



## EXPANSION INFORMATION FOR TRF EMPLOYERS

### What is the difference between TRF Hybrid and My Choice?

The TRF Hybrid plan offers a defined contribution account and pension, whereas the TRF My Choice plan offers only the defined contribution account. The total contribution amounts are the same for the TRF Hybrid and the TRF My Choice plans.

### Who can offer the My Choice: Retirement Savings Plan?

Effective July 1, 2019, the TRF My Choice: Retirement Savings Plan will be an option for new teachers employed with eligible employers in Indiana. Eligible TRF employers include public school corporations. This means these TRF employers must offer the following plans:

- TRF Hybrid Plan
- TRF My Choice: Retirement Savings Plan

TRF Hybrid will be the default if employees don't choose which plan they want to be in within the first 60 days of employment. TRF My Choice will be offered to all new hires who have not previously been a TRF member.

### What are the benefits of the plan?

- Employers pay the mandatory 3% contribution as well as the normal cost percentage set annually by the INPRS Board.
- Employees will have a shorter vesting period\* and greater portability.
- Employees will have more control over their account.

*\*Vesting is the minimum amount of time employees must work in one or more covered positions to qualify for a benefit from a retirement fund. A member becomes 100% vested in the employer's normal cost contributions after five years of participation.*

### Contributions to the plan

#### 1. Mandatory contributions for this plan

Employers must pay the member's mandatory 3% contribution.

#### 2. Additional employee contributions

Employees may be able to make additional (voluntary) contributions post-tax contributions if the employer allows.

- The maximum additional amount an employee can contribute is 10 percent of gross wages.



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### Contributions to the plan cont.

#### 3. Normal cost

In addition to the mandatory 3% contribution, employers pay an additional contribution known as the normal cost, which is credited to the member's account. The normal cost is the variable percentage set annually by the INPRS Board of Trustees and will be effective on July 1, 2019. The normal cost percent rate will be a 5.3% variable rate for all TRF employers.

#### 3. Supplemental cost

In addition to the above member contributions, employers will pay a supplemental cost, which funds the unfunded liability in the TRF-96 Hybrid plan and is not paid into the member's account. The supplemental cost percentage is set annually by the INPRS Board of Trustees and will be effective July 1, 2019.

- The supplemental rate will be .2%.

### What is the cost to the employer of the new plan?

The total cost to the employer for members in the TRF My Choice plan will be the member's mandatory 3% contributions plus the combined normal and supplemental cost contributions of 5.5%. The total cost for members in the TRF My Choice plan will be the same as members in the TRF Hybrid plan. Generally, there is no additional cost to employers whether members choose between TRF My Choice or TRF Hybrid.

### Will the supplemental rate apply to new employers?

Yes. The supplemental rate will apply to all public school corporation in Indiana. This includes public schools that are created by the consolidation of existing school corporations.

## FOR YOUR BENEFIT

This handout is an overview of TRF's provisions for the TRF My Choice: Retirement Savings Plan expansion for employers. More information is available at [www.inprs.in.gov](http://www.inprs.in.gov). If you have questions, please contact the Employer Pension Plan Administration (EPPA) team at (888) 876-2707.

*Every attempt has been made to verify that the information in this publication is correct and up-to-date. Published content does not constitute legal advice. If a conflict arises between information contained in this publication and the law, the applicable law shall apply.*