History

- The Indiana Public Retirement System (INPRS) manages approximately $29.9 billion in assets, as of June 30, 2016
- INPRS is among the largest 100 pension funds in the United States
- INPRS issues payments to approximately 140,000 individuals each month
- The Public Employees Retirement Fund (PERF) was founded in 1945
Who participates in INPRS?

450,000 Members from over 1,100 Public Employers

Employers include:
- State of Indiana
- Cities
- Towns
- Counties
- School Corporations

Funds covered under INPRS:
- Public Employees’ (PERF)
- Teachers’ Retirement (TRF)
- 1977 Police Officers’ and Firefighters’
- Judges’ Retirement System
- State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers’
- Prosecuting Attorneys’ Retirement
- Legislators’ Retirement

PERF Hybrid Retirement Plan
PERF Hybrid Plan Retirement Benefits Structure – 2 Parts

- Defined Contribution (DC)
  - Formerly known as the ASA
- Defined Benefit (Pension)

PERF Hybrid Plan Retirement Benefits

**Defined Contribution (DC)**

- Mandatory 3% contribution
- Always belongs to you/fully vested
- No loan or hardship withdrawals available
You Choose How To Invest Your Annuity Savings Account

- Money Market Fund
- Stable Value Fund
- Fixed Income Fund
- Inflation-Linked Fixed Income Fund
- Large Cap Equity Fund
- Small/Mid Cap Equity Fund
- International Equity Fund
- Target Date Funds: 2020, 2025, 2030, 2035, 2040, 2045, 2050, 2055, 2060. Default fund for new members.

NOTE: Allocations must be made in whole increments of 1% or more among the investment options. Your total for all fund investments must equal 100%.

Allocations can be changed daily online by using PERF Online or by calling toll-free (888) 286-3544.

PERF Hybrid Plan Retirement Benefits

Defined Benefit (Pension)

- Lifetime benefit – must meet eligibility
- Funded by employers
- Formula calculation used to determine benefit
- Benefit determined by age, salary, service, and retirement option chosen

Full vesting occurs at 10 years of service.
Normal (unreduced) Retirement Eligibility

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

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Early Retirement with a Reduced Pension

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

<table>
<thead>
<tr>
<th>Retirement Age</th>
<th>Percentage of Pension</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>44%</td>
</tr>
<tr>
<td>59</td>
<td>89%</td>
</tr>
</tbody>
</table>

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

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

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

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

Defined Benefit Formula
The monthly Pension formula is defined by state law...

- Final Average Salary x creditable service x 1.1%
- Five year salary average
- 20 highest quarters in groups of 4 consecutive quarters over your entire PERF career

Note: Phasing into retirement by working at a lower paying job will not impact your pension benefit
Collect Retirement Benefits While Continuing to Work

1. **Millie Morgan:** Minimum age 70 with 20 or more years of creditable service (while working in a PERF-covered position)

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

PERF Hybrid Plan Benefits

- **Defined Benefit:** Pension
  - Lifetime Benefit
  - Beneficiary and Survivorship Options

- **Defined Contribution (DC)**
  - Annuity
  - Lump Sum Withdrawal
  - Rollovers
New “recordkeeper”

- New secure website in 2018
  - Do you log on to view 1099s or other account information?
    - New recordkeeper (Voya) will develop improved secure website.
    - Don’t use the web? You can always call us.
    - Don’t know your passcode? Call us and hold for a representative.

Annuitization Changes

- INPRS will no longer issue annuities directly. Choices:
  - Annuitize via MetLife (INPRS’ negotiated provider)
  - Annuitize through another provider of your choosing
  - Take a lump sum distribution
  - Roll the fund to another account

- Note:
  - INPRS is not outsourcing Annuity Savings Accounts (ASAs).
  - INPRS will continue to be responsible for annuity payments for those who annuitized through INPRS.
Annuitization Changes

- Partial distributions*
  - **New:** A distribution of less than 100% of your ASA / RSA funds
    - Distribution = Lump sum, rollover, or annuitize
  - **Previous:** Member choice must involve 100% of funds
  - **Why:** Members asked for it. The General Assembly passed it. (SEA 46)

* To request a partial distribution, you must be vested.
  To annuitize a partial amount, you must be eligible for a pension benefit.

What can employers offer through PERF?

**Existing PERF Hybrid employer?**
- Hybrid ONLY (no addition of My Choice Plan)
- Hybrid for current employees + Hybrid and/or My Choice for new employees
  - Must continue to maintain Hybrid Plan for existing employees
- My Choice Plan for all employees
  - Existing Hybrid employers would be required to withdrawal from the plan

**New Employer?**
- Hybrid Plan
- My Choice Plan
- or Both
### PERF Hybrid Plan vs. My Choice Plan
#### Cost Comparison: 2017 Rates

<table>
<thead>
<tr>
<th>PERF Hybrid Plan</th>
<th>My Choice Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>4% Normal Cost (employer pays)</td>
<td>0-4% Normal Cost (employer pays)</td>
</tr>
<tr>
<td>7.2% Supplemental Cost (employer pays)</td>
<td>7.2% Supplemental Cost (for existing PERF Hybrid Plan employers only)</td>
</tr>
<tr>
<td>3% Mandatory Contribution (employer, employee or shared)</td>
<td>3% Mandatory Contribution (employer, employee, or shared)</td>
</tr>
<tr>
<td>No matching employee contributions</td>
<td>0-50% matching of employee contributions</td>
</tr>
<tr>
<td>10 Year Vesting</td>
<td>5 Year Vesting</td>
</tr>
</tbody>
</table>

### INPRS Contact Information

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Questions?