

EMPLOYER UPDATE: *Special Edition*

INDIANA PUBLIC RETIREMENT SYSTEM

Great news: Your employees may be eligible to collect their pension benefits now and continue working thanks to new plan rules.



New retirement eligibility rules mean more options for your employees and benefits for your organization

Legislation passed during the 2023 legislative session changed retirement eligibility rules for long-term employees currently working in the Indiana Public Retirement System's (INPRS) PERF Hybrid and TRF Hybrid plans.

Beginning July 1, 2023, active employees age 65 or older with 20 or more years of total service may retire under the Millie Morgan retirement option. Previously, the age requirement for this retirement option was age 70 or older.

Active employees whose age and service meet the eligibility criteria for the new Millie Morgan retirement option can log into their profiles at www.myINPRSretirement.org and complete their retirement application.

Eligible members are not required to choose this option, nor is there a limited window of time to submit their applications. However, to receive their benefit at

the earliest possible time based on the new rules, eligible members must submit their applications by June 30, 2023, with a retirement date on or after July 1, 2023. INPRS will need time to process the members' retirement, but all benefit payments will be paid to the member in full upon final processing based on the members' chosen retirement date.

How to choose the Millie Morgan retirement within INPRS's Retirement Application Center (RAC)

- Within the application, members will select the Retirement Type "MRET" and then members will choose "yes" when the prompt "I want to continue working" is displayed.

PERF RETIREMENT ELIGIBILITY

Disability You are eligible for this retirement type. Please contact INPRS at 1-844-GO-INPRS (46-46777) to discuss your options.

Normal 06/01/2023

MRET You are eligible for this retirement type at 65 years of age with at least 20 years of service.

I choose the following retirement eligibility type: *

MRET		
Choose		
Disability		
Normal		
MRET	Select Day	Select Year

Please do not change my elected retirement date

- ☐ If this box is not checked, INPRS will use the earliest retirement date for you based upon your last day worked, and you will be paid any retroactive benefit due. By checking this box, you want INPRS to use the retirement date you selected and not an earlier retirement date should one be available. Your selected retirement date may be due a retroactive benefit based on the date of your initial payment. Once an application is processed we cannot amend an effective retirement date.

You are currently within six months of retirement eligibility. Your earliest retirement date is the first of the month, after your termination of employment. If you are considering leaving your covered position, please contact us before you act. Your service credit and compensation are subject to final audit to determine accuracy.

I want to continue working

☐ Yes ☐ No

If you are age 65 or older with at least 20 years of creditable service, as of 7/1/2023, you may elect to continue working while receiving retirement benefits. Your elected retirement date cannot be prior to the date you turned age 65 with 20 years of service. If you make this election, DC contributions may be made, but no additional service credit or supplemental pension will be earned. Your pension benefit will not increase even if you continue to work and earn income. This is a one-time only irrevocable election.

I want to continue to make DC contributions

☐ Yes ☐ No

Many employers pay the employee's share of their required 3% DC contribution while other employers do not. If you select "yes" to this response, the employee share will continue to be deposited to your DC account the same way it is today.

- Next, members will be required to decide whether to continue making contributions to their defined contribution (DC) account. Many employers pay the employee share of 3% while other employers do not. If a member

selects "yes" to this response, the employee share will continue to be deposited to the member's DC account the same way it is today.

- Upon submission, INPRS will review the members' eligibility and, if everything is correct, begin paying the member their pension benefits according to their payment selections.
- Since the member is still working, INPRS will not need a last day in pay to complete their retirement. However, when the member does eventually leave covered employment, employers should submit that information as usual.

How to handle wages and contributions for employees retiring under the Millie Morgan option

Employers with employees still working in their positions and receiving their pensions will continue to report wages and contributions for those members until INPRS's benefits team sends a letter with an update on the members' decision regarding their DC selections.

What to do when your employees have questions

Your employees may have questions about how choosing a Millie Morgan retirement may impact their other employer-provided benefits like healthcare, life insurance, and paid time off. Please be prepared to discuss these details with your employees as questions arise, as your organization will be best suited to answer specific questions.

- INPRS will be sending direct communication to members whose age and service credit make them eligible for this option as of July 1, 2023, through Dec. 1, 2023. These members will receive information about this new retirement eligibility criteria by mail and email, provided we have their updated information. Please use this information to update your employees as well, so they have every opportunity to learn about this new change in eligibility. This information is likely to generate interest and

questions from employees to both INPRS and your human resources department.

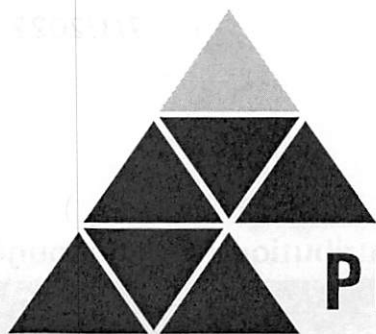
- INPRS's Employer Advocate team is ready to assist you, ERM reports are available, and resources are published on our website.
- Our statewide retirement education team is ready to cover this new information in our PERF/TRF Retirement Benefits Webinar and during virtual and in-person counseling sessions. However, due to the volume of INPRS members newly eligible for this retirement option, we encourage employees to attend the PERF/TRF Retirement Benefits Webinar whenever possible. Employees can register here for virtual and in-person appointments in their area.

Share this exciting retirement eligibility change with all your employees, especially those whose age and service credit may qualify. Check out our member-specific information at our website and post it to your intranet, include it in your employee newsletter, and post it in your breakroom or common areas. If you need help, please reach out to the Employer Advocate team.

Get more information on INPRS from social media!



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



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

Employer pays 100 percent

- No member contributions
- Employer contribution rate determined annually by INPRS board

Mandatory 3 percent of gross wages paid by:

- Employer, or
- Employee, or
- Shared by employee and employer

Voluntary Contributions*

- Employee can elect to contribute additional monies
- Employee's voluntary contributions are post-tax

Eligibility for Retirement Benefit Payment

- 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 70 with 20 years of service**
- Special provisions for certain elected officials

Automatic eligibility for withdrawal once you separate from service***

Members separated from service may retire with PERF and continue to work in a non-INPRS covered position, as long as they meet age and service requirements.

Eligibility for Disability Benefit Payment

- Qualified for Social Security disability benefits and furnished proof of qualification
- Received a salary from a PERF-covered position within 30 days of termination date
- Minimum of five years of service

Automatic eligibility for withdrawal if receiving a disability benefit

Investment Options

Members do not direct the investment of the Defined Benefit.

Choice of eight funds:

- 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

Account Statements

You receive PERF Annual Member Statements (AMS) by mail. The AMS includes your estimated annual defined benefit amount, years of service, and DC account investment information. You can choose to have your AMS emailed to you every year. Copies are also available at myINPRSretirement.org from your account profile.

Quarterly statements are provided online and/or mailed by PERF.

* Go to bit.ly/perfhybridcontributions for more on voluntary contributions.

**Actively employed members who have completed at least 20 years of service may apply for retirement benefits at age 70, remain actively employed and receive monthly benefits.

*** Certain restrictions may apply if you are vested in a pension benefit.

Now
65!





PERF AT A GLANCE

PUBLIC EMPLOYEES' RETIREMENT FUND

Defined Benefit

Defined Contribution (DC) Account

Withdrawals Before Retirement

None – members are not eligible for the Defined Benefit until they reach age and service requirements and separate from employment.

Members who are not separated from service

- Members working in PERF Hybrid Plan covered positions who are *at least* age 59^{1/2} AND eligible for full retirement benefits may take a DC withdrawal while still working.
- Members working in positions NOT covered by the PERF Hybrid Plan who are at least age 59^{1/2} may also take a DC withdrawal while still working.

Members who are disabled or separated from service

- May leave account invested in PERF or receive a distribution
- May roll over DC account to a qualified plan or other eligible retirement account

Income and Options at Retirement

Monthly benefit for life

- Monthly amount determined by:
 1. Age
 2. Years of service
 3. Average of annual compensation (Final Average Salary) based on 20 quarters
 4. Multiplier of 1.1 percent (.011)
- Taxable as ordinary income
- Survivor designated options are available

The monthly benefit amount is affected by the payment option election you make at retirement.

- Any Cost of Living Adjustments (COLAs) must first be approved by the Indiana General Assembly.
- Greater years of service and/or higher compensation can result in a larger benefit.

Choices determine payments

- May choose monthly payment for lifetime benefit
- May defer payment until age 72
- May choose direct payment or rollover distribution
- Amount of distribution determined by account balance, taxes withheld, and distribution option chosen.

Beneficiaries

Monthly payment

- Following death of retired member under applicable payment options
- Following death of active member in limited circumstances

Balance payment

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

FOR YOUR BENEFIT

This handout is an overview of PERF's plan provisions. Complete details of the fund's provisions are available in the current member handbook. You may read it or print your own copy from the INPRS website at bit.ly/perfhybridmbrhandbook. You may also request a copy in writing or by calling our toll-free number, (844) GO-INPRS.

Keep your information current. Report any changes in your name, address or beneficiary choices directly to INPRS. This is NOT something your employer can do for you. To change your beneficiary, name or address information, visit myINPRSretirement.org.

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