PERF and TRF at Ball State University
What to do with your notecards?

Write down your questions, concerns and feedback and we will collect them before the end of the presentation.
PERF and TRF at Ball State University

Topics for Discussion

- The 2 separate and different parts of PERF and TRF
- What is required to vest in your PERF and TRF benefits
- When you can start your benefits
- How to log in to your account and estimate your benefits
- 3 options being considered by the University for PERF and TRF
- Questions and feedback
Indiana Public Retirement System (INPRS) administers both

- Public Employees’ Retirement Fund (PERF)
- Teachers’ Retirement Fund (TRF)
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PERF and TRF – Two Part Plan Design

- Two part plan design
  - Defined Contribution (DC) Account
    - Formerly Annuity Saving Account (ASA)
  - Defined Benefit
    - Pension

\[ \text{Defined Benefit} \quad + \quad \text{DC Account} \quad = \quad \text{PERF/TRF Benefits} \]
Defined Contribution (DC) Account

- 3% of participant’s W-2 income, funded by BSU
- Funds are always 100% vested
- Participant directed investments
- Contributions and earnings are tax deferred
- Flexible retirement income options, with beneficiaries
Defined Contribution (DC) Account

- Investment options for DC Account
  - Determined by state
  - Login to account to view and change investment options
  - Options 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
Defined Benefit (Pension)

- Requires 10 years of PERF/TRF service to vest
- Funded by BSU, rates are determined by the state
- Age/service eligibility requirements to begin benefits
- Monthly retirement income
- Limited death benefits prior to 15 years of service credit
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Defined Benefit (Pension)
Regular Retirement with a Full (Unreduced) Benefit

- Age 65+ with 10 years of service credit
- Between age 60 and 64 with 15+ years of service credit
- Between age 55 and 59 if age + service credit total at least 85 ("Rule of 85")

Early retirement with reduced benefit available between age 50 and 59 with 15+ years of service credit at reduced percentage of benefit between 44% – 89%
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http://inprs.voya.com/
Run a personalized defined benefit estimate

1. Log in
2. Click on the “Application and Calculators” icon
3. Click on “Calculators” and it will bring up a PERF calculator
4. Click on the PERF calculator to go to the estimate page (note: the calculator will show current years of service which may be adjusted for a future retirement date)
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Attend an INPRS Workshop, Webinar, or One-on-One Information Session
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(844) GO-INPRS
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PERF/ TRF Pension Calculation Formula

Average Salary (highest 5 years)

x Total Years of Service

x 1.1% = Annual Retirement Benefit
Example - PERF/ TRF Pension Calculation Formula

$45,000 Average Salary (highest 5 years) x 20 Years of Service x 1.1% = $9,900 per year (22% of average salary)
Options Under Review

1. No change

2. Freeze
   No change for current employees; New employees would enroll in the APP retirement plan

3. Withdraw
   Current and new employees in PERF/TRF would enroll in the APP retirement plan
## What is the APP?

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### Example - APP contributions

- **$45,000 average salary – 20 years**
- 5% first 3 years, 10.5% thereafter (new employee)
- \[ \text{Annual Return: } \] $87,075 (0% annual return)
- \[ \text{Annual Return: } \] $114,353 (3% annual return)
- \[ \text{Annual Return: } \] $152,628 (6% annual return)
Current age 53, 30 years of service, average salary $35,651
Goal – retire in 2 years at 55 when reaching the “rule of 85”

Option 1 and 2 - No Change
Retires at 55
Monthly pension = $1,045 (32 years of service)
+ 2 years DC Account contributions at 3% = $2,139*

Option 3 - Enroll in APP
Retires at 55
Monthly pension = $980 (30 years of service)
+ 2 years APP contributions at 12.27% = $8,749*

* 0% rate of return
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Current age 59, 22 years of service, average salary $57,554
Goal – retire in 1 year at 60, first pension eligibility date

Option 1 and 2 - No Change
Retires at 60
Monthly pension = $1,213 (23 years of service)
+ 1 year DC Account contributions at 3% = $1,726*

Option 3 - Enroll in APP
Retires at 60
Monthly pension = $1,160 (22 years of service)
+ 1 year APP contributions at 12.27% = $7,061*

* 0% rate of return
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Current age 40, 16 years of service, average salary $30,513
Goal – retire in 15 years at 55 when reaching the “rule of 85”

Option 1 and 2 - No Change
Retires at 55
Monthly pension = $867 (31 years of service)
+ 15 years DC Account contributions at 3% = $13,730*

Option 3 - Enroll in APP
Retires at 55
Monthly pension = $447 (16 years of service)
+ 15 years APP contributions at 12.27% = $56,159*

* 0% rate of return
Current age 32, 10 years of service, average salary $31,491
Goal – retire in 23 years at 55 when reaching the “rule of 85”

Option 1 and 2 - No Change
Retires at 55
Monthly pension = $952 (33 years of service)
+ 23 years DC Account contributions at 3% = $21,728*

Option 3 - Enroll in APP
Retires at 65
Monthly pension = $288 (10 years of service)
+ 33 years APP contributions at 12.27% = $127,510*

* 0% rate of return
New employee, age 45, average salary $40,000
Goal – retire in 20 years at 65

Option 1 and 2 - No Change
Dies at age 59
Monthly pension = $0, no death benefit
(14 years of service)
+ 14 years DC Account contributions at 3% = $16,800* to beneficiary

Option 3 - Enroll in APP
Dies at age 59
Monthly pension = $0, no death benefit
(10 years of service)
+ 14 years APP contributions (3 years at 5% and 11 years at 10.5%) = $52,200* to beneficiary

* 0% rate of return
Current age 51, 16 years of service, average salary $74,909

Goal – retire in 14 years at 65

Option 1 and 2 - No Change
Retires at 65
Monthly pension = $2,128 (31 years of service)
+ 14 years DC Account contributions at 3% = $31,461*

Option 3 - Enroll in APP
Retires at 65
Monthly pension = $1,098 (16 years of service)
+ 14 years APP contributions at 12.27% = $128,678*

* 0% rate of return
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Current age 61, 2 years of service, average salary $60,000
Goal – retire in 8 years at age 69

Option 1 and 2 - No Change
Retires at 69
Monthly pension = $550 (10 years of service)
+ 8 years DC Account contributions at 3%
  = $14,400*

Option 3 - Enroll in APP
Retires at 65
Monthly pension = $550 (2 years of service, vested upon withdrawal)
+ 4 years APP contributions (3 years at 5% and 1 year at 10.5%) = $15,300*

* 0% rate of return
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Know Your PERSONAL Situation
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Questions?
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