

Stepping into Retirement

General Instructions for the PERF/TRF Retirement Application

This booklet will help you understand the vital decisions you will have to make to apply for retirement benefits. All necessary applications and forms are included in your retirement application packet.

To complete the process of retiring from your job, you must make pension choices that will affect your monthly income, and possibly someone else's. We have tried to make this process as simple as possible.

You may wish to obtain an official estimate of your benefits. As you fill out the application, use the Retirement Checklist to make sure that every step is finalized. All requested documents must be included in order to begin processing your retirement.

You may choose to combine any part of your Annuity Savings Account (ASA) with your monthly benefit. Your ASA will be valued the day after receipt of your application. If your application is received after 4 p.m., your ASA will be valued the next business day. It will be transferred to a Fixed Value Fund in order to minimize loss while your request is processed. However, you may transfer your monies between investment options at any time before we receive your application. You may transfer monies via phone or online.

If you have any questions or concerns, call the INPRS Call Center at (888) 286-3544, toll-free, or e-mail us at questions@inprs.in.gov.

To ensure a prompt benefit payment, be sure to submit your application no later than 90 days before your retirement date.

Accessing INPRS Online

As a retiree, you can log in to your secure online account. Here, you can view and print IRS 1099-R forms, review direct deposit, view your benefit payments, change your address, and change your beneficiary's address. Visit www.inprs.in.gov to sign up. If your address is not current with INPRS, please contact us at (888) 286-3544 and update this information. You should update your information before you sign up to use these services. Hours of operation are 8 a.m. to 8 p.m. EST, Monday through Friday. The agency is closed on weekends and holidays, including all State-designated holidays.

Making Retirement Decisions

Explanations and Examples to Help You Complete the PERF/TRF Retirement Application

Please read the application itself carefully and use the Retirement Application Checklist to be certain your form is accurate and complete.

INPRS will not pay more than six months in retroactive benefits. See the example box on page three for illustrations of appropriate retirement dates.

STEP 1: Member Information

All of the information requested in this section is mandatory. INPRS cannot process your PERF/TRF application without it. INPRS needs your Social Security number to process retirement benefits. It is not used for any other reason.

You must submit a photocopy of your birth certificate, driver's license, passport or other eligible proof of age for yourself and survivor beneficiary (if applicable).

INPRS uses an "effective date" for retirement benefits. The effective date of your retirement benefits is the first day of the month after your last day in pay status. For example: Your last day in pay status is Aug. 2. Your effective date of retirement is Sept. 1.

Prior to retirement, confirm with your employer and INPRS that you have earned the service credit that you need to receive the benefit you desire. Your employer is the best source of information regarding your employment history. INPRS strongly encourages you to confirm your employment and service history with your employer prior to choosing a retirement effective date.

The retirement date you choose must fall no earlier than the first day of the month after you qualify to retire.

NOTE: Your retirement application is void if you have an agreement, formal or informal, prior to retirement, with a covered employer to return to work in a covered position.

STEP 2: Election of Pension Benefit

The pension options set by state law are explained on the retirement application. The example on page four will help you understand what may be available for a beneficiary upon your death. The example also shows how your election can affect your monthly benefit check. Notice that the 5-Year Certain & Life and Modified Cash Refund Plus 5-Year Certain & Life options only offer survivor (beneficiary) benefits within the first five years of retirement.

Modified Cash Refund Plus 5-Year Certain & Life: You may only choose this option if you choose "Combine ASA with Lifetime Pension Benefit" or "Monthly ASA" for your Annuity Savings Account. Like the 5-Year Certain & Life option, if you die before receiving benefits for five years, your beneficiary will receive either a monthly benefit for the remainder of those five years, or the present value of those remaining payments in a lump sum. Also, upon your death (whether you die before or after receiving five years of benefits), your beneficiary may receive a single payment of the amount left in your ASA. Note that your ASA balance is reduced with each monthly benefit paid. You will receive benefits for life, but if you die after you have recovered the full amount of your ASA, there will be no additional distribution to your beneficiary.

Minimum Amount Provision

The minimum amount provision is relevant to certain options in the Election of Pension Benefit and Election of Annuity Savings Account sections. The minimum amount provision guarantees that you or your beneficiary will receive benefit payments that total at least the balance of your ASA at the time of retirement. If you do not receive this minimum amount in combined annuity and pension payments during your lifetime, your beneficiary can claim the remaining amount. For example, if you have \$100,000 in your ASA at the time of retirement, your total benefits received (combined annuity and pension payments) must equal \$100,000 or your beneficiary may claim the difference.

Examples to Help You Pick an Appropriate Retirement Date

1. Retirement date in the past: John has 10 years of service. He turns 65 on April 12, which makes him eligible for a normal retirement by age and service, and stops working for his PERF-covered or TRF-covered employer the next day (“separates from service”). However, he waits until January 1 to mail INPRS his retirement application. He must choose August 1 or later as his retirement date because PERF/TRF cannot pay benefits for more than six months into the past.* Therefore, John cannot receive a benefit for May, June or July.

2. Retirement date in the future: Sarah has 10 years of service. She turns age 65 on April 12. She qualifies for a normal retirement by age and service. She does not want to be without income once she stops working. Sarah decides to mail her application in March. She chooses October 1 as her retirement date and stops working for her PERF-covered or TRF-covered employer on September 30 (“separates from service”).

*Six months of retroactive benefits do not apply if you are an elected official OR if you are at least 70 years old with 20 years of service and plan to continue working in your current position.

NOTE: Your retirement application is void if you have an agreement, formal or informal, prior to retirement, with a covered employer to return to work in a covered position.

Social Security Integration: If you retire between the ages of 50 and 62 and have at least 15 years of service, you may select this option to integrate your PERF/TRF benefit with Social Security. INPRS will pay you a larger monthly benefit before age 62. At age 62, your benefit will be

reduced or stopped based on your estimated Social Security benefit. As INPRS does not work in conjunction with Social Security, this selection will NOT affect the amount of your benefit received from Social Security. If you choose the Social Security Integration option, you must submit a copy of your current Social Security statement for age 62 to calculate your benefit.

A. Beneficiary Election – For 5-Year Certain & Life, Straight Life or Modified Cash Refund

A “beneficiary” is the person you name to receive your INPRS benefit after you die. Often, this person is a spouse, but you may name any person, an estate, or an organization. You may also choose not to name a beneficiary. If you do not name a beneficiary, any benefits owed to you after your death will be paid as prescribed by the plan.

If you select the pension options above, you can name as many beneficiaries as you wish. You must specify if each beneficiary is a primary or contingent beneficiary. You will need to designate a percentage amount for each beneficiary. The total for all beneficiaries must equal 100 percent.

B. Survivor Election - For 100%, 66-2/3% or 50% Survivor Benefit

A “beneficiary” is the person you name to receive your INPRS benefits after you die. For these pension options, you may choose only one beneficiary. Also, you must include proof of birth because your beneficiary’s age is used to calculate the benefit amounts. Attach an English translation to any foreign language document. If you do not have any eligible document, call (888) 286-3544.

NOTE: If your beneficiary is not your spouse, is more than 10 years younger than you and you are considering the 100% or 66-2/3% options, please contact INPRS to verify that your adjusted age difference allows for one of these options.

STEP 3: Election of Annuity Savings Account (ASA)

The Annuity Savings Account, commonly called the ASA, is the second part of your PERF/TRF retirement benefits. It is an individual account in your name. There are several ways you may receive payment of these funds.

The ASA is like a Defined Contribution (DC) plan. This means that there can be significant tax consequences attached to how you receive these funds once you retire. INPRS is specifically prohibited from offering individual financial advice, including tax advice. We can explain the regulations that apply to each choice you must make. We cannot comment on how your individual situation might be affected. We encourage you to seek professional, objective tax advice.

NOTE: If you choose this option, your first pension and annuitization payments will be sent separately. Your first monthly payment may be lower because it will not include your monthly annuity amount. The ASA is held in a fixed interest account until the month following your retirement date. It is then paid monthly based on the higher balance. You will not receive a retroactive payment for your monthly annuity, as your ASA earned interest for an additional month. Your monthly payment is actuarially calculated based on your age and balance at the time your payment is disbursed.

Monthly ASA: Do you want to have a larger monthly check for the rest of your life? With this option, you will receive a lifetime payment. Your survivors will be paid according to the choices you make for your pension in STEP 2.

The chart below represents a sample benefit for a member whose final average salary was \$22,507 and who had 31.667 years of creditable service.

	Member's Monthly Pension	Beneficiary's Benefit if the Member Dies within 5 Years	Beneficiary's Benefit if the Member Dies after 5 Years
Five-Year Certain & Life	\$653/month	\$653/month until five years after retirement date	0
No Guarantee	\$673/month	0	0
*Modified Cash Refund	\$653/month	\$653/month until five years after retirement date	0
100% Survivor Benefit	\$457/month	\$457/month	\$457/month
66-2/3% Survivor Benefit	\$512/month	\$343/month	\$343/month
50% Survivor Benefit	\$545/month	\$272/month	\$272/month

*This option requires that you annuitize your ASA.

Withdraw Non-taxable Portion / Monthly ASA: Do you want to withdraw the 1986 tax basis and combine the taxable portion with your lifetime monthly pension benefit? If you make this payment choice, you and your beneficiary (if applicable) will receive a lifetime monthly payment even if you outlive the amount in your Annuity Savings Account.

NOTE: *If you choose this option, your first pension and annuitization payments will be sent separately. Your first monthly payment may be lower because it will not include your monthly annuity amount. The ASA is held in a fixed interest account until the month following your retirement date. It is then paid monthly based on the higher balance. You will not receive a retroactive payment for your monthly annuity, as your ASA earned interest for an additional month. Your monthly payment is actuarially calculated based on your age and balance at the time your payment is disbursed.*

Direct Rollover and Partial Rollover / Partial Withdrawal:

Do you want to roll some or all of your ASA money into a non-PERF tax-deferred account? If so, check either *Direct Rollover* or *Partial Rollover* in this section. If you choose a rollover, you will continue to “defer,” that is you will not owe income taxes on these funds until a later date. If you do not complete the rollover process within 60 days after you receive your distribution, it may be subject to taxes and/or penalties unless you qualify for a waiver. Please consult your tax advisor for waiver qualifications.

Full Withdrawal: Do you want all of your ASA paid directly to you? If you choose this option, PERF/TRF must withhold a portion of these funds for income taxes. You may or may not receive the withheld amount when you file your next income tax return. The entire amount will count as income for the year in which it is paid.

Full Deferral: Do you want to leave all of your ASA invested with INPRS for now? If you make this choice, you will continue to have the right to choose among the PERF/TRF investment options. You will be able to make a different ASA payment choice at any time in the future. If you have not withdrawn your ASA by the time you turn age 70 1/2, federal law requires PERF/TRF to automatically pay the ASA amount to you at that time.

Partial Deferral / Withdraw Non-Taxable: Do you want to withdraw the 1986 Tax Basis (post-tax contribution) and

leave the remainder of your ASA balance invested with PERF/TRF for now? If you make this choice, you will continue to have the right to choose among the PERF/TRF investment options. You will be able to make a different ASA payment choice at any time in the future. If you have not withdrawn your ASA by the time you turn age 70 1/2, federal law requires PERF/TRF to automatically pay the ASA amount to you at that time.

Trailing Contributions

INPRS may receive contributions from your employer after your retirement application has been processed. If the “trailing contribution” is \$1,000 or less, it will be paid to you in a lump sum. If the contribution is more than \$1,000, you may receive it in a lump sum or choose to have it rolled over. If you do not make an election, you will receive the contribution in a lump sum.

STEP 4 (Optional): Election of Rollover Savings Account (RSA)

Complete this step only if you have rolled funds into INPRS from another financial institution and maintain the Rollover Savings Account (RSA) with INPRS (or intend to roll funds into INPRS). If this does not apply to you, check the box “I DO NOT intend to create an RSA by rolling funds into INPRS.”

STEP 5: Direct Deposit of Recurring Payment

This convenient service automatically deposits your payment into your bank account no later than the 15th of every month for PERF members and the 1st of every month for TRF members. For your records, you will receive an annual statement showing all PERF/TRF direct deposits.

Beneficiaries Matter

Once you retire, the beneficiaries you have listed with INPRS can only be changed in limited circumstances, depending on the option you choose. Even if your Last Will and Testament designates a different person, INPRS must distribute survivor benefits to the person we have on file. Please make this retirement decision carefully. Here are the circumstances in which you are eligible to change your beneficiary after you retire:

For Option 5-Year Certain, Straight Life, or Modified Cash Refund: You may change your beneficiary up to five years from the effective date of your retirement.

For Option 100% Survivor, 66 2/3% Survivor, or 50% Survivor: You cannot make a change as long as your beneficiary is alive. If your beneficiary dies, you may name another person, or change to retirement option Straight Life.

If you are receiving benefits and then get married for the first time: You may change your beneficiary to name your spouse.

If you are receiving benefits and then become divorced: You may change your beneficiary if the divorce decree permits the change.

STEP 6: Affirmation, Signature & Notary Certification

Take the form to a duly commissioned notary public. The notary public will ask you to swear or affirm to the truth of all of the information you supplied on the application and sign it in his/her presence. The notary will then complete this page and affix his/her seal to it. Use the Retirement Application Checklist to make sure you completely finish the application and include all necessary documents.

INPRS will not begin processing your retirement until all required documents have been received.

Return the application and all attachments to INPRS at:

INPRS

1 North Capitol Avenue, Suite 001
Indianapolis, IN 46204

Basis Recovery

If you have Pre-1987 Post-tax ASA contributions, you can recover all of your tax basis in a lump sum on those amounts. If you have any other post-tax contributions to your ASA, the tax basis for those amounts will generally be recovered over time. The IRS determines the rate of recovery. Your account balance and other factors determine if you can recover a portion of your post-tax dollars in a lump sum. If you have any questions give us a call at (888) 286-3544.

Legal Notice

The Indiana Public Retirement System is governed by laws and regulations found in Title 5-10.2 and 5-10.3 of Indiana Code. While every attempt has been made to verify that all the information in this publication is correct and up-to-date, INPRS does not make any representation or warranty as to the completeness or accuracy of any information provided. Published content does not constitute legal advice, and nothing herein should be considered a legal opinion.

In the event of a discrepancy between information in this publication and the laws of the state of Indiana, the applicable state law shall apply. All information in this publication applies solely to the Public Employees' Retirement Fund and Indiana State Teachers' Retirement Fund and no other retirement plans administered by INPRS.

Notes
