PERF Retirement Benefits Overview

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Objectives

• Understand your PERF retirement benefit plan
• Understand the options at retirement
• How to apply for benefits
• Options with PERF DC (ASA)
Who Participates in INRPS?

467,000+ Members from over 1,200 Public Employers

Employers include:
• State of Indiana
• Cities
• Towns
• Counties
• School Corporations
• Universities

Funds covered under INPRS:
• Public Employees
• Teachers Retirement
• 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 1
THE PERF BASICS
What are PERF Benefits?

Defined Benefit (Monthly Pension)
- Lifetime income—must meet eligibility
- Funded by Indiana University
- Benefit formula based on age, salary, service and option chosen

Defined Contribution (ASA)
- 3% contribution paid by Indiana University
- Fully vested—account belongs to you
- No loan or hardship withdrawals available
- Investment options
Pension Eligibility

Normal retirement eligibility:

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

<table>
<thead>
<tr>
<th>Retirement Age</th>
<th>% of Pension</th>
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<tbody>
<tr>
<td>50</td>
<td>44%</td>
</tr>
<tr>
<td>59</td>
<td>89%</td>
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(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 70 with 20 or more years of creditable service (while working in a PERF covered position)
   - Continue to work and draw pension
   - Continue to received contributions into the Defined Contribution portion of PERF

2. Working in non-covered position and meet eligibility
   - IU Employees that were once in a PERF covered position and qualify for pension (age and service) may draw pension while still working
The monthly Pension formula is defined by state law and is calculated based on this formula:

\[
(\text{Final Average Salary} \times \text{Creditable Service} \times 1.1\%) \div 12\ \text{Months}
\]
The monthly Pension formula is defined by state law and is calculated based on this formula:

\[
\frac{(\text{Final Average Salary} \times \text{Creditable Service} \times 1.1\%)}{12 \text{ Months}}
\]

20 highest quarters in groups of 4 consecutive quarters over years in PERF covered position
The monthly Pension formula is defined by state law and is calculated based on this formula:

\[
\frac{\text{Final Average Salary} \times \text{Creditable Service} \times 1.1\%}{12 \text{ Months}}
\]

Continuous periods of employment in a PERF-covered position
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.
Can I Purchase Service?

If you are vested (10 years of service), and 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 your account at www.myinprsretirement.org

*You must be vested to be eligible to purchase this type of service
SECTION 2

READY TO RETIRE
PERF Defined Benefit (Pension)
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:

www.myinprsretirement.org
PERF Defined Contribution (ASA)
ASA In-Service Withdrawals

SEA 10 – Effective 1/1/2021

- Allows in-service distributions Defined Contribution (ASA) without having to leave your position
- Available to participants age 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!
Defined Contribution 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 a Benefit Estimates

Log in to: www.myinprsretirement.org
SECTION 3
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
How to Apply

- **Self Service** – Log in to [www.myinprsretirement.org](http://www.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.
Ready to retire? Then it’s time to choose how you want to receive your retirement benefits. Click “Get Started” and we’ll guide you through the benefit election process in four easy steps.

Before you start, INPRS recommends that you:

✓ Review all of your potential income sources with a financial advisor and tax professional to determine how your benefit options may affect your overall financial picture.
✓ Have your bank account information ready — You will need it when selecting where to receive your retirement benefits.
✓ If you would like to include an eligible IRA or retirement plan outside of your existing INPRS accounts, you must roll over those funds to a Rollover Savings Account (RSA) prior to completing the Intent to Retire process.

Each time you select SAVE & CONTINUE to move on to the next page, your application progress is saved.

Log in to:
www.myinprsretirement.org
Become A Member, For So Many Reasons

For years, RIPEA has been working to make sure public employees like you enjoy the retirement you deserve. Become a member and we'll provide:

- Pension protection
- Access to benefits
- Social opportunities
- And other advantages of membership

Membership is a small cost that makes a big impact on the quality of life for you and other public employees. But we can't do it without you. The more members we have, the bigger our voice.

Join RIPEA Today

Retired Indiana Public Employees Association (RIPEA)

www.ripea.org
Don’t Forget:
IU Supplemental Retirement Plans & Health Savings Account (HSA)
Supplemental Retirement Plans

Two plans for employee voluntary contributions:

- **TDA 403(b)**
  - 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

- **457(b)**
Maximize your 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
Benefits for Retirees

A healthy and happy transition into retirement requires careful planning. At IU, we are committed to supporting you through this process and beyond. Whether you are a current retiree or in the planning stages, a wealth of information is available at the links below.

Eligibility for Retiree Status

Preparing to Retire

Resources & Tools for Retirees

Not sure where to start? Check out the Preparing to Retire page for a list of steps to take when you are thinking about retiring.

Health & Welfare Benefits

Medical Care Coverage

• Retirees Under Age 65 (Anthem PP O HDP)
• Retirees Over Age 65 (Anthem Blue Reserve)

Life Insurance

IU Tuition Benefit

Other Benefits & Privileges

• Benefits After Separation Guide (overview of each IU benefit)

PLANNING YOUR RETIREMENT

FROM INDIANA UNIVERSITY
Thank you!

Questions?