

# PUBLIC EMPLOYEES' RETIREMENT FUND MY CHOICE PLAN

## MEMBER HANDBOOK

FOR STATE OF INDIANA  
EMPLOYEES



# Table of Contents



- 1 Overview ..... 5**
  - 1.1 Administration of System and Funds ..... 5
  - 1.2 Board of Trustees ..... 5
  - 1.3 INPRS Vision, Mission, Values ..... 5
  - 1.4 Important Terms ..... 5
  - 1.5 Indiana Code Governing PERF ..... 6
  - 1.6 Contacting INPRS ..... 7
- 2 Membership ..... 8**
  - 2.1 Eligibility ..... 8
  - 2.2 Ineligibility ..... 8
  - 2.3 Enrollment ..... 9
  - 2.4 Designating A Beneficiary ..... 9
  - 2.5 Suspension of Membership ..... 10
  - 2.6 Personal Information ..... 10
- 3 Contributions ..... 11**
  - 3.1 Contributions ..... 11
    - 3.1.1 Employer Contributions (Variable) ..... 11
    - 3.1.2 Fixed Rate Member Contributions ..... 11
    - 3.1.3 Voluntary Member Contributions ..... 11
  - 3.2 Internal Revenue Code 401(a) 17 Limits ..... 11
  - 3.3 Rollover Funds into PERF My Choice ..... 12
  - 3.4 Quarterly Member Statement ..... 12
  - 3.5 Vested Status In Member Contributions ..... 12
  - 3.6 Vested Status In Employer Share ..... 12
    - 3.6.1 Vesting Schedule ..... 12
  - 3.7 Forfeiture ..... 13
- 4 Participation Credit ..... 14**
  - 4.1 Uniformed Services Employment and Reemployment Rights Act (USERRA) Eligibility ..... 14
  - 4.2 Participation Credit for Leave of Absence ..... 14
    - 4.2.1 Leaves of Absence from Covered Employment ..... 14
    - 4.2.2 Family and Medical Leave Act ..... 15
  - 4.3 Years of Participation and Disability ..... 15
  - 4.4 Credit in a Dual Position ..... 15
  - 4.5 Reinstatement of Participation Credit ..... 15
  - 4.6 Additional Participation Credit ..... 15
- 5 Investment Options ..... 16**
  - 5.1 Defined Contribution Account ..... 16
    - 5.1.1 Rollover Funds into PERF My Choice ..... 16
  - 5.2 Investment Considerations ..... 16

5.3 Investment Options .....	16
5.4 Making Changes .....	17
5.5 Suspension of Membership .....	18
5.5.1 Rollover Pre-Tax Contribution Account for Inactive Member .....	18
<b>6 Withdrawals, Distributions, and Loans .....</b>	<b>19</b>
6.1 Withdrawals & Distributions .....	19
6.1.1 Separation from Employment (Not Fully Vested) .....	19
6.1.2 Not Separated from Employment (Not Fully Vested) .....	19
6.1.3 Not Separated from Employment (Fully Vested) .....	19
6.1.4 Separation from Employment (Fully Vested) .....	20
6.2 Payment Options .....	20
6.2.1 Direct Rollover .....	20
6.2.2 Paid Directly to You .....	20
6.3 Voluntary Withdrawal of Rollover Pre-Tax Contribution Funds .....	21
6.4 Disability Distribution .....	21
<b>7 Retirement Distribution .....</b>	<b>22</b>
7.1 Distribution Effective Date .....	22
7.2 Payment Options .....	22
7.2.1 Annuitize the DC Balance .....	22
7.2.2 Split DC and/or Rollover Pre-Tax Contribution Account Balance .....	22
7.2.3 Full Withdrawal .....	23
7.2.4 Systematic Withdrawal .....	23
7.2.5 Full Deferment .....	23
7.2.6 Partial Withdrawal with Deferment .....	23
7.2.7 Partial Withdrawal, Rollover, or Deferment .....	24
7.3 Direct Deposit .....	24
7.4 Re-Employment of Vested Members (Who Took a Distribution) .....	24
<b>8 Death Benefits .....</b>	<b>26</b>
8.1 Death Benefit .....	26
8.2 Disclaiming a Distribution .....	26
8.3 Death Benefit Forfeiture .....	26
<b>Income Tax Considerations .....</b>	<b>27</b>
9.1 Taxation .....	27
9.1.1 Tax Withholding & Forms .....	27
<b>10 Additional Plan Information .....</b>	<b>28</b>
10.1 Cost of Living Adjustments .....	28
10.2 13th Check Annual Supplemental Payment .....	28
10.3 Required Minimum Distribution (RMD) Information .....	28
10.3.1 Death Benefit Required Minimum Distribution .....	29
10.4 Garnishments .....	29
10.4.1 Qualified Domestic Relations Orders (QDRO) .....	29
10.5 Administrative Review .....	29
10.5.1 Initial Determination .....	29
10.5.2 Administrative Law Judge .....	30
10.5.3 Judicial Review .....	30
10.6 Power of Attorney .....	30

10.7 Guardian .....31  
10.8 Access to Records.....31



# Overview



The Public Employees' Retirement Fund ("PERF") was created on July 1, 1945, to provide retirement and other benefits for state employees and public employees of state and local political subdivisions. Benefits are paid by the Fund from the contributions of public employers and members and returns on investment of assets.

The purpose of PERF is to provide retirement income for the exclusive benefit of eligible employees of participating employers and their designated beneficiaries subject to the conditions set forth herein. This Fund is intended to be a tax-exempt qualified trust under sections 401(a) and 501 of the Internal Revenue Code as sponsored by a governmental agency.

New employees of the State of Indiana, and effective after January 1, 2016, new employees of the political subdivisions that offer a choice of plans, may elect between either PERF Hybrid or the PERF My Choice DC plan. However, there may be restrictions to the choice of plans if an employee was previously in one of the plans.

The PERF My Choice: Retirement Savings Plan was previously known as the ASA Only Plan. This handbook covers information about PERF My Choice for State of Indiana Employees only.

## 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.

For additional information about each fund visit the Annual Reports page of the INPRS website [www.in.gov/inprs](http://www.in.gov/inprs).

## 1.2 Board of Trustees

INPRS is governed by a nine-member Board of Trustees, appointed by the Governor. Board members serve as "fiduciaries" of the Fund, which means they are legally bound to make investment decisions with your best interest in mind. The executive director carries out the policies set by the Board and administers the Fund (IC 5-10.5).

## 1.3 INPRS Vision, Mission, Values

Mission: Engaged members able to realize their retirement dreams

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

Values: INPRS believes people are the foundation of our success. It takes people with different backgrounds, ideas, and strengths to be successful. Success is built upon accountability, commitment, constructive conflict, and trust.

## 1.4 Important Terms

- **Beneficiary** – one or more persons, the member's estate or trust designated by the PERF member to receive all or part of a member's defined contribution funds after the death of a member.

- **Defined Contribution (DC) Account** – this is your individual account. It is funded by 3% mandatory contributions. These contributions are paid either with payroll deductions or by your employer. Voluntary contributions, interest and earnings may also be added to this account.
- **Employer** – the State of Indiana, participating quasi agency, participating political subdivision, or certain miscellaneous participating entity that employs members eligible for the My Choice: Retirement Savings Plan.
- **Fixed and Variable Rate Contributions** – Employer contributions to the My Choice: Retirement Savings Plan that must be made as required by state law.
- **Mandatory Member Contributions** – State law requires each member to contribution 3% of the member's compensation to fund the DC account.
- **Member** – a public employee enrolled in the My Choice: Retirement Savings Plan.
- **My Choice: Retirement Savings Plan** – This plan is funded by a 3% employee fixed mandatory contribution and a variable employer contribution.
- **My Choice Plan-covered Position** – any eligible position your employer elects to cover and make contributions to INPRS to fund benefits.
- **Normal Retirement Age** - a PERF My Choice member who is at least 62 years of age with at least 5 years of participation in the plan.
- **Participation credit** – credit given for participation in a My Choice covered position. Credit is earned in whole years only.
- **Public Employee** – an employee of the State of Indiana or local government (political subdivisions). Employees of private companies do not qualify for membership.
- **Rollover Savings Account** – now referred to as Rollover Pre-Tax Contribution or RSA (for Investments). An RSA consists of a member's funds transferred to PERF from another qualified plan plus any interest or earnings.
- **Survivor** – the person or persons designated by the member who may receive benefits after the death of a member.
- **Vesting/Vested** – the minimum amount of time you must work (years of participation) in one or more covered positions to receive a portion of the employer share (variable) contributions and earnings of the My Choice: Retirement Savings Plan.
- **Voluntary Contributions** – contributions made to the My Choice: Retirement Savings Plan that you may choose to make through payroll deductions if your employer participates in the program.
- **Years of Participation** – each full year of employment in a My Choice-covered position. Years of participation help to determine your qualification for vesting.

## 1.5 Indiana Code Governing PERF

The laws and regulations governing the Indiana PERF may be found in Titles IC 5-10.2 and IC 5-10.3-12 of the Indiana Code (IC) and Title 35 of the Indiana Administrative Code (IAC). The content of this 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.

## 1.6 Contacting INPRS

Information about PERF My Choice can be found on the INPRS website: [www.in.gov/inprs](http://www.in.gov/inprs). Go to Plan Info at the top of the navigation menu, and then select Public Employees' Retirement Fund. You can review (frequently asked questions FAQs), quick reference guides (QRGs), and more on the INPRS website.

If you need additional information, have questions, or need assistance, feel free to contact the Member Service Center at (844) GO-INPRS (844-464-6777). For TDD call (800) 579-5708. INPRS Member Advocates are available weekdays (excluding weekends and state-designated holidays) from 8 a.m. to 8 p.m. ET. You can also submit inquiries via email to [questions@inprs.in.gov](mailto:questions@inprs.in.gov).

Changes to your PERF My Choice account can be made by logging into your account at [myINPRSretirement.org](http://myINPRSretirement.org).

Forms to complete and return can be found <https://www.in.gov/inprs/forms/perf-member-forms/>.

Lastly, you can send requests and/or completed forms to INPRS at One N. Capitol, Suite 001, Indianapolis, IN, 46204. INPRS lobby hours are 8:30 a.m. to 4:30 p.m. ET Monday through Friday.



State of Indiana employees are eligible for membership in the PERF My Choice: Retirement Savings Plan based on specific criteria. As an employee, you become eligible for PERF My Choice membership when you begin employment in a position an employer chooses to cover under the PERF My Choice.

## 2.1 Eligibility

The State of Indiana offers new employees the ability to choose between participating in the PERF My Choice: Retirement Savings Plan or the PERF Hybrid Plan. For details about the PERF Hybrid Plan, refer to the PERF Hybrid Plan Member Handbook located on the INPRS website. You can also review *My Choice: Retirement Savings Plan vs. Hybrid Side-by-Side Comparison Chart for State Employees* on the INPRS website.

As a new employee, you have 60 days from your date of hire to choose between two plan options. You must make your election online, either through your employer or through your access to [myINPRSretirement.org](https://myINPRSretirement.org). If both your employer and you make an election, your selection will be used.

For the State of Indiana, the default plan is the **PERF Hybrid Plan**. If your position is not with the State of Indiana, the default is whatever plan your employer has chosen as the default. If you do not choose within **60 days**, you will be defaulted to the plan that your employer has chosen as the default plan.

**NOTE: Your election, or default, is irrevocable.**

If you leave employment and later return to that same employer, your participation election stays the same. If you begin employment with a new employer, you may make a new election for that employer if the new employer offers a choice.

For a position to be My Choice Plan-covered, making you eligible for membership, you must be:

- A full-time state employee and a first-time state of Indiana employee,
- A non-excluded position as noted in IC 5-10.3-7.
- In a position determined by the employer as a position covered by PERF My Choice and specified in the employer resolution.
- Not in another public retirement or pension plan (except Social Security or the Prosecuting Attorneys' Retirement Fund (PARF), established by IC 33-39-7-9.

## 2.2 Ineligibility

Employment by other public employers, such as cities, towns, or school districts, does not automatically mean membership in PERF My Choice. Many participating employers choose to offer PERF My Choice only to certain employees, not all employees.

The following are **not eligible** to participate in PERF My Choice:

- Employees who are paid wholly on a fee basis or as an independent contractor.
- Elected officials of a Local Government unless the governing body specifically provides for the participation of locally elected officials.
- Employees, except employees of a participating school corporation, hired after June 30, 1982, occupying positions normally requiring performance of service of less than 1,000 hours during a year.
- Individuals employed by the State who are classified as federal employees by the United States Secretary of Agriculture and are covered by the federal Social Security program as federal employees.



- Employees occupying positions normally requiring performance of service of less than 600 hours per year who meet one of the following are also ineligible for PERF membership:
  - Hired before July 1, 1982
  - Employed by a participating school corporation
- Employees who occupy positions covered by PERF Resolution and at the same time occupy positions covered by another retirement or pension plan supported in whole or in part by either the State of Indiana or a political subdivision. These include but are not limited to the following:
  - 1977 Police Officers' and Firefighters' Retirement Fund ('77 Fund)
  - Legislators' Retirement System (LRS)
  - Judges' Retirement System (JRS)
  - Excise, Gaming and Conservation Officers' Retirement Plan (EG&C)
  - 1953 Police Pension Fund
  - 1937 Firefighters' Pension Fund
  - 1925 Police Pension Fund
  - Sheriff's Pension Trust
  - Indiana State Police Pension Trust Fund

**NOTE:** The 1953 Police Pension Fund, 1937 Firefighters' Pension Fund, 1925 Police Pension Fund, Sheriff's Pension Trust, and Indiana State Police Pension Trust Fund are administered by the State or at the local unit level and not by INPRS.

## 2.3 Enrollment

Your employer enrolls you in the PERF My Choice. Once INPRS receives contributions, you will receive a welcome packet with your membership information. The packet has instructions for you to register for an online account. A PIN will be mailed to you. After you register, you can name beneficiaries, update your address, and make investment elections for your DC contributions.

## 2.4 Designating A Beneficiary

*Beneficiary* refers to one or more persons, the member's estate or trust designated to receive all or part of your DC account upon your death.

After you have been enrolled by your employer, received your welcome packet, and registered for your online account, you can log into your online account and designate a beneficiary. You may name either single or multiple beneficiaries to receive your DC and Rollover Pre-Tax Contribution account, as applicable, if death occurs before distribution. You must allocate benefit shares in whole percentage increments if you designate more than one beneficiary. In lieu of a named individual(s), you may also designate a member's estate or trust as your beneficiary.

If there is no beneficiary on file, benefits will be paid first to your surviving spouse. If there is not a surviving spouse, benefits will be made payable to your surviving dependents or dependents in equal shares. If there is no surviving spouse or dependents, the estate will receive the balance of the account. See IC 5-10.3-12-27.

If you designate more than one primary beneficiary, and a primary beneficiary predeceases you, and you do not complete a new beneficiary designation, the remaining primary beneficiaries will receive an apportioned pro rata share based upon the remaining primary beneficiary's allocated percentages of the deceased primary beneficiary's portion.

You can also designate contingent beneficiaries. Contingent beneficiaries would be paid upon your death only if all primary beneficiaries had pre-deceased you.

### **Example**

Xavier is a PERF member and designates three primary beneficiaries as follows:

- Ann – 60%
- Bob – 30%
- Carl – 10%

Ann predeceases Xavier, and Xavier does not submit a new beneficiary form. Ann’s 60% share will be divided between Bob and Carl.

In certain situations, naming a Trust or Legal entity as beneficiary is possible. Generally, you can leave your DC account death benefit to a trust.

It is important to keep your beneficiary information up to date. Your beneficiary is the person who will receive your DC and/or RSA funds, as applicable, after you die. This decision must be made by you. If you do not name a beneficiary for your DC, INPRS will pay it to your estate upon your death. **Furthermore, failure to update beneficiaries could result in payment being made to a previously designated beneficiary.**

**NOTE:** Regardless of whether there are court orders, levies, or agreements to the contrary, INPRS must distribute your DC and/or RSA funds to the designated beneficiary on file with INPRS.

You can change your beneficiary at any time prior to your retirement by logging into your online account or completing and submitting the appropriate form from the INPRS website.

## **2.5 Suspension of Membership**

If you have been inactive for 5 years, your membership and account will be suspended. Inactive means you are no longer working in a My Choice Plan-covered position and there have not been any wages and contributions reported for a 5-year period. The implementation of the 5-year suspension began on July 1, 2016, for all DC and/or Rollover Pre-Tax Contribution funds inactive for 5 years or more on that date going forward.

## **2.6 Personal Information**

Your name and address on file with INPRS is the primary contact information maintained by INPRS. Your employer can report name changes only when reporting wage and contribution information. If you change your address and/or beneficiary with your employer, the changes will **not** update with INPRS. You must contact INPRS directly to update your personal information.

**NOTE:** As long as you have assets or a current or future benefit with INPRS, it is critical you keep INPRS informed of any changes to your name, addresses, or beneficiaries. For example: Getting married and changing your name does not automatically result in a change to your beneficiary designation.

It is your responsibility to notify INPRS of any address and beneficiary changes and keep your personal information up to date with INPRS. To change your personal information or beneficiary, you can log into your online account or submit the appropriate form located on the INPRS website. See section 1.7 for information about contacting INPRS.



The My Choice Plan consists of an employer variable rate share (determined by the Board of Trustees) that includes vesting requirements and an employee 3% contribution. Contributions can be both DC as outlined in this section and Rollover Pre-Tax Contributions.

### 3.1 Contributions

The My Choice Plan account is comprised of the following types of contributions:

- Employer Contributions (Variable)
- Mandatory Member Contributions (Fixed)
- Voluntary Member Contributions (Optional)

#### 3.1.1 Employer Contributions (Variable)

Employer contributions are placed in an employer contribution subaccount which receives an annual variable rate determined by the Board of Trustees. The employer contributions are available to you according to the vesting schedule.

#### 3.1.2 Fixed Rate Member Contributions

State law requires 3% of your gross wages (W-2 reportable wages) be contributed to your DC account. The mandatory 3% contributions and accumulated interest (earnings and losses) are refundable to you should you terminate employment prior to becoming vested according to the vesting schedule.

**NOTE:** You become vested in the member contributions of your DC immediately. You can only withdraw funds from your DC account according to the vesting schedule or when you separate from employment.

#### 3.1.3 Voluntary Member Contributions

In addition to the 3% mandatory contribution (also referred to as “employee contributions”), you may contribute up to an additional 10% of your compensation. This additional 10% is all post-tax.

##### *Voluntary Post-Tax Contributions*

When you make post-tax voluntary contributions, federal, state, county, local, and Social Security taxes have already been withheld. The take-home pay is reduced by the total amount contributed. Because these funds have already been taxed, they will not be taxed again; however, it is important to know that any earnings or interest accrued on these funds is still taxable at the time of distribution.

You may choose to stop making post-tax voluntary contributions or change the amount deducted at any time.

##### *Voluntary Pre-Tax Contributions*

As of January 1, 2018, you can no longer elect to have Voluntary Pre-Tax Contributions withheld. If you elected to have Voluntary Pre-Tax Contributions withheld prior to the January 1, 2018, you will continue with those contributions. If you elected to have Voluntary Pre-Tax Contributions and you separate from employment and return to employment with the same employer, you will automatically continue the contributions. **Enrollment in the program and your election of the percentage to be deducted is irrevocable.**

### 3.2 Internal Revenue Code 401(a) 17 Limits

As a member of PERF My Choice you are subject to the annual compensation limit under Sections 401(a)(17), 404(l), 408(k)(3)(C), and 408(k)(6)(D)(ii) of the IRC. These limits are subject to change on an

annual basis. To find out if your annual compensation meets the limit under the IRC, please visit Internal Revenue System's website at [www.irs.gov](http://www.irs.gov).

### 3.3 Rollover Funds into PERF My Choice

You may create a Rollover Pre-Tax Contribution account in PERF My Choice with funds rolled over from any of the following:

- A qualified plan described in IRS Section 401(a), 403(a) or an annuity contract or account described in Section 403(b)
- 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)
- A traditional or conduit IRA

IRS guidelines require that you complete your rollover no later than 60 days after the date on the distribution check. Any amounts that are not rolled over within 60 days will not qualify for tax-free rollover treatment unless you have obtained a waiver from the IRS (see the IRS website for information about waivers). Consult your tax professional if you have questions.

If you have rollover accounts with PERF Hybrid and/or PERF My Choice: Retirement Savings Plan, INPRS must keep the accounts separate.

For additional information regarding the process to roll over funds from another qualified plan, see the *Rollover Savings Account from an Outside Account* form located on the INPRS website.

### 3.4 Quarterly Member Statement

By default, PERF My Choice members will receive a paper Quarterly Member Statement. The statement is also available online. You can log into your online account to see it. You can also elect to receive electronic notification of new statements by accessing your account and selecting **Communications Preferences** under the **My Profile** link, located in the top right corner of the page.

You can view your statement if you have money in your account, even if you no longer work in a PERF My Choice-covered position. If you have withdrawn the funds in your account and no longer have a balance, you will no longer receive statements.

### 3.5 Vested Status In Member Contributions

You are always 100% vested in the fixed 3% mandatory member contributions and any rollover contributions.

### 3.6 Vested Status In Employer Share

Vested status in the plan is based on full years of participation in PERF My Choice. Partial years of participation are not prorated for credit. Your years of participation may only be used towards calculating your vesting percentage in the variable share employer contributions. Years of participation in the plan is **not** treated as creditable service. See IC 5-10.3-12-25.

#### 3.6.1 Vesting Schedule

The table below shows the vesting schedule for PERF My Choice participation.

Years of Participation	Employer Share	Member Share
1	20%	100%
2	40%	100%
3	60%	100%
4	80%	100%
5	100%	100%

**Example**

If you work for 4 years and 10 months, you would receive 80% of the variable rate (employer share) portion. Full vesting occurs at termination for normal retirement (age 62 + 5 years of participation) or death of a member while active in a PERF My Choice covered position.

**3.7 Forfeiture**

When you separate from your My Choice position with less than 5 years of participation, the non-vested portion of your variable rate (employer share) account will be forfeited. Prior years of participation credit will be reinstated to your account if you return to My Choice Plan-covered employment. Forfeitures of non-vested monies are not reinstated to the account even if you return to My Choice Plan-covered employment. If you become re-employed with the same employer within 30 days, your forfeited money will be restored to your account.



Participation credit is earned in full years. You may also be entitled to participation credit during military service and certain types of leave under 35 IAC 1.3-3 etc.

If you work in a PERF My Choice position for the State of Indiana for 2 years, then it counts as 2 years of participation credit. If you separate from that position and begin a new job with the State of Indiana in a PERF My Choice-covered position within 30 days and work there for 3 years, it counts as 3 years of participation credit. Your total participation credit at that point would be 5 years. You must return to the State of Indiana in a PERF My Choice covered position within 30 days to retain your years of participation credit. See 35 IAC 1.3-3-1.

### 4.1 Uniformed Services Employment and Reemployment Rights Act (USERRA) Eligibility

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

- Applied for or currently hold a civilian job; and
- 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; and
- Have not exceeded the 5-year limit on periods of service, subject to certain exceptions; and
- Been released from employment under honorable conditions; and
- Reported back to the civilian job in a timely manner or submitted a timely application for re-employment.

All your and your employer's contributions must be paid upon return to PERF My Choice-covered position for leaves. Ultimately, INPRS relies on the assertions and verifications made by the plan's participating employer.

### 4.2 Participation Credit for Leave of Absence

As a PERF My Choice member you are entitled to years of participation credit for leaves of absence in some instances.

#### 4.2.1 Leaves of Absence from Covered Employment

If you go on an unpaid leave of absence for personal reasons, the employer may grant the leave with years of participation credit and accept the additional fund liability.

The employer must make contributions for creditable leaves of absence. Creditable leaves are determined by the employer. Typically, paid leaves are considered creditable. During a qualifying paid leave of absence, both you and your employer must make contributions and participation credit will be granted to the extent permitted by law.

Workers' compensation leaves count for years of participation credit for the full extent of the leave.

You should speak with your employer about any leave and ask your employer to contact INPRS. You should also check with INPRS to find out how a leave will affect your years of participation.

#### 4.2.2 Family and Medical Leave Act

You may also receive years of participation credit for up to 12 weeks of leave taken during a 12-month period under FMLA (29 USC 2601, et seq.). A copy of the grant of the leave of absence must be filed with INPRS within 90 days from the date the leave was authorized by the employer.

#### 4.3 Years of Participation and Disability

If you are an employee of the State of Indiana, you are entitled to years of participation credit for the time you are receiving short or long-term disability benefits under a State of Indiana sponsored disability plan, not to exceed 4½ years.

#### 4.4 Credit in a Dual Position

When you are employed in a covered and non-covered position with the same employer, contributions are paid from the portion of the annual compensation attributable to the covered position.

**NOTE:** A member working in a PERF and TRF My Choice covered positions simultaneously can only earn 1 year of participation in My Choice.

#### 4.5 Reinstatement of Participation Credit

If your employment in a PERF My Choice position is involuntarily terminated, and you are later reinstated with a court order, then you may be eligible for employer and employee contributions as provided in the court order. Otherwise, there are no reinstatements of years of participation.

#### 4.6 Additional Participation Credit

PERF My Choice members cannot purchase additional participation credit.



INPRS offers a variety of investment options from which you can choose to invest your My Choice DC funds. Your DC funds are subject to market risk when your funds are invested.

INPRS is unable to provide investment advice. Investment fund performance fact sheets with information about each of the funds in this section are available on the Investment Fact Sheets page of the INPRS website. You may want to talk to a trusted financial advisor or review the Investing 101 page on the INPRS website.

### 5.1 Defined Contribution Account

Your DC account is money set aside for you to use after you separate from PERF My Choice position. The funds in this account come from:

- mandatory contributions
- voluntary contributions (pre- and post-tax)
- investment profits and losses
- vested employer contributions

If you belonged to the PERF My Choice: Retirement Savings Plan prior to January 1, 2018, and elected to participate in the Voluntary Pre-Tax Contribution account, you will continue having voluntary pre-tax contributions taken from your pay and credited to your DC account. If you were enrolled in that plan and re-employed with the same employer, you are required to continue with the voluntary pre-tax deductions.

#### 5.1.1 Rollover Funds into PERF My Choice

If you have a rollover account with PERF Hybrid and/or PERF My Choice: Retirement Savings, INPRS must keep the accounts separate. The funds are shown as Rollover Pre-Tax Contribution or RSA Only (for Investments) in your account. You may have separate investment elections for your DC and Rollover Pre-Tax Contribution funds. Initial elections can be made on the rollover contribution form. The Rollover Pre-Tax Contribution funds may be invested in any of the current investment options. The amount selected for investment must be at least 1% of your total balance and you can change it daily.

You may request investment election changes by speaking with a Member Advocate at INPRS. You may also make changes by accessing your account online. Confirmation statements will be sent to you when you make an investment election change.

### 5.2 Investment Considerations

1. You can view daily valuations of your DC and/or Rollover Pre-Tax Contribution funds and make daily changes to your investment allocations for these funds.
2. The investment direction can cover your current DC and/or Rollover Pre-Tax Contribution balances and all future contributions or just future contributions for these funds.
3. If you are newly enrolled in PERF My Choice, your DC funds will be invested only in a Target Date Fund until you select other options.
4. If you return to a PERF My Choice covered position after having a break in employment, generally, you will have the same investment elections as when you left, regardless of whether you elected to withdraw your DC and Rollover Pre-Tax Contribution accounts, as applicable.

### 5.3 Investment Options

Upon enrollment in PERF My Choice, you are enrolled in the Target Date Fund (**default**) based on the projected date you are eligible for retirement. **Your DC will continue with this investment option until you**



**make other selections.** You can log into your account online to complete your investment direction elections or contact INPRS.

PERF My Choice: Retirement Savings Plan allows you to manage your DC and Rollover Pre-Tax Contribution funds with self-directed investment options. You may decide how to invest the contributions posted to your account and choose any one or more of the 8 funds available:

- [Fixed Income Fund](#)
- [Inflation-Linked Fixed Income Fund](#)
- [International Equity Fund](#)
- [Large Cap Equity Index Fund](#)
- [Money Market Fund](#)
- [Small/Mid Cap Equity Fund](#)
- [Stable Value Fund](#)
- [Target Date Funds](#) (including the *Retirement Fund*)

You direct INPRS to invest a portion of your account (present balance and future contributions) into any or all of the investment funds in at least 1% increments. Or you can invest current contributions and new contributions separately. This means you can direct both current and future contributions or leave current balances as they are and direct future contributions only.

### ***Stable Value Fund***

The Stable Value Fund is an investment option for PERF/TRF Hybrid and My Choice members. If you had funds in the Guaranteed Fund and did not elect to move those funds to other options prior to January 1, 2017, your Guaranteed Fund money was moved to the Stable Value Fund at that time.

### ***Retirement Fund***

The Retirement Fund contains your DC and/or RSA contributions in the situation where you elected a Target Date Fund but did not retire by the time you reached your chosen Target Date Fund year. At any time, you may elect to move your contributions (DC and/or RSA) into another Target Date Fund or any of the other available investment offerings.

If you are currently invested in the Retirement Fund but, based on your age, you should be in one of the new Target Date Funds (2015 or 2065), your Retirement Fund balances (DC and/or RSA) will be moved into the appropriate Target Date Fund year, as applicable.

## **5.4 Making Changes**

As outlined in this handbook, you can make investment changes to your DC and Rollover Pre-Tax Contribution funds and/or change how you invest future contributions. The amount must be at least 1% of your total balance and can be changed daily. You may want to consider these questions:

1. **What is my *risk tolerance*?** This means how comfortable you are with the account value rising and falling with the markets.
2. **What is my *age*?** If you are younger, you may be able to take on more market risk, depending upon your individual circumstances. If you are closer to retirement, you may want to invest in more stable value investments that provide regular income.
3. **What is my *portfolio diversification*?** This means spreading your money among different types of investments to reduce overall risk.

There could be other factors to consider. Consult your financial advisor.

## 5.5 Suspension of Membership

When you leave covered employment, you may leave your DC and/or Rollover Pre-Tax Contribution funds invested with PERF My Choice and may continue to invest in any of the available options. The funds in your suspended account will remain invested indefinitely per your investment elections and will be charged a monthly administrative fee until a required minimum distribution (RMD) is required. You will continue to receive quarterly member statements as long as you have a DC account balance.

Your account will become suspended if your membership has been inactive (not working in a covered position and no wages or contributions reported) for 5 years. The implementation of the 5-year suspension began on July 1, 2016, for all DC and/or Rollover Pre-Tax Contribution funds inactive for 5 years or more on that date going forward.

If your account has less than \$1,000 invested, the funds may be disbursed to you.

### 5.5.1 Rollover Pre-Tax Contribution Account for Inactive Member

As of July 1, 2018, inactive members can roll over funds from a qualifying IRA or retirement plan into PERF My Choice and continue to direct the fund elections the same as with the DC funds. Complete the *Transfer Funds from an Outside Account into a PERF RSA* form available on the PERF Forms page on the INPRS website.



PERF My Choice was created by statute and does not have any provisions for loans; therefore, they are not permitted.

### 6.1 Withdrawals & Distributions

If you separate from a PERF My Choice covered position for a reason other than death or disability, you may be eligible for a distribution of your contributions plus interest based on the vesting schedule outlined in Chapter 3. See the sections below for more information.

If you are no longer in a PERF My Choice covered position but are still employed with the same employer, you do not qualify to take a distribution unless you have reached age 62 and you are fully vested. If you are currently working in a non-covered position with your employer, contact INPRS for more information regarding your options.

#### 6.1.1 Separation from Employment (Not Fully Vested)

If you are no longer working in a PERF My Choice covered position, you may be eligible to take a distribution of the balance of your account and receive a lump sum distribution or roll the funds to another qualified retirement plan. Your distribution amount consists of:

- The 3% fixed employee contributions
- Voluntary contributions (if applicable)
- Rollovers (if applicable)
- All interest and earnings credited to the account
- Vested percentage of variable contribution (employer share)

My Choice DC distributions are regulated by the following conditions:

- If you continue uninterrupted employment in any capacity (full-time or part-time) in any agency or department of the current employer, regardless of whether the new position is covered under PERF My Choice or not, **you are not considered** separated from employment.
- If you are **re-employed** in a My Choice Plan-covered position **within 30 days** from the date of termination, you are **not** eligible for a distribution. Any requested distribution will be void. You may be required to pay back the distribution, plus interest. You should notify INPRS immediately if you become re-employed within a 30-day period.

It is important to note that required minimum distribution (RMD) may take precedence over any of the automatic cash-out or rules regarding suspension. See section 10 for more information about RMD.

#### 6.1.2 Not Separated from Employment (Not Fully Vested)

You are ineligible for any distribution until you have separated from your PERF My Choice-covered employment for 30 days at which time the distribution is according to the vesting schedule.

#### 6.1.3 Not Separated from Employment (Fully Vested)

**Prior to January 1, 2021**, you are ineligible for any distribution until you have separated from your PERF My Choice covered employment. None of the employer share contributions are available for distribution until you separate from employment for 30 days and then the distribution is according to the vesting schedule.

**Effective January 1, 2021**, active members of PERF My Choice are permitted to take a distribution of their defined contribution accounts if you are at least age 62 and have 5 years participation credit. If you do not meet both requirements, you are not eligible for a distribution and must wait until you separate from employment for 30 days.

### 6.1.4 Separation from Employment (Fully Vested)

If you are not normal retirement age, at least 62 years of age with 5 years participation credit, and you separate from a PERF My Choice covered position, you must be completely separated from your employer and wait 30 days before you can withdraw the vested portion of your account.

If you are at least 62 years of age with 5 years of participation, you may withdraw your funds without waiting 30 days after separating from employment. See Chapter 7 for distribution options. Alternatively, you can leave your account balance in PERF My Choice: Retirement Savings Plan until you elect a final distribution, partial withdrawal, or until a required minimum distribution (RMD) payment is required.

## 6.2 Payment Options

When you apply for a PERF My Choice DC distribution, you must choose how to receive the payments. If you are at least age 62 with 5 years participation, see Chapter 7 for payment options.

### 6.2.1 Direct Rollover

#### Taxable Portion

You may elect to have all or part of the taxable portion of your DC account and Rollover Pre-Tax Contributions paid in the form of a direct rollover into an eligible 401(a), 403(b), or governmental 457(b) plan, or Traditional IRA, which has provisions allowing it to accept the rollover on your behalf. This option defers any taxes owed on the DC account and Rollover Pre-Tax Contributions balance.

If you choose to roll over only part of the taxable amount, the portion not rolled over is paid directly to you (less the mandatory 20% withholding for federal income tax).

Direct rollover payments are issued as a paper check made payable to the receiving financial institution for your benefit. The check is **mailed to you**, and you will need to deposit the check to the rollover institution within 60 days after the check date.

If you choose to take a rollover distribution and do not complete the rollover by the 60th day following the day on which you receive the distribution, your distribution may be subject to taxes and/or penalties unless you qualify for a waiver. You should consult a tax professional for waiver qualifications.

#### Non-Taxable Portion

You may choose to have all or part of the non-taxable portion of your DC paid as a direct rollover into a qualified plan. The percentage of taxable to non-taxable funds that are rolled over must reflect the same percentage as currently in the DC account. Those plans include a 403(b) plan, or Traditional or Roth IRA. If you roll over only part of the non-taxable amount, the portion not rolled over is paid directly to you.

Direct rollover payments are issued as a paper check made payable to the receiving financial institution for your benefit. The check is **mailed to you**, and you will need to deposit the check to the rollover institution within 60 days after the check date.

### 6.2.2 Paid Directly to You

If you take the full distribution of your DC account and Rollover Pre-Tax Contributions account, the full amount of taxable and non-taxable funds in your DC account and Rollover Pre-Tax Contributions will be distributed directly to you. INPRS will withhold 20% from your withdrawal of the taxable portion paid to

you. This is done whether the IRS imposes a 10% penalty or not. A 1099-R tax form will be sent to you by January 31 of the year after you receive your distribution.

#### **Tax Penalty – Early Distribution**

You may be subject to an additional 10% federal tax penalty on your DC and Rollover Pre-Tax Contributions if you have not reached the age of 59½ at the time of your distribution. By January 31 of the year after you receive your distribution, you will receive a 1099-R.

### **6.3 Voluntary Withdrawal of Rollover Pre-Tax Contribution Funds**

You may make a lump sum or partial withdrawal of your Rollover Pre-Tax Contribution balance at any time by contacting INPRS.

### **6.4 Disability Distribution**

To apply for disability while a member of the PERF My Choice: Retirement Savings Plan your onset date must have occurred while serving in a covered position, such as:

- While you were receiving salary (your onset date must be prior to your last paycheck date);
- While you were receiving employer-provided income protection benefits;
- While you were on leave under the FMLA; or
- While you were off work and receiving worker’s compensation benefits

There is no minimum amount of participation credit required to receive disability benefits from INPRS. If you become disabled, you can withdraw the vested portion of your assets in the Plan. You continue to accrue years of participation credit even though you are on disability but not separated from employment.

**NOTE:** INPRS cannot process your disability application without a copy of your Social Security award letter with the onset date.

If you are disabled, to the extent you are vested according to the vesting schedule, you are eligible to take a full or partial withdrawal paid in a lump sum, a direct rollover to an eligible retirement plan, or as an annuity (MetLife or another qualified annuity plan). For the MetLife annuity you must have a minimum of \$5,000 DC and Rollover Pre-Tax Contributions combined.

If you have met SSA’s disability requirement, you can submit your distribution elections using the online retirement application by accessing your online account or contact INPRS for assistance.



## Retirement Distribution



A PERF My Choice member at least age 62 with 5 years of participation credit has several options for taking a distribution. PERF My Choice: Retirement Savings Plan does not pay retirement benefits like the PERF Hybrid Plan. There is no DB retirement benefit from the PERF My Choice Plan. Your PERF My Choice: Retirement Savings Plan benefit consists of the disbursement of your My Choice DC funds and your Rollover Pre-Tax Contribution funds, if applicable.

If the vested funds are left in the PERF My Choice Plan at separation from employment, there is no additional vesting. The funds will remain invested according to your investment elections and you will be charged an account maintenance fee. Once you reach RMD age set by the IRS, you must take a distribution if you have not separated from employment.

### 7.1 Distribution Effective Date

As a member, you set an effective date for the start of your annuity when you complete the application from your online account. Because there is no defined benefit available for My Choice members, there is no *retirement* effective date.

### 7.2 Payment Options

Any trailing contributions and amounts remaining in the account following any distribution will be distributed to you.

#### 7.2.1 Annuitize the DC Balance

When you retire, you have the option to annuitize the balance of your DC account to purchase an annuity through MetLife or any other provider of your choosing. MetLife annuity is the only annuity provider offered by INPRS. Your eligibility for distribution of your My Choice funds to a MetLife annuity is determined by these factors:

- **Age:** At least age 62
- **Years of Participation:** At least 5 full years of participation
- **My Choice Minimum Balance:** At least \$5,000
- **Employment:** Effective January 1, 2021, if you are at least 62 years old with 5 years of participation and separate from employment, you don't have to wait 30 days for a disbursement.
  - **Still employed and eligible for retirement distribution:** Effective January 1, 2021, if you are at least age 62 with 5 years participation, you may take a distribution of your DC account without separating from employment.

If you have met the above criteria, you may annuitize your DC and/or Rollover Pre-Tax Contribution funds, as applicable, into a monthly annuity payment from MetLife. As an alternative option you may roll these assets into another retirement account that may have other requirements for an annuity

#### 7.2.2 Split DC and/or Rollover Pre-Tax Contribution Account Balance

You may elect to split your DC and/or Rollover Pre-Tax Contribution account between these options:

- MetLife Annuity (provided you meet the requirements). Visit the [MetLife Retirement Income Center](#) to create your annuity estimate.
- Direct Rollover
- Lump Sum
- Defer

You must complete your IRA or Qualified Retirement Plan information if you choose to roll over a portion of your DC and Rollover Pre-Tax Contribution accounts.

### 7.2.3 Full Withdrawal

You may elect to have the total amount of your DC and Rollover Pre-Tax Contribution accounts (less mandatory federal income tax withholding) paid directly to you. If you decide to withdraw the balances of your DC and Rollover Pre-Tax Contribution accounts, you must choose either a direct rollover, complete withdrawal, or partial rollover to a Qualified Retirement Plan for the taxable portion of your DC and Rollover Pre-Tax Contribution accounts. You should consider the tax consequences if you choose a full withdrawal of the taxable portion of your DC account.

### 7.2.4 Systematic Withdrawal

You may elect a systematic withdrawal, or installment, which sets up a payment schedule from your INPRS DC account on a monthly, quarterly, semi-annual, or annual basis. The remaining balance of your DC account will continue to be invested in the market based on your elections while you are receiving systematic withdrawals. You can sign up for systematic withdrawals if you are retirement eligible or eligible for a distribution from your DC account. This option is available when you are completing your online application.

If you elect systematic withdrawals, it is not guaranteed lifetime income. INPRS will distribute the systematic withdrawal you have selected so long as you have enough in your account to make the distribution. Your balance will continue to be invested based on your elections so there is no guarantee that your balance will earn enough to keep up with your withdrawals.

You may cancel your systematic withdrawal at any time. The remaining DC balance is yours to do with as you choose. If you wish to make a change or cancel your systematic withdrawal, contact INPRS.

### 7.2.5 Full Deferment

You may choose to leave your DC and Rollover Pre-Tax Contribution funds invested with PERF My Choice. When you do this, you defer distribution of your DC and Rollover Pre-Tax Contribution balances. According to IRS regulations, RMD distributions must begin according to your age. See the Required Minimum Distribution Information section of this handbook for details. Until you elect to receive your DC and Rollover Pre-Tax Contribution funds, the funds will remain invested according to your directions and an account maintenance fee will be charged. If you do not want your funds in this account paid to your estate at your death, you must designate a beneficiary.

### 7.2.6 Partial Withdrawal with Deferment

Partial withdrawal means requesting a distribution of less than 100% of your balance. If you make this choice for your DC and Rollover Pre-Tax Contribution funds you will withdraw the funds for a full or partial rollover to a Qualified Retirement Plan or direct distribution to you, and then leave the remainder of your DC account and Rollover Pre-Tax Contribution funds invested with INPRS.

When you do this, you defer distribution of a portion of your DC and Rollover Pre-Tax Contribution balance. Distribution of the deferred funds may be taken at any time; however, according to IRS regulations, you must begin distribution when you meet the RMD age. Until you elect to receive your funds, the funds will remain invested according to your directions and an account maintenance fee will be charged. If you do not want the funds in this account paid to your estate at your death, you must designate beneficiary.

## 7.2.7 Partial Withdrawal, Rollover, or Deferment

In My Choice, you are immediately vested in employee contributions. A partial withdrawal of those funds are allowed at any time (as long as you are eligible). Partial withdrawals are also allowed for employer contributions in which you are vested.

When you do this, you defer distribution of your DC and Rollover Pre-Tax Contribution balance. Distribution of the deferred funds may be taken at any time; however, according to IRS regulations, you must begin distribution when you meet the RMD age. Until you elect to receive your funds, the funds will remain invested according to your directions and an account maintenance fee will be charged.

As a retiring member you may elect a partial withdrawal. If you make this choice for your DC and Rollover Pre-Tax Contribution account, you will withdraw from your DC and Rollover Pre-Tax Contribution account in the form of a direct rollover, a partial distribution, or a partial rollover to a Qualified Retirement Plan, and then leave the remainder of your DC and Rollover Pre-Tax Contribution funds invested with INPRS. When you do this, you defer distribution of your DC and Rollover Pre-Tax Contribution balances.

According to IRS regulations, you must begin distribution when you reach RMD age. Until you elect to receive your funds, you will remain invested according to your directions and an account maintenance fee will be charged.

You may receive a portion of your DC and Rollover Pre-Tax Contribution accounts as a direct rollover to a Qualified Retirement Plan. The portion that is not rolled over will be paid directly to you.

**NOTE:** Your decision on how to receive distributions from your DC and Rollover Pre-Tax contribution accounts can have significant tax implications, and you are encouraged to consult with a tax advisor. INPRS cannot offer tax advice.

## 7.3 Direct Deposit

Direct deposit is the required method to distribute benefit payments. You can complete and submit the Direct Deposit form from your online account. You can update your direct deposit information online at any time.

## 7.4 Re-Employment of Vested Members (Who Took a Distribution)

You can go back to work after you take distribution of your DC and Rollover Pre-Tax Contribution funds. If you re-employ with a new employer, you are eligible to choose between the PERF Hybrid Plan and the PERF My Choice: Retirement Savings Plan, if the new employer allows you to choose. If your re-employment occurs within 30 days of your distribution, your distribution is **void** unless you meet the exceptions described in chapters 6 and 7 of this handbook. You may be required to repay any distributions you received.

### *Example*

For example, you stop working on May 18, and take a distribution. You qualify to re-employ in a My Choice-covered position on or after June 18. **If you return to a My Choice-covered position within 30-days after ending employment, your distribution is void, unless you meet the exceptions described in sections 6 and 7 of this handbook.**

Your distribution is void if you have an agreement, formal or informal, prior to taking your distribution, with a covered employer to return to work in a covered position. There is no limit on earnings for members who return to work in a My Choice-covered position. If you take your DC and Rollover Pre-Tax Contribution distribution, as applicable, from a My Choice-covered position and re-employ in a My Choice-covered position after 30 days, you can be re-enrolled in the My Choice: Retirement Savings Plan.



If you retired from another Indiana public retirement fund (such as the 1977 Police Officers' and Firefighters' Retirement Fund) you do not have a minimum period of separation before taking a My Choice-covered position with the same employer.



If you took a distribution of your My Choice DC and/or Rollover Pre-Tax Contribution funds, as applicable, and you have no balance remaining, there are no death benefits to be paid.

### 8.1 Death Benefit

If a PERF My Choice member dies (1) while working in a position covered by the plan but not in the line of duty; or (2) after terminating from a position covered by the plan but before withdrawing the member's account; to the extent that the member is vested, the member's account shall be paid to the beneficiary or beneficiaries designated by the member and on file with INPRS. If you do not designate a beneficiary, or if your beneficiary pre-deceases you, your assets will automatically pass to:

1. a surviving spouse,
2. surviving dependents in equal shares, if you do not have a surviving spouse, or
3. your estate if you do not have a surviving spouse or dependents.

The designated beneficiary or beneficiaries or a survivor (as determined by the above) may elect to have the member's account paid as a:

- Lump sum
- Direct rollover to another eligible retirement plan,
- An annuity if the account balance is at least \$5,000 (for MetLife annuity) and the beneficiary or spouse is at least 62 years old,

If a member dies in the line of duty while in a covered position, the designated beneficiary or beneficiaries or the surviving spouse or dependents, as applicable, are entitled to payment of the member's account as provided in this section. In addition, if the member was not fully vested in the employer contribution subaccount, the account is deemed to be fully vested for purposes of withdrawal under this section.

**NOTE:** Effective **January 1, 2022**, the RMD rules for beneficiaries of members were modified for members who die after December 31, 2021. See the Secure Act and 26 USC § 401(a)(9). See chapter 10 for RMD information.

In the event of your death, INPRS must be notified so that your beneficiaries receive their payments promptly. INPRS must have a copy of the death certificate to make any distributions of available balances.

### 8.2 Disclaiming a Distribution

Indiana law allows a beneficiary to decline (disclaim) a distribution. The law also decides how the bequest is handled if the beneficiary declines it. For specific information on your situation and to be provided with the state form to complete, contact INPRS.

### 8.3 Death Benefit Forfeiture

A benefit specified in section 8.1 will be forfeited and credited to the retirement fund as determined by INPRS.



### 9.1 Taxation

The decision of how to receive the distribution of your PERF My Choice DC and Rollover Pre-Tax Contribution funds can have significant tax implications, and it is recommended that you consult with a tax advisor. INPRS cannot offer tax advice.

Any contributions to your DC made with after-tax dollars are considered “tax basis” because you have already paid taxes on those dollars. Mandatory contributions paid by employers were not taxed at the time they were paid. Therefore, they do not create “tax basis”. Upon retirement, any after-tax contribution (tax basis) is reported by INPRS as non-taxable on the IRS Form 1099-R issued to retired members and the IRS. However, it is important to note that the tax basis is recoverable under very specific IRS rules.

If you elect to receive a lump sum distribution of your PERF My Choice Plan, the entire tax basis is recovered in total since there are no recurring payments. However, if you receive a partial lump sum and partial annuity, the basis will be split between the two, and the annuity recovery will be based on your age. If you annuitize your PERF My Choice Plan, the basis allocated to the monthly annuity payment is divided up and recovered over a mandatory number of monthly payments, as determined by applicable IRS regulations. Therefore, a portion of each monthly benefit paid to you is non-taxable, for as long as basis remains.

If contributions are received after you have requested a final distribution and the total account balance has been paid, the contribution is accepted, and another distribution is paid as a lump sum if it is less than \$1,000. If you were paid a disbursement in error, INPRS will work to restore the money if you subsequently return to work.

This division of the basis is required because the IRS has issued a letter ruling to INPRS concluding that the DC and monthly annuity payment payable to you do not constitute separate accounts. The consequence of this ruling is that, upon distribution, basis from contributions to the DC must be partially allocated to the monthly annuity payment through MetLife, as described above.

#### 9.1.1 Tax Withholding & Forms

Your retirement distributions are subject to federal income tax withholding. INPRS can withhold federal, state, county, and local taxes from your monthly retirement pension benefit payments. If you did not complete tax withholding forms at the time of your retirement, you may do so at any time.

INPRS is required by law to withhold 20% for federal income taxes for any non-recurring, taxable lump sum distribution that is paid directly to you. You will have to pay federal, state, county, and local income taxes on this taxable portion.

Each year, INPRS mails IRS 1099-R forms to all members who have taken distribution of PERF My Choice funds by January 31. The IRS 1099-R form lists the total amount of benefits received during the year. If you are a monthly annuity recipient, you will receive your tax forms from MetLife.



### 10.1 Cost of Living Adjustments

Cost of Living Adjustments (COLA) do not apply to My Choice Plan members.

### 10.2 13th Check Annual Supplemental Payment

13th checks do not apply to My Choice Plan members.

### 10.3 Required Minimum Distribution (RMD) Information

The Internal Revenue Service (IRS) requires you to take required minimum distribution (RMD) if you have an interest in a pension benefit. Section 401(a)(9) of the Internal Revenue code (IRC) requires INPRS to begin paying distributions of your benefit starting April 1 of the calendar year following the latter of when you obtain the RMD age specified by the IRS or separate from employment:

RMD Age	Condition(s)	Source
70 1/2	Reach age 70 ½ before 01/01/2020	Pre Secure Acts
72	Turn 70 ½ on and after 01/01/2020	Secure 1.0
73	Turn 72 on and after 01/01/2023 & reaches 73 before 01/01/2033	Secure Act 2.0
75	Turn 74 on or after 01/01/2033	Secure Act 2.0

- Anyone who turned 72 in 2022 or earlier follows the old rules. Those who turned 72 in 2022 had to take their first RMD no later than April 1, 2023.
- Those who turn 72 in 2023 and any time through 12/31/2032 (born from 1951 to 1959) must take the first RMD by April 1 of the year after they turn age 73.
- Anyone born in 1960 or later must take their first RMD by April 1 of the year after they turn age 75.

If the benefit does not begin in a timely fashion, the IRS will impose a 25% penalty on the member due to a late distribution. The IRS could reduce that penalty to 10% if the member receives a distribution within a correction window.

You must complete the online retirement application through the Retirement Application Center (RAC) from your online account at [myINPRSretirement.org](https://myINPRSretirement.org). If the application is not completed on time, RMD payments will automatically begin if you have separated from employment and have not begun the distribution process.

If INPRS does not receive the application by December 31, and the member meets the RMD requirements described in federal law and above, INPRS will undertake to contact you to set up the RMD for distribution of any retirement and/or DC and/or Rollover-Pre-Tax Contribution funds to which you are entitled.

Furthermore, INPRS is required to adjust the benefit for any IRS imposed penalties. See 35 IAC 14-7-7 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 a beneficiary is not an *eligible designated beneficiary*, the distribution of the interest must be made payable within 5 years after the member's death.

### 10.3.1 Death Benefit Required Minimum Distribution

If you die with a DC account and/or Rollover Pre-Tax Contribution account balance, the designated beneficiary(ies) must receive their distributions within 5 years of the date of death. The beneficiary may take the distribution in a single lump sum or proportionate annual payments over the 5-year period. If the beneficiary may annuitize the amount, then it may be paid over the life expectancy of the beneficiary pursuant to Indiana Code and IRS rules.

## 10.4 Garnishments

Indiana law prevents assigning PERF My Choice benefits. Accordingly, INPRS cannot honor any divorce decree requiring INPRS to pay anyone other than the member or the member's designated beneficiary. To be consistent with the laws governing PERF My Choice, and to satisfy Indiana's domestic relations laws, divorce decrees should order you (or the legal beneficiary) to make payments to an ex-spouse rather than ordering INPRS to make such payments. In addition, Indiana law prohibits INPRS from garnishing a pension benefit for child support payments.

### 10.4.1 Qualified Domestic Relations Orders (QDRO)

INPRS cannot honor any QDRO. PERF My Choice is a governmental plan exempt from the QDRO requirements. If you purchase an annuity or roll over funds to another plan outside of INPRS, this may not apply. Consult the administrator for the plan.

## 10.5 Administrative Review

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

If you disagree with the action or final determination by INPRS staff, 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.

### 10.5.1 Initial Determination

You must petition INPRS in the form of a letter to request a review of the action or final determination with which you disagree. This letter should specifically state the basis of your disagreement and include sufficient facts so that INPRS can evaluate your request for review. You should include copies of any supporting documents. For a sample format of this member petition, see form Step 1: Member Petition for Administrative Review of Staff Action/Determination available on the INPRS website. You will need to complete the form and submit it to INPRS, Attn: Administrative Review, One North Capitol, Suite #001, Indianapolis, IN 46204, or by emailing the form to [AdministrativeReviews@INPRS.in.gov](mailto:AdministrativeReviews@INPRS.in.gov).

Once an evaluation has been completed, you will be notified with an initial or amended determination letter, sent by certified mail. The letter will indicate INPRS' initial or amended determination and provide supporting justification. In addition, INPRS will provide explicit instructions should you want to appeal. Indiana law sets forth specific timelines to appeal a decision. Should your appeal be received after the appeal deadline, under Indiana law, the initial or amended 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.

### 10.5.2 Administrative Law Judge

If you disagree with the initial determination explained in the above section 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. To initiate this process, you must file a petition using the form available from the Your Right to Administrative Review page on the INPRS website.

These are the available forms and instructions:

1. Complete Member Petition for Administrative Review of Staff Action or Determination
2. Petition for Review by ALJ
3. General outline for ALJ review

Complete and return the form (Step 1 or Step 2) to INPRS at [AdministrativeReviews@INPRS.in.gov](mailto:AdministrativeReviews@INPRS.in.gov) or the address provided on the form. It is recommended that you retain copies of the submitted documents for your records.

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. For a detailed outline of the ALJ review process, see the General Outline for Administrative Law Judge (ALJ) Review available on the INPRS website.

At the conclusion of the administrative hearing process, 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\(b\)](#)).

### 10.5.3 Judicial Review

If you are still in disagreement at the conclusion of the administrative review, you may seek judicial review within 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.

## 10.6 Power of Attorney

INPRS 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, INPRS will accept directions regarding benefit payments. If, on the other hand, you grant what is known as a Health

## Additional Plan Information

Care Power of Attorney, the attorney-in-fact does not have the authority to direct INPRS 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, INPRS can provide a *Limited Power of Attorney for Members and Recipients* form. 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 INPRS.

If an attorney-in-fact attempts to act on your behalf, INPRS 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.

### 10.7 Guardian

INPRS honors requests and directions from a legally appointed guardian of your estate. Before INPRS can recognize acts of a guardian, INPRS must receive copies of the Letters of Guardianship and/or other official court documents appointing the guardian. A guardian is appointed only when you are declared incompetent by a court of law while you are under an active guardianship and unable to act on your own behalf. INPRS will not recognize your acts until provided proof that your right to act on your own behalf has been restored.

### 10.8 Access to Records

#### Member Records & Confidentiality

Your records are confidential by law. INPRS will only release your name and years of participation credit. Member records are not public records.

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.

Indiana law, 35 IAC 1.2-1-5 and IC 5-10.5-6-4, 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.

## Public Records

INPRS is committed to making public records available upon request. To get information about submitting a request, you can call (844) GO-INPRS (844-464-6777). All requests for public records must be made through the online portal at: <https://in.accessgov.com/inprs-apra>.