



Financial Wellness

LUNCH & LEARN SERIES

Sue Dukeman, Manager, Retirement Benefits, Indiana University



PERF Retirement Plan

UNDERSTANDING THE TWO-PART PLAN

Sue Dukeman, Manager, Retirement Benefits, Indiana University

Housekeeping

- All attendees have been placed on mute. If you have technical issues, please message an IUHR representative in the chat for assistance.
- Watch the chat for helpful links to additional information.
- **Please put all questions in the Q&A box.** Do not put any questions related to a personal situation in the Q&A.
- At the end of today's session, you will be asked to complete a brief survey.



Objectives

- Understand your Indiana Public Employees Retirement Fund (PERF) plan
 - Understand the options at retirement
 - How to apply for benefits
 - Options with PERF Defined Contribution (formerly known as ASA)
- Other ways to save for retirement
- Resources



History of INPRS

- The Indiana Public Retirement System (INPRS) manages approximately **\$46.7 billion** in assets, as of June 30, 2023
- INPRS is among the **largest 100 pension funds** in the United States
- INPRS issues payments to approximately **160,000 individuals** each month
- The Public Employees Retirement Fund (PERF) was founded in **1945** – Indiana University joined 1/1/1946



Who Participates in INPRS?

529,000+ Members from over 1,300 Public Employers

Employers include:

- State of Indiana
- Cities
- Towns
- Counties
- School Corporations
- Universities

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





SECTION I

PERF BASICS

PERF Hybrid Plan Explained



+



Defined Benefit (Monthly Pension)

- Lifetime income—must meet eligibility
- Funded by Indiana University
- Benefit formula calculation used to determine monthly benefit
- Benefit based on age, salary, service and retirement option chosen
- Fully Vested at 10 years of service

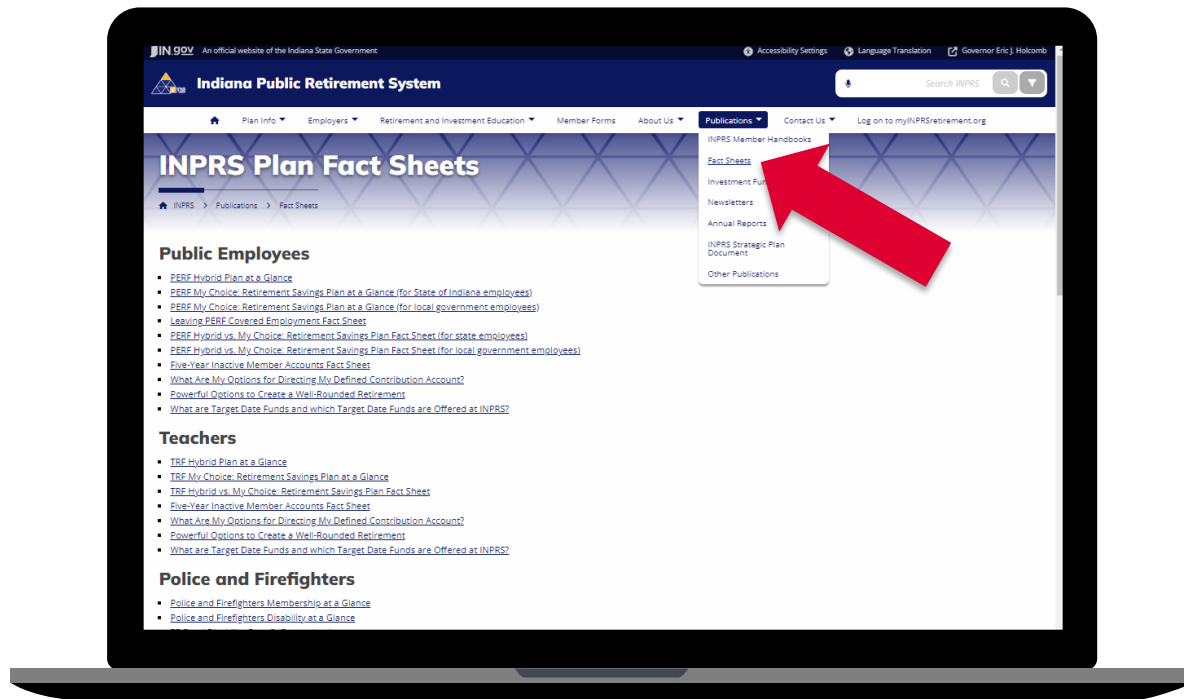
Defined Contribution (formerly called ASA)

- 3% contribution paid by Indiana University
- Fully vested—account belongs to you
- No loan or hardship withdrawals available
- Investment options




PERF At-a-Glance

www.in.gov/inprs/publications/fact-sheets



7/1/2023



PERF AT A GLANCE

PUBLIC EMPLOYEES' RETIREMENT FUND
HYBRID PLAN

	Defined Benefit	Defined Contribution (DC) Account
Vesting	10 years of PERF and/or TRF-covered service 8 years for specified elected positions	Immediate
Contributions	<ul style="list-style-type: none"> The employer pays 100%. The INPRS Board of Trustees determines the employer contribution rate annually. No member contributions. 	Mandatory 3% of gross wages paid by: <ul style="list-style-type: none"> Employer, or Employee, or Shared by both employee and employer. Voluntary Contributions* The employee can elect to make additional post-tax contributions.
Investment Options	Members do not direct the investment of the Defined Benefit.	Member can choose from 8 funds: <ul style="list-style-type: none"> Stable Value Fund Money Market Fund Fixed Income Fund Inflation-Linked Fixed Income Fund Large Cap Equity Index Fund Small/Mid Cap Equity Fund International Equity Fund Target Date Funds
Eligibility for Retirement Benefit	<ul style="list-style-type: none"> Age 65 with 10 years of service. Age 60 with 15 years of service. At age 55 if age and creditable service total at least 85 ("Rule of 85"). Early retirement with reduced benefits between ages 50-59 with 15 years of service. Age 65 with 20 years of service.² Special provisions for certain elected officials. 	Automatic eligibility to withdraw DC balance once member separates from service. ³ Member separated from service may retire with the PERF Hybrid Plan and continue to work in a non-INPRS covered position if they meet age and service requirements.
Eligibility for Disability Benefit	<ul style="list-style-type: none"> Qualified for Social Security disability benefits and provided proof of qualification. Received a salary from a PERF-covered position within 30 days of the termination date. Minimum of 5 years of service. 	Automatic eligibility to withdraw DC balance if receiving a disability benefit.
Account Statements	Members receive PERF Annual Member Statements (AMS) by mail. The AMS includes an estimated annual defined benefit amount, years of service, and DC account investment information. Members can choose to have the AMS sent via email every year. Copies are also available from the member's online account at myINPRSretirement.org .	Quarterly member statements are provided online and/or mailed by INPRS.

¹Go to the PERF Hybrid Member Handbook for more on voluntary contributions.

²Actively employed members who have completed at least 30 years of service may apply for retirement benefits at age 65, remain actively employed, and receive monthly benefits.

³Certain restrictions may apply if the member is vested in a pension benefit.

7/1/2023

Defined Contribution (DC) Account

Members who are NOT separated from service may take a DC withdrawal if:

- the member is at least age 59½ AND age & service eligible for full retirement benefits; or the member is working in non PERF Hybrid position, is at least age 59½, AND age & service eligible for full retirement benefits.

Members who are disabled or separated from service:

- may leave the DC account invested in INPRS or receive a distribution, or
- may roll over the DC account to a qualified plan or other eligible retirement accounts.

Member chooses the form of payment.

- May choose monthly payment for the lifetime benefit.
- May defer payment until RMD (required minimum distribution) age
- May choose direct payment or rollover distribution

The amount of distribution is determined by account balance, taxes withheld, and distribution option chosen.

Balance payment

- Receives the total accumulated amount after the death of an active member or retired member who elected to defer payment.
- Receives remainder of the accumulated amount per retirement payment options chosen by the member.

are available in the PERF Hybrid plan member handbook, a copy in writing or by calling our toll-free number, or at myINPRSretirement.org to make changes. Without INPRS can pay 6 months of retroactive pension benefits.

only. INPRS can pay death benefits to designated beneficiaries on file. Don't let death benefits go to the wrong person.

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 the information contained in this publication and the law, the applicable law shall apply.

One North Capitol, Suite 001 ■ Indianapolis, IN 46204 ■ toll-free: (844) GO-INPRS ■ www.inprs.in.gov



SECTION II

PERF DEFINED BENEFIT

Pre-Retirement Benefits

Disability Benefits

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

Survivor Benefits before Retirement

- Surviving spouse (married 2 years or more) or dependent children may be entitled to this benefit if a member dies with at least 10 years of creditable service



Normal (Unreduced) Pension Eligibility

Normal retirement eligibility:

- Age **65 & 10** or more years of creditable service
- Age **60 & 15** or more years of creditable service

OR

- **Rule of 85:** Age 55+, age plus years of service equal 85 or more

NOTE: IU employees no longer in PERF, but with at least 5 years in PERF may qualify for pension benefits with eligibility service credit for continued employment while enrolled in the IU Retirement Plan (403(b))



Early Retirement w/Reduced Pension

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

Retirement Age		% of Pension
50	➤	44%
59	➤	89%

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

**If you choose to take early retirement, your pension benefits will remain reduced even after you reach age 60.*



Collect Retirement While Working

1. Millie Morgan Rule

- Minimum age 65 with 20 or more years of creditable service (while working in a PERF covered position) **Changed age in 2023
- Continue to work and draw pension
- Continue to receive contributions into the Defined Contribution portion of PERF

2. Working in non-covered position and meet eligibility

- IU Employees that are no longer in a PERF covered position and qualify for pension(age and service) may draw pension while still working



Defined Benefit (Pension) Calculation

The monthly Pension formula is defined by state law and is calculated based on this formula:

(Final Average Salary x Creditable Service x 1.1%)

12 Months

Final Average Salary is the average of your 20 highest quarters in groups of 4 consecutive quarter

You can run an estimate for yourself at myinprsretirement.org



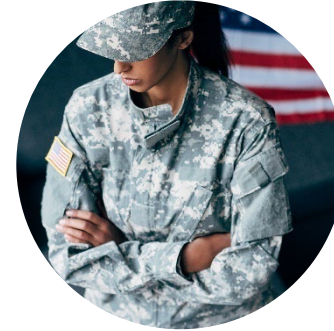
What is Creditable Service



**Actively
Working**



**Approved Paid or
Unpaid Leave**



**Military Service
Leave**

Note: If you have at least 5 years of PERF service and move to a non-covered position (without a break in employment) then additional years will be added for eligibility – but not income calculation. This is called Eligibility Service for Higher Education.



What is Eligibility Service



Actively Working in a Non-covered Position – Now enrolled in the IU Retirement 403(b) Plan

If you have at least 5 years of PERF service and move to a non-covered position (without a break in employment) then additional years will be added for eligibility – but not income calculation. This is called Eligibility Service for Higher Education.

Can I Purchase Service?

If you are in an active PERF-covered position, **you can purchase additional service.**

Types of service you can purchase:

- Out of State
- Private School
- Substitute Teaching
- Military
- Additional “Airtime” Service*

Obtain an estimate of the cost by logging in to myinprsretirement.org

**You must be vested (10 years of PERF covered-service) to be eligible to purchase this type of service*





SECTION III

PERF DEFINED CONTRIBUTION (DC) BENEFIT

DC Investment Details

Do it For Me

- Target Date Fund (based on the year you turn 65)

Do it Myself

- 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

Change allocations daily
by logging on to
myinprsretirement.org
or by calling toll-free
(844) GO-INPRS



DC Investment Details

- Investment Details

My Investments

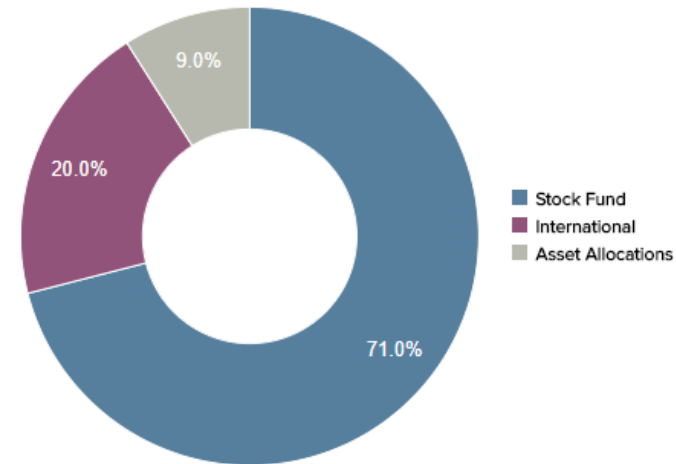
Fund and % of My Balance	Unit/Share Price	# of Units/Shares	Fund Balances
Large Cap Equity Index Fund - 35.91%	\$ 28.742181	288.2504	\$ 8,284.95
Small/Mid Cap Equity Fund - 35.14%	\$ 28.148972	288.0166	\$ 8,107.37
International Equity Fund - 19.89%	\$ 17.025429	269.5177	\$ 4,588.65
INPRS 2030 Fund - 9.06%	\$ 16.885594	123.8954	\$ 2,092.05
100%			\$ 23,073.02

[VIEW HISTORICAL FUND GRAPH](#)

[VIEW MORE DETAILS](#)

Allocations

Roll over pie chart to view each asset class and % of balance. Use the buttons to change the view.



[MANAGE MY INVESTMENTS](#)



DC Investment Details



[Future Investment Elections](#)

You may want your future savings to go into different investment options than you have elected. By changing your future contributions you can allocate any 'new money' to different funds. Want to learn more about different investment vehicles?

[▶ Watch this video](#)



[One-Time Account Rebalance](#)

Why redistribute your entire balance?

Over time your goals or your comfort level with risk may change, especially as you get closer to retirement. You may want to change how your money is invested. By rebalancing your account, you will allocate your current balance to new investment fund choices for all of your current savings. Want to learn more about why rebalancing matters?

[📄 Read this quick article](#)



[Automatic Account Rebalancing](#)

Why rebalance your account?

Over time shifts in the market might mean your investment selections have become 'out-of-balance' from your original election. Choosing to automatically rebalance will help you stick to your plan even when markets swing. When your goals change, be sure to revisit and review how you are invested. Want to learn more about why rebalancing matters?

[📄 Read this article](#)



[Fund to Fund Transfer](#)

What is a fund to fund transfer?

A fund to fund transfer is the movement of a specific amount of savings from one fund to another. Investors may choose to do this to purchase units with their existing savings in a different investment. *For example*, say you are invested in a growth fund and you are retiring in 5 years that fund may be a bit more aggressive as you near retirement. You may decide to move some of your savings into a more moderate or conservative fund. A fund to fund transfer allows you to transfer some of your money from the growth fund into the more conservative fund, but both funds will still be in your retirement savings plan.



Log in to Your INPRS Account Regularly

myinpresretirement.org

- myOrangeMoney® [Hide this section](#)

Let's talk about **your retirement savings** ▾

\$1,876 Estimated Monthly Income	\$4,667 Estimated Monthly Goal	\$2,790 A Difference Of
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Hypothetical Presentation

[View Details](#)

[+ Privacy / How This Works?](#) [Organize My \\$\\$\\$](#) [About Me](#)

The amount of my pay I can save now ?

Before-tax Contributions **0%** (\$0 per pay period)

[View Other Contributions](#)

I want to retire at age **65** ?

My investments might return **6%** each year ?

Moderate

[RESET](#) [MAKE CHANGE NOW](#)



SECTION IV

READY TO RETIRE



SECTION IV

READY TO RETIRE

PERF Defined Benefit (Pension)

Defined Benefit Options



One of the most important decisions you will make is choosing your Defined Benefit (pension) payment option.

Remember: You will receive a monthly benefit for the rest of your life.

Before choosing a pension option, ask yourself the following questions:

- How much monthly income will I need after retirement?
- Do I need to plan for a spouse or other beneficiary?
- If yes, how much income will my beneficiary require, and for how long?



Defined Benefit Options

Pension Options

- 5-year Certain & Life
- Straight Life
- 100% Survivorship
- 66 2/3% Survivorship
- 50% Survivorship

Social Security Integration

- This option is available to those under retirees that are not yet eligible for Social Security.
- Please note the reduction of pension income age at age 62 with this option.



Apply for Retirement

or

Obtain an Estimate



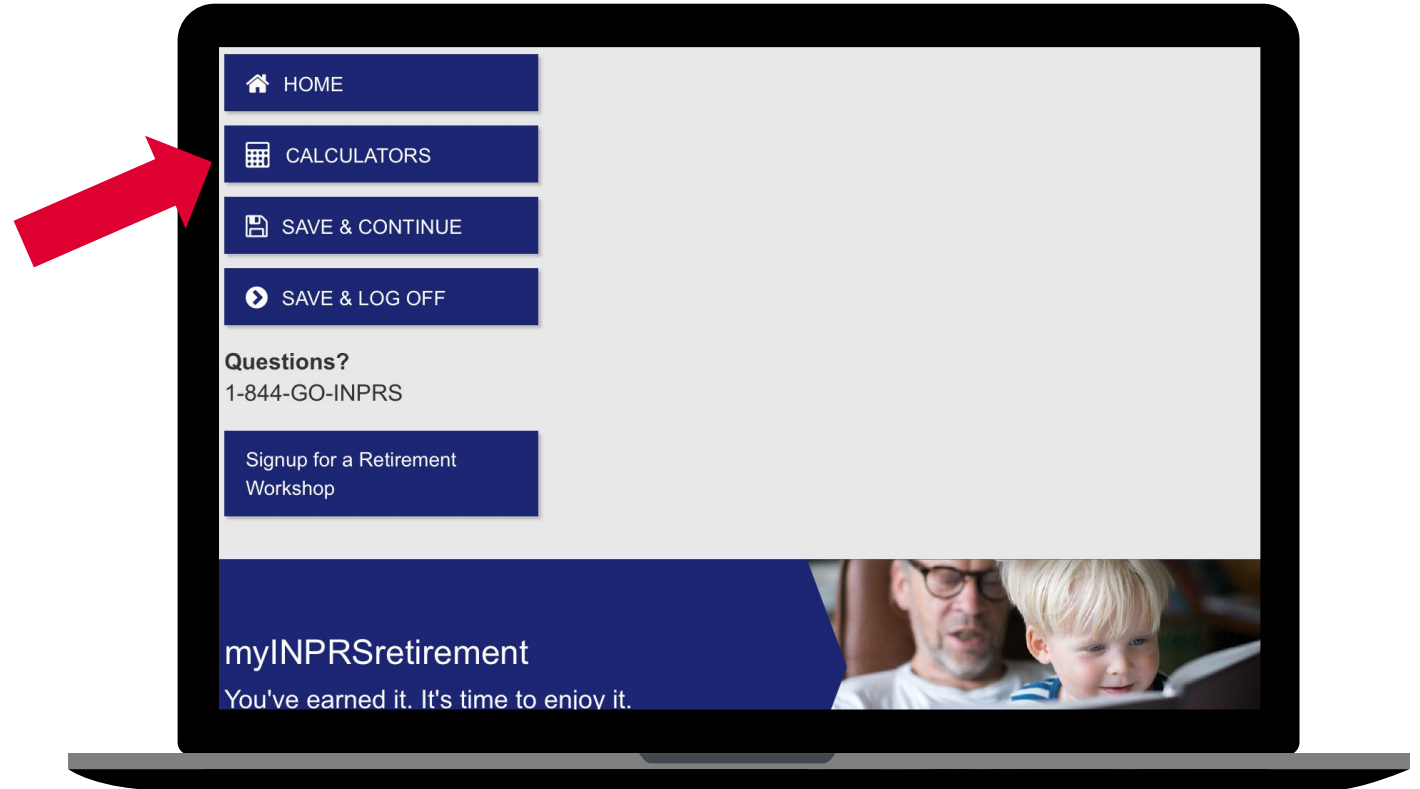
Log in to:

myinprsretirement.org



INDIANA UNIVERSITY

Obtain a Benefit Estimate

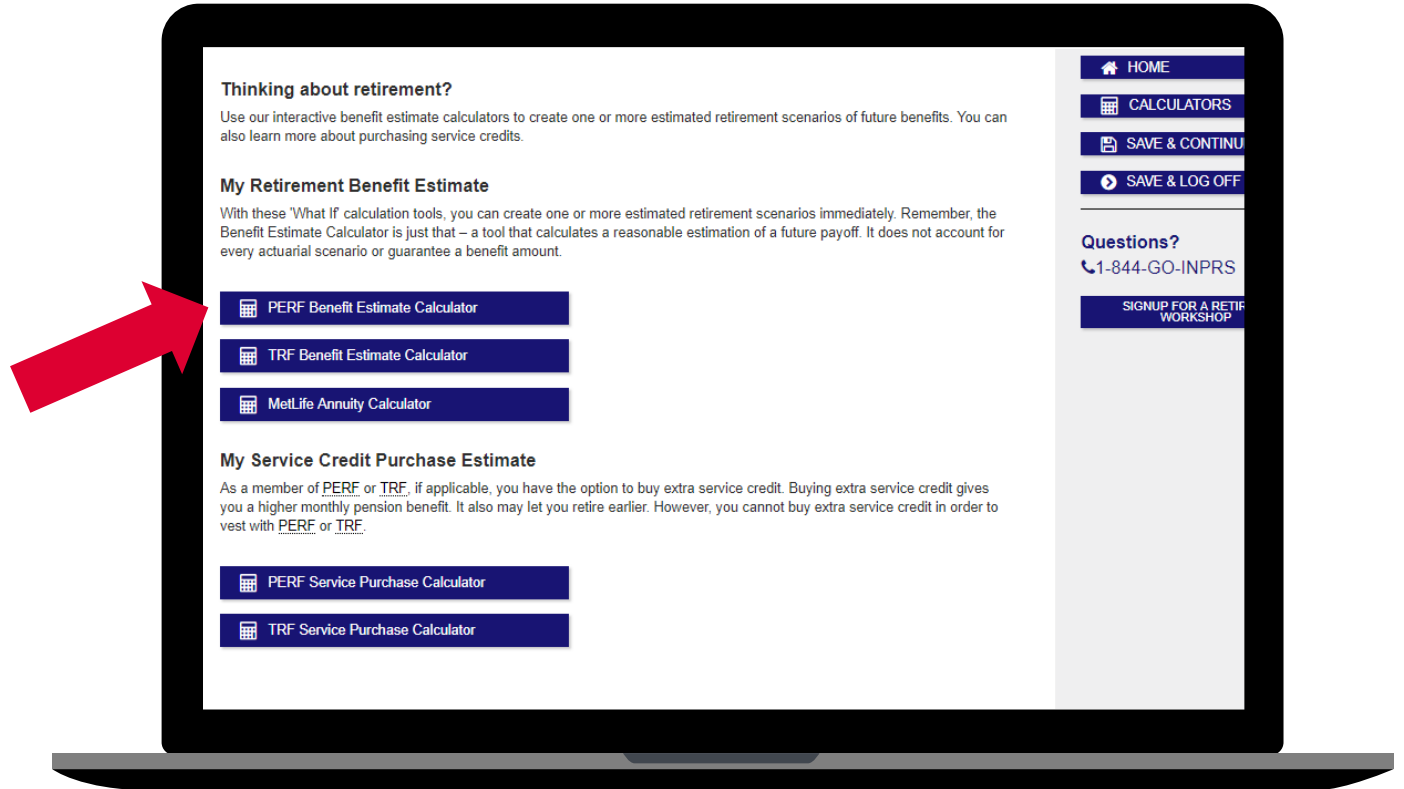


Log in to:

myinprsretirement.org



Obtain a Benefit Estimate



Log in to:

myinprsretirement.org



INDIANA UNIVERSITY

Obtain a Benefit Estimate

MONTHLY OPTIONAL BENEFIT PAYMENTS				
	Monthly Benefit	Social Security Integration		Survivor Benefit
		Before Age 62	After Age 62	
5 Year Certain & Life	\$1,185.02	N/A	N/A	N/A
Straight Life	\$1,188.15	N/A	N/A	N/A
100% Survivor Benefit	\$1,079.72	N/A	N/A	\$1,079.72
66 $\frac{2}{3}$ % Survivor Benefit	\$1,113.71	N/A	N/A	\$742.40
50% Survivor Benefit	\$1,131.52	N/A	N/A	\$556.76

ASA ACCOUNT INFORMATION	
PERF Total Combined ASA/RSA Balance	\$45,812.41

Log in to:

myinprsretirement.org



DC In-Service Withdrawals

SEA 10 – Effective 1/1/2021

- Allows **in-service distributions Defined Contribution (DC)** without having to leave your position
- Available to participants aged **59 ½** who are currently ***eligible for regular retirement benefit***
- You can **roll funds into IU TDA or 457(b)** retirement plan account at Fidelity

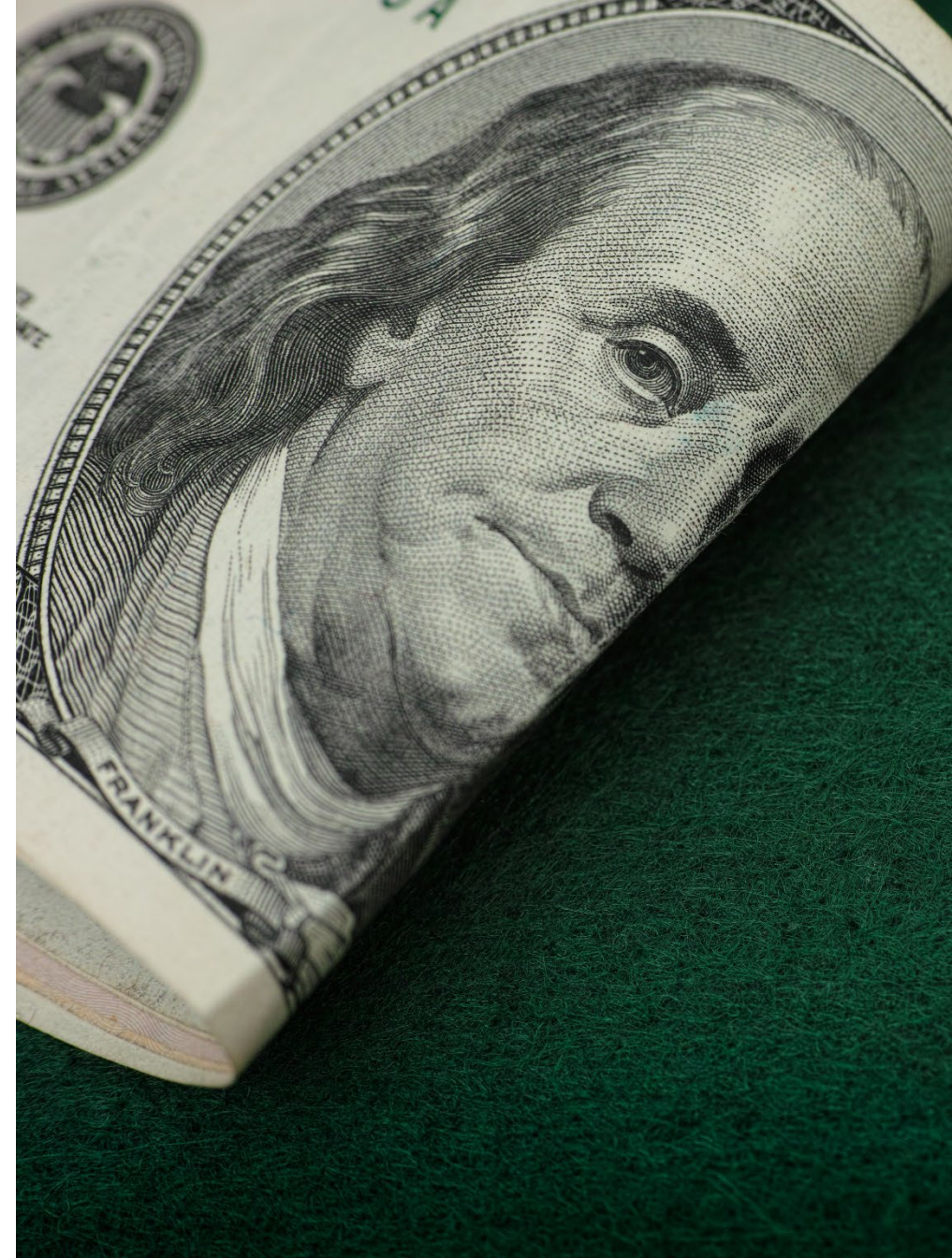
IMPORTANT:

Remember to consider the tax and retirement consequences when deciding to take distributions prior to retirement!



DC Options

- Defer Payment
- Annuitization with/without Cash Refund (Met Life)
- Lump Sum Distribution (Taxable)
- Systematic Withdrawal Plan (SWP)
- Rollover to another qualified retirement plan



DC Options

You will also want to make a decision concerning your Defined Contribution (DC) balance.

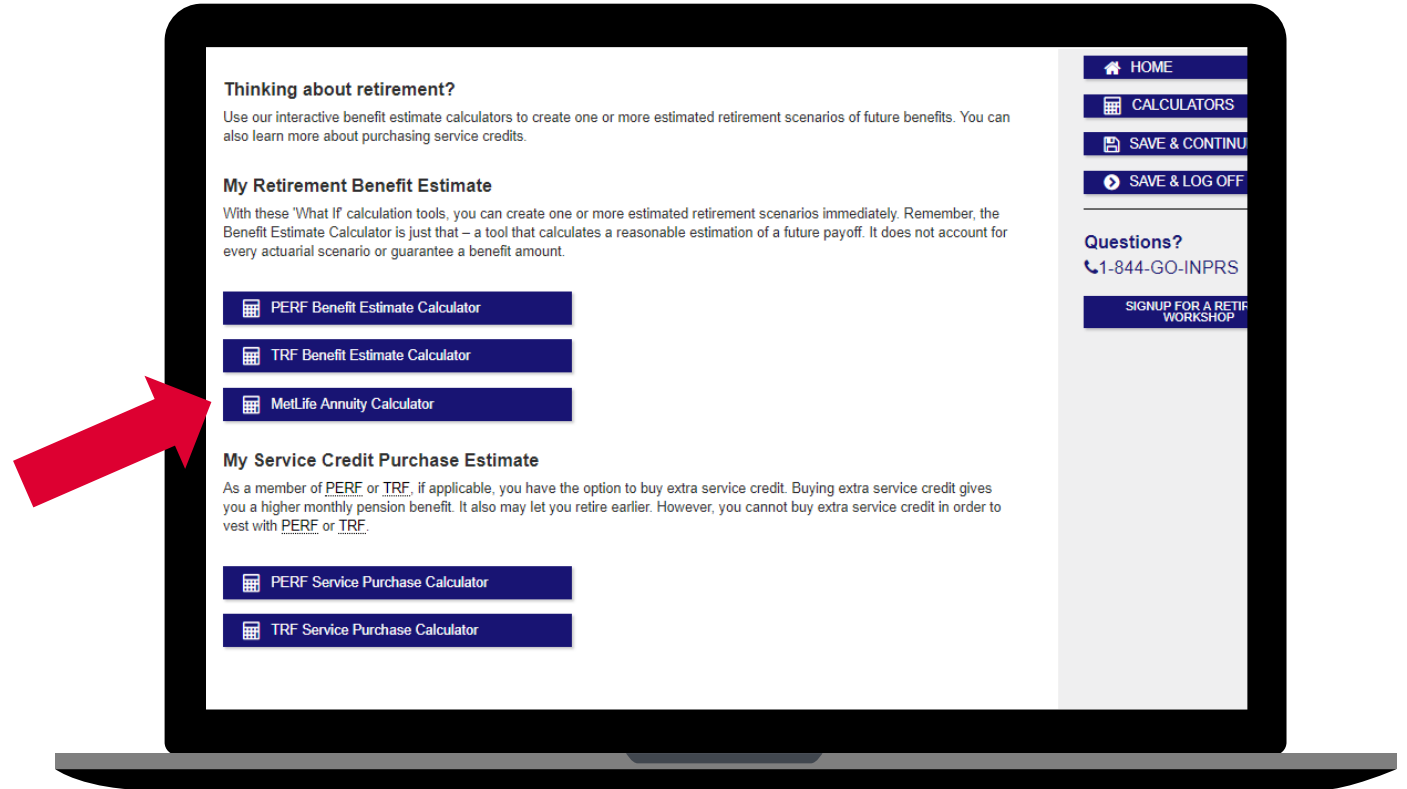
Before choosing a DC option, ask yourself the following questions:

- Do I need to reduce, eliminate, or prevent debt?
- Do I need to have accessibility to cash (i.e., for traveling or emergencies)?
- Do I want to supplement my pension and get the highest possible monthly income I can for the rest of my life?

Remember: Cash distribution of the DC plan will be taxable in the year the money is received.



Obtain an Annuity Estimate



Log in to:

myinprsretirement.org





SECTION V



APPLYING FOR BENEFITS

When to Apply

- You can apply for benefits once you are **within six (6) months** of the age and service credit necessary for your retirement option
- It will take approximately **90 days** to process your application
- First deposit will be approximately **45 days** after your retirement date

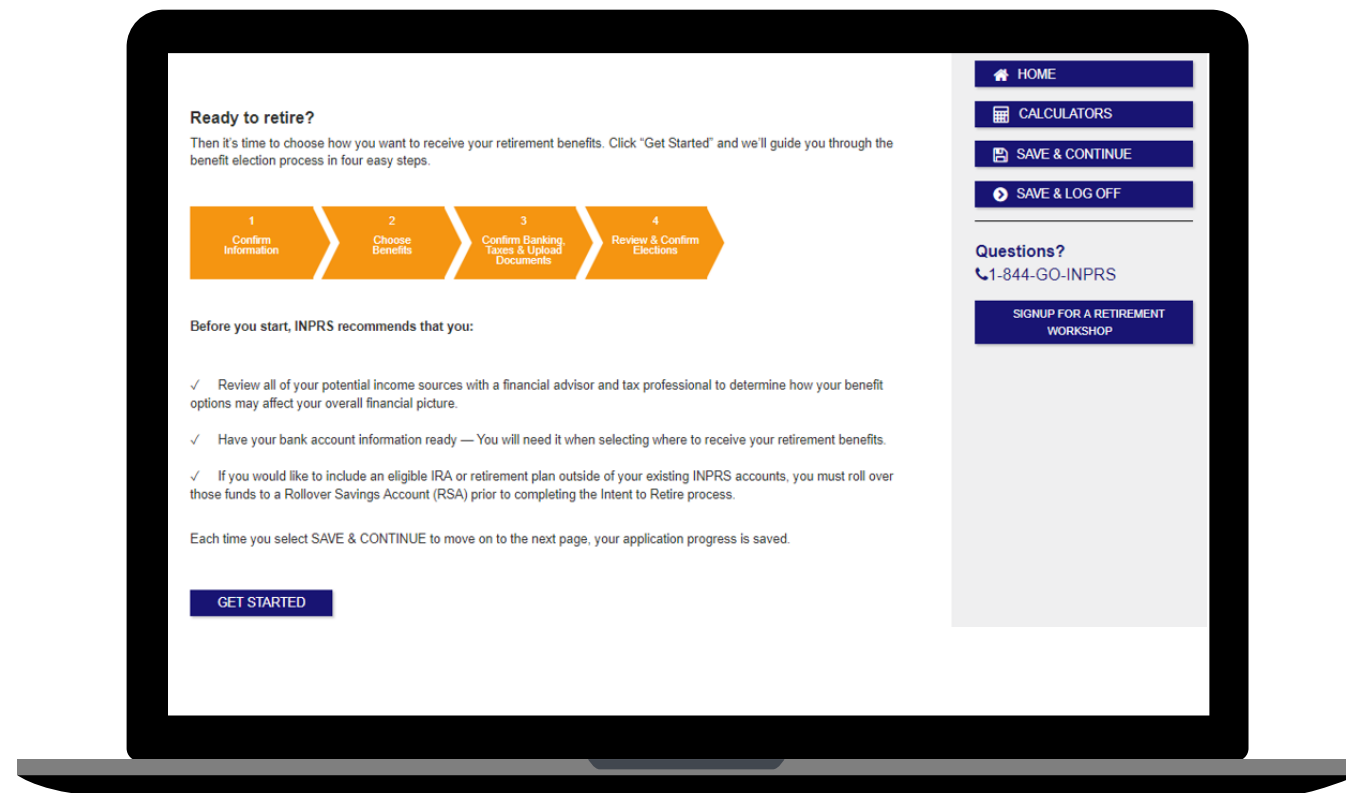


How to Apply

- **Self Service** – Log in to myinprsretirement.org
- **Retirement Workshop** – INPRS staff assistance
- **INPRS 1:1 Session** – Individual appointment with INPRS to review your personalized benefit estimate and apply for retirement
- **IU 1:1 Session** – Individual appointment with IUHR retirement team member to review your personalized benefit estimate and apply for retirement.



Apply for Retirement

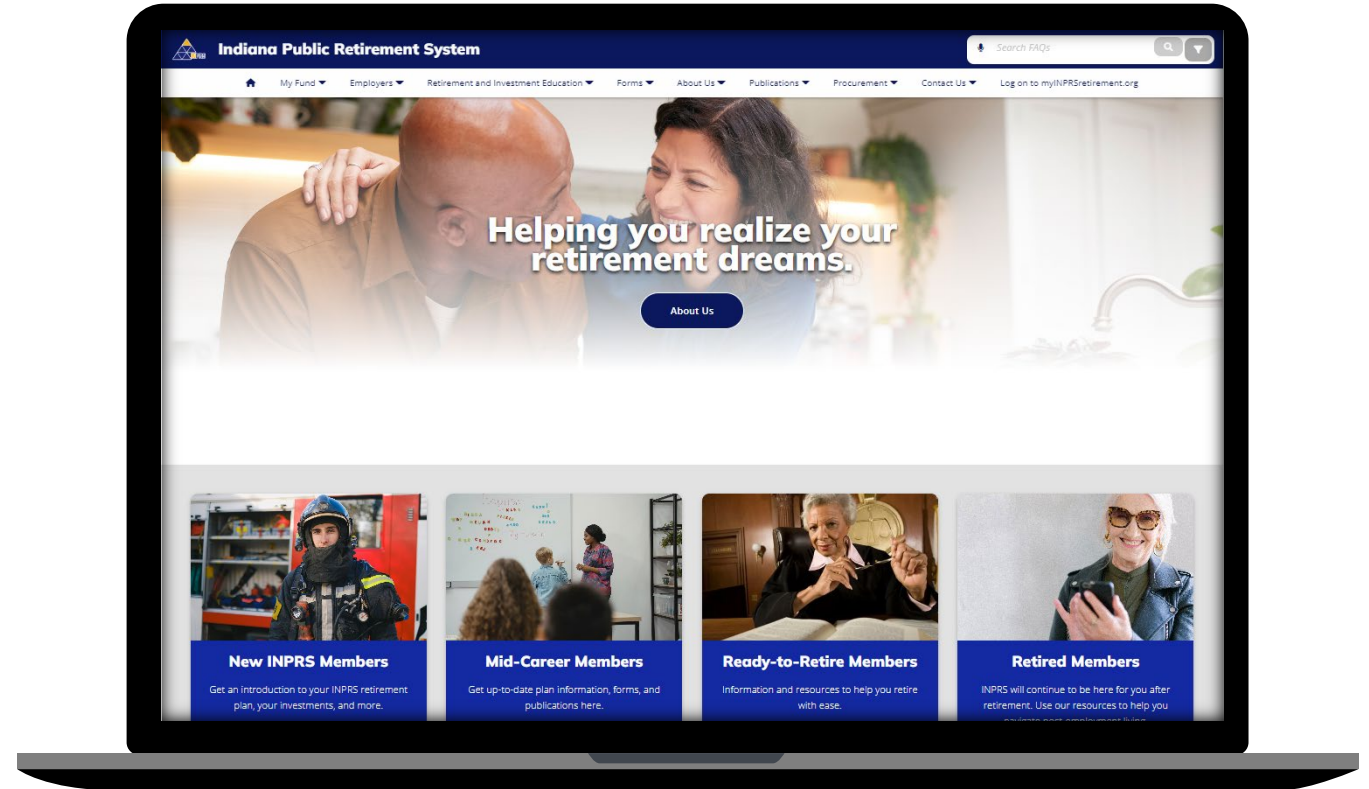


Log in to:

myinprsretirement.org



Additional Resources



INPRS

844-464-6777 | in.gov/inprs



INDIANA UNIVERSITY



SECTION VI

**IU SUPPLEMENTAL RETIREMENT
PLANS & HEALTH SAVINGS ACCOUNT**

IU Supplemental Retirement Plans

TDA
403(b)

457(b)

Two plans for employee voluntary contributions:

- Start or stop contributions any time
- Pre-tax and Roth (after-tax) contributions
- Percent of earnings or flat-dollar
- Catch-up contributions starting at age 50
- In-service distributions after age 59 ½



IU Supplemental Retirement Plans

	IU Tax Deferred Account (TDA)	IU 457(b) Plan
Roth Option	Yes	Yes
Rollovers	Yes	Yes
Default Election	Yes. Auto enrolled at 5% pre-tax contribution rate.	Waive
IRS Annual Contribution Limit	\$23,000 for 2024 Age 50+ catch-up contribution: \$7,500 for 2024	\$23,000 for 2024 Age 50+ catch-up contribution: \$7,500 for 2024; <u>OR</u> up to additional \$23,000 for age 62, 63, 64 catch-up (special rules apply)
Withdrawals	In-Service: Withdraw funds at age 59½ while still working. After separation: 10% penalty if withdrawn prior to age 59½	In-Service: Withdraw funds at age 59½ while still working. After separation: NO penalty if withdrawn prior to age 59½

Health Savings Account

Fortify your retirement with an HSA:

- Increase contributions to **IRS maximum** each year
- Don't forget to add the **catch-up contribution** starting at age 55
- Make contributions via payroll deduction to receive maximum tax breaks
- Keep your money invested until you need it
- Only **use for healthcare** to avoid penalties and taxes



Beneficiaries

Name beneficiaries with the vendor, NOT IU Employee Center:

Fidelity or PERF

- Base Retirement Plan
- Each Supplemental Retirement Plan

Nyhart

- Health Savings Account (HSA)

Common mistake to avoid:

Naming minors as beneficiaries. There are strict laws regarding the payment of benefits to minors, so you should consult a legal advisor to determine the best way to accomplish this under state law.



Contact INPRS

PERF Participants

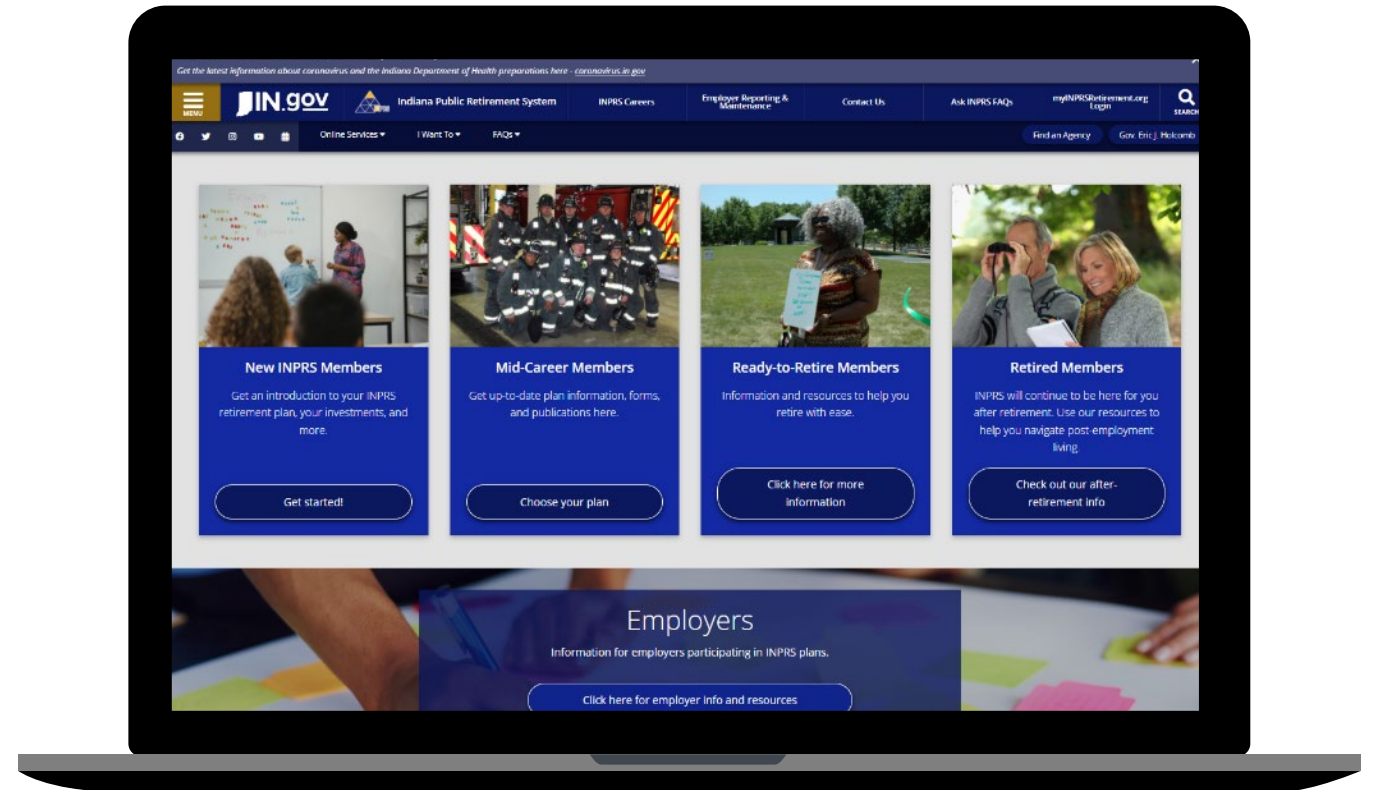
- Review investment options
- Sign up for a virtual workshop
- Apply for retirement
- Obtain a retirement estimate

Customer Service:

844-464-6777

questions@inprs.in.gov

www.in.gov/inprs



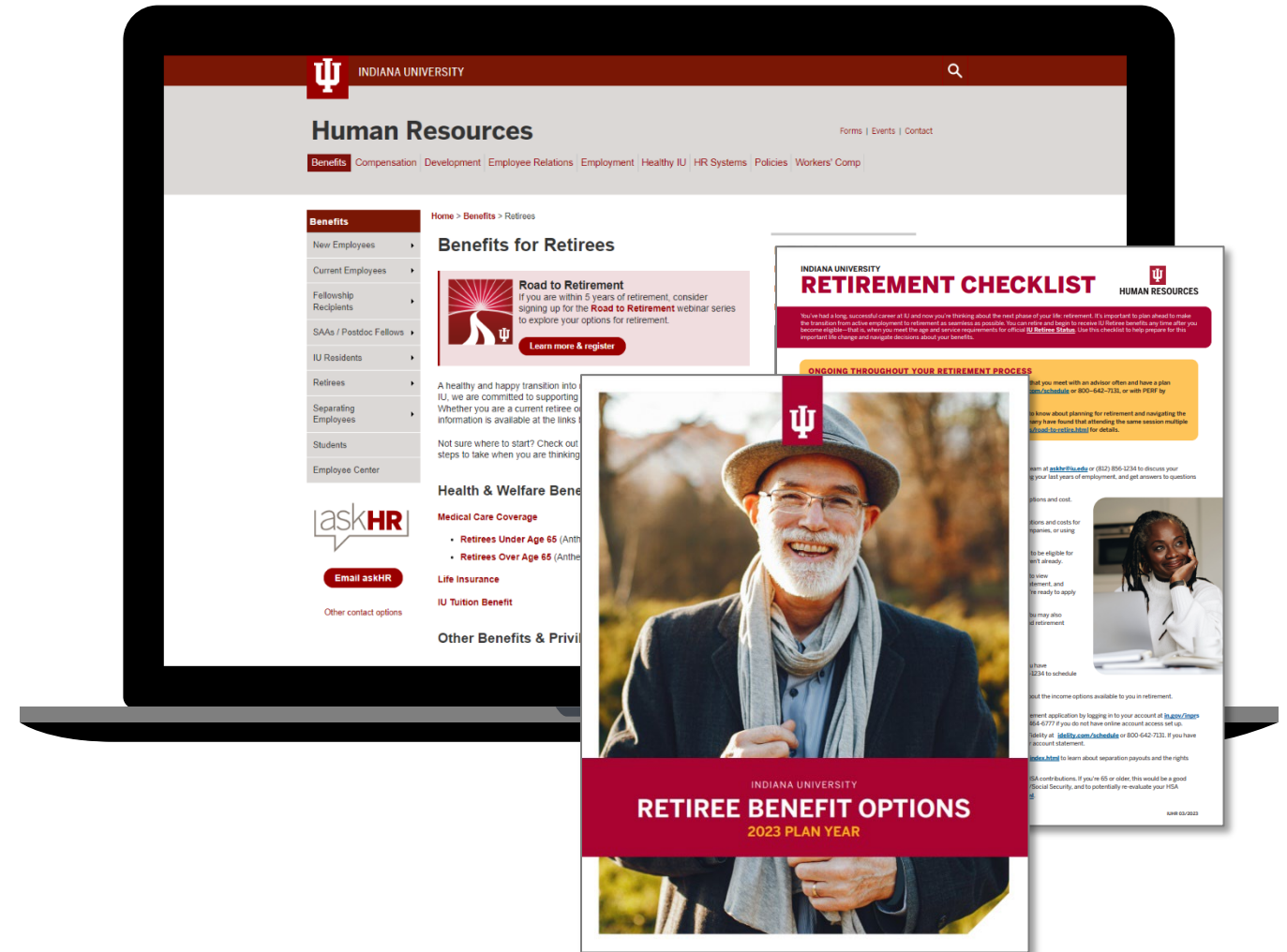
Retiree Resources

IU Benefits Website

- Retiree Status eligibility
- Retirement checklist
- Retiree Benefits brochure
- Retiree healthcare
- Retiree life insurance
- Resources & tools

Website:

hr.iu.edu/benefits/retirees.html



Upcoming Lunch & Learn Sessions

Feb. 15 – PERF: Understanding the Two-Part Plan

Feb. 20 – Protect Yourself & Your Family with IU Voluntary Insurance

Feb. 21 – Health Savings Account (HSA) Basics

Feb. 27 – Fidelity: Invest Confidently in Your Future

Mar. 5 – Fidelity: Make the Most of Your Retirement Savings

Mar. 26 – Saving in IU Supplemental Retirement Plans with Roth Contributions

Learn more and register at

events.iu.edu/iuhumanrescal



Contact IU

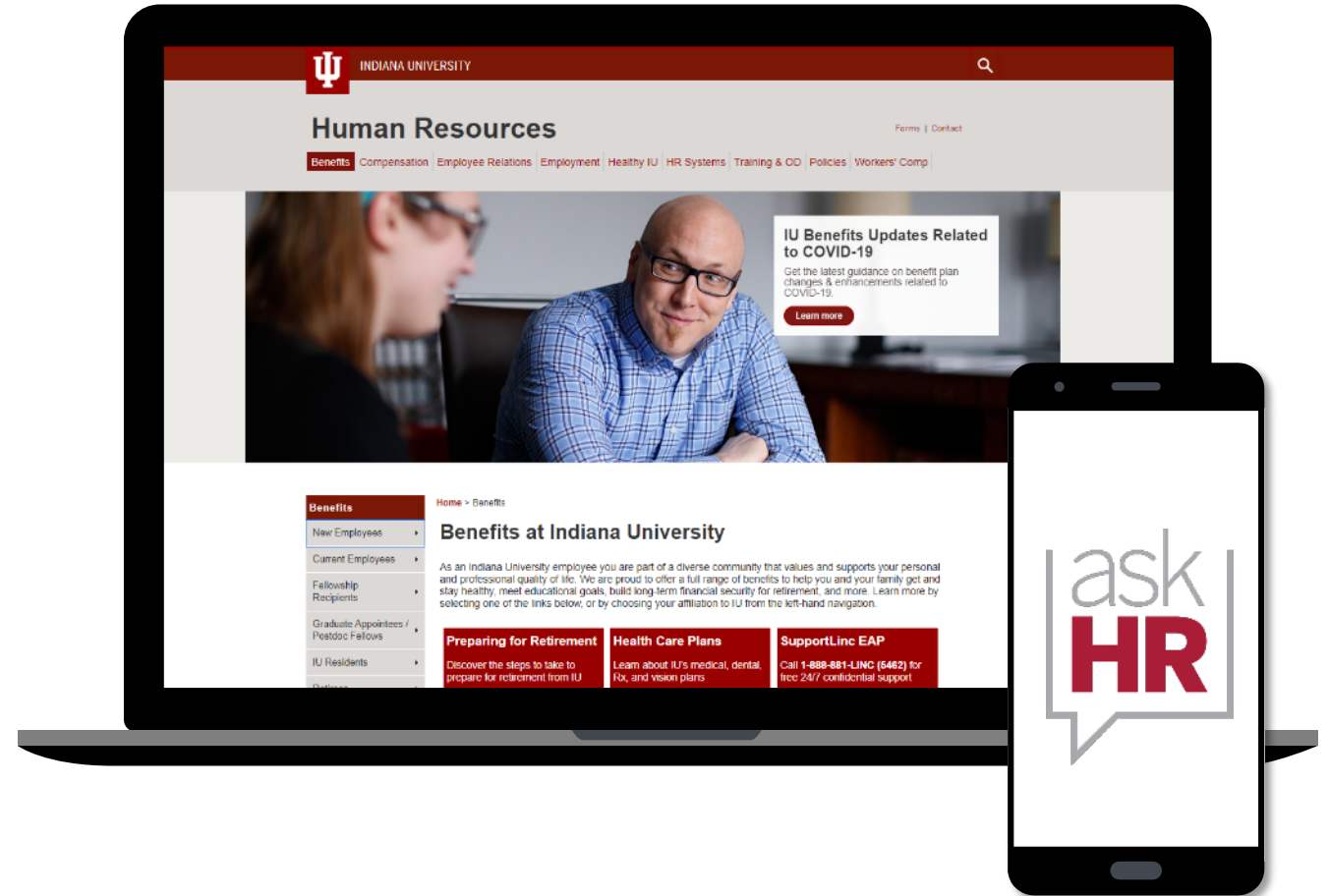
IU Human Resources



AskHR Customer Care:

askhr@iu.edu

812-856-1234





THANK YOU!

QUESTIONS?

