



nyhart
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GASB 74/75 ACTUARIAL VALUATION

Fiscal Year Ending June 30, 2023

STATE OF INDIANA Conservation and Excise Police

CONTACT

Cody Kocher, ASA, MAAA

cody.kocher@nyhart.com

PHONE

General (317) 845-3500

Toll-Free (800) 428-7106

Fax (317) 845-3654

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November 27, 2023

**Andy Blough, FSA, EA, MAAA
Indiana Public Retirement System
One North Capital, Suite 001
Indianapolis, IN 46204**

This report summarizes the GASB actuarial valuation for the State of Indiana Conservation and Excise Police 2022/23 fiscal year. To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No. 74 (Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans) and GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions).

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information furnished to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based. When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided.

The discount rate, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

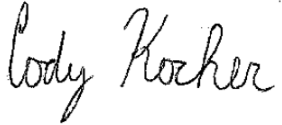
- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.

Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Should you have any questions please do not hesitate to contact us.



Cody Kocher, ASA, MAAA
Actuary



John Mallows, FSA, MAAA
Actuary

EXECUTIVE SUMMARY



Executive Summary

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Detailed Actuary's Notes

There have been no plan provision changes since last year's interim valuation, which was for the fiscal year ending June 30, 2022.

The following assumption changes have been made for this year's valuation:

1. The mortality assumption has been updated from using the MP-2020 improvement scale to use the MP-2021 improvement scale. The base mortality tables are unchanged. This change led to a slight increase in liabilities.
2. Medical/rx trend rates have been updated to an initial rate of 7.50%/6.50% decreasing by 0.50%/0.25% per year to an ultimate rate of 4.50% for pre-65/post-65 benefits. This change caused an increase in liabilities.

Additionally, claims costs and premiums were updated for 2023/24 which caused a slight increase in liabilities. The updated census data resulted in a decrease in liabilities.



Executive Summary

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Summary of Results

Presented below is the summary of GASB 74/75 results for the fiscal year ending June 30, 2023.

	<i>As of June 30, 2022</i>	<i>As of June 30, 2023</i>
Total OPEB Liability	\$ 48,748,166	\$ 51,098,527
Actuarial Value of Assets	(30,434,863)	(36,387,797)
Net OPEB Liability	\$ 18,313,303	\$ 14,710,730
Funded Ratio	62.4%	71.2%

	<i>FY 2021/22</i>	<i>FY 2022/23</i>
OPEB Expense	\$ 96,728	\$ (249,707)
Annual Employer Contribution	\$ 4,824,539	\$ 6,475,697

	<i>As of June 30, 2022</i>	<i>As of June 30, 2023</i>
Discount Rate	6.20%	6.20%
Expected Return on Assets	6.20%	6.20%

	<i>As of June 30, 2023</i>
Total Active Participants	260
Total Retiree Participants	208

Participant counts shown above include only employees who have medical / rx coverage. Refer to Summary of Plan Participants section for an accurate breakdown of active employees with and without medical / rx coverage.



Executive Summary

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Liabilities Breakdown

Below is a breakdown of total GASB 75 liabilities allocated to past and current service compared to the prior year. The table below also provides a breakdown of the Total OPEB Liability allocated to pre and post Medicare eligibility. The liability shown below includes explicit (if any) and implicit subsidies. Refer to the Substantive Plan Provisions section for complete information on the Plan Sponsor's GASB subsidies.

<i>Present Value of Future Benefits (PVFB)</i>	<i>As of June 30, 2022</i>	<i>As of June 30, 2023</i>
Active Employees	\$ 39,707,694	\$ 43,183,863
Retired Employees	20,619,956	21,584,499
Total PVFB	\$ 60,327,650	\$ 64,768,362

<i>Total OPEB Liability</i>	<i>As of June 30, 2022</i>	<i>As of June 30, 2023</i>
Active Pre-Medicare	\$ 18,381,205	\$ 20,452,137
Active Post-Medicare	9,747,005	9,061,891
Active Liability	\$ 28,128,210	\$ 29,514,028
Retiree Pre-Medicare	\$ 5,799,300	\$ 7,523,988
Retiree Post-Medicare	14,820,656	14,060,511
Retiree Liability	\$ 20,619,956	\$ 21,584,499
Total OPEB Liability	\$ 48,748,166	\$ 51,098,527

	<i>As of June 30, 2022</i>	<i>As of June 30, 2023</i>
Discount Rate	6.20%	6.20%

Present Value of Future Benefits (PVFB) is the amount needed as of June 30, 2022 and 2023, to fully fund the State's retiree health care subsidies for existing and future retirees and their dependents assuming all actuarial assumptions are met.

Total OPEB Liability is the portion of PVFB considered to be accrued or earned as of June 30, 2022 and 2023. This amount is a required disclosure in the Required Supplementary Information section.



GASB Disclosures

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB Liability	FY 2022/23	FY 2021/22	FY 2020/21	FY 2019/20	FY 2018/19
Total OPEB Liability					
Total OPEB liability – beginning of year	\$ 48,748,166	\$ 52,984,041	\$ 49,274,689	\$ 76,898,620	\$ 60,902,667
Service cost	1,059,221	1,185,007	1,130,554	2,367,309	1,840,364
Interest	3,000,725	3,310,210	3,092,201	2,646,881	2,410,074
Changes of benefit terms	0	0	0	0	2,112,887
Changes in assumptions	1,555,342	0	2,447,468	(23,750,835)	6,222,558
Differences between expected and actual experience	(404,716)	(7,150,188)	(1,882,593)	(7,899,725)	4,353,479
Benefit payments	(2,860,211)	(1,580,904)	(1,078,278)	(987,561)	(943,409)
Net change in total OPEB liability	\$ 2,350,361	\$ (4,235,875)	\$ 3,709,352	\$ (27,623,931)	\$ 15,995,953
Total OPEB liability – end of year	\$ 51,098,527	\$ 48,748,166	\$ 52,984,041	\$ 49,274,689	\$ 76,898,620
Plan Fiduciary Net Position					
Plan fiduciary net position – beginning of year	\$ 30,434,863	\$ 32,137,546	\$ 27,172,098	\$ 23,722,678	\$ 20,235,818
Contributions – employer	6,475,697	4,824,539	4,301,093	4,166,567	4,020,900
Contributions – active employees	0	0	0	0	0
Net investment income	2,432,025	(4,814,815)	1,856,428	347,133	492,902
Benefit payments	(2,860,211)	(1,580,904)	(1,078,278)	(987,561)	(943,409)
Trust administrative expenses	(94,577)	(131,503)	(113,795)	(76,719)	(83,533)
Net change in plan fiduciary net position	\$ 5,952,934	\$ (1,702,683)	\$ 4,965,448	\$ 3,449,420	\$ 3,486,860
Plan fiduciary net position – end of year	\$ 36,387,797	\$ 30,434,863	\$ 32,137,546	\$ 27,172,098	\$ 23,722,678
Net OPEB Liability – end of year	\$ 14,710,730	\$ 18,313,303	\$ 20,846,495	\$ 22,102,591	\$ 53,175,942
Plan fiduciary net position as % of total OPEB liability	71.2%	62.4%	60.7%	55.1%	30.8%
Covered employee payroll	\$ 19,582,618	\$ 21,144,839	\$ 20,598,966	\$ 18,165,798	\$ 17,722,730
Net OPEB liability as % of covered payroll	75.1%	86.6%	101.2%	121.7%	300.0%



GASB Disclosures

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB Liability		FY 2017/18
Total OPEB Liability		
Total OPEB liability – beginning of year	\$	56,023,950
Service cost		1,794,865
Interest		2,035,351
Changes of benefit terms		0
Changes in assumptions		(3,386,967)
Differences between expected and actual experience		5,738,944
Benefit payments		(1,303,476)
Net change in total OPEB liability	\$	4,878,717
Total OPEB liability – end of year	\$	60,902,667
Plan Fiduciary Net Position		
Plan fiduciary net position – beginning of year	\$	15,175,762
Contributions – employer		6,240,555
Contributions – active employees		0
Net investment income		213,433
Benefit payments		(1,303,476)
Trust administrative expenses		(90,456)
Net change in plan fiduciary net position	\$	5,060,056
Plan fiduciary net position – end of year	\$	20,235,818
Net OPEB Liability – end of year	\$	40,666,849
Plan fiduciary net position as % of total OPEB liability		33.2%
Covered employee payroll	\$	16,842,290
Net OPEB liability as % of covered payroll		241.5%



GASB Disclosures

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Schedule of Employer Contributions

The Actuarially Determined Contributions (ADC) shown below prior to FY 2016/17 are based on the Annual Required Contribution (ARC) calculated in prior GASB 45 actuarial valuations as shown in the Plan Sponsor financial statements.

	FY 2022/23		FY 2021/22		FY 2020/21		FY 2019/20		FY 2018/19	
Actuarially Determined Contribution (ADC)	\$	2,611,156 ¹	\$	2,920,350	\$	2,933,739	\$	5,599,619	\$	3,774,197
Contributions in relation to the ADC ²		6,475,697		4,824,539		4,301,093		4,166,567		4,020,900
Contribution deficiency / (excess)	\$	(3,864,541)	\$	(1,904,189)	\$	(1,367,354)	\$	1,433,052	\$	(246,703)

Covered employee payroll	\$	19,582,618	\$	21,144,839	\$	20,598,966	\$	18,165,798	\$	17,722,730
Contribution as a % of covered employee payroll		33.1%		22.8%		20.9%		22.9%		22.7%

	FY 2017/18		FY 2016/17		FY 2015/16		FY 2014/15		FY 2013/14	
Actuarially Determined Contribution (ADC)	\$	3,831,452	\$	3,348,809	\$	3,312,731	\$	3,123,622	\$	2,821,614
Contributions in relation to the ADC ²		6,240,555		3,717,824		3,575,032		2,436,777		2,482,148
Contribution deficiency / (excess)	\$	(2,409,103)	\$	(369,015)	\$	(262,301)	\$	686,845	\$	339,466

Covered employee payroll	\$	16,842,290	\$	16,471,677	\$	14,497,000	\$	15,106,000	\$	15,969,000
Contribution as a % of covered employee payroll		37.1%		22.6%		24.7%		16.1%		15.5%

¹ Refer to the Actuarially Determined Contributions section for the calculation details.

² Includes employer contribution for pay-go cost and (any) pre-funding contributions deposited into the OPEB Trust.



GASB Disclosures

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

OPEB Expense

<i>OPEB Expense</i>	<i>FY 2022/23</i>	<i>FY 2021/22</i>
Discount rate as of beginning of fiscal year	6.20%	6.20%
Discount rate as of end of fiscal year	6.20%	6.20%
Service cost	\$ 1,059,221	\$ 1,185,007
Interest	3,000,725	3,310,210
Changes of benefit terms	0	0
Projected earnings on OPEB plan investments	(1,994,468)	(2,087,553)
Reduction for contributions from active employees	0	0
OPEB plan administrative expenses	94,577	131,503
Current period recognition of deferred outflows / (inflows) of resources		
Differences between expected and actual experience	\$ (1,395,072)	\$ (1,327,619)
Changes in assumptions	(2,429,665)	(2,688,889)
Net difference between projected and actual earnings on OPEB plan investments	1,414,975	1,574,069
Total current period recognition	\$ (2,409,762)	\$ (2,442,439)
Total OPEB expense	\$ (249,707)	\$ 96,728



GASB Disclosures

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Deferred Outflows / (Inflows) of Resources

Deferred Outflows / (Inflows) of Resources represents the following items that have not been recognized in the OPEB Expense:

1. Differences between expected and actual experience of the OPEB plan
2. Changes of assumptions
3. Difference between projected and actual earnings in OPEB plan investments

The initial amortization period for the first two items noted above is based on the average future service to retirement while the difference between projected and actual earnings in OPEB plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the items above.

<i>Differences between expected and actual experience for FYE</i>	<i>Initial Balance</i>	<i>Initial Amortization Period</i>	<i>Annual Recognition</i>	<i>Unamortized Balance as of June 30, 2023</i>
June 30, 2018	\$ 5,738,944	8	\$ 717,368	\$ 1,434,736
June 30, 2019	\$ 4,353,479	8	\$ 544,185	\$ 1,632,554
June 30, 2020	\$ (7,899,725)	7	\$ (1,128,532)	\$ (3,385,597)
June 30, 2021	\$ (1,882,593)	7	\$ (268,942)	\$ (1,075,767)
June 30, 2022	\$ (7,150,188)	6	\$ (1,191,698)	\$ (4,766,792)
June 30, 2023	\$ (404,716)	6	\$ (67,453)	\$ (337,263)

<i>Changes in assumptions for FYE</i>	<i>Initial Balance</i>	<i>Initial Amortization Period</i>	<i>Annual Recognition</i>	<i>Unamortized Balance as of June 30, 2023</i>
June 30, 2018	\$ (3,386,967)	8	\$ (423,371)	\$ (846,741)
June 30, 2019	\$ 6,222,558	8	\$ 777,820	\$ 2,333,458
June 30, 2020	\$ (23,750,835)	7	\$ (3,392,976)	\$ (10,178,931)
June 30, 2021	\$ 2,447,468	7	\$ 349,638	\$ 1,398,554
June 30, 2022	\$ 0	6	\$ 0	\$ 0
June 30, 2023	\$ 1,555,342	6	\$ 259,224	\$ 1,296,118



GASB Disclosures

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Deferred Outflows / (Inflows) of Resources – Continued

<i>Net difference between projected and actual earnings in OPEB plan investments for FYE</i>	<i>Initial Balance</i>	<i>Initial Amortization Period</i>	<i>Annual Recognition</i>	<i>Unamortized Balance as of June 30, 2023</i>
June 30, 2019	\$ 213,025	5	\$ 42,605	\$ 0
June 30, 2020	\$ 473,863	5	\$ 94,773	\$ 94,771
June 30, 2021	\$ (76,828)	5	\$ (15,366)	\$ (30,730)
June 30, 2022	\$ 6,902,368	5	\$ 1,380,474	\$ 4,141,420
June 30, 2023	\$ (437,557)	5	\$ (87,511)	\$ (350,046)

<i>As of fiscal year ending June 30, 2023</i>	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
Differences between expected and actual experience	\$ 3,067,290	\$ (9,565,419)
Changes in assumptions	5,028,130	(11,025,672)
Net difference between projected and actual earnings in OPEB plan investments	3,855,415	0
Total	\$ 11,950,835	\$ (20,591,091)

Annual Amortization of Deferred Outflows / (Inflows)

The balances as of June 30, 2023 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

<i>FYE</i>	<i>Balance</i>
2024	\$ (2,452,369)
2025	\$ (2,547,137)
2026	\$ (2,825,780)
2027	\$ (1,006,741)
2028	\$ 191,771
Thereafter	\$ 0



GASB Disclosures

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Sensitivity Results

The following presents the net OPEB liability as of June 30, 2023, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 6.20%.
- The 1% decrease in discount rate would be 5.20%.
- The 1% increase in discount rate would be 7.20%.

<i>As of June 30, 2023</i>	<i>Net OPEB Liability</i>	
1% Decrease	\$	22,041,325
Current Discount Rate	\$	14,710,730
1% Increase	\$	8,697,796

The following presents the net OPEB liability as of June 30, 2023, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 7.50%/6.50% (pre-/post-65) decreasing by 0.50%/0.25% annually to an ultimate rate of 4.50%.
- The 1% decrease in health care trend rates would assume an initial rate of 6.50%/5.50% (pre-/post-65) decreasing by 0.50%/0.25% annually to an ultimate rate of 3.50%.
- The 1% increase in health care trend rates would assume an initial rate of 8.50%/7.50% (pre-/post-65) decreasing by 0.50%/0.25% annually to an ultimate rate of 5.50%.

<i>As of June 30, 2023</i>	<i>Net OPEB Liability</i>	
1% Decrease	\$	8,060,505
Current Health Care Trend Rates	\$	14,710,730
1% Increase	\$	23,027,196



Asset Information

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Asset Information

<i>Asset Breakdown</i>	<i>FY 2021/22</i>	<i>FY 2022/23</i>
Assets		
Cash, cash equivalents, and Non-pension investments	\$ 969,961	\$ 4,317,043
Securities lending cash collateral	0	0
Total cash	\$ 969,961	\$ 4,317,043
Receivables		
Contributions	\$ 0	\$ 0
Investment Income receivable	85,711	2,698
Total receivables	\$ 85,711	\$ 2,698
Investments		
Mutual Funds – Fixed Income	\$ 11,136,302	\$ 11,166,409
Mutual Funds – Equity	16,003,250	18,112,029
Debt Securities	0	0
Partnerships / Joint Ventures	2,477,992	2,892,967
Total investments	\$ 29,617,544	\$ 32,171,405
Total assets	\$ 30,673,216	\$ 36,491,146
Liabilities		
Payables		
Investment management fees	\$ 0	\$ 0
Benefits Payable	238,353	103,349
Total liabilities	\$ 238,353	\$ 103,349
Net position restricted to OPEB	\$ 30,434,863	\$ 36,387,797



Asset Information

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Asset Information

<i>Asset Reconciliation</i>	<i>FY 2021/22</i>	<i>FY 2022/23</i>
Additions		
Contributions received		
Employer	\$ 4,824,539	\$ 6,475,697
Employee	0	0
Total contributions	\$ 4,824,539	\$ 6,475,697
Investment income		
Net increase in fair value of investments	\$ (4,814,815)	\$ 2,432,025
Interests and dividends	0	0
Investment expense, other than from securities lending	0	0
Securities lending income	0	0
Securities lending expense	0	0
Net investment income	\$ (4,814,815)	\$ 2,432,025
Total additions	\$ 9,724	\$ 8,907,722
Deductions		
Benefit payments (net of retiree contributions)	\$ (1,580,904)	\$ (2,860,211)
Administrative expenses	(131,503)	(94,577)
Other	0	0
Total deductions	\$ (1,712,407)	\$ (2,954,788)
Net increase in net position	\$ (1,702,683)	\$ 5,952,934
Net position restricted to OPEB		
Beginning of year	32,137,546	30,434,863
End of year	\$ 30,434,863	\$ 36,387,797



Actuarially Determined Contributions

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Actuarially Determined Contribution

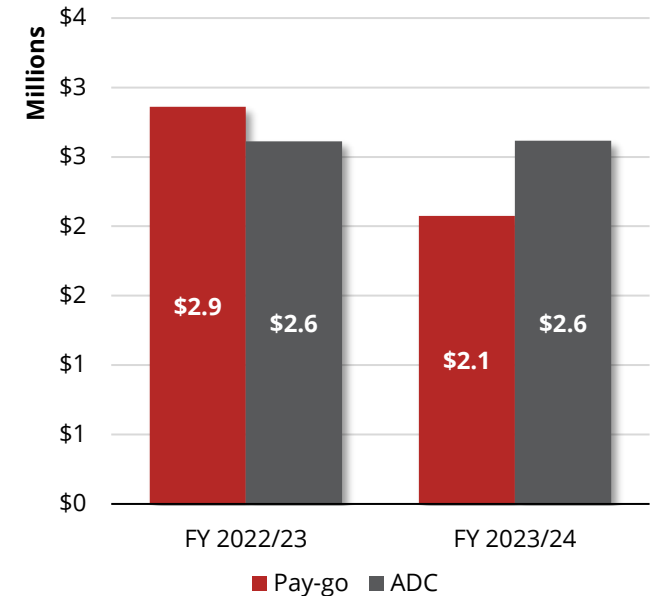
The Actuarially Determined Contributions calculated below are recommended target contributions and assumes that the Plan Sponsor has the ability to contribute these amounts on an annual basis. The Plan Sponsor has the responsibility to decide how much it should contribute after considering its other needs and the OPEB participants' needs.

	FY 2022/23	FY 2023/24
Discount rate	6.20%	6.20%
Payroll growth factor used for amortization	N/A	N/A
Actuarial cost method	Entry Age Normal Level % of Salary	Entry Age Normal Level % of Salary
Amortization type	Level Dollar	Level Dollar
Amortization period	24 years	23 years
Actuarial accrued liability (AAL) – beginning of year	\$ 48,748,166	\$ 51,098,527
Actuarial value of assets – beginning of year	(30,434,863)	(36,387,797)
Unfunded AAL – beginning of year	\$ 18,313,303	\$ 14,710,730
Normal Cost	\$ 1,059,221	\$ 1,317,304
Amortization of UAAL	1,399,495	1,146,145
Total normal cost plus amortization	\$ 2,458,716	\$ 2,463,449
Interest to the end of year	152,440	152,734
Actuarially Determined Contribution – Preliminary	\$ 2,611,156	\$ 2,616,183
Expected benefit payments ³	2,860,211	2,073,801
Actuarially Determined Contribution – Final⁴	\$ 2,611,156	\$ 2,616,183

³ Actual for FY 2022/23

⁴ Set to be the greater of the preliminary ADC and expected benefit payments.

Cash vs Accrual Accounting



Actuarially Determined Contribution (ADC) is the target or recommended contribution to a defined benefit OPEB plan, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. This is typically higher than the pay-as-you-go cost because it includes recognition of employer costs expected to be paid in future accounting periods.



Projection of GASB Results

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Projection of GASB Results

The Total OPEB Liability (TOL) is expected to change on an annual basis as a result of expected and unexpected events. Under normal circumstances, it is generally expected to have a net increase each year. Below is a list of the most common events affecting the total OPEB liability and whether they increase or decrease the liability.

Expected Events

- Increases in TOL due to additional benefit accruals as employees continue to earn service each year
- Increases in TOL due to interest as the employees and retirees age
- Decreases in TOL due to benefit payments

Unexpected Events

- Increases in TOL when actual premium rates increase more than expected. A liability decrease occurs if the reverse happens.
- Increases in TOL when more new retirements occur than expected or fewer terminations occur than anticipated. Liability decreases occur when the opposite outcomes happen.
- Increases or decreases in TOL depending on whether benefits are improved or reduced.

<i>Projection of Total OPEB Liability (TOL)</i>	<i>FY 2022/23</i>	<i>FY 2023/24</i>
TOL as of beginning of year	\$ 48,748,166	\$ 51,098,527
Normal cost as of beginning of year	1,059,221	1,317,304
Exp. benefit payments during the year	(2,860,211)	(2,073,801)
Interest adjustment to end of year	3,000,725	3,186,460
Exp. TOL as of end of year	\$ 49,947,901	\$ 53,528,490
Actuarial Loss/(Gain)	1,150,626	TBD
Actual TOL as of end of year	\$ 51,098,527	\$ TBD

<i>Projection of Actuarial Value of Assets (AVA)</i>	<i>FY 2022/23</i>	<i>FY 2023/24</i>
AVA as of beginning of year	\$ 30,434,863	\$ 36,387,797
Exp. employer contributions during the year ⁵	6,475,697	5,373,801
Exp. benefit payments during the year	(2,860,211)	(2,073,801)
Exp. investment income ⁶	1,994,468	2,353,352
Exp. Trust administrative expenses	(94,577)	(113,076)
Exp. AVA as of end of year	\$ 35,950,240	\$ 41,928,073
Differences between expected and actual experience	437,557	TBD
AVA as of end of year	\$ 36,387,797	\$ TBD

⁵ Employer contribution for 2022/23 is based on actual employer contribution made into the Trust. FY 2023/24 expected employer contribution is based on the expected pay-go cost plus the average Trust contribution in the past five years, rounded down to the nearest hundred thousand.

⁶ Fiscal years 2022/23 expected investment income is based on a 6.20% asset return and 2023/24 expected investment income is calculated based on a 6.20% asset return.



Employer Contribution Cash Flow Projections

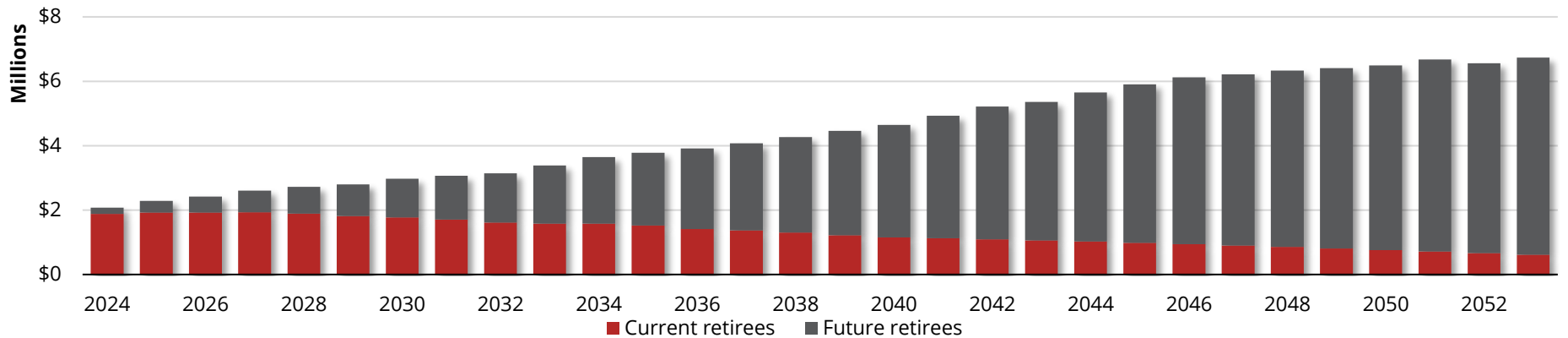
State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Employer Contribution Cash Flow Projections

The below projections show the actuarially estimated employer-paid contributions for retiree health benefits for the next thirty years. Results are shown separately for a closed group of current / future retirees. These projections include explicit and implicit subsidies.

FYE	Current Retirees	Future Retirees ⁷	Total	FYE	Current Retirees	Future Retirees ⁸	Total	FYE	Current Retirees	Future Retirees ⁸	Total
2024	\$ 1,884,791	\$ 189,010	\$ 2,073,801	2034	\$ 1,583,698	\$ 2,061,989	\$ 3,645,687	2044	\$ 1,025,204	\$ 4,631,507	\$ 5,656,711
2025	\$ 1,924,628	\$ 357,866	\$ 2,282,494	2035	\$ 1,517,560	\$ 2,264,700	\$ 3,782,260	2045	\$ 985,883	\$ 4,915,745	\$ 5,901,628
2026	\$ 1,927,992	\$ 495,314	\$ 2,423,306	2036	\$ 1,411,992	\$ 2,504,962	\$ 3,916,954	2046	\$ 944,178	\$ 5,174,565	\$ 6,118,743
2027	\$ 1,936,772	\$ 668,359	\$ 2,605,131	2037	\$ 1,367,743	\$ 2,706,822	\$ 4,074,565	2047	\$ 900,384	\$ 5,313,405	\$ 6,213,789
2028	\$ 1,887,796	\$ 838,008	\$ 2,725,804	2038	\$ 1,305,559	\$ 2,957,821	\$ 4,263,380	2048	\$ 854,842	\$ 5,474,927	\$ 6,329,769
2029	\$ 1,814,230	\$ 986,389	\$ 2,800,619	2039	\$ 1,218,382	\$ 3,241,140	\$ 4,459,522	2049	\$ 807,913	\$ 5,604,049	\$ 6,411,962
2030	\$ 1,777,162	\$ 1,196,508	\$ 2,973,670	2040	\$ 1,153,790	\$ 3,493,531	\$ 4,647,321	2050	\$ 759,976	\$ 5,729,654	\$ 6,489,630
2031	\$ 1,706,536	\$ 1,356,477	\$ 3,063,013	2041	\$ 1,126,364	\$ 3,804,546	\$ 4,930,910	2051	\$ 711,394	\$ 5,962,671	\$ 6,674,065
2032	\$ 1,613,851	\$ 1,531,879	\$ 3,145,730	2042	\$ 1,095,664	\$ 4,119,511	\$ 5,215,175	2052	\$ 662,526	\$ 5,894,278	\$ 6,556,804
2033	\$ 1,583,993	\$ 1,801,712	\$ 3,385,705	2043	\$ 1,061,874	\$ 4,298,517	\$ 5,360,391	2053	\$ 613,715	\$ 6,119,465	\$ 6,733,180

Projected Employer Pay-go Cost



⁷ Projections for future retirees do not take into account future new hires.



Discussion of Discount Rates

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Under GASB 74, the discount rate used in valuing OPEB liabilities for funded plans as of the Measurement Date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA /Aa or higher (or equivalent quality on another rating scale) must be used.

For the current valuation:

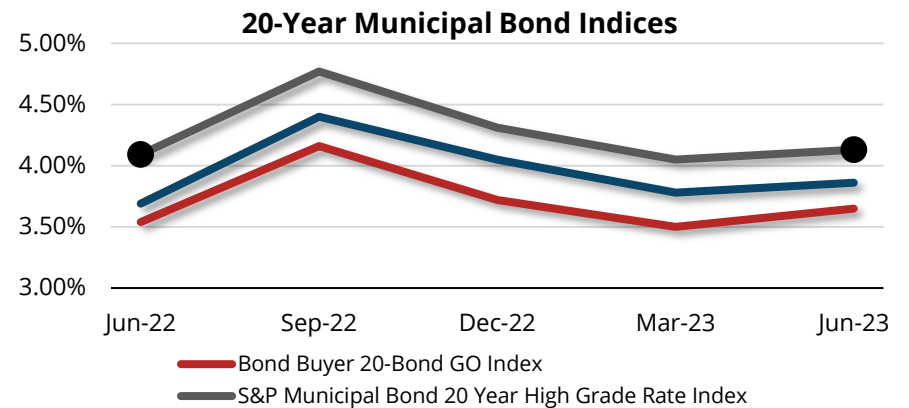
1. The long-term expected rate of return on OPEB plan investment is 6.20%. This was developed in consultation with the group’s asset advisor using a building-block approach in which expected future rates of returned are developed for each major asset class. The expected future nominal rates of return as provided by the entity’s investment advisor are shown below. Inflation is expected to be 2.00%. The best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan’s target asset allocation as of June 30, 2023 are summarized in the following table.

Asset Class	Target Allocation	L/T Expected Real ROR (Capital Cities)
Broad US Equity	45%	7.35%
Global ex-US Equity	15%	7.45%
Domestic Fixed	23%	4.25%
Short Duration	5%	3.80%
Cash Equivalents	2%	2.75%
Hedge Funds	10%	5.55%

2. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

Yield as of	June 30, 2022	June 30, 2023
Bond Buyer Go 20-Bond Municipal Bond Index	3.54%	3.65%
S&P Municipal Bond 20-Year High Grade Rate Index	4.09%	4.13%
Fidelity 20-Year Go Municipal Bond Index	3.69%	3.86%
Bond Index Range	3.54% - 4.09%	3.65% - 4.13%
Actual Discount Rate Used	4.09%	4.13%

3. The final equivalent single discount rate used for this year’s valuation is 6.20% as of June 30, 2022 and as of June 30, 2023, with the expectation that the CEP will continue to contribute at least the Actuarially Determined Contribution each year.





Summary of Plan Participants

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Active Employees

<i>Actives with coverage</i>	<i>Single</i>	<i>Non-Single</i>	<i>Total</i>	<i>Avg. Age</i>	<i>Avg. Svc</i>	<i>Salary</i>
Total actives with coverage	44	216	260	40.2	14.4	\$ 19,582,618

Census information for active employees who currently have no coverage was not provided. These individuals are not assumed to elect coverage at retirement and do not generate GASB liabilities.

Active Age-Service Distribution

<i>Age</i>	<i>Years of Service</i>										<i>Total</i>
	<i>< 1</i>	<i>1 to 4</i>	<i>5 to 9</i>	<i>10 to 14</i>	<i>15 to 19</i>	<i>20 to 24</i>	<i>25 to 29</i>	<i>30 to 34</i>	<i>35 to 39</i>	<i>40 & up</i>	
Under 25	9	9									18
25 to 29	5	17	9								31
30 to 34	3	6	15	18							42
35 to 39	2	5	2	16	12						37
40 to 44	1	1	1	7	32	5					47
45 to 49			4	3	14	11	3				35
50 to 54				1	4	8	14	1			28
55 to 59					1	3	3	7	2		16
60 to 64							1	5			6
65 to 69											0
70 & up											0
Total	20	38	31	45	63	27	20	9	7	0	260



Summary of Plan Participants

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Summary of Plan Participants – Retirees

<i>Retirees with coverage</i>	<i>Single</i>	<i>Non-Single</i>	<i>Total</i>	<i>Avg. Age</i>
Total retirees with coverage	80	128	208	70.0

Retiree Age Distribution

<i>Age</i>	<i>Retirees</i>
< 45	
45 to 49	1
50 to 54	10
55 to 59	19
60 to 64	29
65 to 69	45
70 to 74	41
75 to 79	31
80 to 84	25
85 to 89	4
90 & up	3
Total	208



Substantive Plan Provisions

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Eligibility

Conservation and Excise police officers are eligible for retiree health care benefits at the earlier of:

- a. Age 50 with 25 years of service
- b. Age 55 with 85 points

Spouse Coverage

Surviving spouse coverage continues for life after the death of the member (retiree or active employee eligible to retire). The coverage is free for six months and then it reverts to single retiree coverage.

Medical Benefit

The same benefit options are available to retirees as active employees. All health plans are self-insured. Effective on January 1, 2020, all post-65 Medicare eligible retirees were removed from the CEP's traditional health plan. They are covered under a Medicare Advantage Plan through Anthem and a Medicare Part D plan. The medical premium for the post-65 Medicare Advantage plan is \$362.51 per month effective on January 1, 2024.

For retirees, health, dental, and vision coverage are combined.

Life Insurance

None

CEP Explicit Subsidy

An explicit subsidy is valued for post-Medicare medical benefits, since the retiree contribution for the Medicare Advantage plan is less than the full cost of coverage for these benefits.

Senate Enrolled Act 501

Purpose

Senate Enrolled Act 501 establishes a retirement medical benefits account for elected officers, appointed officers, and employees of the executive, legislative, and judicial branches of state government to pay for participants' medical expenses after retirement.

Effective July 1, 2011 conservation officers of the Department of National Resources and employees of the State Excise Police are not eligible for the Senate Enrolled Act 501 retirement medical benefits account.



Substantive Plan Provisions

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Retiree Contributions

2024 monthly retiree contributions effective on January 1, 2024 as determined by CEP are split by benefit as shown below. The dental and vision costs below are determined based on dental and vision claims and enrollment information for the 24-month period ending May 31, 2023 projected to 2023/24 plan year and includes projected administrative expenses effective on January 1, 2024. Contributions are allocated to vision benefit first, dental second, and medical last.

	Single	Member + Spouse	Incremental Spouse Cost
<u>Pre-Medicare</u>			
Medical	\$ 347.15	\$ 674.45	\$ 327.30
Dental	\$ 42.50	\$ 85.00	\$ 42.50
Vision	\$ 7.79	\$ 15.58	\$ 7.79
Total	\$ 397.44	\$ 775.03	\$ 377.59
<u>Post-Medicare</u>			
Medical	\$ 100.03	\$ 200.06	\$ 100.03
Dental	\$ 42.50	\$ 85.00	\$ 42.50
Vision	\$ 7.79	\$ 15.58	\$ 7.79
Total	\$ 150.32	\$ 300.64	\$ 150.32



Actuarial Assumptions and Methods

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Measurement Date

June 30, 2023

Actuarial Valuation Date

July 1, 2023 with no adjustments to get to the June 30, 2023 measurement date. Liabilities as of June 30, 2022 are based on an actuarial valuation date of July 1, 2021 projected to June 30, 2022 with adjustments for premium and discount rate updates.

Discount Rate

6.20% as of June 30, 2022 and as of June 30, 2023 for accounting disclosure purposes; refer to the Discussion of Discount Rates section for more information on selection of the discount rate.

6.20% as of June 30, 2022 and June 30, 2023 for calculating Actuarially Determined Contribution

Inflation Rate

2.00%

Cost Method

Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where:

- Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and
- Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.

Payroll Growth

2.65% for general wage inflation plus the following merit and productivity increases which are based on the assumptions approved from the Indiana Public Retirement System (INPRS) 2020 Experience Study.

YOS	CEP
0	2.25%
5	1.00%
9+	0.00%

Census Data

Census data was provided by the Conservation and Excise Police and it was collected as of June 30, 2023. We have reviewed it for reasonableness and no material modifications were made to the census data.



Actuarial Assumptions and Methods

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Data Assumptions

All employees are assumed to elect medical, dental, and vision coverage at retirement.

Health Care Coverage Election Rate

Active Employees

100% of active employees with current coverage are assumed to elect coverage at retirement. Active employees with no current coverage are assumed not to elect coverage at retirement.

Inactive Employees

Based on actual data.

Spousal Coverage

85% of male and 15% of female employees are assumed to be married upon retirement. Husbands are assumed to be three years older than wives.

Spousal coverage for current retirees is based on actual data.

Contribution Funding Policy

The Conservation and Excise Police maintain a separate health plan for its active and retired employees. The plan is self-insured and the Conservation and Excise Police maintain stop-loss reinsurance to protect against excessive claims. The annual cost of the plan is financed on a pay-as-you-go basis from State subsidies and active/retiree contributions. The Conservation and Excise Police also has the ability to manage plan costs by changing the benefit design to less expensive designs. The State contributes the same employer subsidy per active employee as regular State employees to the Conservation and Excise Police health fund. There is no direct State subsidy for retiree health care.

The Conservation and Excise Police active employees are younger and healthier, as a group, than regular State employees which results in lower health care costs per employee when comparing the two groups. Because of the lower active health costs, the State subsidy per employee is sufficient to cover the active health costs and create a surplus which is then used to subsidize the current retiree health care costs.

Starting in FYE June 30, 2012, the Conservation and Excise Police started pre-funding retiree health benefits.



Actuarial Assumptions and Methods

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Mortality

Healthy employees and retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021 with a 3 year set forward for males no set forward for females
Disabled retirees: SOA Pub-2010 General Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2021
Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021 with no set forward for males and a 2 year set forward for females

These are based on the INPRS 2020 Experience Study with recent mortality improvement scales.

Disability

Sample rates are as shown below and are based on the INPRS 2020 Experience Study.

Age	Rate
20	0.10%
30	0.10%
40	0.30%
50+	0.50%

Retirement Rate

Annual retirement rates are as shown below and are based on the INPRS 2020 Experience Study.

Age	0 - 9 YOS	10 - 14 YOS	15 - 24 YOS	25+ YOS
45 - 49	0%	0%	2%	2%
50 - 54	0%	0%	2%	20%
55 - 58	0%	0%	2%	25%
59	0%	0%	2%	35%
60	0%	55%	55%	55%
61	0%	65%	65%	65%
62 - 64	0%	75%	75%	75%
65+	0%	100%	100%	100%



Actuarial Assumptions and Methods

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Withdrawal Rate

Assumption used to project terminations (voluntary and involuntary) prior to meeting minimum retirement eligibility for retiree health care coverage. Annual withdrawal rates are based on State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers tables from the INPRS 2020 Experience Study. Annual rates are as shown below.

YOS	Rates	YOS	Rates
0 - 1	10%	6	5%
2	9%	7	4%
3	8%	8	3%
4	7%	9	2%
5	6%	10+	1%

Per Capita Costs

Annual pre-65 per capita costs are based on medical and prescription drug claims and enrollment data for the 24-month period ending May 31, 2023 projected to 2023/24 plan year and includes administrative expenses effective on January 1, 2022. The per capita costs were actuarially increased to a retiree-basis using health index factors and enrollment. These costs are assumed to increase with health care trend rates.

Age	Male	Female
50 - 54	\$ 9,900	\$ 11,400
55 - 59	\$ 13,400	\$ 13,000
60 - 64	\$ 17,600	\$ 15,900

The per capita costs represent the cost of coverage for a retiree-only population.

Actuarial standards require the recognition of higher inherent costs for a retired population versus an active population.

Post-65 per capita costs are assumed to be equal to the premium rate for the Medicare Advantage plan, which is \$362.51 per month (\$4,350 per year).

Annual dental and vision per capita costs are based on claims and enrollment data for the 24-month period ending May 31, 2023 projected to 2023/24 plan year and includes projected administrative expenses effective on January 1, 2024. The annual dental and vision per capita costs are \$510 and \$93 respectively and they are assumed to increase with dental and vision trend rates.



Actuarial Assumptions and Methods

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Dependent Liability

A 1% load is applied to pre-65 per capita costs to adjust for costs related to non-spouse dependents.

Retiree Contributions

Retiree contributions are assumed to increase with health care trend rates.

Health Care Trend Rates

FYE	Pre-65	Post-65 ⁸
2024	7.50%	6.50%
2025	7.00%	6.25%
2026	6.50%	6.00%
2027	6.00%	5.75%
2028	5.50%	5.50%
2029	5.00%	5.25%
2030	4.50%	5.00%
2031	4.50%	4.75%
2032+	4.50%	4.50%

The initial trend rate was based on a combination of employer history, national trend surveys, and professional judgment.

The ultimate trend rate was selected based on historical medical CPI information.

Dental costs are assumed to increase by 4.00% in the future and vision costs are assumed to increase by 3.00% in the future.

Explicit Subsidy

The difference between (a) the Nyhart calculated premium equivalent rates and (b) the retiree contribution approved by CEP for medical benefits only. Below is an example of the monthly explicit subsidies for a retiree age 62 with spousal coverage.

	Premium Rate	Retiree Contribution	Explicit Subsidy
	A	B	C = A - B
Retiree	\$ 640.52	\$ 347.15	\$ 293.37
Spouse	\$ 640.52	\$ 327.30	\$ 313.22

⁸ Post-65 trend rates do not include adjustments for the impact of changes to the Medicare Advantage program under the Inflation Reduction Act beginning in 2025 due to uncertainty about the impact of these changes on overall plan costs in the future.



Actuarial Assumptions and Methods

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Implicit Subsidy

The difference between (a) the per capita cost and (b) the Nyhart calculated premium equivalent rates. Below is an example of the monthly medical implicit subsidies for a male retiree age 62 and his spouse of the same age.

	Per Capita Cost	Premium Rate	Implicit Subsidy
	A	B	C = A - B
Retiree	\$ 1,466.67	\$ 640.52	\$ 826.15
Spouse	\$ 1,325.00	\$ 640.52	\$ 684.48

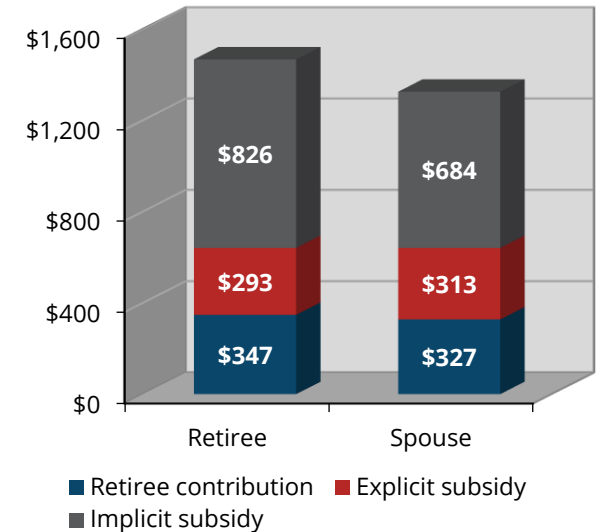
All employers that utilize premium rates based on blended active/retiree claims experience will have an implicit subsidy. There is an exception for Medicare plans using a true community-rated premium rate.

GASB Subsidy Breakdown

Below is a breakdown of the GASB 74/75 monthly total cost for a male retiree age 62 and his spouse of the same age for medical benefits only.

	Retiree		Spouse	
Retiree contribution	\$	347.15	\$	327.30
Explicit subsidy	\$	293.37	\$	313.22
Implicit subsidy	\$	826.15	\$	684.48
Total monthly cost	\$	1,466.67	\$	1,325.00

GASB Subsidy Breakdown





Actuarial Assumptions and Methods

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Models

ProVal

Valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing postretirement medical valuations. We coded the plan provisions, assumptions, methods and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any weakness or limitations in the software and have determined it is for performing this valuation.

HealthMAPS Manual

Rating manual developed by WTW. Aging factors are used to develop per capita costs by age for plans with limited credible exposure to develop plan-specific factors. We are not aware of any weakness or limitations in the factors and have determined they are appropriate for performing this valuation.

APPENDIX



Appendix

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Appendix A – Comparison of Participant Demographic Information

	<i>As of June 30, 2021</i>	<i>As of June 30, 2023</i>
Active Participants ⁹	241	260
Retired Participants ¹⁰	212	208
Averages for Active		
Age	41.0	40.2
Service	15.5	14.4
Averages for Inactive		
Age	69.0	70.0

⁹ Only includes employees who have medical / rx coverage. Refer to Summary of Plan Participants section for an accurate breakdown of active employees with and without medical / rx coverage.

¹⁰ The retired enrollment figures above exclude spouses of current retirees and those who currently have no medical / rx coverage. Refer to Summary of Plan Participants section for an accurate breakdown of retirees with and without medical / rx coverage.



Appendix

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

Appendix B – Data Reconciliation

	<i>Conservation and Excise Police (CEP)¹¹</i>
Active employees with coverage	
Actives as of June 30, 2021	241
Terminated	(15)
New hires	44
Active employees who retired	(10)
Retirees who returned to active employment	
Other adjustment ¹²	
Actives as of June 30, 2023	260
Retirees with coverage	
Retirees as of June 30, 2021	212
Active employees who retired	10
Retirees who returned to active employment	
Retirees who dropped coverage or passed away without beneficiaries	(21)
Retirees who passed away with beneficiaries	
New retirees ¹³	7 ¹⁴
Other adjustment	
Retirees as of June 30, 2023	208

¹¹ Beneficiaries are included with retirees for the Conservation and Excise Police.

¹² This line shows adjustments for participants who have changed health plan enrollment status from June 30, 2021 to June 30, 2023 (i.e. those who did not have coverage before but are currently enrolled, and vice versa).

¹³ This line shows new retirees who were not found as active employees in June 30, 2021 census data or those who were previously active in a different employee group.

¹⁴ Includes three beneficiaries.

GLOSSARY



Glossary – Decrements Exhibit

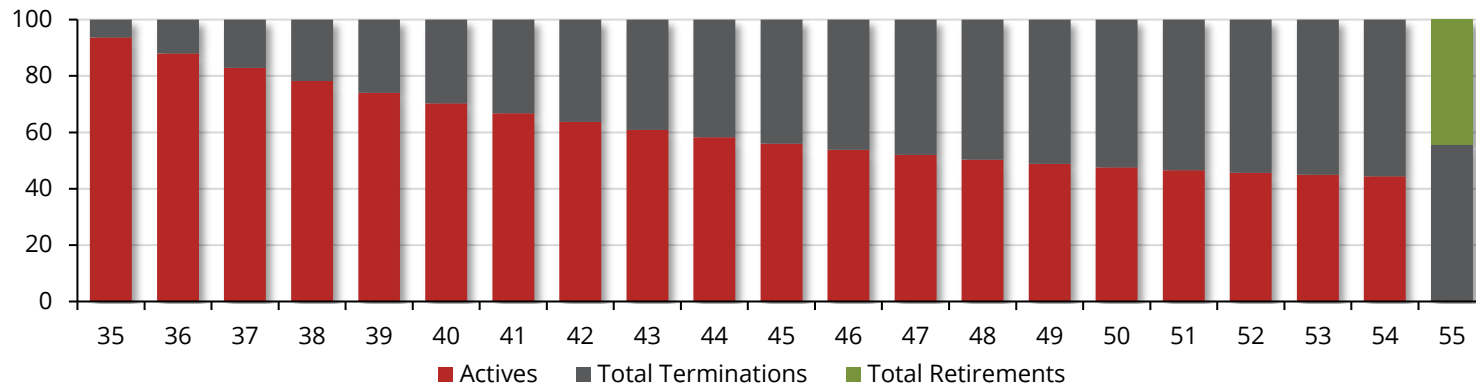
State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. Starting with 100 employees at age 35, the illustrated actuarial assumptions show that 44.43 employees out of the original 100 are expected to retire and could elect retiree health benefits at age 55.

Age	# Remaining Employees	# of Terminations per Year ¹⁵	# of Retirements per Year	Total Decrements
35	100.000	6.276	0.000	6.276
36	93.724	5.677	0.000	5.677
37	88.047	5.136	0.000	5.136
38	82.911	4.648	0.000	4.648
39	78.262	4.209	0.000	4.209
40	74.053	3.814	0.000	3.814
41	70.239	3.456	0.000	3.456
42	66.783	3.131	0.000	3.131
43	63.652	2.835	0.000	2.835
44	60.817	2.564	0.000	2.564
45	58.253	2.316	0.000	2.316

Age	# Remaining Employees	# of Terminations per Year	# of Retirements per Year	Total Decrements
46	55.938	2.085	0.000	2.085
47	53.853	1.866	0.000	1.866
48	51.987	1.656	0.000	1.656
49	50.331	1.452	0.000	1.452
50	48.880	1.253	0.000	1.253
51	47.627	1.060	0.000	1.060
52	46.567	0.877	0.000	0.877
53	45.690	0.707	0.000	0.707
54	44.983	0.553	0.000	0.553
55	44.430	0.000	44.430	44.430

Decrements Exhibit



¹⁵ The above rates are illustrative rates and are not used in our GASB calculations.

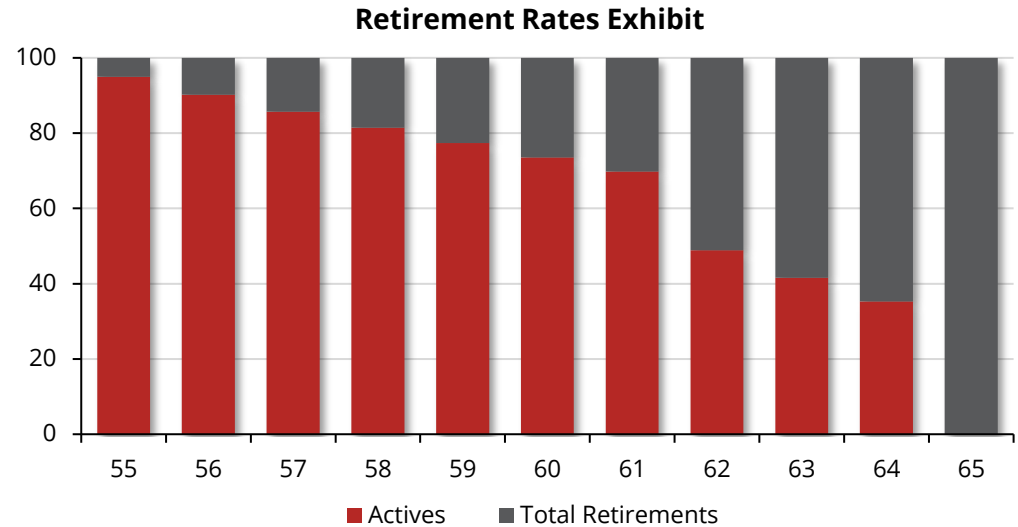


Glossary – Retirement Rates Exhibit

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. The illustrated retirement rates show the number of employees who are assumed to retire annually based on 100 employees age 55 who are eligible for retiree health care coverage. The average age at retirement is 62.0.

Age	Active Employees BOY	Annual Retirement Rates*	# Retirements per Year	Active Employees EOY
55	100.000	5.0%	5.000	95.000
56	95.000	5.0%	4.750	90.250
57	90.250	5.0%	4.513	85.738
58	85.738	5.0%	4.287	81.451
59	81.451	5.0%	4.073	77.378
60	77.378	5.0%	3.869	73.509
61	73.509	5.0%	3.675	69.834
62	69.834	30.0%	20.950	48.884
63	48.884	15.0%	7.333	41.551
64	41.551	15.0%	6.233	35.318
65	35.318	100.0%	35.318	0.000



* The above rates are illustrative rates and are not used in our GASB calculations.



Glossary – Definitions

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

GASB 75 defines several unique terms not commonly employed in the funding of pension and retiree health plans. The definitions of the terms used in the GASB actuarial valuations are noted below.

1. **Actuarial Assumptions** – Assumptions as to the occurrence of future events affecting health care costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided health care benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.
2. **Actuarial Cost Method** – A procedure for determining the Actuarial Present Value of Future Benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Service Cost and a Total OPEB Liability.
3. **Actuarially Determined Contribution** - A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in accordance with the parameters and in conformity with Actuarial Standards of Practice.
4. **Actuarial Present Value** – The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:
 - a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, Social Security, marital status, etc.);
 - b. multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned; and
 - c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.
5. **Deferred Outflow / (Inflow) of Resources** – represents the following items that have not been recognized in the OPEB Expense:
 - a. Differences between expected and actual experience of the OPEB plan
 - b. Changes in assumptions
 - c. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)
6. **Explicit Subsidy** – The difference between (a) the amounts required to be contributed by the retirees based on the premium rates and (b) actual cash contribution made by the employer.
7. **Funded Ratio** – The actuarial value of assets expressed as a percentage of the Total OPEB Liability.



Glossary – Definitions

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

8. **Healthcare Cost Trend Rate** – The rate of change in the per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.
9. **Implicit Subsidy** – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees.
10. **OPEB** – Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.
11. **OPEB Expense** – Changes in the Net OPEB Liability in the current reporting period, which includes Service Cost, interest cost, changes of benefit terms, expected earnings on OPEB Plan investments, reduction of active employees' contributions, OPEB plan administrative expenses, and current period recognition of Deferred Outflows / (Inflows) of Resources.
12. **Pay-as-you-go** – A method of financing a benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.
13. **Per Capita Costs** – The current cost of providing postretirement health care benefits for one year at each age from the youngest age to the oldest age at which plan participants are expected to receive benefits under the plan.
14. **Present Value of Future Benefits** – Total projected benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.
15. **Real Rate of Return** – the rate of return on an investment after adjustment to eliminate inflation.



Glossary – Definitions

State of Indiana Conservation and Excise Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2023

16. **Select and Ultimate Rates** – Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the investment return assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed investment return of 8% for year 20W0, then 7.5% for 20W1, and 7% for 20W2 and thereafter, then 8% and 7.5% select rates, and 7% is the ultimate rate.
17. **Service Cost** – The portion of the Actuarial Present Value of projected benefit payments that are attributed to a valuation year by the Actuarial Cost Method.
18. **Substantive Plan** – The terms of an OPEB plan as understood by the employer(s) and plan members.
19. **Total OPEB Liability** – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Benefits which is attributed to past periods of employee service (or not provided for by the future Service Costs).