For TDD call (800) 579-5708. Member Advocates are available weekdays (excluding weekends and state-designated holidays) from 8 a.m. to 8 p.m. ET. You may also e-mail your questions to [questions@inprs.in.gov](mailto:questions@inprs.in.gov).

## 6.4 Loans

Loans from the 1977 Fund are not permitted.



## Beneficiaries (Survivors)

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Beneficiary refers to the person designated to receive all or part of your retirement benefits upon your death.

A survivor refers to the person who receives a survivor retirement benefit upon your death.

### 7.1 Designating Beneficiaries (Survivors)

Eligible dependents for members of the 1977 Fund are set by statute as designated in [IC 36-8-8-13.9](#) and [IC 36-8-8-14.1](#). However, you may designate one or more beneficiaries/survivors to receive the contributions if you die before receiving retirement benefits, without a spouse, dependent child, or dependent parent entitled to receive dependent survivor benefits. Contributions will be paid to your estate if no eligible dependents and no beneficiary(ies) are designated.

To access the forms associated with assigning or changing beneficiaries, visit the [Police Officers' and Firefighters' Fund \(1977\) Fund Member Forms](#) page of the INPRS website. Complete the appropriate form and submit it to the address provided on the form.

**NOTE:** As long as you have assets with the Fund, it is critical that you keep INPRS informed of any changes to your names, addresses, or beneficiaries. You can update your address by accessing your account at [myINPRSretirement.org](http://myINPRSretirement.org).



You are vested in the 1977 Fund with 20 years of active service.

If you are vested in the 1977 Fund you are eligible for a defined benefit retirement upon meeting age requirements.

The retirement benefit is calculated as 50 percent of the annual salary of a first-class police officer or firefighter in the year the member ended the member's active service plus 1 percent of that salary for each full 6 months of active service over 20 years to a maximum of 12 additional years. The salary of a first-class police officer or firefighter is certified annually (at a minimum) by each submission unit in the 1977 Fund.

The maximum annual benefit any member may earn is 74 percent of the annual salary of a first-class police officer or firefighter salary at the time of retirement, not considering any future cost of living adjustments (COLAs).

There are three types of benefits payable in the 1977 Fund, which are all funded by the employer-financed contribution and the employee mandatory contribution:

- Retirement Benefits
- Survivor Benefits
- Disability Benefits

**NOTE:** If you have less than 20 years of service in the 1977 Fund, and you separate from your 1977 Fund employer, you may leave your member account invested with the 1977 Fund. The account, if left, will accumulate interest up to 5 years.

### 8.1 First-Class Salary

The first-class salary is defined by state law as "salary of a first-class patrolman or first-class firefighter" means the highest non-promoted salary of a patrolman or firefighter plus all longevity increases, if provided by the employer, for:

1. service of not more than twenty (20) years; or
2. service of more than twenty (20) years but less than twenty-five (25) years if provided as a result of the meet and confer process under [IC 36-8-22](#).

It does not include remuneration or allowances for fringe benefits, incentive pay, holiday pay, insurance, clothing, automobiles, firearms, education, overtime, or compensatory time off.

Upon retirement, benefits are based on the first-class salary effective for your department in the year service ends. This first-class salary varies by submission unit and is certified annually to the 1977 Fund by the submission unit's governing board.

### 8.2 Retirement Eligibility

You qualify for retirement benefits if you:

- have at least 20 years of service credit in the Fund,
- are at least age 52 (for unreduced benefits) or 50 (for reduced benefits), and
- have retired from service and ended employment.

### 8.3 Retirement Ineligibility

You are ineligible for retirement if you have not met the qualifications outlined in the [Retirement Eligibility](#) section.

### 8.4 Retirement Effective Date

As a member of the 1977 Fund, you may select any date of the month for retirement provided retirement eligibility requirements are met.

### 8.5 Retirement Options

The retirement benefit is calculated as a percentage of the annual salary of a first-class patrolman or firefighter in the year you ended active service plus 1 percent of that salary for each full 6 months of active service over 20 years to a maximum of 12 additional years. The salary of a first-class patrolman or firefighter is certified annually by each employer in the 1977 Fund.

- For retirements on or before June 30, 2019, the maximum annual benefit you may earn is 74 percent of the annual salary of a first-class patrolman or fighter salary at the time of separation from service.
- For retirements on or after July 1, 2019, the maximum annual benefit you may earn is 76 percent of the annual salary of a first-class patrolman or fighter salary at the time of separation from service.

**NOTE:** The first-class salary is defined by State law as the “salary of a first class patrolman or first class firefighter” means the highest non-promoted salary of a patrolman or firefighter plus all longevity increases, if provided by the employer, for:

- (1) service of not more than twenty (20) years; or
- (2) service of more than twenty (20) years but less than twenty-five (25) years if provided as a result of the meet and confer process under IC 36-8-22;

It does not include remuneration or allowances for fringe benefits, incentive pay, holiday pay, insurance, clothing, automobiles, firearms, education, overtime, or compensatory time off. (IC 36-8-8-6.5, Sections 6.5 and 7 and IC 36-8-1-11)

Upon retirement, benefits are based on the first-class salary effective for your employer in the year service ends. This first-class salary varies by employer and is certified annually to the 1977 Fund by the employer’s governing board. Each fund member who qualifies for a retirement benefit payment under IC 8-8-10(c) of this chapter is entitled to receive a monthly benefit equal to fifty percent (50%) of the monthly salary of a first-class patrolman or firefighter in the year the member ended the member's active service. (IC 8-8-11(c).

[Table 1](#) outlines the available retirement options for the 1977 Fund.

**Table 1: Retirement Options**

Option	Age and Service Requirements*	Benefit Calculation
Regular Retirement with a Full (Unreduced) Benefit	You must have at least 20 years of service and be at least age 52.	<p>For retirement date 6/30/2019, or earlier, a retirement benefit equal to 50% of first-class salary + 1% for each 6 months of service over 20 years; total maximum benefits are 74% of first-class salary for retirees with 32 years or more of service.</p> <p>For retirement date 7/1/2019, or later, the retirement benefit is equal to 52% of the first-class salary + 1% for each 6 months of service over 20 years; total maximum benefits are 76% of first-class salary for retirees with 32 years or more of service.</p> <p>See the <a href="#">Regular Retirement with a Full (Unreduced) Benefit</a> section of this handbook for more details.</p>
Early Retirement with a Reduced Benefit	You must have at least 20 years of service and be at least age 50.	<p>Actuarially reduced benefit for each month prior to age 52.</p> <p>See the <a href="#">Early Retirement with a Reduced Benefit</a> section of this manual for details.</p>
Deferred Option Plan (DROP)	If you qualify, you may choose to retire under the terms of DROP.	<p>Lump sum or three annual installments = DROP frozen benefit x number of months in DROP + monthly retirement benefit.</p> <p>See the <a href="#">Deferred Retirement Option Plan (DROP)</a> section of this handbook for more details.</p>
Disability Retirement	<ul style="list-style-type: none"> <li>• No age or service requirements</li> <li>• Disability meets statutory requirements for line-of-duty or not in the line of duty</li> </ul>	See the <a href="#">Disability Retirement Benefit</a> section for more details.

\* You will not receive credit for earned and unused sick leave even if you received pay for the leave.

### 8.5.1 Regular Retirement with a Full (Unreduced) Benefit

You may retire with a full retirement at the age of 52 with 20 years of active service. After June 30, 2018, there is a mandatory retirement age of 70. If you qualify for an unreduced benefit, you will receive a monthly payment that equals at least 52 percent of the base salary (first-class salary) the year you leave active service.

If you earn more than 20 years of service, you will receive another 1 percent of the base salary for each six months of active service over 20 years. The most you can receive is 12 years (or a maximum 24 percent of the base salary).

If you retired prior to July 1, 2019, you are entitled to receive a monthly benefit equal to fifty percent (50%) of the monthly salary of a first-class patrolman or firefighter in the year you end your active service in addition to the additions based on service described above [IC 36-8-8-11\(d\)](#).

**Example**

If you retire on or before June 30, 2019, with 20 years of service, your benefit at retirement will be 50 percent of the base salary for your department. If you retire with 30 years of service, your benefit will be 70 percent of the base salary (1 percent every 6 months for an additional 10 years equals 20 percent). When you earn 32 years of service or more, your benefit at retirement will be 74 percent of the base salary of your department.

If you retire on or after July 1, 2019, and meet the qualifications described above, you will receive 52 percent of the base salary for the department. If you retire with 30 years of service, the benefit will be 72 percent of the base salary (1 percent every 6 months for an additional 10 years equals 20 percent). If you earn 32 years of service (the maximum) or more, the benefit at retirement will be 76 percent of the base salary of the department.

[Table 2](#) outlines the available retirement benefit percentages for years of service for the 1977 Fund.

**Table 2: Retirement Benefit Percentage for Years of Service**

Benefit Percentage for Retirement Date on or before June 30, 2019	Service Years rounded down to nearest full six months	Benefit Percentage for Retirement Date on or after July 1, 2019
50%	20 years <i>(or under 20 years for survivor or disability requirements)</i>	52%
51%	20 years and 6 months	53%
52%	21 years	54%
53%	21 years and 6 months	55%
54%	22 years	56%
55%	22 years and 6 months	57%
56%	23 years	58%
57%	23 years and 6 months	59%
58%	24 years	60%
59%	24 years and 6 months	61%
60%	25 years	62%
61%	25 years and 6 months	63%
62%	26 years	64%
63%	26 years and 6 months	65%
64%	27 years	66%
65%	27 years and 6 months	67%
66%	28 years	68%
67%	28 years and 6 months	69%
68%	29 years	70%

Benefit Percentage for Retirement Date on or before June 30, 2019	Service Years rounded down to nearest full six months	Benefit Percentage for Retirement Date on or after July 1, 2019
69%	29 years and 6 months	71%
70%	30 years	72%
71%	30 years and 6 months	73%
72%	31 years	74%
73%	31 years and 6 months	75%
74%	32 or more	76%

### 8.5.2 Early Retirement with a Reduced Benefit

If you have 20 years of service, you may retire at age 50 with a reduced benefit. If you choose early retirement, your benefit will be reduced by 14 percent at age 50.

#### Example

If you retire at age 50, you will receive 86 percent of the retirement benefit you would have received at age 52. Your years of service and base salary at retirement are used to calculate the percentage. On a monthly basis, the reduction factor decreases regularly from age 50 to age 52. At age 51, the retirement benefit reduction factor is 7 percent. If you choose to retire at age 51, you will receive 93 percent of a regular retirement benefit for the rest of your life.

If you choose to take early retirement, your retirement benefits will remain reduced even after you reach age 52.

### 8.5.3 Deferred Retirement Option Plan (DROP)

DROP is an optional benefit that allows 1977 Fund members who are eligible for an unreduced retirement benefit to continue to work and earn a salary while accumulating a DROP benefit payable in a lump sum or 3 annual installments. In addition, you will receive a monthly retirement benefit equal to your DROP frozen benefit. Note there is no provision to exit and then re-enter the DROP. The DROP may only be entered once.

**NOTE:** The [Application for Participation in the Deferred Retirement Option Plan \(DROP\) \(State Form 54155\)](#) is available on the [Police Officers' and Firefighters' Fund \(1977\) Fund Member Forms](#) page of the INPRS website.

**NOTE:** This information is being provided as a general explanation of benefit-related legislation. Every effort has been made to ensure that this information is correct. However, in the event that this information is inconsistent with the underlying statutes, the statutory provisions shall apply.

#### DROP Enrollment

If you elect to enter the DROP your election is irrevocable and requires you to retire on your DROP retirement date. To enroll you must be eligible for regular retirement and must submit:

- An election to participate in the DROP specifying the DROP entry date (which must be the first day of your DROP period) and your retirement date (which must be the last day of your DROP period).



Visit the [Police Officers' and Firefighters' Fund \(1977\) Fund\) Member Forms](#) page of the INPRS website for the appropriate form to submit,

- Any other forms required by INPRS.

**NOTE:** The percentage used for DROP Retirements is based on the DROP Entry Date.

### ***DROP Period***

You must select a DROP retirement date that meets the following criteria:

- Not less than 12 months after your DROP entry date
- Not more than 36 months after your DROP entry date.
- Only one DROP election is allowed during your lifetime.
- DROP cannot extend past the mandatory retirement age of 70.

### ***DROP Contributions***

You will continue to make required employee contributions and your employer will continue to make any required employer contributions.

### ***DROP Disability***

If you retire on disability at least 12 months after entering the DROP, the retirement is calculated as if the disability date was the DROP retirement date. If you retire because of a disability in less than 12 months of the date you enter the DROP, your benefit is calculated as if you had never entered the DROP.

### ***DROP Retirement Benefit***

If you elected to participate in the DROP, upon retirement you may elect to forego DROP benefits and instead receive monthly retirement benefits calculated as if you never elected to participate in the DROP. These benefits would be based on your accrued service and first-class salary as of the retirement date.

You will not continue to accrue service credit for the years in the DROP. Contributions are made and service credit is earned; but, if you retire on the DROP date, the additional service is not used.

If you do not retire on your DROP date, your benefits will be determined under the provisions of the 1977 Fund as if you never entered the DROP, and you will not be able to make a future DROP election.

### ***DROP Frozen Benefit***

Upon entry into the DROP, a "DROP frozen benefit" is calculated. This is equal to your monthly retirement benefit based on accrued service and first-class salary as of the date you entered the DROP. Upon your DROP retirement, you are eligible to receive a lump sum equal to the amount of your DROP frozen benefit multiplied by the number of months you were in the DROP. You may elect to receive this amount in three annual installments instead of a single lump sum. If electing three annual installments, no interest will be paid. In addition, you will receive a monthly retirement benefit equal to your DROP frozen benefit.

For the years in the DROP, contributions are made, and service credit is earned, but if you retire on the DROP date, the additional service is not used.

**NOTE:** There is no COLA added to the DROP Frozen Benefit if the FCO salary increases during the member's DROP period.

***DROP Death Benefit (Survivor Benefits)***

**1. 1977 Fund before July 1, 2020**

If you die while in the DROP, prior to July 1, 2020, the survivor benefits will be calculated as if you had never entered the DROP

**2. 1977 Fund effective July 1, 2020**

If you die while in the DROP on July 1, 2020, or later:

- a. If you die within less than 12 months after entering the DROP, the death benefits are calculated as if you never entered the DROP;
- b. If you die at least 12 months after entering the DROP, the death benefits consist of:

1) The DROP frozen benefit

- Survivor spouse: 70 percent if not in the line of duty; 100 percent and nontaxable if in the line of duty.
- Each eligible survivor child: 20 percent if not in the line of duty; 20 percent and nontaxable if in the line of duty.

2) An additional amount which is the DROP frozen amount benefit multiplied by the number of months in the DROP;

- one lump sum, or
- 3 equal annual payments

3) The additional amount may be paid either in one lump sum or 3 equal annual payments

**8.5.4 Disability Retirement**

Disability retirement benefits are paid to a member who becomes disabled while an active member of the 1977 Fund. This disability benefit can be paid as either a line-of-duty or non-line-of-duty benefit.

While on disability the member may be subject to an annual medical review.

Since January 1, 1990, there have been two disability plans for the 1977 Fund, Pre-1990 Disability Plan and 1990 Disability Plan.

***Disability Eligibility***

Disability eligibility is defined by the Pre-1990 Disability Plan and the 1990 Disability Plan (Current Plan) as outlined in this section.

**Pre-1990 Disability Plan**

You are covered under the Pre-1990 Disability Plan if you:

- were first hired before January 1, 1990, and
- elected not to be covered under the current plan, or
- made no election at all.

If you are in the Pre-1990 Disability Plan (hired prior to January 1, 1990), this is the process to apply for disability benefits:

1. Your local board will have a hearing to decide if you have a covered impairment. They will also decide if that impairment occurred in the line of duty. A covered impairment is one that permanently or temporarily leaves you unable to perform your duties, considering reasonable accommodations under the Americans with Disabilities Act (ADA). Using the standards of the ADA, the local board will decide if suitable and available work exists within the department. For more details on how to apply for disability benefits, see the [Disability Application Requirements and the Disability Application Process](#) section of this member handbook.
2. The Fund and INPRS' medical authority will review the local board's findings. If the local board and the Fund decide that you have a covered impairment, you will be entitled to receive a disability benefit equal to the benefit you would have received if you had retired at age 52. The Fund administers the benefit based on the decisions of the local board and INPRS' medical authority.

### **1990 Disability Plan (Current Plan)**

You are covered under the 1990 Disability Plan (current plan) if you were hired for the first time, or:

- after December 31, 1989, or
- before January 1, 1990, and chose the current plan.

If you have a covered impairment as a 1990 Plan member, the Plan will pay monthly disability benefits based on:

- the class of your impairment,
- degree of impairment, and
- first-class pay for your department in the year the local board makes the disability determination.

If you are in the 1990 Plan, your local board will conduct a hearing to decide if you have a covered impairment. The hearing must happen before you qualify for a disability benefit.

### ***Disability Ineligibility***

You are not eligible for disability benefits whether through the Pre-1990 Disability Plan or the 1990 Disability Plan if you fail to meet the criteria outlined in the [Disability Eligibility](#) section of this member handbook.

Benefits may not be provided for a disability resulting from a non-covered impairment ([IC 36-8-8-12.3](#)):

- A deliberate or a self-inflicted injury or attempted suicide while sane or insane.
- Committed or attempted a felonious act.
- Beginning within two (2) years after a fund member's entry or reentry into active service with the department and that was caused or contributed to by mental or physical condition that manifested itself before the fund member entered or reentered active service. Notwithstanding this subdivision,

a fund member may not be required to satisfy more than one (1) such two (2) year period for the same mental or physical condition; or

- Due, in whole or in part, by a fund member currently engaging in any of the following:
  - Use of a controlled substance
  - Unlawful use of a prescription drug

### ***Disability Administrative Process***

1. The application is reviewed for completeness. The Fund contacts the local board to request more information if required for the application.
2. The application file is reviewed by the INPRS Medical Authority.
3. The INPRS Medical Authority sends a medical evaluation to INPRS. The evaluation may include a request for more medical records.
4. When the medical authority completes its determination, the Fund issues an initial determination letter regarding eligibility for disability. The initial determination letter is sent to the local board, you, and your employer.
5. You, the local board, or your employer may appeal the initial determination issued by INPRS within 15 days of receipt of the determination. The standards of the Indiana Administrative Orders and Procedures Act, [IC 4-21.5](#) should be used to make the determination to appeal.
6. If your disability is approved, the Fund will contact the local employer for final pay information. Your disability benefit payments from the Fund begin after all of your wages and paid leave have been paid to you.

### ***Disability Application Requirements***

The 1977 Fund application for disability must be signed by you and the chief of your department. It must be completed properly and include the following:

1. the local board's determinations of impairment and the minutes of the hearing of the local board, with an authorized signature,
2. the local board's determination of class of impairment for Fund members hired after December 31, 1989, or who elected to change to disability terms of the 1990 Plan,
3. a copy of birth certificates for both you and your spouse (if not already submitted), and
4. for Pre-1990 Plan members, a copy of the local board duty-related disability determination.

The disability retirement benefit application for the 1977 Fund is available on the [Police Officers' and Firefighters' Fund \(1977\) Fund Member Forms](#) page of the INPRS website. Request a copy of the direct deposit form from the Member Advocate Team at 1-844-GO-INPRS (844-464-6777). For TDD call (800) 579-5708. Member Advocates are available weekdays (excluding weekends and state-designated holidays) from 8 a.m. to 8 p.m. ET.

## ***Disability Application Process***

### **Pre-1990 Disability Plan**

Steps to apply for Pre-1990 Disability Plan Benefits are as follows:

1. You must submit an application to the local department retirement board to request a hearing.
2. Your local board will conduct a determination hearing no later than 90 days after you submitted your application.
3. The Fund and the INPRS Medical Authority will review local board findings. The review will decide if a covered impairment exists. You may provide INPRS with more records and evidence for review before INPRS' initial determination is finalized.
4. After the hearing, the local board has 30 days to submit its written determination to both you and the safety board regarding whether you have a covered impairment. The submission states if you have a line of duty or non-line of duty impairment.
5. If you qualify, you receive disability benefits equal to your full regular retirement benefit at age 52.

Once you and the safety board have received the determinations, the following documents are sent to INPRS:

- Disability application: To access the forms associated with disability, visit the [Police Officers' and Firefighters' Fund \(1977\) Fund\) Member Forms](#) page of the INPRS website.
- Minutes from the Local Board hearing.
- Local Board determination: A disability recommendation form (duty- or non-duty-related). To access the forms associated with the disability recommendation, visit the [Police Officers' and Firefighters' Fund \(1977\) Fund\) Member Forms](#) page of the INPRS website.
- A statement from the appointing authority that certifies that there is no suitable and available work in your department for which the member is or may be capable of becoming qualified, considering reasonable accommodations to the extent required by the Americans with Disabilities Act (ADA).
- Medical records from all treating physicians presented at the hearing.
- An explanation of how the disability occurred.

The local board or INPRS may request a yearly medical review while you are receiving disability.

- If you have recovered and you return to active service with your department, your disability benefit will end.
- As a recovered member who returns to a Fund-covered position, you will not be treated as a new applicant. You will not be subject to the Fund membership application process required for new members.

If your previous condition(s) returns within two years (without an intervening event) after you return to active duty from a covered impairment, you may qualify to receive benefits. Your benefit will equal the disability benefit you were receiving when you returned to work. You will also receive any cost-of-living adjustments (COLA) that Fund members received during your period of re-employment.

If you return to a Fund-covered position after you recover from a covered impairment, your employer should notify INPRS. If you receive any disability benefits after you return to work, it must be repaid to INPRS.

### 1990 Disability Plan (Current Plan)

Steps to apply for 1990 Disability Plan Benefits are as follows:

1. You must submit an application to the local board.
2. Your local board must conduct a hearing no later than 90 days after you submitted your application to decide if you have a covered impairment.
3. The local board decides the class of your impairment. The local board will consider reasonable accommodations as required by the Americans with Disabilities Act (ADA). The local board will also decide if there is suitable and available work in the department for you.
4. The local board allows you to show documentation and present evidence and arguments in support of your case.
5. After the hearing, the local board has 30 days to submit its written determination to both you and the safety board regarding whether you have a covered impairment. The submission states if you have a Class 1, 2, or 3 impairment.
6. The Fund and the INPRS Medical Authority will review the findings of the local board to decide if you qualify. They will also decide your class and degree of your disability.
7. You will receive disability benefits based on the class of impairment if you qualify.

Your class of impairment determines your base monthly benefit. The degree of your impairment determines your additional monthly benefit.

- A covered impairment is one that permanently or temporarily makes you unable to perform your duties.
- The appointing authority certifies that there is no suitable and available work in your department for which you are or may be capable of becoming qualified.
- The standards of the Americans with Disabilities Act (ADA) are used to decide “reasonable accommodations”.
- Certain covered impairments are not included when considering if your impairment was a pre-existing “Class 3 excludable condition” at the time you were hired. You do not qualify for Class 3 benefits if the impairment relates to a condition that was excluded when you became a member of the Fund.
- If the local board determines that you have a covered impairment, the board will also decide the “class” of your impairment. The INPRS Medical Authority will also review the impairment and its “class”. The class of impairment determines your base monthly benefit. The INPRS Medical Authority decides your degree of impairment. Your additional monthly benefit is determined by the degree of your impairment.

Once you and the safety board have received the determinations, the following documents are sent to INPRS:

- Disability application: To access the forms associated with disability, visit the [Police Officers' and Firefighters' Fund \(1977\) Fund\) Member Forms](#) page of the INPRS website.
- Minutes from the Local Board hearing.
- Local Board determination: A determination of class impairment (1, 2, or 3).
- A statement from the appointing authority that certifies that there is no suitable and available work in your department for which the member is or may be capable of becoming qualified, considering reasonable accommodations to the extent required by the Americans with Disabilities Act (ADA).
- Medical records from all treating physicians presented at the hearing.
- An explanation of how the disability occurred.

### ***The Local Board Process***

1. You request a hearing to determine if you have a covered impairment.
2. You provide medical records to the hiring authority and the local board.
3. The hiring authority determines if there is suitable and available work. The standards of the Americans with Disabilities Act (ADA) are used to determine "reasonable accommodations".
4. The local board holds a hearing to see if you have a covered impairment. The statutes are used to define a covered impairment. A transcript of the local board's hearing will be provided to the Fund.
5. If you were hired after December 31, 1989 (or elected coverage under [IC 36-8-8-12.4](#)), the local board determines the class of impairment (Class 1, 2, or 3). For Pre-1990 Plan members, the local board determines if the impairment is duty related.
6. If the local board decides the impairment is Class 3 and you have a Class 3 non-covered condition, the board will then decide if the impairment resulted from an accidental injury.
7. The local board submits the determinations and a copy of all the medical proof used in making that determination to the Fund.

### ***Disability Retirement Benefit***

#### **Pre-1990 Fund Disability Benefit**

If the local Board and the INPRS Board determine you have a covered impairment, you are entitled to receive a disability benefit equal to the benefit you would have received if you had retired at age 52. The benefit is payable for your lifetime if the disability was incurred in the line-of-duty; if the disability was not duty-related, your benefit will be recalculated as a regular retirement at age 52.

#### **1990 Fund Disability Benefit**

The following describes the three different classes of impairments and the amount of base benefit for each class (see [Table 3](#)).

**Table 1: 1990 Disability Plan Benefit Chart**

Type of Impairment	Benefit Period	Occurrence	Benefit Formula
Class 1	Life	If you are a police officer who was injured on duty or injured off-duty while responding to an offense. If you are a firefighter and were injured while responding to an emergency.	You will receive 45% x base salary + additional monthly benefit. This is based on the degree of your impairment.
Class 2	Life, except under limited circumstances	If you have a proven duty-related impairment.	You will receive 22% x base salary + 0.5% x years of service up to 30 + additional monthly benefit. This is based on the degree of your impairment.
Class 3	<p>Period that equals your total years of service or until age 52 when it will be recalculated as regular retirement</p> <p>* Class 3 benefits are payable for a period equal to the member's years of service if their total disability benefit is less than 30% of the monthly salary of a first-class patrolman or firefighter and the member had less than 4 years of service when the local board determined you had an impairment.</p>	All other not Class 1 or 2	<p>You will receive 1% x base salary x years of service up to 30 + additional monthly benefit. This is based on the degree of your impairment. At age 52, the benefit will be recalculated as a regular retirement.</p> <p>* The disability benefit is paid until the member becomes fifty-two (52) years of age (<a href="#">IC 36-8-8-13.5(i)</a>) and then the disability benefit is recalculated as a retirement benefit.</p>

**Class 1 Impairment**

Class 1 impairment is the direct result of one or more of the following:

- A personal injury that occurs while you are on duty.
- A personal injury that occurs while you are off duty, but while responding to an offense or a reported offense in the case of a police officer. Or in the case of a firefighter, an emergency, or a reported emergency for which you are trained.
- An occupational disease (defined in [IC 22-3-7-10](#) as a disease arising out of and in the course of the employment).

**NOTE:** A health condition caused by an "exposure risk disease" set forth in statute in [IC 5-10-13-1](#), under certain circumstances may be a Class 1 impairment.





You will receive a monthly base benefit equal to 45 percent of the first-class salary, plus an additional amount based on your degree of impairment as determined by the INPRS Medical Authority.

### **Class 2 Impairment**

Class 2 impairment is defined as a duty-related disease, which means a disease arising out of employment. After July 1, 2020, disabilities resulting solely from mental illnesses are not included in this class of impairment. The disease can be determined as arising out of employment if it is apparent to the rational mind, upon consideration of all the circumstances, that:

- there is a connection between your work environment and the disease,
- the disease happened naturally, resulting from your work environment; the disease is a result of exposure that happened by the nature of your duties, or
- the disease can be traced to your employment as the proximate cause,
- a health condition caused by an exposure related heart or lung disease, an exposure related cancer, or exposure related Parkinson's disease that results in a presumption of disability incurred in the line of duty under [IC 5-10-15](#).

You will receive 22 percent of the base pay plus 0.5 percent of that pay for each year of service, up to a maximum of 30 years. You will also receive an additional amount based on the degree of your impairment. The INPRS Medical Authority determines your degree of impairment.

### **Class 3 Impairment**

A Class 3 impairment is one that is not in Class 1 or Class 2. Benefit periods are limited for certain Class 3 disability benefits. Benefits for a Class 3 impairment are paid for a period equal to your years of service if your total disability benefit is less than 30 percent of base salary and you have fewer than 4 years of service. If you are hired with a pre-existing excludable medical condition, you will not be eligible for a Class 3 disability benefit when the impairment relates to the excludable condition. This condition would also prevent you from receiving any Class 3 disability benefit for a period of four years after the date of hire or rehire unless the Class 3 impairment is attributed to an accidental injury.

You will receive a monthly benefit equal to your years of service, up to a maximum of 30 years, multiplied by 1 percent of the base pay (first class salary). You will also receive an additional amount based on the degree of your impairment as determined by the INPRS Medical Authority.

### **Additional Monthly Benefit (Class 1, 2, and 3)**

Your disability benefit equals your base monthly benefit. Your base monthly benefit is based on your class of impairment, plus an additional monthly benefit amount based on the degree of your impairment. The INPRS Medical Authority determines the degree of your impairment. INPRS uses a formula to convert the degree of your impairment into a benefit percentage. The amount represents your additional monthly benefit. The minimum benefit (10 percent of the certified salary) and maximum benefit (45 percent of the certified salary) is set by statute.

### **Supplemental Benefit (Class 1 and 2)**

As a member of the Fund, you may be entitled to an additional monthly benefit if:

- you were hired after December 31, 1989, (or elected coverage under [IC 36-8-8-12.4](#)), and
- you receive a disability benefit based on a Class 1 or Class 2 impairment,
- you are entitled to receive the disability benefit for the rest of your life,
- you are receiving a disability benefit at age 52 based on a Class 1 or Class 2 impairment, and
- your calculated regular retirement at age 52 exceeds the disability benefit you are receiving at age 52.

This portion of your benefit is taxable.

### **Medical Conditions that are Excluded Under a Class 3 Disability**

If you are hired with a pre-existing medical condition that is not covered by this plan, you will not qualify for a Class 3 disability benefit when the impairment is related in any manner to the pre-existing condition. The pre-existing condition will also prevent you from receiving any Class 3 disability benefit for a period of 4 years after the date of hire or rehire unless the Class 3 impairment is attributed to an accidental injury.

### **Catastrophic Line of Duty Disability**

Effective on or after July 1, 2017, retroactive to July 1, 2008 ([IC 36-8-8-13.3](#)), if you suffer a personal physical injury in the line of duty resulting in permanent impairment of 67 percent (as determined by the INPRS Medical Authority) or greater you are entitled to special retirement benefits. If you are eligible, you will receive 100 percent of the certified salary for your department rather than the benefit calculated according to the Pre-1990 Plan or 1990 Plan chart. In addition, your retirement benefit will increase when the certified salary for your department increases.

### ***Mental Illness Disability and the Mental Health Disability Review Panel (MHRP)***

As of July 1, 2020, mental illnesses are classified as either Class 1 or Class 3 impairments. Class 2 is only a possibility if a mental illness is combined with some other non- mental illness disability.

The Mental Health Disability Review Panel was created by legislation in 2020. The review panel is responsible for reviewing all mental illness disabilities that were determined by INPRS after January 1, 2013.

The review panel consists of a psychiatrist, a psychologist, and an active or retired police officer or firefighter depending upon the individual being evaluated. All records of the panel are considered confidential.

Members subject to the panel will be submit to up to a total of two (2) provisional review periods of two (2) years each. The initial review period begins on July 1, 2020, if the individual has a mental illness disability determined by INPRS between January 1, 2013, and June 30, 2020. If the individual was determined by INPRS to have a mental illness on July 1, 2020, or later, the initial provisional period begins on the date the INPRS determination is made.

During the first two-year provisional review period, the member is responsible for and subject to active participation in a mental health treatment plan as determined by the member's treating physician. The employer is required to pay for the member's mental health care and treatment relating to the disability during the provisional review periods.

After the first provisional two-year review period, the panel will conduct an evaluation of the member, including reports and records submitted by the member's treating physician and any other mental health

care provider seen by the member. The panel may also consult with other medical authorities in conducting the evaluation.

If the panel determines that the member is no longer impaired, disability payments will immediately stop, and the fund member will return to active duty. INPRS does not make determinations regarding when or how a member will return to active-duty status with an employer. If a member has questions about this aspect of the process, he or she should contact their employer. If the panel determines that the member continues to be impaired, then he or she will be subject to an additional two-year provisional period.

During the second provisional period, members are still subject to and responsible for active participation in a mental health treatment plan as determined by the member's treating physician. The employer is required to pay for the member's mental health care and treatment relating to the disability during the provisional review period.

The review panel will conduct an evaluation at the conclusion of the 2<sup>nd</sup> provisional review period, including reports and records submitted by the member's treating physician and any other mental health care provider seen by the member. The panel may also consult with other medical authorities in conducting the evaluation.

If the panel determines that the member is no longer disabled at the conclusion of the 2<sup>nd</sup> provisional review period, disability payments will immediately stop, and the fund member will return to active duty. INPRS does not make determinations regarding when or how a member will return to active-duty status with an employer. If a member has questions about this aspect of the process, he or she should contact their employer. If the panel determines that the member continues to be impaired, then he or she will be considered to have a permanent impairment.

Members during this process may also be subject to other reviews conducted under 1977 fund law.

If a member does not comply with requests for information from the review panel, their benefit may be suspended.

## 8.6 Re-Employment of Retired Members

### 8.6.1 Returning to a 1977 Fund-Covered Position

If a retired member returns to service in a 1977 Fund-covered position, the benefits being paid to a retired member are suspended. The member resumes making contributions to the Fund and earns additional service credit. Upon separation of service, the member must initiate the retirement process. The new benefit will be calculated using the appropriate salary and all service credit the member has earned. Members who retire from the 1977 Fund may re-employ in a position covered by another fund while continuing to collect benefits and potentially earn a retirement in the other fund.

**NOTE:** Your 1977 Fund retirement application is void if you have an agreement, formal or informal, prior to your retirement, with a covered employer to become re-employed in a covered position. However, if your re-employment is beyond the 30-day requirement, INPRS does not question the employer about the existence of an agreement.

### 8.6.2 Returning to Employment other than 1977 Fund-Covered Position

If you are a member of the 1977 Fund and are retiring but are staying with the same employer in a position not covered by the 1977 Fund and are under age 55, you will need a 30-day separation from service before re-employment.

If you are a member of the 1977 Fund and are retiring, you are age 55 or older, or you are moving to a different employer, you do not need the 30-day break.

## 8.7 Direct Deposit

Direct deposit is the required method to distribute benefit payments. On the same day each month, your payment will be deposited directly into your specified account. You will receive an annual notice of deposits. Your money cannot be lost or stolen, and there are no delays due to mishandled mail or incorrect addresses. You can update your direct deposit information online at any time.

The Direct Deposit form is completed and submitted online from your account at [myINPRSretirement.org](https://myINPRSretirement.org).

**NOTE:** The stored value card was added as an option for retirees to receive their pension benefit. If you need to receive your pension benefit by some method other than direct deposit or stored value card, you must submit a request to INPRS. The request must include the reason you are making the request and the facts and circumstances supporting your request.

## 8.8 Retirement Application Requirements

You will need to submit your retirement application to INPRS at least 90 days before you plan to retire. To complete your retirement application, you will access your account at [myINPRSretirement.org](https://myINPRSretirement.org) and follow the prompts and instructions provided.

- **Confirm Personal Information** – supply your address and personal information as requested
- **Choose Your Retirement Date and Plan** – provide your retirement date and retirement type as requested (options will be limited by the Plan and date entered)
- **Survivor Designation** – enter your survivor information as requested
- **Tax Notices** – enter information and make selections for state, federal, and local, as applicable
- **DROP** – enter the requested information if applicable,
- **Direct Deposit** – provide the requested information
- **Required Documents** – upload any additional document as applicable or as required

If you need assistance call the Member Advocate Team at 1-844-GO-INPRS (844-464-6777). For TDD call (800) 579-5708. Member Advocates are available weekdays (excluding weekends and state-designated holidays) from 8 a.m. to 8 p.m. ET.

## 8.9 Benefit Overpayment and Underpayment

INPRS is required by federal and state law to correct any errors in benefit calculations. If you receive an overpayment as a result of an error, INPRS must recover the overpayment. If you are underpaid, you will receive another payment from INPRS.

## 8.10 Pension Protection Act (PPA)

As a member of the 1977 Fund, you may request to make changes to your insurance deductions according to the Healthcare Enhancement for Local Public Safety (HELPS) Retiree's provision of the Pension Protection Act (PPA) of 2006. The benefit allows public safety officers to use up to \$3,000 per year from their qualified government retirement plan on a pre-tax basis. You can pay employer-sponsored health insurance or long-term care insurance premiums; however, in order for you to get the pre-tax benefit, the money must be paid directly from your pension fund to an employer-sponsored health or long-term care insurance company.

The PPA insurance premiums are entered into INPAS as Deductions.

### 8.10.1 1977 Fund Member Account Payout with No Monthly Survivor Pension Payable

Per [IC 36-8-8-24](#), you may designate one or more beneficiaries to receive a distribution of your account balance in the event that you die before receiving a retirement benefit, and no survivor pension benefits are payable. The [Application for Beneficiary Designation for Active Member \(State Form 54276\)](#) is available online. These beneficiaries are maintained by. In the event that there are no named beneficiaries, the balance is payable to your estate.



To access the forms associated with death and survivor benefits, visit the [Police Officers' and Firefighters' Fund \(1977\) Fund\) Member Forms](#) page of the INPRS website or contact the Member Advocate Team at 1-844-GO-INPRS (844-464-6777). For TDD call (800) 579-5708. Member Advocates are available weekdays (excluding weekends and state-designated holidays) from 8 a.m. to 8 p.m. ET.

**NOTE:** As long as you have assets with the Fund, it is critical that you keep INPRS informed of any changes to your names, addresses, or beneficiaries. You can update your address by accessing your account at [myINPRSretirement.org](http://myINPRSretirement.org).

## 9.1 Beneficiaries

You may choose one or more of your beneficiaries to receive a lump sum payment plus interest if you die without:

- receiving a retirement benefit,
- receiving a disability benefit,
- a survivor entitled to receive a benefit, and
- INPRS returning your contributions.

Your contributions plus interest are paid to your beneficiary. INPRS will decide the interest rate. If you do not choose a beneficiary and you do not have survivors entitled to a benefit, your contributions plus interest will be paid to your estate. INPRS will decide the payment rate paid to your estate.

## 9.2 Survivor Benefit

Your surviving spouse and/or surviving dependent(s) may be entitled to survivor benefits.

**NOTE:** Marriages are recognized regardless of gender.

### 9.2.1 Survivor Benefits Chart

The table below outlines the survivor benefits for the 1977 Fund.

**Table 2: Survivor Benefits Chart**

Benefit	Non-Line of Duty (Active Member) or Vested Inactive	Retiree	Line of Duty as Determined by the INPRS Board (Active Member)
<b>Lump Sum Death Benefit</b>	\$12,000 to your estate or the claimant who submits the <a href="#">Small Estate Affidavit for Estate Valued at \$50,000 or Less (State Form 54794)</a>	\$12,000 to your estate or the claimant who submits the <a href="#">Small Estate Affidavit for Estate Valued at \$50,000 or Less (State Form 54794)</a>	For Line-of-Duty deaths prior to July 1, 2020: \$150,000 and for deaths on or after July 1, 2020, \$225,000 to surviving spouse, children, or parents, + \$12,000 to the

## Death Benefits

Benefit	Non-Line of Duty (Active Member) or Vested Inactive	Retiree	Line of Duty as Determined by the INPRS Board (Active Member)
			estate or claimant who submits the Small Estate Affidavit for Estate Valued at \$50,000 or Less (State Form 54794)  NOTE: The \$12,000 benefit is always taxable regardless of whether the death was or was not in the line of duty.
<b>Surviving Spouse</b>	<ul style="list-style-type: none"> <li>For death on or before June 30, 2019, your spouse will receive 60% of eligible benefit payable for life</li> <li>For death on or after July 1, 2019, your spouse will receive 70% of eligible benefit payable for life</li> </ul>	<ul style="list-style-type: none"> <li>For death on or before June 30, 2019, your spouse will receive 60% of eligible benefit payable for life</li> <li>For death on or after July 1, 2019, your spouse will receive 70% of eligible benefit payable for life</li> </ul>	Your spouse will receive 100% of eligible benefit payable for life
<b>Each Surviving Child*</b>	Your surviving child may receive 20% of the eligible benefit, paid until age 18 or 23 if he/she is a full-time student, if Social Security Administration (SSA) proof of disability is received by and acceptable to INPRS.	Your surviving child may receive 20% of the eligible benefit, paid until age 18 or 23 if the child is a full-time student, if SSA proof of disability is received by and acceptable to INPRS.	Your surviving child may receive 20% of the eligible benefit, paid until age 18 or 23 if the child is a full-time student, if SSA proof of disability is received by and acceptable to INPRS.
<b>Wholly Dependent Parent(s) if no surviving spouse or child</b>	Parents (who qualify) will receive 50% of the eligible benefit paid for life.	Parents (who qualify) will receive 50% of the eligible benefit paid for life.	Parents (who qualify) will receive 50% of the eligible benefit paid for life. If both parents qualify, they share the benefit equally.

\* If an eligible child has a physical or mental disability (regardless of age) and the child is not a ward of the state, the child will receive benefits. An eligible disabled child is entitled to 30 percent of the monthly pay of a first-class police officer or first-class firefighter or 55 percent (whichever is greater) of the monthly benefit you were receiving or were entitled to receive on the date of your death. The child will receive the benefit as long as the disability continues. Benefits payable to a disabled child after the age of 18 are governed by statute [IC 36-8-8-13.8](#) if the member died other than in the line of duty after August 31, 1982. The benefits are governed by statute [IC 36-8-8-14.1](#) if the member died in the line of duty after August 31, 1982.

### 9.2.2 Lump Sum Death Benefit

Your beneficiary or estate is entitled to receive a one-time death benefit of \$12,000 upon your death unless you are an inactive, non-vested member at the time of your death.

**NOTE:** The \$12,000 benefit is always taxable regardless of whether the death was or was not in the line of duty.

### 9.2.3 Survivors of Inactive Members (Not Vested)

If you are an inactive member with less than 20 years of active service and you die, there is no survivor benefit payable. Your contributions plus interest are payable to your designated beneficiary/ies or estate; the \$12,000 death benefit is **not** payable in this case.

### 9.2.4 Survivors of Active, Vested Inactive, and Retired Members (Non-Line of Duty)

If you die as an active member of the Fund, or after ending employment with at least 20 years of service credit but you had not started receiving benefits, the following survivor benefits will be paid:

- Your surviving spouse is entitled to a monthly benefit that will equal 60 percent of your monthly benefit if you die before July 1, 2019. If you die on or after July 1, 2019, your surviving spouse is entitled to a monthly benefit that will equal 70 percent of your monthly benefit. The benefit will be paid to your spouse for life and will be calculated as if you were receiving benefits at age 52 with 20 years of service. If you have more than 20 years of service, your benefit will increase by 1 percent for each 6 months of additional service. Your spouse can remarry and not risk losing the benefit.
- Each surviving child is entitled to a monthly benefit. It will equal 20 percent of your monthly benefit until:
  - the child turns age 18, or
  - until age 23 if the child is enrolled in a secondary school and attends on a regular basis, or
  - the child is no longer a full-time student at an accredited college or university.
- If an eligible child has a physical or mental disability as determined by the Social Security Administration (SSA) (regardless of age) and the child is not a ward of the state, the child will receive benefits. An eligible disabled child is entitled to 30 percent of the monthly pay of first-class police officer or first-class firefighter or 55 percent (whichever is greater) of the monthly benefit you were receiving or were entitled to receive on the date of your death. The child will receive the benefit as long as the disability continues.
- If you do not have a qualified surviving child or spouse, your surviving parent(s), if qualified, is entitled to 50 percent of your monthly benefit for life. Your parent(s) must submit proof that they were claimed as dependents on your federal income tax form for the year prior to your date of death. Your benefit will be calculated as if you were receiving benefits at age 52 with 20 years of service. If you have more than 20 years of service, your benefit will increase by 1 percent for each 6 months of additional service.
- If you die as an inactive member of the Fund and you had less than 20 years of service, your contributions plus interest will be paid to your chosen beneficiary. If you do not have a chosen beneficiary, your contributions plus interest will be paid to your estate.

### 9.2.5 1977 Fund Member Account Payout with No Monthly Survivor Benefit Payable

Per [IC 36-8-8-24](#), you may designate one or more beneficiaries to receive a distribution of your member account balance in the event that you die before receiving a retirement benefit, and no survivor pension



benefits are payable. In the event that there are no named beneficiaries, the balance is payable to your estate.

### 9.2.6 Survivors of Active Members (Line of Duty)

A special one-time death benefit of \$150,000 will be paid to your surviving spouse if you die in the line of duty as determined by INPRS if you die before July 1, 2020. If you die on or after July 1, 2020, a special one-time death benefit of \$225,000 will be paid to your surviving spouse if you die in the line of duty as determined by INPRS. If you are not married at the time of your death, the benefit will be paid to your surviving children. If you do not have a surviving spouse or child, the special death benefit is paid to your parents in equal shares.

If you die in the line of duty while an active member of the Fund, the following survivor monthly benefits will be paid:

- Your surviving spouse will receive a monthly benefit equal to 100 percent of your monthly benefit. Your spouse will receive the benefit for life. Your benefit will be calculated as if you were receiving benefits at age 52 with 20 years of service. If you have more than 20 years of service, your benefit will increase by 1 percent for each 6 months of additional service. Your spouse may remarry and not risk losing the benefit.
- Each surviving child will receive a monthly benefit equal to 20 percent of your monthly retirement or disability benefit until:
  - the child turns age 18, or
  - age 23 if the child is enrolled in a secondary school and attends on a regular basis, or
  - the child is no longer a full-time student at an accredited college or university.

Your retirement benefit will be calculated as if you were receiving benefits at age 52 with 20 years of service. If you have more than 20 years of service, your benefit will increase by 1 percent for each 6 months of additional service.

- If an eligible child has a physical or mental disability (regardless of age) and the child is not a ward of the state, the child will receive benefits. An eligible disabled child will receive 30 percent of the monthly pay of a first-class police officer or first-class firefighter or 55 percent (whichever is greater) of the monthly benefit you were receiving or were entitled to receive on the date of your death. The child will receive the benefit as long as the disability continues.
- If you do not have a surviving eligible child or spouse, your surviving parent(s), if qualified, is entitled to 50 percent of your benefit for life. Your parent(s) must prove that they were claimed as dependents on your federal income tax return filed by you the year prior to your death. Your surviving parents will equally receive 50 percent of your benefit for life.

Your retirement benefit will be calculated as if you were receiving benefits at age 52 with 20 years of service. If you have more than 20 years of service, your benefit will increase by 1 percent for each 6 months of additional service.

### 9.2.7 Survivors of Retirees

If you die while receiving retirement or disability benefits:

- Your surviving spouse is entitled to a monthly benefit. It will equal 60 percent of your monthly retirement or disability benefit if you die before July 1, 2019. If you die on or after July 1, 2019, your surviving spouse is entitled to a monthly benefit equal to 70 percent of your monthly retirement benefit. The benefit will be paid to your spouse for life. Your spouse may remarry and not risk losing the benefit.
- Each surviving child is entitled to a monthly benefit. It will equal 20 percent of your monthly retirement benefit or disability benefit until:
  - the child turns age 18, or
  - age 23 if the child is enrolled in a secondary school and attends on a regular basis, or
  - the child is no longer a full-time student at an accredited college or university.
- If an eligible child has a physical or mental disability (regardless of age) and the child is not a ward of the state, the child will receive benefits. An eligible disabled child is entitled to 30 percent of the monthly pay of a first-class police officer or first-class firefighter or 55 percent (whichever is greater) of the monthly benefit you were receiving or were entitled to receive on the date of your death. The child will receive the benefit as long as the disability continues.
- If you do not have a surviving eligible child or spouse, your surviving parent(s), if qualified, is entitled to 50 percent of your monthly benefit for life. Your parent(s) must prove that they were claimed as dependents on your federal income tax return filed by you the year prior to your death. Your surviving parents are equally entitled to 50 percent of your monthly benefit for life.

## 9.3 Survivor Benefit Application Requirements

To process your survivor benefit, you must submit the following:

- survivor benefit application (available on the [Police Officers' and Firefighters' Fund \(1977 Fund\) Member Forms](#) page of the INPRS website),
- copy of your marriage certificate and confirmation that the deceased was married to you at the time of death (for surviving spouse claims),
- birth certificates of any survivors, (for surviving child claims) and
- death certificate of deceased member,
- birth certificate of member, if not already on file at INPRS, and
- request for direct deposit of benefits.

The survivor benefit application for the 1977 Fund is available on the [Police Officers' and Firefighters' Fund \(1977 Fund\) Member Forms](#) page of the INPRS website. Request a copy of the direct deposit form from the Member Advocate Team at 1-844-GO-INPRS (844-464-6777). For TDD call (800) 579-5708. Member Advocates are available weekdays (excluding weekends and state-designated holidays) from 8 a.m. to 8 p.m. ET.



## 10.1 Tax Forms and Withholding

INPRS must withhold income taxes on distributions. INPRS must also withhold federal taxes on monthly payments. You may choose not to have taxes withheld. Make sure to complete the tax withholding election when you apply for benefits.

Each year, INPRS mails 1099-R forms to all benefit recipients by January 31. The 1099-R form is much like a W-2 form. It lists the total amount of benefits received during the year. It also shows the taxable and non-taxable amounts. INPRS can also withhold federal, state, county, and local taxes. If you do not complete tax withholding election at the time of your retirement, you may do so at any time.

INPRS can withhold federal taxes based upon the marital status and the number of exemptions claimed.

**NOTE:** You must enter a withholding election (e.g., married with three exemptions, single, etc.) before electing an additional flat, whole dollar amount

The tax rules are complex. If you would like more information, refer to IRS Publication 575. If you need more help, you should contact your local IRS office or a tax consultant.

## 10.2 Taxation of Retirement Benefits

When you retire, you will be taxed on all of the benefit payments you receive. Your "tax basis" portion will not be taxed. The tax basis is the 6 percent member contribution that was taxed when the contribution was paid into the plan. "Picked up" contributions, paid on your behalf by your employer, are not included in tax basis because they are not considered income when the contribution is made.

Over a pre-determined number of payments, you may recover your non-taxable amount from each benefit payment. Your recovery amount is based on your age at the time your benefits start. The schedule for repayment is set by IRS regulations. After you have recovered all of your non-taxable benefit, 100 percent of the remaining payments will be considered taxable income. Each year, the Fund will provide you with a 1099-R form. You will use this form to report the taxable and non-taxable (if any) portion of your benefits.

## 10.3 Survivor Benefits for Line of Duty Death

All survivor benefit payments for members who die in the line of duty are non-taxable.

**NOTE:** The \$12,000 benefit is always taxable regardless of whether the death was or was not in the line of duty.

## 10.4 Pre-1990 Disability Plan Statute

The Indiana General Assembly passed [House Enrolled Act \(HEA\) 1048](#) during the 2011 legislative session. The law states that a member hired into the 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund) on or before January 1, 1990, and/or was injured in the line of duty on or before July 1, 2000, can receive favorable tax treatment, on a prospective basis only. INPRS received approval from the IRS that any 1977 Fund members meeting certain criteria may be eligible to begin receiving favorable tax treatment. This legislation expired on June 30, 2021. To find specific information about impairment qualifications and steps members can take after being qualified go to the [House Enrolled Act \(HEA\) 1048](#) on the INPRS website to reference information.

### 10.4.1 Line of Duty Injuries on or After July 1, 2000

If you are a member of the Pre-1990 Disability Plan and you suffer a job-related injury on or after July 1, 2000, disability benefits may be non-taxable. Benefits calculated on the first 20 years of your service are non-taxable; any benefits paid above 20 years are taxable benefits. The local Board must make a determination on whether the disability was incurred in the line of duty. This determination is reviewed and approved by the 1977 Fund and the INPRS medical authority. Prior to July 1, 2000, all disability benefits were fully taxable.

### 10.4.2 Not in the Line of Duty Injuries

Disability benefits in the 1990 Plan that are not related to an injury suffered while on duty are fully taxable until age 52, when the disability benefit converts to a retirement benefit. At that point, you begin to recover any tax basis from the monthly retirement benefits. The majority of your retirement benefit will remain taxable, but a portion will become non-taxable so that you may recover your post-tax contributions.

## 10.5 1990 Disability Plan

This section applies if you were hired after December 31, 1989, or elected coverage under the 1990 Plan. This information only applies if you have qualified for disability benefits.

### 10.5.1 Class 1 and Class 2 Benefits

Class 1 and Class 2 benefits are **not** subject to federal income taxes with limited exceptions for certain Class 2 members. For a Class 2 disability benefit, 0.5 percent of the first-class salary for each year of service up to 30 years is considered to be a taxable benefit.

### 10.5.2 Class 3 Benefits

Class 3 disability benefits are fully taxable until the disability benefit converts to a retirement benefit. The benefit is converted to a regular retirement benefit when you become age 52, using time spent on disability up to 20 years. You will have a portion of your benefit as non-taxable so that you may recover your post-tax contributions.

### 10.5.3 Supplemental Benefit

If you qualify for a Class 1 or Class 2 disability, you may be eligible for a supplemental benefit at age 52.

The calculation of a supplemental benefit for a Class 1 or Class 2 disability benefit is performed in two steps. INPRS first calculates the regular retirement benefit you would have received had you continued in

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active service with your department until age 52. That amount is then compared with the current disability benefit you are receiving at age 52. If the regular retirement amount is greater, then the amount of the difference will be a taxable supplemental pension benefit. If the regular retirement benefit is lower, no change is made to your benefit.

If you are over age 52 at the time you qualify for Class 1 or Class 2 disability, the supplemental benefit will be calculated at the time your disability benefit payments begin.

### 10.5.4 Charitable Contributions Regulations

Effective July 1, 2018, you will not be able to deduct pledges or contributions to charitable or non-profit organizations.

However, after retirement, you are allowed to make deductions from your monthly retirement benefit to pay insurance premiums or labor organization dues. Allowable insurance premiums include only those for life, medical, surgical, hospitalization, dental, vision, long-term care, or Medicare supplement coverage. The only insurance eligible for this deduction is insurance provided by your employer.

The form for making deductions from your monthly retirement benefit is available on the [Police Officers' and Firefighters' Fund \(1977\) Fund\) Member Forms](#) page of the INPRS website. You can contact the Member Advocate Team at 1-844-GO-INPRS (844-464-6777). For TDD call (800) 579-5708. Member Advocates are available weekdays (excluding weekends and state-designated holidays) from 8 a.m. to 8 p.m. ET.



## 11.1 Cost of Living Adjustments (COLA)

COLAs are based on the Consumer Price Index (CPI). The CPI used is the United States city average prepared by the United States Department of Labor ([IC 36-8-8-15](#)). Monthly retirement benefits to members and survivors are adjusted on each July 1 by the average of the CPI for January, February, and March as compared to the same months in the preceding year. By statute, a Fund member or survivor's monthly benefit may not be increased until July of the year following the calendar year of the first monthly benefit to the Fund member or survivor. The increase is rounded to the nearest 0.1 percent and cannot be greater than 3 percent. By statute, effective July 1, 2010, a Fund member or survivor's monthly benefit may not be reduced due to a decrease in the CPI.

## 11.2 13th Check Annual Supplemental Payment

13th checks are supplemental payments that may be made to retired members as a result of legislation; however, this does not apply to 1977 Fund members.

## 11.3 Required Minimum Distribution (RMD) Information

The Internal Revenue Service (IRS) requires that if you have an interest in a retirement benefit you must take a Required Minimum Distribution (RMD) from that benefit. [Section 401\(a\)\(9\)](#) of the Internal Revenue Code (IRC) requires INPRS to begin making required minimum distributions of your benefit starting by April 1 of the calendar year following the calendar year in which you attain age 70½ or 72 (depending upon the date the individual reaches age 70½) or terminate employment, whichever date is later. However, individuals who turn 70½ on or after January 1, 2020, do not have to take their RMD until age 72.

If the benefit does not begin in a timely fashion, the IRS may impose a 50 percent penalty on you due to a late distribution.

**NOTE:** Individuals who turn 70½ on or after January 1, 2020, do not have to take their RMD until age 72.

You must complete the online retirement application if you:

- Have at least 20 years of service.
- Have separated from service.
- Have not begun the retirement benefit.
- Will be age 70½ by December 31, 2019. The requirements indicated in the first paragraph of this section apply.
- If the member reaches 70½ on or after January 1, 2020, he or she does not have to apply for or take their RMD until age 72. The requirements indicated in the first paragraph of this section apply.

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The retirement application must be completed online and submitted to INPRS for processing. You may contact the Member Advocate Team at 1-844-GO-INPRS (844-464-6777). For TDD call (800) 579-5708. Member Advocates are available weekdays (excluding weekends and state-designated holidays) from 8 a.m. to 8 p.m. ET.

If INPRS does not receive the retirement application by December 31, and the member meets the requirements describe above, INPRS will undertake to contact you to set up the RMD for distribution of any retirement and/or contribution funds to which you are entitled.

If you have reached the age requirement of 70½ or 72 as described in the requirements above before submitting the retirement application, INPRS is required to adjust the benefit for any IRS imposed penalties. See [35 IAC 13-1-1](#) for more detailed information regarding INPRS's RMD process.

### 11.4 Administrative Review

**NOTE:** This information is only a guide and neither a substitute for, nor intended as legal advice.

If INPRS staff have answered your questions regarding your account but you disagree with the action or determination, and no alternative resolution is available, you may request administrative review under the Administrative Orders and Procedures Act ([IC 4-21.5](#)). You must have standing as a party or a right to intervention to request administrative review.

#### 11.4.1 Initial Determination

Petition INPRS in the form of a letter to request a review of the action or determination with which you disagree. This letter should specifically state the basis of your disagreement and include sufficient facts so that INPRS administration can make an evaluation and determination. You may include copies of any supporting documents. For a sample format of this member petition, see the [Step 1: Member Petition for Administrative Review of Staff Action/Determination](#) form available on the INPRS website.

Once an evaluation has been completed, you will be notified with an initial determination letter, sent by certified mail. INPRS will detail in the letter our initial determination and provide supporting justification. In addition, INPRS will provide explicit instructions should you want to appeal the initial determination. Indiana law sets forth specific timelines to appeal a decision. Should your appeal be received after the deadline, under Indiana law, the initial determination will become final, and you will forfeit any future claims specific to that particular outcome. As noted, many processes and procedures followed by INPRS are statutory, meaning INPRS does not have the discretion to act outside of the law in granting a benefit that federal and/or state law does not permit.

#### 11.4.2 Administrative Law Judge

If you disagree with the initial determination and want to further challenge, you may bring the matter before an Administrative Law Judge (ALJ). To initiate this process, you must file a petition for review with the INPRS Executive Director. The petition for review:

- Must meet the statutory requirements set forth in [IC 4-21.5-3-7\(a\)](#); AND

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- Must be filed within 15 days after you have received the written notice of the INPRS initial determination letter. ([IC 4-21.5-3-7\(a\)](#)).

If your petition for review meets the statutory requirements, INPRS will arrange for an administrative hearing of your case, which is similar to a trial in a lawsuit, but is conducted in less formal manner ([IC 4-21.5-3-25\(b\)](#)). You may be represented by counsel, but there is no requirement that you obtain representation. INPRS is not responsible for costs associated with your representation. The ALJ who conducts the review will consider the evidence concerning the administrative action/decision and decide whether INPRS has misinterpreted or misapplied the law and/or acted beyond the scope of its authority in your case.

After an ALJ is selected, you will be notified of the time and place of a pre-hearing conference, ordinarily conducted by conference call between you, INPRS, and the ALJ. The purpose of this conference is for the ALJ to identify and narrow the issues of the case and to set a timeframe for pleadings and discovery. A pleading is a formal document that sets forth allegations, complaints, denials, or defenses. Discovery is the process of learning information and obtaining documents from the other party.

If there are no material facts in dispute and the ALJ believes that the issues involved in the case deal with whether INPRS has applied or interpreted the law correctly, the ALJ may request a party file a motion for summary judgment. This means the ALJ may determine the case based on information submitted to the ALJ in writing. This is a process that speeds up the disposition of the case without the need for an evidentiary hearing where witnesses testify and are cross examined.

If there are material issues of fact, the ALJ will set a date for an evidentiary hearing where each party will call and cross examine witnesses and present other evidence. For a detailed outline of the ALJ review process, see the [General Outline for Administrative Law Judge \(ALJ\) Review](#) available on the INPRS website.

Within 90 days after the conclusion of the administrative hearing, the ALJ will issue a Finding of Facts and Conclusions of Law and written order concerning the action or decision that you are challenging ([IC 4-21.5-3-27](#)). The ALJ's order is then subject to review by the INPRS Executive Director. On behalf of the Board of Trustees, the Executive Director will issue a final order that affirms, modifies, or dissolves the ALJ's order ([IC 4-21.5-3-29\(b\)](#)).

### 11.4.3 Judicial Review

If you are still in disagreement at the conclusion of the administrative review, you may seek judicial review within thirty (30) days of receipt of the final order ([IC 4-21.5-5](#)). A reviewing court will examine only those disputed issues of fact that appear in the agency record of the appeal. The trial court may not retry the appeal or substitute its judgment for that of agency ([IC 4-21.5-5-11](#)).

See the [Administrative Review Regulations](#) available on the INPRS website for a list of all relevant IAC references.

### 11.4.4 Administrative Review for Disability

The disability procedures for the local Board, you as the member, and the 1977 Fund to follow are detailed in [35 IAC 2-5-5](#).

If you or the local Board wants to appeal the decision made by the INPRS Board, the appeal will be held in compliance with the Indiana Administrative Orders and Procedures Act ([35 IAC 2-5-9](#)).



Appeals may require you to submit to a medical examination. The hearing allows for additional evidence to be presented by all parties. The hearing officer submits findings and recommendations to the INPRS Board for a final determination. All parties are advised of the final determination.

### 11.5 Power of Attorney

The fund honors requests and directions from a lawful holder of a Power of Attorney document for a member. This individual is known as the attorney-in-fact. The Power of Attorney must grant the attorney-in-fact the authority to transact business of the type requested. For instance, if the Power of Attorney document grants the attorney-in-fact broad discretion to handle all banking and financial transactions, the fund will accept directions regarding benefit check delivery. If, on the other hand, a member grants what is known as a Health Care Power of Attorney, the attorney-in-fact does not have the authority to direct the fund on any matter, even something as simple as an address change.

If a member wishes to name a Power of Attorney for fund business only, without incurring the expense of legal counsel, the fund provides a Power of Attorney form ([Limited Power of Attorney for Members and Recipients \(State Form 49614\)](#)). However, this Power of Attorney applies only to fund business and is not valid for general public use. To receive a copy of this form to be completed and returned to the address on the form, contact the Member Advocate Team at (844) GO-INPRS (844-464-6777). For TDD call 1-800-579-5708. Member Advocates are available weekdays (excluding weekends and state designated holidays) from 8 a.m. to 8 p.m. ET.

If an attorney-in-fact attempts to act on behalf of a member, the fund will require a copy of the Power of Attorney. If a copy of the Power of Attorney is not in the member's file, the requested transaction will be denied. The denial will then be returned to the attorney-in-fact, requesting proof of legal authority to act on behalf of the member.

**NOTE:** Indiana law has very specific requirements for a Power of Attorney to be valid. Your signature must be witnessed and attested to by a Notary Public. Further, the Notary Public must sign the document along with the attorney's printed name and notarial seal.

### 11.6 Guardian

The fund honors requests and directions from a legally appointed guardian of your estate.

Before the fund can recognize acts of a guardian, the fund must receive copies of the Letters of Guardianship and/or other official court documents appointing the guardian. Only the guardian of your "estate", the person with the power to handle financial matters (as opposed to the guardian of the "person" who is responsible for your physical well-being), may direct the fund.

Guardians are appointed only when you are declared incompetent by a court of law. Thus, while you are under an active guardianship and unable to act on your own behalf. The fund will not recognize your acts until provided proof that your right to act on your own behalf has been restored.

## 11.7 Access to Records

### 11.7.1 Member Records

Your records are confidential by law. INPRS will only release your name and years of service.

INPRS can provide information from your records to you, or to one of the following:

- a guardian,
- a representative of your estate,
- an attorney-in-fact (aka Power of Attorney or POA),
- someone to whom you have given express permission, or
- someone named by a court order.

There are other exceptions to this rule. Contact INPRS if you have a situation other than those outlined herein.

### 11.7.2 Public Records

You do not need to fill out a request for access to public records to get information. You can:

- Call 1-844-GO-INPRS (844-464-6777),
- Email us at [questions@inprs.in.gov](mailto:questions@inprs.in.gov), or
- Send a written request or stop by in person at:

Indiana Public Retirement System  
One North Capitol Avenue, Suite 001  
Indianapolis, IN 46204

## 11.8 Confidentiality of Fund Records

Your records are protected by law under [35 IAC 1.2-1-5](#). The law outlines INPRS confidentiality rules and allows INPRS, at its discretion, to provide member information to:

- members of the Indiana General Assembly,
- state agencies,
- quasi-governmental agencies,
- any person with the member's written permission, including a Power of Attorney,
- an active member's employer,
- a deceased member's personal representative with Letters Testamentary or a beneficiary, according to a small estate affidavit,
- to follow state or federal law, a subpoena, legal discovery under the Indiana trial rules or Orders and Procedures Act or other court order.

There are other exceptions to this rule. Contact INPRS if you have a situation other than those outlined herein.