

PLANNING YOUR FUTURE

CHOOSING YOUR RETIREMENT PLAN



TRADITIONAL DEFINED BENEFIT HYBRID (DB/DC)	<p>What is it? Hybrid plan using:</p> <ul style="list-style-type: none"> • DB is a pension. • DC is an annuity. <p>Eligibility includes regularly employed teachers in public school corporations.</p> <p>All eligible teachers may select this hybrid plan. If no selection is made, teacher will default into this program.</p>	DEFINED CONTRIBUTION (DC) OR MY CHOICE PLAN	<p>What is it? Operates similarly to a 401(k).</p> <p>As of the 2019 - 20 school year, new hires may select this plan.</p> <p>All newly-hired, eligible teachers have 60 days from the date of hire (which has been deemed by the Indiana Public Retirement System to be the contracted start date) to select DC-only plan.</p>
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Review your options carefully, as your choice is irrevocable.

PLAN COMPARISON	DB/DC	DC-ONLY/MY CHOICE PLAN
BENEFITS	<p>Plan combines a monthly pension (DB), using a formula of salary and years of service, plus an annuity (DC).</p> <p>Through collective bargaining, most local school districts pay the employee contribution.</p> <p>Provides a guaranteed monthly pension benefit for the duration of an INPRS member's life.</p>	<p>A participant in the DC-only plan may receive the qualifying vested amount upon retirement or employment termination.</p> <p>Through collective bargaining, most local school districts pay the employee contribution.</p> <p>Based solely on contributions made to the individual INPRS member's DC account and provides less financial security in retirement.</p>
VESTING	<p>Ten years of creditable service for DB.</p> <p>Immediate for DC.</p>	<p>Immediate vesting, but eligibility for full benefits is incremental over the first five years of creditable service before becoming fully receivable.</p>
INVESTMENT OPTIONS	<p>For DB plan, INPRS determines investment options. For DC, participants may choose from a variety of investment options.</p>	<p>Participants may choose from same investment options available to DC plan in DB/DC plan.</p>

PLAN COMPARISON	DB/DC	DC-ONLY/MY CHOICE PLAN
<p>PORTABILITY</p>	<p>Portable inside the state and outside of the state, once vested (10 years).</p> <p>If employee terminates employment before vesting, they may take the DC balance with them.</p> <p>If member terminates employment but returns to a participating employer, previous service is credited.</p>	<p>Portable and eligible to receive balance based on creditable service.</p>
<p>CONTRIBUTION RATES</p> <p><i>Through collective bargaining, most local school districts will pay the employee contribution in both plans.</i></p>	<p>Employer contributes 100 percent of DB benefit (currently 5.5 percent of gross wages). Employee must contribute 3 percent of gross wages into DC account.</p> <p>Employee may voluntarily contribute up to 10 percent of gross wages post-tax to DC account.</p>	<p>Employer contributes a percentage (currently 5.5 percent) of gross wages. Employee must contribute 3 percent of gross wages.</p> <p>Employee may voluntarily contribute up to 10 percent of gross wages post-tax.</p>

CONSIDER THE FACTS

ISTA opposed the creation of the DC-only plan, not because teachers shouldn't have options, but because this option will likely not yield in retirement comparable financial results after a full career of teaching in Indiana.

- The DB/DC hybrid plan shares the risk between employers and employees, where the DC-only plan shifts risk to employees and is vulnerable to market volatility. The DB option offers more retirement security.
- Pensions help recruit and retain committed educators. The DC-only plan does not incentivize teachers to remain in the profession, which means fewer, less experienced teachers in classrooms.
- DB plans outperform DC plans over a 20-year period (Center for American Progress) offering more stability and higher returns (National Institute of Retirement).

For full information on retirement plans offered, visit in.gov/inprs/my-fund/teachers.

You know what's best for your career and retirement goals. ISTA strongly recommends you consult a financial expert before making your retirement plan selection, as once made, it is irrevocable.