LEGISLATORS' DEFINED CONTRIBUTION PLAN

MEMBER HANDBOOK

INPRS
INDIANA PUBLIC RETIREMENT SYSTEM

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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 '77 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 Office of Management and Budget, 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 Legislators’ Retirement System Member Handbooks

The Legislators’ Retirement System (LRS) Member Handbook is now two handbooks.

- *Legislators’ Retirement System (LRS) Defined Benefit (LE DB) Plan Member Handbook*, referred to as the *LRS LE DB Plan Member Handbook* throughout this handbook.
- *Legislators’ Retirement System (LRS) Defined Contribution (LE DC) Plan Member Handbook*, referred to as the *LRS LE DC Plan Member Handbook* throughout this handbook.

1.7 Indiana Code Governing LRS

The laws and regulations governing the Indiana LRS may be found in Title IC 2-3.5 of the Indiana Code (IC). 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 handbook and the laws of the state of Indiana, the applicable law shall apply.

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

If you are a state legislator, you are eligible for membership in the LRS based on specific criteria outlined in this handbook.

You are vested in the Defined Contribution (DC) Plan (LE DC Plan) immediately at the time of hire.

A limited number of LE DC members are also eligible for the Defined Benefit (DB) Plan, sometimes referred to as the LE DB. See the *LRS LE DB Plan Member Handbook* for details.

2.1 Eligibility

The Legislators' Retirement System (LRS) includes a Defined Benefit (DB) Plan (IC 2-3.5-4) and a Defined Contribution (DC) Plan (IC 2-3.5-5). Your participation in one or both of these funds depends on when you served in the Indiana General Assembly. The DB Plan applies only to legislators who were members of the General Assembly on April 30, 1989, and chose to participate. At that time, you had the option of joining both the DB Plan and the DC Plan of LRS. If you chose to remain a member of the Public Employees' Retirement Fund (PERF), refer to the *PERF Hybrid Fund Member Handbook*. This member handbook covers the LRS (LE DC) Plan. For information about the LRS (LE DB) Plan, refer to the *LRS LE DB Plan Member Handbook*.

If your service in the General Assembly was completed on or before April 30, 1989, you will continue as a member of the Public Employees' Retirement Fund (PERF). You will not participate in the LRS.

The LE DC Plan applies to legislators who were elected or appointed after April 30, 1989, or who were in service on this date and elected to participate in this plan. You become vested immediately at the time of hire.

You become a member of the LE DC when you begin serving in the General Assembly. A welcome packet with information about how to activate your online account is mailed to you soon after you take office. To begin the process, contact the Member Service Center at (844) GO-INPRS (844-464-6777). For TDD call (800) 579-5708. Customer Service Representatives (CSRs) 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 myINPRSmetirement.org.

2.1.1 Service in the General Assembly AFTER April 30, 1989

As a member of the General Assembly who began service after April 30, 1989, or who elected coverage under IC 2-3.5-3-1(b), legislators are entitled to be covered under the LE DC Plan.

Members in the LEDC Plan include both those who are new to the General Assembly and those who served before April 30, 1989 (but terminated prior to that date) and returned to service after April 30, 1989.

2.1.2 LRS versus PERF Retirement Plan

The LRS was designed especially for the needs of State legislators (IC 2-3.5-5). Prior to the creation of the LRS in 1989, State legislators participated in the general PERF retirement plan. If your service in the General Assembly was completed on or before April 30, 1989, you will continue as a member of PERF and will not participate in the LRS Fund.

2.2 Ineligibility

Membership requirements for the LRS are very specific and are listed in IC 2-3.5-1-2. Anyone who does not meet these requirements is not eligible for membership in the LRS.

2.3 Personal Information

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

You can report any change in demographic information by contacting the Member Service Center at (844) GO-INPRS (844-464-6777). For TDD call (800) 579-5708. CSRs 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 LRS, it is critical you keep INPRS informed of any changes to your name, address, or beneficiaries.

Contributions

You and your employer (the state of Indiana) are required by statute to contribute a specified amount to your LE DC account.

The LE DC Plan is financed by contributions made by you and your employer.

The LE DC Plan bases benefits on pre-determined member and employer contributions and the investment performance of their accounts. The plan offers flexibility and convenience, providing you with the opportunity to tailor your account based on your personal financial needs. It allows you to guide and monitor the investment direction of your funds on a daily basis.

3.1 Employer Contributions

The state makes a contribution on your behalf each pay period. This contribution is in addition to your 5 percent contribution. The employer contribution is set by multiplying your pay for that year by a percentage decided by the INPRS Board and confirmed by the budget agency. The contribution amount cannot exceed the total contribution rate that the state pays to PERF for state employees.

3.2 Member Contributions

You must contribute 5 percent of your salary for your service after June 30, 1989. The State Auditor deducts member contributions from each salary payment. The salary used to compute these contributions includes the following:

- Salary
- Business per diem allowance and allowances paid in lieu of the submission of claims for reimbursements (but excluding any allowances for mileage)
- Allowances paid to officers of the House of Representatives and the Senate

The amount is decided without consideration of any pay reduction agreement established under Section 125 or Section 457 of the Internal Revenue Service (IRS) Code.

3.3 Vested Status

If you are in the LE DC Plan you are immediately vested for both yours and your employer’s contributions.

4 Service Credit

The LRS Defined Contribution (LE DC) Plan does not rely on earned or purchased service credit. As a member, you are vested immediately for both your employer's contributions and your contributions.

The INPRS Board must maintain at least one alternative investment program for each of the following requirements:

- Indexed stock fund
- Bond fund
- Stable value fund

The INPRS Board may offer additional options for the LE DC fund.

You may select any combination of the available investment funds in 10 percent increments, or smaller increments that may be established by the Board. A valuation of your account must be completed as of the last day of each quarter or a time that the Board may specify by rule.

5.1 Investing Your Account

The LE DC Plan allows you to actively manage your member account through self-directed investments. Three basic concepts should be taken into account when you make your investment decisions:

5.1.1 Diversification

Diversification is an investment strategy that seeks to reduce risk by spreading your assets over a variety of investments. It is designed to reduce the risk of loss. A variety of investments will not usually move in the same direction at the same rate at the same time. A diversified retirement plan may reduce instability over longer periods of time but does not guarantee earnings.

5.1.2 Risk Tolerance

Risk tolerance refers to your ability to tolerate the dips and peaks of a particular investment portfolio. When you evaluate your investment choices, it is important to decide how much instability you can afford to risk over short and long-term investments. Investments with more risk may have higher returns but may be more likely to rise and fall sharply over a certain period. You should have a thorough understanding of what your particular risk tolerance is before you choose an investment.

5.1.3 Time Horizon

Time horizon is the length of time before you need to access your money. Before you make an investment, you should ask yourself how long you intend to invest. Risk tolerance is associated with time horizon. A person nearing retirement has a shorter time horizon than someone who is further away from retirement. The older investor may have a lower risk tolerance than the younger investor because the older investor has a shorter time horizon to bear sharp rises and falls in the market. The younger investor may accept greater risk since he or she has more time to bear the rises and falls of riskier investments.

NOTE: Market-associated risk is involved with investing. INPRS' investment fund choices are **not** insured. INPRS cannot guarantee against the risk of loss based on your self-directed investment fund choices.

5.2 Self-Directed Investment Choices

You assign the funds in your account across nine investment choices described in *Table 1*.

Table 1: Investment Choices

Fund	Description
Money Market Fund	This fund seeks to preserve capital investment with a stable rate of return. It seeks high-quality fixed income securities. The maximum weighted average maturity is 90 days. The investment return generally comes from interest earned by the securities and not from a change in their market value.
Stable Value Fund	This fund seeks to preserve capital and a stable rate of return. It seeks steady growth in principal and earned interest by investing in high-quality fixed income securities. The risk profile of the fund is similar to money market funds.
Fixed Income Fund	This fund seeks total return, consisting of income and capital appreciation, through active and passive investment in a diversified bond portfolio.
Large Cap Equity Index Fund	This fund seeks investment growth/capital appreciation through passive investment in the stocks of the 500 largest U.S. companies.
Small/Mid Cap Equity Fund	This fund seeks investment growth/capital appreciation through both active and passive investment in stocks of small- and mid-sized U.S. companies.
International Equity Fund	This fund seeks investment growth/capital appreciation through active and passive investment in stocks of non-U.S. companies in both developed and emerging markets.
Inflation-Linked Fixed Income Fund	This fund seeks to provide investors inflation protection and income, through active investment in inflation-linked bonds.
Target Date Funds	Beginning July 1, 2018, your funds will default into the Target Date Fund (TDF) determined by the rules of the Board if no investment choice is made by you. This fund seeks an appropriate amount of total return consistent with a specific target retirement date through diversified investment choices. The asset allocation automatically shifts to become more conservative as the retirement date approaches. Although we seek to preserve the value of your investment, it is possible to lose money by investing in these choices. You can log in to your online member account to manage your personal information. A PIN will be mailed to you. You will need your PIN to get started. You will also need to keep your PIN for ongoing access to the automated phone system.

5.3 Rollover Savings Accounts (RSA) Into LE DC

You can deposit with LRS funds rolled over from any of the following IC 2-3.5-5-12:

- A qualified plan described in the Internal Revenue Service (IRS) Section 401(a), 403(a),
- An annuity contract, or account described in Section 403(b) of the IRS Code
- An eligible plan maintained by a state or political subdivision of a state, or an agency or instrumentality of a state, or political subdivision of a state under IRS Section 457(b)
- An Individual Retirement Account (IRA) described in IRS Section 408(a) or 408(b)

These RSA funds must be accounted for separately from your DC account and may be invested in any of the alternative investment options available. They may be withdrawn at any time prior to retirement. At retirement, these funds may be combined with your DC as part of their total benefit.

5.4 Transferring Contributions — PERF/TRF

On July 1 following the date you become a member of the LE DC Plan, you may choose to transfer the amount in your PERF Hybrid or TRF Hybrid Defined Contribution (DC) account to the LE DC. This amount will be credited to your LE DC account. Once you transfer this amount, it cannot be returned to your old PERF Hybrid or TRF Hybrid account at a later date. You may not delay making the election to transfer contributions past July 1.

There is no retirement benefit for the LE DC Plan. See the *Withdrawals, Distributions, and Loans* section of this handbook for details about these features of the DC Plan.

For more information about withdrawals, distributions, and loans call the Member Service Center at (844) GO-INPRS (844-464-6777). For TDD call (800) 579-5708. CSRs are available weekdays (excluding weekends and state-designated holidays) from 8 a.m. to 8 p.m. ET. Email questions to questions@inprs.in.gov.

6.1 Withdrawals

Withdrawal is a term used in reference to leaving the LRS for a reason other than death or disability without regard to being vested or not vested.

6.2 Distributions

6.2.1 Separation of Service

Your LRS Defined Contribution (LE DC) Plan member account balance may be withdrawn at any time following separation of service with the General Assembly.

As of January 1, 2021, active members of LE DC are permitted to take in-service distributions of their defined contribution accounts if they meet specific requirements. LE DC members must be at least age 59½ to qualify.

The amount credited for distribution to you shall be the market value of your investment as of the last business day preceding your distribution or annuitization.

If you are a member of the General Assembly who also has service prior to November 8, 1989, in the Defined Benefit (DB) Plan, you do not forfeit the right to a retirement benefit from that plan by taking a distribution from your DC.

You may withdraw your LE DC account balance at any time after you have ended service in the General Assembly. Your payment choices and your age at distribution will have specific tax consequences. For your convenience, INPRS offers several flexible payment choices. You may select only one of the five choices in *Table 2*.

Table 2: Distributions

Payment Option	Option Details
Choice A: Purchase of an Annuity Total Balance of Your Account	The LRS will purchase an annuity on your behalf from an outside vendor using the entire balance of your account. The terms and conditions may change depending on the provider and the type of annuity chosen. The provider may have additional forms to complete in the purchase process.
Choice B: Monthly Installments of Your Total Account Balance	The LRS will pay you the entire balance of your account in equal monthly installments of 60, 120 or 180 payments. You must elect the number of payments at the time of application. Once made, your election cannot be changed. No additional interest or earnings will be credited.
Choice C: Complete Distribution of Your Account Based on Tax Preference	The entire balance of your account will be distributed according to the choices you choose for taxable and non-taxable funds. You may make only one selection for each part, taxable and non-taxable. ***(See the distribution options below.)***

<table>
<tr><th>Payment Option</th><th colspan="2">Option Details</th></tr>
<tr><td>Choice D: Partial Distribution and an Annuity</td><td colspan="2">Part of your account will be paid to you according to your choices and the balance will be used to purchase an annuity. This choice is subject to the same terms and conditions in Choice A. The amount paid to you must be in the same proportion as the taxable and non-taxable funds in your account. For example, if your account balance includes 60 percent taxable funds and 40 percent non-taxable funds and you elect to withdraw $1,000, the lump sum paid to you will consist of $600 in taxable income and $400 in non-taxable income.
(See the distribution options below.)</td></tr>
<tr><td>Choice E: Monthly Installments</td><td colspan="2">Your account will be distributed in monthly installments over 60, 120 and 180 months. You may select only one choice for each part.
(See the distribution options below.)</td></tr>
<tr><td rowspan="4">Distribution Options for Payment Choices C, D, and E</td><th>Taxable Portion</th><th>Non-Taxable Portion</th></tr>
<tr><td>Direct Rollover</td><td>Direct Rollover</td></tr>
<tr><td>Paid Directly to Me (Less Withholding)</td><td>Paid Directly to Me</td></tr>
<tr><td>Partial Rollover*</td><td>Partial Rollover*</td></tr>
</table>

* Partial Rollover – you indicate a percentage to be rolled over with the remaining amount paid to you directly, less tax withholding.

NOTE: Choice A and Choice B involve the total balance of your account, while choices C, D, and E allow you to choose separate directions for the disbursement of taxable and non-taxable funds based on your personal preferences.

The amount credited for distribution to you is the market value of your investment as of the last business day preceding the distribution or annuitization.

6.3 CARES Act

The CARES Act, federal legislation which became effective March 27, 2020 suspended required minimum distributions for the calendar year 2020 for defined contribution plans and allowed states to provide for COVID-related distributions, provided certain requirements were met. Through an Indiana Executive Order, INPRS allowed COVID related distributions pursuant to the CARES act for TRF My Choice, PERF My Choice, PERF Hybrid DC accounts, TRF Hybrid DC Accounts, and LEDC Accounts. If you qualified for one of these distributions and took one of these distributions and you have questions about tax consequences, contact your tax advisor.

6.3.1 CARES Act – COVID Qualifications

The CARES Act allows coronavirus (SARS-CoV-2 or COVID 19) distributions for DC plans if:

- You, your spouse, or dependent is diagnosed with SARS-CoV-2 or COVID 19
- You experience adverse financial consequences based on being:
  - Quarantined, furloughed, or laid off due to a SARS-CoV-2 or COVID 19

  - Reduced work hours or unable to work due to childcare due to SARS-CoV-2 or COVID 19
  - Closing or reducing business hours for business owned or operated by the person due SARS-CoV-2 or COVID 19
  - Other factors determined by the U.S. Secretary of the Treasury
- You must certify that they meet one of these requirements in order to receive the distribution
- These distributions are for a limited time only. Member must certify that they meet one of these requirements through Voya's distribution process. Once a member certifies that one of these requirements is met, INPRS will act on a COVID related distribution.

6.3.2 CARES Act – About COVID-Related Distributions and Pay Back

- Certain taxes and penalties have been removed for COVID-related distributions.
- Applies to distributions before December 31, 2020.
- Cannot repay the distribution back into an INPRS DC account. If a member wants tax advice about this, the member must contact a tax advisor.
- Act allows flexibility for loans; however, INPRS is not implementing at this time.

6.4 Loans

If you are a member in the LE DC, you may apply for a loan from your account. The loan is subject to limitations set in the Indiana Administrative Code and Federal Law. For example, there are minimum and maximum limits on loan amounts. Legislators may not make more than two loans each calendar year. The amount of the loans may not exceed the lesser of the following:

- $50,000
- One-half the present value of your vested accrued benefit under the plan or $10,000 (whichever is greater)
- Must be a minimum of $1,000

The loan must be repaid within five years, unless the loan is used to acquire a principal residence, and payments must be made at least quarterly. The loan must also meet all requirements of Treasury Code Section 72(p)(1).

6.4.1 Defaulting on a Loan

Loans against your member account are subject to default provisions.

You are required to make payments according to your loan agreement. If you default on the loan, the outstanding amount of the loan and accrued interest is deemed an early distribution from a retirement plan and is subject to all taxes and penalties that may be assessed by the IRS or other taxing agencies. A 1099-R will be issued by INPRS no later January 31 of the year following the default. If payments are not made when due or if you fail to act on your obligations, the Custodian has the right to act as a creditor. This is in accordance with Revenue Code Section 72 (p) and 35 IAC 1.2-6-7. As permitted by law, your individual account will be charged for all expenses incurred by the Custodian in exercising this right.

A loan is in default status if payment is not made by the last day of the calendar quarter following the calendar quarter in which the required installment payment was due. Even if a loan goes into default and that amount has been deemed a distribution subject to taxes and penalties, that loan still must be repaid unless you have taken a total distribution from your LE DC.

If your loan is in default, the Custodian will offset the loan(s) plus interest by subtracting the unpaid balance(s) from your LE DC account. Any outstanding balance (principal plus interest) of the defaulted loan(s) must be repaid by you. If you default on your repayments, the entire outstanding amount of the loan (principal and interest) will be reported to the IRS as a taxable distribution. You might be subject to penalty taxes under certain circumstances. If the loan is in default, no new loans can be generated on your LE DC account until the remaining outstanding balance is paid in full.

A defaulted loan will continue to accrue interest until the loan amount has been repaid even in the event of a deemed distribution. You may not take out any additional loans while you have a loan in default. Any outstanding loans are automatically deducted from the LE DC balance prior to distribution.

6.4.2 Termination of Service with Outstanding Loan(s)

If you have an outstanding loan and you terminate your legislative service,

- You are required to repay the loan according to the terms of the loan, and
- Any distribution occurring based on termination will first be used to offset the remaining balance of the loan.

6.4.3 Applying for an Additional Loan

If you apply for a loan and have a loan outstanding in the prior 12 months, the amount of the new loan combined with the outstanding balance from the previous loan is subject to the same limits as an initial loan.

If you have a loan against your account, you must repay the amount and you will not be allowed to roll forward late loan payments.

6.5 Overpayment or Underpayment

The LE DC Plan is required by federal and state law to correct any errors in withdrawal, distribution, or loan calculations. If you receive an overpayment as a result of an error, the LE DC Plan must recover the overpayment. If you are underpaid, you will receive an additional payment from the LE DC Plan.

7 Beneficiaries (Survivors)

Beneficiary refers to the person or institution designated to receive all or part of your LE DC Plan funds upon your death.

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

7.1 Designating Beneficiaries (Survivors)

You may name either single or multiple beneficiaries to receive your LE DC if death occurs before taking a distribution. If a designated beneficiary does not survive you, the LE DC will be paid to the following:

- Surviving spouse of the member
- If no surviving spouse, to a surviving dependent
- If no surviving spouse or dependent, to the member's estate

The surviving spouse or surviving dependent may choose from one of the following payment options:

- Total distribution to the beneficiary, less mandatory tax withholdings
- Convert the entire DC balance into an annuity, various options available
- Convert the entire LE DC balance into an annuity, various options available, including a 60-month option
- Take a partial distribution to the beneficiary, less mandatory tax withholdings, and convert the remaining LE DC balance into an annuity

If payment is to be made to your estate, this payment will be made in a total distribution.

Check with your tax advisor regarding the eligibility of a rollover option.

You can designate a new beneficiary by logging onto myINPRSretirement.org. Failure to update beneficiaries could result in payment being made to a previously designated beneficiary.

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

NOTE: Effective January 1, 2022, the RMD rules for beneficiaries are modified if you die after December 31, 2021 and includes updated information regarding the beneficiary. See the Required Minimum Distribution (RMD) Information section of this document for more information.

7.2 Vested Status

Members in the LE DC Plan are *immediately* vested in the DC for both the member and the employer contributions.

8 Retirement Benefits

There is no retirement benefit for the LE DC Plan. See the *Withdrawals, Distributions, and Loans* section of this member handbook for details about these features of the DC Plan.

9 Death Benefits

Your account – consisting of your employer's contributions, your contributions, and investment earnings or losses – will be paid to your chosen beneficiary or beneficiaries if you die either while a member of the General Assembly or after ending service without having withdrawn your account from the fund. The amount paid will be the fair market value of your account upon the date of distribution. This amount will also include employee contributions deducted and employer contributions made since the last day contributions were reported. If there is no beneficiary, or if the beneficiary precedes you in death, the account will be paid to your:

- Surviving spouse,
- Surviving dependent(s), if there is no surviving spouse; or,
- Estate if there is no surviving spouse or surviving dependent.

NOTE: All marriages are recognized regardless of gender.

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

NOTE: Effective January 1, 2022, the RMD rules for beneficiaries are modified if you die after December 31, 2021 and includes updated information regarding the beneficiary. See the Required Minimum Distribution (RMD) Information section of this document for more information.

9.1 Survivor Benefit

9.1.1 Surviving Spouse Benefit

Upon your death, your spouse will have four choices for withdrawing funds from your account. Only one choice may be chosen from the following:

Table 2: Surviving Spouse Benefit Options

Option	Description
Choice A: Purchase of an Annuity with the Total Balance of Your Account	The LRS will purchase an annuity on behalf of your spouse from an outside vendor. Terms and conditions of this annuity may change depending on the provider and the type of annuity chosen. The provider may have additional forms to complete in the purchase process.
Choice B: Total Distribution of Your Account	The entire balance of your account will be distributed according to the selections your spouse makes. Different choices may be chosen for the taxable and non-taxable portions of your account. Your spouse may make only one selection for each portion of the account.

Option	Description
Choice C: Partial Distribution and an Annuity	Part of your account will be paid to your spouse according to the selections he or she makes. The balance will be used to purchase an annuity, subject to the same terms and conditions in Choice A. The amount paid to your spouse must be in the same proportion as the taxable and non-taxable funds in your account. For example, if your account balance includes 60 percent taxable funds and 40 percent non-taxable funds and you elect to withdraw $1,000, the lump sum paid to you will consist of $600 in taxable income and $400 in non-taxable income.
Choice D: Monthly Installments Over 60 Months	Your spouse may elect a 60-month installment distribution of your account balance paid directly to your spouse. No additional interest or earnings will be credited.

9.1.2 Surviving Non-Spouse Benefit

Table 3: Surviving Non-Spouse Benefit Options

Option	Description
Choice A: Total Distribution	The total amount of the LE DC, minus any withholding for state and federal taxes, will be paid directly to your beneficiary or to your estate.
Choice B: Purchase of an Annuity	The LRS will purchase an annuity on behalf of your beneficiary from an outside vendor. The terms and conditions of this annuity may change depending on the provider and the type of annuity chosen. In the purchase process, the provider may have additional forms to be completed. This choice is not available for beneficiary payments to an estate.
Choice C: Partial Distribution and an Annuity	Part of your account will be paid to your beneficiary and the balance will be used to purchase an annuity. This choice is subject to the same terms and conditions as in Choice B. This choice is not available if the beneficiary is the estate of the member. The amount paid to your beneficiary out of your account will be in the same proportion of taxable and non-taxable funds as the balance in your account. For example, if your account balance includes 60 percent taxable funds and 40 percent non-taxable funds and you elect to withdraw $1,000, the lump sum paid to you will consist of $600 in taxable income and $400 in non-taxable income.
Choice D: Monthly Installments Over 60 Months	Your beneficiary may elect a 60-month installment distribution of your account balance paid directly to him/her. No additional interest or earnings will be credited.

9.2 Survivor Benefit Application Requirements

As the beneficiary/survivor, in order to process your survivor benefit, you must submit the following to INPRS:

- Survivor benefit application (*Legislators Retirement System (LRS) Survivor Benefit Application*) available from the Forms list in the navigation frame 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.

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

10.1 Federal Tax Provisions

Federal tax law stipulates your withdrawal choices. The date you can begin receiving a distribution and the minimum required distribution, are set as follows:

- When you reach age 70½ (or 72, depending upon when you reached age 70 ½) or retire, whichever is later, a portion of your account cannot be rolled over. It is considered a Required Minimum Distribution (RMD) and it must be paid to you. See the *Required Minimum Distribution (RMD) Information* section of this handbook for details.
- If you choose to have payments made directly to you and any portion of your payment qualifies to be rolled over, you will receive 80 percent of the taxable amount of the payment. LRS must withhold 20 percent for federal income taxes. The taxes are paid the year you receive the payment. If you elect a rollover a distribution into an eligible IRA or an eligible employer plan within 60 days of receiving your payment, it will not be taxed until you withdraw the funds from the respective plan. The other plan must receive your rollover distribution within 60 days of the date of the check.
- If you decide to have your payment paid directly to you before age 59½, you may have to pay an additional 10 percent early withdrawal penalty.
- You will receive special tax treatment if you were born before January 2, 1936. If you receive a payment from a qualified plan under section 401(a) or a section 403(a) annuity plan that can be rolled over and you do not roll it over to an eligible IRA or an eligible employer plan, the payment will be taxed in the year you receive it. If the payment qualifies as a "lump sum distribution," it may qualify for special tax treatment. A lump sum distribution is a payment of your entire balance received within one year of you turning age 59½. You may also receive a lump sum distribution if you have separated from service with your employer. A payment can be treated as a lump sum distribution if you have been a member in the plan for at least five years before the year you received the distribution. Lump sum distributions may receive special tax treatment. The special tax treatment is described below.

Table 4: Federal Tax Options

Tax Options	Description
Ten-Year Averaging	If you receive a lump sum distribution and you were born before January 2, 1936, and have five years of service with the plan, you can make a one-time election to figure the tax on the payment by using "Ten-year averaging." Ten-year averaging often reduces the tax you owe.
Capital Gain Treatment	If you receive a lump sum distribution and you were born before January 2, 1936, and have five years of service with the plan, you may be able to elect to have part of your payment taxed as long-term capital gain with the capital gain tax rate in effect at the time of your distribution. See IRS Form 4972 for more information on lump sum distributions and how you elect the special tax treatment.

There are other limits on the special tax treatment for lump sum distributions. See IRS Form 4972 for more information on lump sum distributions and how you elect the special tax treatment.

10.2 Special Tax Notice Regarding Rollovers

A rollover is a payment of all or part of your benefit to an eligible employer plan or an eligible IRA. Taxes are not paid on the benefit until it is paid to you from the respective plan. If you choose a direct rollover, your payment will not be taxed in the current year and no income tax will be withheld. An "eligible employer plan" includes a plan qualified under section 401(a) of the IRS Code, including:

- A 401(k) plan,
- Profit-sharing plan,
- Defined Benefit Fund,
- Stock bonus plan,
- A money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; or
- An eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

> **NOTE:** An eligible employer plan is not required by law to accept a rollover. Even if a plan accepts rollovers, it might not accept certain types of distributions, such as after-tax amounts. If your distribution includes after-tax amounts and the employer plan does not accept it, you may wish to roll your distribution over to an eligible IRA. You may also split your rollover amount between the employer plan and an eligible IRA. Be sure to check with the manager of your plan prior to making the rollover.

10.3 Obtaining Additional Tax Information

The tax consequences described above are complex and contain many conditions and exceptions that are not included in this notice. State and local tax rules might also apply to your payment. You may want to consult with a professional tax advisor before you elect a payment of your benefits from the LRS.

You can find more information on the tax treatment of payments from qualified employer plans in IRS Publication 575, *Pension and Annuity Income*, and IRS Publication 590, *Individual Retirement Arrangements.*

> **NOTE**: These publications are available from your local IRS office, on the *IRS website*, or by calling (800) TAX-FORMS.

11.1 Cost of Living Adjustments

Cost of living adjustments (COLAs) do not apply to LE DC member accounts.

11.2 13th Check Annual Supplemental Payment

The 13th check does not apply to LE DC member accounts.

11.3 Required Minimum Distribution (RMD) Information

The IRS requires that you 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 the age of 70½ (or 72, if you turned 70 ½ on or after January 1, 2020) or terminate your employment, whichever date is later. 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 to 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 10 years of service including a minimum of 1 year of creditable service as outlined in the *Retirement Options* section of this reference manual.
- You have separated from service for the State of Indiana.
- You have not begun the retirement benefit.
- You will be age 70½ on or before December 31, 2019. The requirements indicated in the first paragraph of this section apply.
- If you reach 70½ on or after January 1, 2022, you do not have to apply for or take the RMD until age 72. The requirements indicated in the first paragraph of this section apply.

For LE DC you must complete the online Retirement Application at myINPRSretirement.org. The Retirement Application must be completed online and submitted to INPRS for processing. You may contact the Member Service Center at (844) GO-INPRS (844-464-6777). For TDD call (800) 579-5708. CSRs are available weekdays (excluding weekends and state-designated holidays) from 8 a.m. to 8 p.m. ET.

If INPRS does not receive the application by December 31, and you will be age 70½ by December 31 consistent with the requirements discussed above, INPRS will undertake to contact you to set up the RMD for distribution of any retirement and/or Defined Contribution funds to which you are entitled.

If you have reached the age requirement of 70½ or 72 if you reached age 70 ½ on or after January 1, 2020, 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.

NOTE: Effective January 1, 2022, for INPRS DC plans the RMD rules for beneficiaries are modified if you die after December 31, 2021. See the Secure Act and 26 USC § 401(a)(9).

If beneficiary is not an eligible designated beneficiary, the distribution of the interest must be made within 10 years after the member's death.

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

- 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.

11.5 Power of Attorney

The fund honors requests and directions from a lawful holder of a Power of Attorney document for you. 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, you grant 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 you want to name a Power of Attorney for fund business only, without incurring the expense of legal counsel, the fund can provide a *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 Service Center at (844) GO-INPRS (844-464-6777). For TDD call 1-800-579-5708. CSRs 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 your behalf, the fund will require a copy of the Power of Attorney. If a copy of the Power of Attorney is not in your 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 your behalf.

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, fund, 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 your information. You can:

- Call (844) GO-INPRS (844-464-6777),
- Email us at 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

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

11.8 Confidentiality of Fund Records

Your records are protected by law under 35 IAC 1.2-1-5 and IC 5-10.5-6-4.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.