



INPRS

You depend on us. How are we doing?

County Auditor's Conference

One North Capitol, Suite 001 | Indianapolis, IN, 46204 | (888) 286-3544 | www.inprs.in.gov



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

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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

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PERF Hybrid Retirement Plan

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PERF Hybrid Plan Retirement Benefits Structure – 2 Parts

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

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PERF Hybrid Plan Retirement Benefits

Defined Contribution (DC)

- Mandatory 3% contribution
- Always belongs to you/fully vested
- No loan or hardship withdrawals available



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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.

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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.



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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...

| <i>Retirement Age</i> | <i>Percentage of Pension</i> |
|-----------------------|------------------------------|
| 50 | 44% |
| 59 | 89% |

(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

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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

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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

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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

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PERF Hybrid Plan Benefits

Defined Benefit: Pension
Lifetime Benefit
Beneficiary and Survivorship Options

Defined Contribution (DC)
Annuity
Lump Sum Withdrawal
Rollovers

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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.

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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**

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PERF Hybrid Plan vs. My Choice Plan Cost Comparison: 2017 Rates

PERF Hybrid Plan

- 4% Normal Cost (employer pays)
- 7.2% Supplemental Cost (employer pays)
- 3% Mandatory Contribution (employer, employee or shared)
- No matching employee contributions
- 10 Year Vesting

My Choice Plan

- 0-4% Normal Cost (employer pays)
- 7.2% Supplemental Cost (for existing PERF Hybrid Plan employers only)
- 3% Mandatory Contribution (employer, employee, or shared)
- 0-50% matching of employee contributions
- 5 Year Vesting

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INPRS Contact Information



Web site:

www.INPRS.in.gov

e-mail:

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Phone:

(888) 286-3544 (toll-free)

Mailing Address:

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Questions?

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