

# INDIANA PUBLIC RETIREMENT SYSTEM

## LEGISLATORS' DEFINED BENEFIT FUND



### ACTUARIAL VALUATION

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PREPARED AS OF JUNE 30, 2024



November 7, 2024

Board of Trustees  
Indiana Public Retirement System  
1 North Capitol, Suite 001  
Indianapolis, IN 46204

Dear Members of the Board:

At your request, we performed an actuarial valuation of the Legislators' Defined Benefit Fund (LE DB) as of June 30, 2024, for the purpose of estimating the actuarially determined contribution for the plan year ending June 30, 2026. Actuarial valuations are performed annually. The major findings of the valuation are contained in this report, which reflects the benefit and funding provisions in place on June 30, 2024. HEA 1004-2024 was passed and calls for funding the Supplemental Retirement Account at a level that could provide for a combination of 13<sup>th</sup> checks and a COLA, even though such benefits have not yet been promised. These provisions are reflected in this valuation, along with needed assumptions and funding methods that are consistent with the requirements. While having no impact, the Entry Age Normal cost method was also implemented.

In preparing our report, we relied, without audit, on information (some oral and some in writing) supplied by Indiana Public Retirement System (INPRS) staff. This information includes, but is not limited to, statutory provisions, member data and financial information. We did review the data to ensure that it was reasonably consistent and comparable with data from prior years. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our results may be different and our calculations may need to be revised.

We certify that all costs and liabilities for the LE DB have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the plan and reasonable expectations); and which, in combination, offer the best estimate of anticipated experience affecting the plan. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions.

We believe the actuarial assumptions used herein are reasonable. The Board has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix C. Specifically, we presented the proposed assumptions for the 2024 valuations to the Board on February 16, 2024, and the Board subsequently adopted their use at its April 26, 2024 meeting. These assumptions are applicable to both the funding and Governmental Accounting Standards Board (GASB) Statement Number 67 valuation calculations, unless otherwise noted.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop



and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results. 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 or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

We prepared a Risk Report for the INPRS Board in July 2024 that contains information which is relevant to PERF and should be considered part of this valuation report. Although the report was prepared using the data, methods, and assumptions of the June 30, 2023 valuation report, it is our professional opinion that the general results of the risk report are applicable to the June 30, 2024 valuation report as well.

Actuarial computations presented in this report are for purposes of determining the funding rates for the Plan. The calculations in the enclosed report have been made on a basis consistent with our understanding of the Plan's funding requirements and goals as adopted by the Board. Additionally, we have included actuarial computations for use in preparing certain reporting and disclosure requirements under Governmental Accounting Standards Board Statements Number 67 and Number 68. Determinations for purposes other than meeting these funding and disclosure requirements may be significantly different from the results contained in this report and require additional analysis.

The Annual Comprehensive Financial Report (ACFR) for INPRS contains several exhibits that disclose the actuarial position of the System. This annual report, prepared as of June 30, 2024, provides data and tables that we prepared for use in the following sections of the ACFR:

Financial Section:

- Note 1 - Tables of Plan Membership
- Note 8 - Net Pension Liability and Actuarial Information - Defined Benefit Plans
- Schedule of Changes in Net Pension Liability and Plan Fiduciary Net Position
- Schedule of Contributions
- Schedule of Notes to Required Supplementary Information

Actuarial Section:

- Summary of INPRS Funded Status (Included in the Board Summary)
- Historical Summary of Actuarial Valuation Results by Retirement Plan
- Summary of Actuarial Assumptions, Methods and Plan Provisions
- Analysis of Financial Experience (Included in the Unfunded Actuarial Accrued Liability Reconciliation)
- Solvency Test
- Schedule of Active Member Valuation Data
- Schedule of Retirants and Beneficiaries

Statistical Section:

- Membership Data Summary
- Ratio of Active Members to Annuitants
- Schedule of Benefit Recipients by Type of Benefit Option
- Schedule of Average Benefit Payments



The consultants who worked on this assignment are pension actuaries. Cavanaugh Macdonald's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate, and the assumptions and methods used meet the guidance provided in the applicable Actuarial Standards of Practice. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

The calculations were completed in compliance with applicable law and the calculations for GASB disclosure, in our opinion, meet the requirements of GASB 67 and GASB 68. We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate.

We respectfully submit the following report and look forward to discussing it with you.

Sincerely,

Brent A. Banister, PhD, FSA, EA, FCA, MAAA  
Chief Actuary

Edward Koebel, FCA, EA, MAAA  
Chief Executive Officer

Virginia Fritz, FSA, EA, FCA, MAAA  
Senior Actuary



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## SECTION I – BOARD SUMMARY

This report presents the results of the June 30, 2024 actuarial valuation of the Legislators' Defined Benefit Fund (LE DB). The primary purposes of performing this actuarial valuation are to:

- Determine the level of contributions for the plan year ending June 30, 2026, along with the actuarial surcharge amount for the 2025 calendar year, that will be sufficient to meet the funding policy set out by the Board to comply with Indiana statutes.
- Disclose asset and liability measurements as well as the plan's funded status on the valuation date.
- Compare actual and expected experience of the Fund during the plan year ending June 30, 2024.
- Analyze and report on trends in plan contributions, assets and liabilities over the past several years.

### VALUATION RESULTS

The actuarial valuation results provide a “snapshot” view of the Plan's financial condition on June 30, 2023. The plan's unfunded actuarial accrued liability (UAAL) changed from a surplus of \$491 thousand last year to a surplus of \$344 thousand this year and the funded ratio decreased from 118% to 113%. The primary factor behind the decrease in the funded ratio were the change in the supplemental benefits due to HEA 1004-2024, an actuarial loss on liabilities due to fewer deaths than expected, and an actuarial loss on assets.

A summary of the key results from the June 30, 2024 actuarial valuation compared to the June 30, 2023 valuation is shown in the following table.

Valuation Results	June 30, 2023	June 30, 2024
Unfunded Actuarial Accrued Liability	\$ (491,441)	\$ (343,852)
Funded Ratio (Actuarial Assets)	118.37%	113.11%
Normal Cost	\$ 0	\$ 0
UAAL Amortization	(37,871)	(32,533)
Expenses	35,879	38,646
Actuarially Determined Contribution	\$ 0	\$ 6,113
Surcharge Amount (semi-annual)	\$ 3,030	\$ 26,878

Further detail on the valuation results can be found in the following sections of this Board Summary, including discussion regarding the change in the plan's assets, liabilities, and actuarial determined contribution rate between June 30, 2023 and June 30, 2024.





## SECTION I – BOARD SUMMARY

### ASSETS

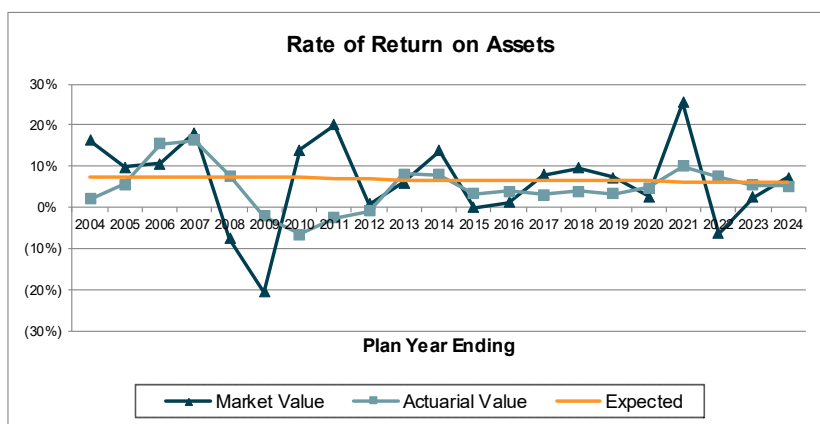
As of June 30, 2024, the plan had net assets of \$2.9 million when measured on a market value basis. This was a decrease of \$153 thousand from the prior year.

The market value of assets is not used directly in the calculation of the unfunded actuarial accrued liability and the actuarially determined contribution. An asset valuation method, which smoothes the effect of market fluctuations, is applied to determine the value of assets used in the valuation. The resulting amount is called the actuarial value of assets. In this year’s valuation, the actuarial value of assets is \$3.0 million, decreasing approximately \$200 thousand from the prior year.

The components of change in the asset values are shown in the following table:

	Market Value	Actuarial Value
<b>Net Assets, June 30, 2023</b>	\$ 3,007,098	\$ 3,167,125
- Receipts	+ 745	+ 745
- Expenditures, including Administrative Expenses	- 356,312	- 356,312
- Net Investment Income	+ 202,539	+ 155,993
<b>Net Assets, June 30, 2024</b>	\$ 2,854,070	\$ 2,967,551
Estimated Rate of Return	7.2%	5.2%

The estimated rate of return on the actuarial value of assets was 5.2%, which was lower than the 6.25% investment return assumption applicable for the year ended June 30, 2024. As a result, there was an experience loss on assets of about \$30 thousand. Since the FY 2024 return on the market value of assets exceeded the 6.25% assumption, the net deferred investment loss decreased from \$160 thousand in last year’s valuation to less than \$114 thousand in the current valuation. See Tables 1 through 4 of this report for detailed information on the market and actuarial value of assets.



*The rate of return of the actuarial value of assets has been less volatile than the market value return, illustrating the benefits of using an asset smoothing method. The smoothed actuarial value of plan assets has led to relatively steady actuarial valuation results over time, even with large market gains and losses.*





## SECTION I – BOARD SUMMARY

### LIABILITIES

Because the LE DB is a closed plan in which no benefits are being earned, the actuarial accrued liability is simply the present value of future benefits. The difference between this liability and the actuarial value of assets as of the valuation date is called the unfunded actuarial accrued liability (UAAL).

The unfunded actuarial accrued liability, including expected future COLAs, on both a market value and actuarial value of assets basis is shown as of June 30, 2024 in the following table:

	Market Value	Actuarial Value
Actuarial Accrued Liability	\$ 2,623,699	\$ 2,623,699
Value of Assets	2,854,070	2,967,551
Unfunded Actuarial Accrued Liability	\$ (230,371)	\$ (343,852)
Funded Ratio	108.78%	113.11%

See Table 5 of this report for the development of the unfunded actuarial accrued liability.

The total plan UAAL (on an actuarial value basis) as of June 30, 2024 was a surplus of \$344 thousand, a net decrease of \$147 thousand from the \$491 thousand surplus last year, primarily driven by a mortality loss (people living longer than expected), the loss on assets, and the inclusion of future supplemental benefits. The components of the change in the base UAAL are quantified in Table 7 of this report. See Table 8 and Table 9 of this report for a breakdown of the components of experience gains/losses for greater detail on the base plan benefits.

An evaluation of the UAAL on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both large numbers) is reflected. Another way to evaluate the UAAL and the progress made in its funding is to track the funded ratio, the ratio of the actuarial value of assets to the actuarial accrued liability. The funded status information, which is based on the actuarial value of assets, is shown below (in thousands).

	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Funded Ratio	95.5%	103.4%	112.4%	118.4%	113.1%
UAAL (in thousands)	\$141.4	(\$103.8)	(\$349.9)	(\$491.4)	(\$343.9)

Note that the funded ratio does not indicate whether or not the plan assets are sufficient to settle benefits earned to date. The funded ratio, by itself, also may not be indicative of future funding requirements. In addition, if the funded ratios were shown using the market value of assets, the results would differ.

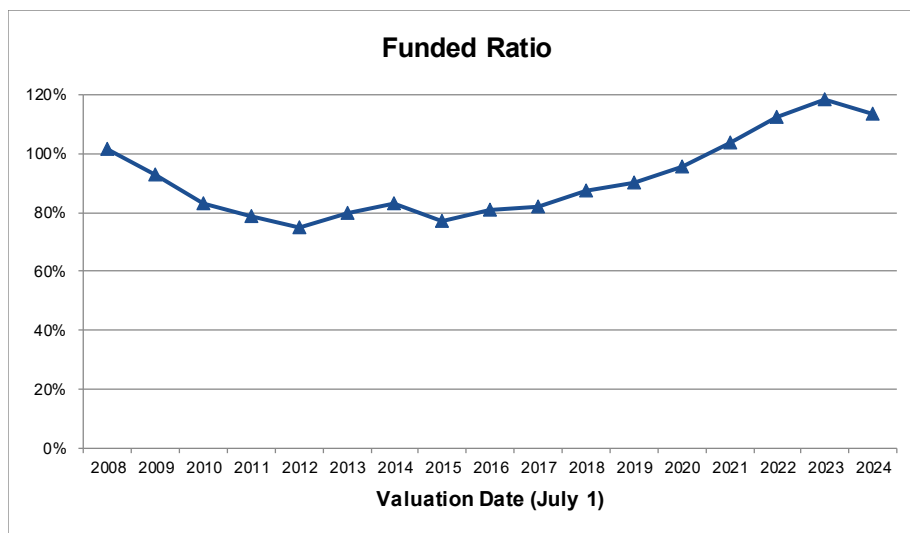






## SECTION I – BOARD SUMMARY

The funded ratio over a long period of time is shown in the following graph. The plan's funded status has been steadily increasing for a number of years and is now over 100% funded.



Because the closed plan is winding down and due to its small relative size, there is not as much concern with regard to the plan funded status. Presumably the State of Indiana, if needed, will provide any small funding allocations to allow a gradual wind-down of the plan.

### ACTUARIALLY DETERMINED CONTRIBUTION AMOUNT

The plan's actuarially determined contribution rate (ADC) consists of two components:

- A "normal cost" for the portion of projected liabilities allocated by the actuarial cost method to service of members during the year following the valuation date. Because of the frozen benefits, this will always be \$0.
- An "unfunded actuarial accrued liability contribution" for the excess of the portion of projected liabilities allocated to service to date over the actuarial value of assets.

The UAAL contribution is determined by calculating the amortization payment on the UAAL as a level dollar amount over five years for each amortization base. This is reasonable given the relatively short duration of the plan. Because the COLA portion of the benefits may be funded through lottery proceeds or direct appropriation, this portion of the calculation of the UAAL for amortization purposes only considers the base benefit without any COLA. If the Fund's funded ratio exceeds 100% on a combined basis (base benefits plus future assumed COLAs), all prior amortization bases are eliminated and the negative UAAL (or "surplus") is amortized over an open 30-year period, as an offset to other Fund costs.

As a result of HEA 1004-2024, the SRA benefits outlined in the legislation must now be funded. Specifically, the new law calls for funding an indexed 13<sup>th</sup> check for those retiring before July 1, 2025 and a 1% COLA for those retiring after June 30, 2025. Since the method for funding is not





## SECTION I – BOARD SUMMARY

prescribed, the Board has decided to use a funding method that parallels the base benefit funding method and a 5-year amortization of the SRA shortfall.

The actuarially determined contribution is therefore the sum of the amortization amount, anticipated expenses and surcharge amount. While an amount could be allocated annually from the lottery proceeds to fund future 13<sup>th</sup> checks and COLAs, this amount is small enough that it is reasonable to wait until the actual benefit adjustments are known.

See Table 13 of this report for the detailed development of the contribution amounts which are summarized in the following table:

Contribution Amount	June 30, 2023	June 30, 2024
Normal Cost	\$ 0	\$ 0
UAAL Amortization	(37,871)	(32,533)
Expenses	35,879	38,646
Actuarially Determined Contribution	\$ 0	\$ 6,113
Approved/Requested Funding Amount	\$ 745	\$ 6,113
Expected Percent Contributed	N/A	100.00%
Surcharge Amount (semi-annual)	\$ 3,030	\$ 26,878

Now that the plan is over 100% funded, the funding of the plan is driven by expenses that exceed a very slow amortization of the surplus. Additionally, we expect that lottery proceeds may be needed based on an actual granting of a COLA or 13<sup>th</sup> check. The Board will recommend appropriation amounts to the Indiana Legislature for the next biennium (FY 2026 and FY 2027) based on this June 30, 2024 valuation.





## SECTION I – BOARD SUMMARY

### SUMMARY OF PRINCIPAL RESULTS

	June 30, 2022	June 30, 2023	June 30, 2024
<b>MEMBERSHIP</b>			
Active Members	4	3	3
Retired Members and Beneficiaries	76	74	71
Disabled Members	0	0	0
Inactive Members	6	6	6
Total Members	86	83	80
Annual Retirement Payments for Retirees, Disableds, and Beneficiaries	\$ 335,271	\$ 335,550	\$ 327,786
<b>ASSETS AND LIABILITIES</b>			
Market Value of Assets (MVA)	\$ 3,115,745	\$ 3,007,098	\$ 2,854,070
Actuarial Value of Assets (AVA)	3,183,801	3,167,125	2,967,551
Actuarial Accrued Liability (AAL)	2,833,877	2,675,684	2,623,699
Unfunded Actuarial Accrued Liability (UAAL): AAL - AVA	\$ (349,924)	\$ (491,441)	\$ (343,852)
Funded Ratios			
AVA / AAL	112.35%	118.37%	113.11%
MVA / AAL	109.95%	112.39%	108.78%
<b>CONTRIBUTIONS</b>			
Normal Cost	\$ 0	\$ 0	\$ 0
Amortization of UAAL	(28,994)	(37,871)	(32,533)
Expenses	29,819	35,879	38,646
Actuarially Determined Contribution	\$ 825	\$ 0	\$ 6,113
Approved Funding Amount <sup>1</sup>	\$ 745	\$ 745	\$ 6,113
Surplus/(Shortfall)	\$ (80)	\$ 745	\$ 0
Surcharge Amount (semi-annual)	\$ 13,961	\$ 3,030	\$ 26,878

<sup>1</sup> Current year funding amount is anticipated to be used by the Legislature to determine the appropriations for the next biennium, including FY 2026 and FY 2027.

Note: Liability and funded ratio results include both the base benefit and supplemental benefit.





## SECTION II – SCOPE OF THE REPORT

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This report presents the actuarial valuation results of the Legislators' Defined Benefit Fund as of June 30, 2024. This valuation was prepared at the request of the Indiana Public Retirement System.

Please pay particular attention to our actuarial certification letter, where the guidelines employed in the preparation of this report are outlined. We also comment on the sources and reliability of both the data and the actuarial assumptions upon which our findings are based. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

A summary of the findings which result from this valuation is presented in the previous section. Section 3 describes the assets and investment experience of the plan. Sections 4 and 5 describe how the obligations of the plan are to be met under the actuarial cost method in use. Section 6 provides information required by the Governmental Accounting Standards Board (GASB) for reporting and disclosure under GASB 67 and GASB 68.

This report includes several appendices:

- Appendix A Schedules of valuation data classified by various categories of members.
- Appendix B A summary of the current benefit structure, as determined by the provisions of governing law on June 30, 2024.
- Appendix C A summary of the actuarial methods and assumptions used to estimate liabilities and determine contribution rates.
- Appendix D A glossary of actuarial terms.





## SECTION III - ASSETS

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In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is June 30, 2024. On that date, the assets available for the payment of benefits are appraised. The assets are compared with the liabilities of the plan, which are generally in excess of assets. The actuarial process then leads to a method of determining the contributions needed by members and the employer in the future to balance the plan assets and liabilities.

### **Market Value of Assets**

The current market value represents the "snapshot" or "cash-out" value of plan assets as of the valuation date. In addition, the market value of assets provides a basis for measuring investment performance from time to time.

Table 1 summarizes the changes in the market value of assets for the last two years for the base benefits, whereas Table 2 shows the changes for the supplemental benefit reserve account. Table 15 (in the GASB section) provides detail regarding the allocation of investments in the trust.

### **Actuarial Value of Assets**

The market value of assets, representing a "cash-out" value of plan assets, may not be the best measure of the plan's ongoing ability to meet its obligations. To arrive at a suitable value of assets for the actuarial valuation, a technique for determining the actuarial value of assets is used which dampens swings in the market value while still indirectly recognizing market values. Under the asset smoothing methodology, the difference between the actual and assumed investment return on the market value of assets is recognized evenly over a five-year period.

Table 3 shows the development of the actuarial value of assets (AVA) as of the valuation date for the base benefits and Table 4 shows the information for the supplemental benefit.





## SECTION III - ASSETS

**TABLE 1**  
**DEVELOPMENT OF MARKET VALUE OF ASSETS**  
(Base Benefits)

	June 30, 2023	June 30, 2024
1. Market Value of Assets, Beginning of Year	\$ 3,088,396	\$ 2,982,336
2. Receipts		
a. Member	\$ 0	\$ 0
b. Employer	182,512	745
c. Transfers In	0	0
d. Miscellaneous	0	0
e. Total	<u>\$ 182,512</u>	<u>\$ 745</u>
3. Expenditures		
a. Benefit Payments	\$ 326,031	\$ 314,575
b. Refund of Contributions	0	0
c. Administrative Expense	35,879	38,646
d. Transfers Out	0	0
e. Miscellaneous	0	0
f. Total	<u>\$ 361,910</u>	<u>\$ 353,221</u>
4. Investment Return		
a. Investment Income	\$ 73,124	\$ 200,717
b. Securities Lending Income	214	151
c. Total Investment Return	<u>\$ 73,338</u>	<u>\$ 200,868</u>
5. Market Value of Assets, End of Year: (1) + (2e) - (3f) + (4c)	\$ 2,982,336	\$ 2,830,728
6. Estimated Rate of Return <sup>1</sup>	2.45%	7.16%

<sup>1</sup> Based on individual fund experience. Assumes cash flows occur at mid-year.





## SECTION III - ASSETS

**TABLE 2**

**DEVELOPMENT OF MARKET VALUE OF ASSETS**  
(Supplemental Benefits)

	June 30, 2023	June 30, 2024
1. Market Value of Assets, Beginning of Year	\$ 27,349	\$ 24,762
2. Receipts		
a. Employer Surcharge	\$ 0	\$ 0
b. Lottery Allocation	0	0
c. Non-Employer Entity Contributions	0	0
d. Miscellaneous	0	0
e. Total	<u>\$ 0</u>	<u>\$ 0</u>
3. Expenditures		
a. Benefit Payments	\$ 3,205	\$ 3,091
b. Administrative Expense	0	0
c. Miscellaneous Expenditures	0	0
d. Total	<u>\$ 3,205</u>	<u>\$ 3,091</u>
4. Investment Return		
a. Investment Income	\$ 616	\$ 1,670
b. Securities Lending Income	2	1
c. Total Investment Return	<u>\$ 618</u>	<u>\$ 1,671</u>
5. Market Value of Assets, End of Year: (1) + (2e) - (3d) + (4c)	\$ 24,762	\$ 23,342
6. Estimated Rate of Return <sup>1</sup>	2.40%	7.20%

<sup>1</sup> Based on individual fund experience. Assumes cash flows occur at mid-year.





## SECTION III - ASSETS

TABLE 3

### DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS (Base Benefits)

For Plan Year Ending June 30, 2024

1. Market Value as of June 30, 2023					\$	2,982,336
2. Receipts					\$	745
3. Expenditures, including Administrative Expenses					\$	(353,221)
4. Expected Return on Assets <sup>1</sup>					\$	175,381
5. Expected Market Value as of June 30, 2024: (1) + (2) + (3) + (4)					\$	2,805,241
6. Actual Market Value as of June 30, 2024					\$	2,830,728
7. Year End 2024 Asset Gain/(Loss): (6) - (5)					\$	25,487
8. Deferred Investment Gains and Losses						
	Year Ended					Deferred
	June 30:	Gain/(Loss)	Factor			Amount
a.	2021	\$ 537,146	20%		\$	107,429
b.	2022	(427,221)	40%			(170,888)
c.	2023	(114,081)	60%			(68,449)
d.	2024	25,487	80%			20,390
e.	Total				\$	(111,518)
9. Initial Actuarial Value as of June 30, 2024: (6) - (8e)					\$	2,942,246
10. Constraining Values						
a. 80% of Market Value: (6) x 0.8					\$	2,264,582
b. 120% of Market Value: (6) x 1.2					\$	3,396,874
11. Actuarial Value as of June 30, 2024					\$	2,942,246
12. Actuarial Rate of Return <sup>2</sup>						5.25%
13. Actuarial Value of Assets as a Percent of Market Value: (11) / (6)						103.9%
14. Actuarial Value of Assets						
a. Base Benefits					\$	2,942,246
b. Supplemental Benefits					\$	25,305
c. Total					\$	2,967,551

<sup>1</sup> Assumes cash flows occur at mid-year and a discount rate of 6.25%.

<sup>2</sup> Assumes cash flows occur at mid-year.







## SECTION III - ASSETS

TABLE 4

### DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS (Supplemental Benefits)

					<b>For Plan Year Ending June 30, 2022</b>	
1. Market Value, as of June 30, 2023					\$	24,762
2. Receipts					\$	0
3. Expenditures, including Administrative Expenses					\$	(3,091)
4. Expected Return on Assets <sup>1</sup>					\$	1,451
5. Expected Market Value as of June 30, 2024: (1) + (2) + (3) + (4)					\$	23,122
6. Actual Market Value as of June 30, 2024					\$	23,342
7. Year End 2024 Asset Gain/(Loss): (6) - (5)					\$	220
8. Deferred Investment Gains and Losses						
		Year Ended June 30:	Gain/(Loss)	Factor		Deferred Amount
a.	2021		\$ (88)	20%	\$	(18)
b.	2022		(3,814)	40%		(1,526)
c.	2023		(991)	60%		(595)
d.	2024		220	80%		176
e.	Total				\$	(1,963)
9. Initial Actuarial Value as of June 30, 2024: (6) - (8e)					\$	25,305
10. Constraining Values						
a. 80% of Market Value: (6) x 0.8					\$	18,674
b. 120% of Market Value: (6) x 1.2					\$	28,010
11. Actuarial Value as of June 30, 2024					\$	25,305
12. Actuarial Rate of Return <sup>2</sup>						1.97%
13. Actuarial Value of Assets as a Percent of Market Value: (11) / (6)						108.4%

<sup>1</sup> Assumes cash flows occur at mid-year and a discount rate of 6.25%.

<sup>2</sup> Assumes cash flows occur at mid-year.





## SECTION IV – PLAN LIABILITIES

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In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of assets of the Legislators' Defined Benefit Fund as of the valuation date, June 30, 2024. In this section, the discussion will focus on the commitments (future benefit payments) of the plan, which are referred to as its liabilities.

The liability calculations for the June 30, 2024 Legislators' Defined Benefit Fund valuation are based on census data collected as of June 30, 2023. Standard actuarial techniques are used to adjust these results from June 30, 2023 to June 30, 2024. While these roll-forward techniques are based on all actuarial assumptions being met during the intervening year, there will, of course, be many of the assumptions that will not be met exactly. In general, this does not materially affect the resulting calculations or conclusions in this report. Should there be a year in which events, such as plan changes, occur that would affect the results, adjustments in the roll-forward methods would be made to appropriately reflect the events.

All liabilities reflect the benefit provisions and actuarial assumptions in place as of June 30, 2024.

### Actuarial Accrued Liability

A fundamental principle in financing the liabilities of a retirement program is that the cost of its benefits should be related to the period in which benefits are earned, rather than to the period of benefit distribution. An actuarial cost method is a mathematical technique that allocates the present value of future benefits into annual costs. In order to perform this allocation, it is necessary for the funding method to "breakdown" the present value of future benefits into two components:

- (1) that which is attributable to the past and
- (2) that which is attributable to the future.

Actuarial terminology calls the part attributable to the past the "past service liability" or the "actuarial accrued liability." The portion allocated to the future is known as the present value of future normal costs, with the specific piece of it allocated to the current year being called the "normal cost." Because the plan benefits are frozen, this results in all of the liability being attributed to past service. As a result, there is no normal cost for this plan.

Table 5 contains the calculation of actuarial accrued liability for the Plan under the Entry Age Normal actuarial cost. This amount is split between the base benefit and the supplemental benefit. Granted supplemental benefits are the present value of legislated benefits, whereas future supplemental benefits represent those assumed to occur based on the Plan's COLA assumption.

### Low-Default-Risk Obligation Measure

Under the revised Actuarial Standards of Practice (ASOP) No. 4 effective for valuations after February 15, 2023, we are required to include a low-default-risk obligation measure of the System's liability in our funding valuation report. This is an informational disclosure as described below and would not be appropriate for assessing the funding progress or health of the plan. This measure uses the unit credit cost method and reflects all the assumptions and provisions of the funding valuation (including the assumed COLA paid from the SRA), except that the discount rate





## SECTION IV – PLAN LIABILITIES

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is derived from considering low-default-risk fixed income securities. We considered the FTSE Pension Discount Curve based on market bond rates published by the Society of Actuaries as of June 30, 2024 and with the 30-year spot rate used for all durations beyond 30 because this provides an appropriate set of discount rates for this intended purpose. Using these assumptions, we calculate a liability of approximately \$2,751,000. This amount approximates the termination liability if the plan (or all covered employment) ended on the valuation date and all of the accrued benefits had to be paid with cash-flow matched bonds. If the plan were funded with the intent of being able to be terminated at any valuation date, contribution requirements may need to increase and would also be more volatile. This assurance of funded status and benefit security is typically more relevant for corporate plans than for governmental plans since governments rarely have the need or option to completely terminate a plan. However, this informational disclosure is required for all plans whether corporate or governmental and care should be taken to ensure the one size fits all metric is not misconstrued.





## SECTION IV – PLAN LIABILITIES

**TABLE 5**

**ACTUARIAL ACCRUED LIABILITY**  
(Base and Supplemental Benefits)

<b>As of June 30, 2024</b>	<b>Base Benefits</b>	<b>Supplemental Benefits</b>		<b>Total</b>
		<b>Granted</b>	<b>Future</b>	
1. Actuarial Accrued Liability				
a. Active Members	\$ 83,507	\$ 0	\$ 18,597	\$ 102,104
b. Inactive Vested Members	215,818	0	11,248	227,066
c. In-pay Members	<u>2,179,588</u>	<u>21,561</u>	<u>93,380</u>	<u>2,294,529</u>
d. Total	\$ 2,478,913	\$ 21,561	\$ 123,225	\$ 2,623,699
2. Actuarial Value of Assets	\$ 2,942,246	\$ 21,561	\$ 3,744	\$ 2,967,551
3. Unfunded Actuarial Accrued Liability: (1c) - (2)	\$ (463,333)	\$ 0	\$ 119,481	\$ (343,852)
4. Funded Ratio: (2) / (1d)	118.7%	100.0%	3.0%	113.1%





## SECTION IV – PLAN LIABILITIES

**TABLE 6**  
**SOLVENCY TEST**  
(Base and Supplemental Benefits)

Actuarial Valuation as of June 30	Actuarial Accrued Liabilities (AAL)				Portion of AAL Covered by Assets				
	Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities	Actuarial Value of Assets	Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities
2024	\$0	\$2,307	\$331	\$2,638	\$2,967	N/A	100.0%	199.5%	112.5%
2023	0	2,361	315	2,676	3,167	N/A	100.0	256.0	118.4
2022	0	2,474	360	2,834	3,184	N/A	100.0	197.3	112.3
2021	0	2,554	480	3,034	3,137	N/A	100.0	121.6	103.4
2020	0	2,655	472	3,127	2,986	N/A	100.0	70.1	95.5
2019	0	2,747	616	3,363	3,026	N/A	100.0	45.3	90.0
2018	0	2,783	702	3,485	3,050	N/A	100.0	38.1	87.5
2017	0	3,013	791	3,804	3,114	N/A	100.0	12.8	81.9
2016	0	3,207	809	4,016	3,241	N/A	100.0	4.2	80.7
2015	0	3,213	1,115	4,328	3,336	N/A	100.0	11.0	77.1

Note: Dollar amounts are in thousands of dollars.





## SECTION IV – PLAN LIABILITIES

TABLE 7

### RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY (Base and Supplemental Benefits)

For Year Ending June 30, 2024

	Base	Base and Supplemental
1. Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2023	\$ (539,360)	\$ (491,441)
2. Normal Cost and Expenses	35,879	35,879
3. Actuarially Determined Contribution	1,992	(1,038)
4. Interest	(31,343)	(28,538)
5. Expected Unfunded Actuarial Accrued Liability as of June 30, 2024	\$ (532,832)	\$ (485,138)
6. Actuarial Value of Asset Changes		
a. Investment Experience (Gain)/Loss	\$ 29,713	\$ 30,841
b. Contributions (Above)/Below the Actuarially Determined Contribution and Other (Gain)/Loss	\$ (1,153)	\$ 2,067
7. Actuarial Accrued Liability Changes		
a. Actuarial Accrued Liability Experience (Gain)/Loss	\$ 40,939	\$ 46,851
b. Additional Liability Due to Benefit Changes	0	61,527
c. Additional Liability Due to Assumption Changes	0	0
8. Total Experience (Gain)/Loss	\$ 69,499	\$ 141,286
9. Unfunded Actuarial Accrued Liability as of June 30, 2024: (5) + (8)	\$ (463,333)	\$ (343,852)





## SECTION IV – PLAN LIABILITIES

TABLE 8

**ACTUARIAL GAIN/(LOSS)**  
(Base and Supplemental Benefits)

<b>Liabilities</b>	<b>Base</b>	<b>Base and Supplemental</b>
1. Actuarial Accrued Liability as of June 30, 2023	\$ 2,599,887	\$ 2,675,684
2. Normal Cost for Plan Year Ending June 30, 2024	0	0
3. Benefit Payments During Plan Year <sup>1</sup>	(314,575)	(317,666)
4. Service Purchases (employee and employer)	0	0
5. Interest at 6.25%	152,662	157,303
6. Change Due to Benefit Changes	0	61,527
7. Change Due to Assumption Changes	0	0
8. Expected Actuarial Accrued Liability as of June 30, 2024	\$ 2,437,974	\$ 2,576,848
9. Actuarial Accrued Liability as of June 30, 2024	\$ 2,478,913	\$ 2,623,699
<b>Assets</b>		
10. Actuarial Value of Assets as of June 30, 2023	\$ 3,139,247	\$ 3,167,125
11. Receipts During Plan Year	745	745
12. Expenditures and Expenses During Plan Year	(353,221)	(356,312)
13. Interest at 6.25%	185,188	186,834
14. Expected Actuarial Value of Assets as of June 30, 2024	\$ 2,971,959	\$ 2,998,392
15. Actuarial Value of Assets as of June 30, 2024	\$ 2,942,246	\$ 2,967,551
<b>Experience Gain / (Loss)</b>		
16. Liability Actuarial Experience Gain/(Loss): (8) - (9)	\$ (40,939)	\$ (46,851)
17. Asset Actuarial Experience Gain/(Loss): (15) - (14)	(29,713)	(30,841)
18. Total Actuarial Experience Gain/(Loss): (16) + (17)	\$ (70,652)	\$ (77,692)

<sup>1</sup> Does not include miscellaneous expenses or benefit overpayments.





## SECTION IV – PLAN LIABILITIES

**TABLE 9**

**EXPERIENCE GAIN/(LOSS) ANALYSIS BY SOURCE**  
(Base Benefits)

<b>Liability Sources</b> (in thousands)		<b>Gain/(Loss)*</b>
Retirement	\$	27
Termination		0
Disability		0
Mortality		(76)
Miscellaneous/COLA		8
Total Liability Experience Gain/(Loss)	\$	(41)
as a % of AAL		(1.7%)
Asset Experience Gain/(Loss)	\$	(30)
Total Actuarial Experience Gain/(Loss)	\$	(71)

\*Numbers may not add due to rounding.







## SECTION IV – PLAN LIABILITIES

TABLE 10

### PROJECTED BENEFIT PAYMENTS (Base and Supplemental Benefits)

<u>Plan Year Ending June 30</u>	<u>Benefit Amount</u>
2025	\$ 333,378
2026	329,518
2027	311,044
2028	292,093
2029	272,957
2030	253,893
2031	235,112
2032	216,796
2033	199,085
2034	182,083
2035	165,864
2036	150,481
2037	135,971
2038	122,353
2039	109,633
2040	97,807
2041	86,870
2042	76,761
2043	67,566
2044	59,205
2045	51,644
2046	44,859
2047	38,795
2048	33,398
2049	28,634
2050	24,442
2051	20,774
2052	17,493
2053	14,703
2054	11,778

Note: Payouts reflect nominal payouts for current members, assuming that all future assumptions are met.





## SECTION V – EMPLOYER CONTRIBUTIONS

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The previous two sections were devoted to a discussion of the assets and liabilities of the plan. We now turn to considering how the benefits will be funded. The method used to determine the incidence of the contributions in various years is called the actuarial cost method. Under an actuarial cost method, the contributions required to meet the difference between current assets and current liabilities are allocated each year between two elements: (1) the normal cost rate and (2) the unfunded actuarial accrued liability contribution rate.

The term "fully funded" is often applied to a plan in which contributions at the normal cost rate are sufficient to pay for the benefits of existing employees as well as for those of new employees. More often than not, plans are not fully funded, either because of past benefit improvements that have not been completely funded or because of actuarial deficiencies that have occurred because experience has not been as favorable as anticipated by the actuarial assumptions. Under these circumstances, an unfunded actuarial accrued liability (UAAL) exists. Likewise, when the actuarial value of assets is greater than the actuarial accrued liability, a surplus exists.

### Description of Contribution Components

The Entry Age Normal (EAN) actuarial cost method is used for the valuation. Because this plan is frozen and all actives are past their assumed retirement age, there is no normal cost under the plan. In this situation, the present value of future benefits and the actuarial accrued liability are the same. The unfunded actuarial accrued liability/(surplus) represents the difference between the actuarial accrued liability and the actuarial value of assets as of the valuation date. The unfunded actuarial accrued liability is calculated each year and reflects experience gains and losses.

Based on this June 30, 2024 actuarial valuation, the Board will request appropriations from the State for fiscal years 2026 and 2027. In general, contributions are computed in accordance with a stable annual contribution funding objective.

The methodology of developing the contribution rate is designed to fund the benefits over a reasonable period with a stable contribution pattern. The current UAAL for the base benefits is fully funded with the surplus amortized over the next 30 years. The COLA benefits are funded in a similar manner, beginning with this valuation, in keeping with HEA 1004-2024, except that the SRA shortfall is amortized over a 5-year period. The contribution amounts shown in Table 14 under the current assumptions reflects the amount that could fund both the base benefits and COLAs in a reasonable manner.

### Contribution Summary

In Table 11 the amortization payment related to the unfunded actuarial accrued liability/(surplus), as of June 30, 2023, is developed. The funding needed to fund the assumed COLAs is developed in Table 12. Table 13 develops the actuarially determined contribution rate for the plan. The contribution rates shown in this report are based on the actuarial assumptions and cost methods described in Appendix C. Additionally, in Table 14 the contribution amounts under alternative discount rates are provided to illustrate the sensitivity of the contribution requirements relative to the selection of the investment return assumption.





## SECTION V – EMPLOYER CONTRIBUTIONS

TABLE 11

### SCHEDULE OF AMORTIZATION BASES (Base Benefits)

<b>Amortization Bases</b>	<b>Original Amount</b>	<b>June 30, 2024 Remaining Payments</b>	<b>Date of Last Payment</b>	<b>Outstanding Balance as of June 30, 2024</b>	<b>Annual Contribution</b>
2024 UAAL Base <sup>1</sup>	(463,333)	30	7/1/2054	<u>(463,333)</u>	<u>(32,533)</u>
Total				\$ (463,333)	\$ (32,533)
Total UAAL Amortization Payments					\$ (32,533)

<sup>1</sup> The UAAL base reflects the plan surplus situation, which is amortized over an open, 30-year period.





## SECTION V – EMPLOYER CONTRIBUTIONS

TABLE 12

### DEVELOPMENT OF SUPPLEMENTAL RESERVE FUNDING (Supplemental Benefits)

Amortization Bases	Original Amount	June 30, 2024 Remaining Payments	Date of Last Payment	Outstanding Balance as of June 30, 2024	Annual Contribution
2024 UAAL Base	119,481	5	7/1/2029	119,481	26,878
Total				\$ 119,481	\$ 26,878
Total UAAL Amortization Payments					\$ 26,878





## SECTION V – EMPLOYER CONTRIBUTIONS

TABLE 13

### ACTUARIALLY DETERMINED CONTRIBUTION AMOUNT (Base and Supplemental Benefits)

	Base Benefits	Supplemental Benefits	Total
1. Normal Cost as of June 30, 2023	\$ 0	\$ 0	\$ 0
2. Amortization of UAAL as of June 30, 2024	(32,533)	26,878	
3. Expenses	<u>38,646</u>	0	
4. Preliminary Actuarially Determined Contribution Amount: (1) + (2) + (3); not less than zero	\$ 6,113	\$ 26,878	
5. Supplemental Benefit Funding		\$ 26,878	
6. Actuarially Determined Contribution Amount <sup>1</sup> Subject to Legal Constraints	\$ 6,113	\$ 26,878	
7. Approved Funding Amount for Fiscal Year 2026	\$ 6,113	\$ TBD	\$ 6,113
8. Expected Percentage of Contribution: (7) / (6)	100.00%	TBD	

<sup>1</sup> Due to the biennial appropriations cycle, this will not directly impact the funding of the plan. Next year, this will be used to assist with the determination of the FY 2027 and FY 2028 approved funding amounts.





## SECTION V – EMPLOYER CONTRIBUTIONS

**TABLE 14**

**INVESTMENT RETURN SENSITIVITY**  
(Base and Supplemental Benefits)

	<b>1.00% Decrease: (5.25%)</b>	<b>0.75% Decrease: (5.50%)</b>	<b>0.50% Decrease: (5.75%)</b>	<b>0.25% Decrease: (6.00%)</b>	<b>Current Assumption: (6.25%)</b>
<b>Funded Status</b>					
Actuarial Accrued Liability	\$2,785,039	\$2,742,899	\$2,701,995	\$2,662,278	\$2,623,699
Actuarial Value of Assets	2,967,551	2,967,551	2,967,551	2,967,551	2,967,551
Unfunded Actuarial Accrued Liability	(\$182,512)	(\$224,652)	(\$265,556)	(\$305,273)	(\$343,852)
Funded Ratio	106.6%	108.2%	109.8%	111.5%	113.1%
<b>Actuarially Determined Contribution Amount</b>					
Normal Cost	0	0	0	0	0
UAAL Amortization	(11,604)	(14,651)	(17,758)	(20,922)	(24,143)
Provision for Expenses	38,646	38,646	38,646	38,646	38,646
Actuarially Determined Contribution Amount	\$27,042	\$23,995	\$20,888	\$17,724	\$14,503
	<b>0.25% Increase: (6.50%)</b>	<b>0.50% Increase: (6.75%)</b>	<b>0.75% Increase: (7.00%)</b>	<b>1.00% Increase: (7.25%)</b>	<b>1.25% Increase: (7.50%)</b>
<b>Funded Status</b>					
Actuarial Accrued Liability	\$2,586,215	\$2,549,783	\$2,514,362	\$2,479,914	\$2,446,400
Actuarial Value of Assets	2,967,551	2,967,551	2,967,551	2,967,551	2,967,551
Unfunded Actuarial Accrued Liability	(\$381,336)	(\$417,768)	(\$453,189)	(\$487,637)	(\$521,151)
Funded Ratio	114.7%	116.4%	118.0%	119.7%	121.3%
<b>Actuarially Determined Contribution Amount</b>					
Normal Cost	0	0	0	0	0
UAAL Amortization	(27,419)	(30,749)	(34,132)	(37,565)	(41,048)
Provision for Expenses	38,646	38,646	38,646	38,646	38,646
Actuarially Determined Contribution Amount	\$11,227	\$7,897	\$4,514	\$1,081	(\$2,402)

Note: Comparisons are based on funding the COLA in the same method as the base benefit, rather than with COLA funding. Consequently, these results are for comparative purposes only and will not match the actual results under the funding policy.





## SECTION VI – GASB INFORMATION

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### **GASB NO. 67 AND GASB NO. 68**

The Governmental Accounting Standards Board issued Statement No. 67 (GASB 67), “Financial Reporting for Pension Plans” and Statement No. 68 (GASB 68), “Accounting and Financial Reporting for Pensions” in June 2012. The effective date for reporting under GASB 67 for the INPRS Plans was the fiscal year ending June 30, 2014. GASB 68’s effective date for employers is the first fiscal year beginning after June 15, 2014.

The sections that follow provide the results of the required actuarial calculations set out in GASB 67 and GASB 68 for note disclosure and Required Supplementary Information (RSI). Some of this information was provided by the INPRS for use in this report.

The discount rate used for these disclosures is the assumed return on assets of 6.25%. We have verified that the current assets in conjunction with future contributions made on behalf of current members (including all contributions to fund any past service liability) will be sufficient to make the anticipated benefit payments to be provided to the current members.

To the best of our knowledge, the information contained in this report is complete and accurate. The calculations were performed by qualified actuaries according to generally accepted actuarial principles and practices, as well as in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. The calculations are based on the current provisions of the plan, and on actuarial assumptions that are internally consistent and individually reasonable based on the actual experience of the plan. In addition, the calculations were completed in compliance with applicable law and, in our opinion, meet the requirements of GASB 67 and GASB 68.





## SECTION VI – GASB INFORMATION

TABLE 15

### STATEMENT OF FIDUCIARY NET POSITION

	June 30, 2024
<b>1. Assets</b>	
a. Cash	\$ 0
b. Receivables	
i. Contributions and Miscellaneous Receivables	\$ 0
ii. Investments Receivable	47,012
iii. Foreign Exchange Contracts Receivable	456,007
iv. Interest and Dividends	7,480
v. Receivables Due From Other Funds	0
vi. Total Receivables	<u>\$ 510,499</u>
c. Investments	
i. Short-Term Investments	\$ 0
ii. Pooled Repurchase Agreements	649
iii. Pooled Short-Term Investments	234,565
iv. Pooled Fixed Income	782,442
v. Pooled Equity	377,400
vi. Pooled Alternative Investments	1,573,900
vii. Pooled Derivatives	972
viii. Pooled Investments	0
ix. Securities Lending Collateral	9,195
x. Total Investments	<u>\$ 2,979,123</u>
d. Net Capital Assets	0
e. Other Assets	0
f. Total Assets: a + b(vi) + c(x) + d + e	<u>\$ 3,489,622</u>
<b>2. Liabilities</b>	
a. Administrative Payable	\$ 7,445
b. Retirement Benefits Payable	0
c. Investments Payable	143,254
d. Foreign Exchange Contracts Payable	454,344
e. Securities Lending Obligations	9,195
f. Securities Sold Under Agreement to Repurchase	20,279
g. Due To Other Funds	1,035
h. Due to Other Governments	0
i. Total Liabilities: a + b + c + d + e + f + g + h	<u>\$ 635,552</u>
<b>3. Fiduciary Net Position Restricted for Pensions: (1)(f) - (2)(i)</b>	<b>\$ 2,854,070</b>







## SECTION VI – GASB INFORMATION

TABLE 16

### STATEMENT OF CHANGE IN FIDUCIARY NET POSITION

For Fiscal Year Ending June 30, 2024

<b>1. Fiduciary Net Position as of June 30, 2023</b>	<b>\$ 3,007,098</b>
<b>2. Additions</b>	
a. Contributions	
i. Member Contributions	\$ 0
ii. Employer Contributions	745
iii. Service Purchases (Employer and Member)	0
iv. Non-Employer Contributing Entity Contributions	0
v. Total Contributions	<u>\$ 745</u>
b. Investment Income/(Loss)	
i. Net Appreciation/(Depreciation)	\$ 177,976
ii. Net Interest and Dividend Income	43,327
iii. Securities Lending Income	177
iv. Other Net Investment Income	385
v. Investment Management Expenses	(17,321)
vi. Direct Investment Expenses	(1,980)
vii. Securities Lending Expenses	(25)
viii. Total Investment Income/(Loss)	<u>\$ 202,539</u>
c. Other Additions	
i. Member Reassignments	0
ii. Miscellaneous Receipts	0
iii. Total Other Additions	<u>\$ 0</u>
d. Total Revenue (Additions): a(v) + b(viii) + c(iii)	<u>\$ 203,284</u>
<b>3. Deductions</b>	
a. Pension, Survivor and Disability Benefits	\$ 317,666
b. Death and Funeral Benefits	0
c. Distributions of Contributions and Interest	0
d. Administrative Expenses	38,646
e. Member Reassignments	0
f. Miscellaneous Expenses	0
g. Total Expenses (Deductions)	<u>\$ 356,312</u>
<b>4. Net Increase (Decrease) in Fiduciary Net Position: (2)(d) - (3)(g)</b>	<b>\$ (153,028)</b>
<b>5. Fiduciary Net Position as of June 30, 2024: (1) + (4)</b>	<b>\$ 2,854,070</b>





## SECTION VI – GASB INFORMATION

TABLE 17

### SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	For Fiscal Year Ending June 30, 2024		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
<b>1. Balance at June 30, 2023</b>	\$ 2,675,684	\$ 3,007,098	\$ (331,414)
<b>2. Changes for the Year:</b>			
Service Cost (SC) <sup>1</sup>	0		0
Interest Cost	157,303		157,303
Experience (Gains)/Losses	46,851		46,851
Assumption Changes	0		0
Plan Amendments	61,527		61,527
Benefit Payments	(317,666)	(317,666)	0
Service Purchases			
Employer Contributions	0	0	0
Employee Contributions	0	0	0
Member Reassignments	0	0	0
Employer Contributions <sup>2</sup>		745	(745)
Non-employer Contributions		0	0
Employee Contributions		0	0
Net Investment Income		202,539	(202,539)
Administrative Expenses		(38,646)	38,646
Other		0	0
Net Changes	\$ (51,985)	\$ (153,028)	\$ 101,043
<b>3. Balance at June 30, 2024</b>	\$ 2,623,699	\$ 2,854,070	\$ (230,371)

<sup>1</sup> Service cost provided as of beginning of year. Interest to end of year is included in the interest cost.

<sup>2</sup> Includes \$745 of state appropriations to the fund.





## SECTION VI – GASB INFORMATION

**TABLE 18**  
**DEFERRED OUTFLOWS OF RESOURCES**

	June 30, 2023	Remaining Period	Recognition	June 30, 2024
<b>1. Liability Experience</b>				
June 30, 2024 Loss	\$ 46,851	1.00	\$ 46,851	\$ 0
June 30, 2023 Loss	0	0.00	0	0
June 30, 2022 Loss	0	0.00	0	0
June 30, 2021 Loss	0	0.00	0	0
June 30, 2020 Loss	0	0.00	0	0
June 30, 2019 Loss	0	0.00	0	0
June 30, 2018 Loss	0	0.00	0	0
June 30, 2017 Loss	0	0.00	0	0
June 30, 2016 Loss	0	0.00	0	0
June 30, 2015 Loss	0	0.00	0	0
June 30, 2014 Loss	0	0.00	0	0
<b>2. Assumption Changes</b>				
June 30, 2024 Loss	\$ 0	1.00	\$ 0	\$ 0
June 30, 2023 Loss	0	0.00	0	0
June 30, 2022 Loss	0	0.00	0	0
June 30, 2021 Loss	0	0.00	0	0
June 30, 2020 Loss	0	0.00	0	0
June 30, 2019 Loss	0	0.00	0	0
June 30, 2018 Loss	0	0.00	0	0
June 30, 2017 Loss	0	0.00	0	0
June 30, 2016 Loss	0	0.00	0	0
June 30, 2015 Loss	0	0.00	0	0
<b>3. Investment Experience</b>				
June 30, 2024 Loss	\$ 0	5.00	\$ 0	\$ 0
June 30, 2023 Loss	92,057	4.00	23,015	69,042
June 30, 2022 Loss	258,621	3.00	86,207	172,414
June 30, 2021 Loss	0	2.00	0	0
June 30, 2020 Loss	24,170	1.00	24,170	0
<b>Total Outflows: (1)+(2)+(3)</b>	<b>\$ 421,699</b>		<b>\$ 180,243</b>	<b>\$ 241,456</b>

Results prior to 2018 were produced by the prior actuary.

In accordance with GASB, the original amortization period for liability experience and assumption changes are amortized over the expected future working lifetime of all members, whereas the investment experience is amortized over five years.





## SECTION VI – GASB INFORMATION

**TABLE 19**  
**DEFERRED INFLOWS OF RESOURCES**

	June 30, 2023	Remaining Period	Recognition	June 30, 2024
<b>1. Liability Experience</b>				
June 30, 2024 Gain	\$ 0	1.00	\$ 0	\$ 0
June 30, 2023 Gain	0	0.00	0	0
June 30, 2022 Gain	0	0.00	0	0
June 30, 2021 Gain	0	0.00	0	0
June 30, 2020 Gain	0	0.00	0	0
June 30, 2019 Gain	0	0.00	0	0
June 30, 2018 Gain	0	0.00	0	0
June 30, 2017 Gain	0	0.00	0	0
June 30, 2016 Gain	0	0.00	0	0
June 30, 2015 Gain	0	0.00	0	0
June 30, 2014 Gain	0	0.00	0	0
<b>2. Assumption Changes</b>				
June 30, 2024 Gain	\$ 0	1.00	\$ 0	\$ 0
June 30, 2023 Gain	0	0.00	0	0
June 30, 2022 Gain	0	0.00	0	0
June 30, 2021 Gain	0	0.00	0	0
June 30, 2020 Gain	0	0.00	0	0
June 30, 2019 Gain	0	0.00	0	0
June 30, 2018 Gain	0	0.00	0	0
June 30, 2017 Gain	0	0.00	0	0
June 30, 2016 Gain	0	0.00	0	0
June 30, 2015 Gain	0	0.00	0	0
<b>3. Investment Experience</b>				
June 30, 2024 Gain	\$ 25,707	5.00	\$ 5,142	\$ 20,565
June 30, 2023 Gain	0	4.00	0	0
June 30, 2022 Gain	0	3.00	0	0
June 30, 2021 Gain	214,823	2.00	107,412	107,411
June 30, 2020 Gain	0	1.00	0	0
<b>Total Inflows: (1)+(2)+(3)</b>	<b>\$ 240,530</b>		<b>\$ 112,554</b>	<b>\$ 127,976</b>

Results prior to 2018 were produced by the prior actuary.

In accordance with GASB, the original amortization period for liability experience and assumption changes are amortized over the expected future working lifetime of all members, whereas the investment experience is amortized over five years.





## SECTION VI – GASB INFORMATION

TABLE 20

### DEFERRED INFLOWS / OUTFLOWS TO BE RECOGNIZED IN PENSION EXPENSE

Fiscal Year Ending June 30	Deferred Outflows	Deferred Inflows	Net Deferred Outflows/(Inflows)
Current Year:			
2024	\$ 180,243	\$ 112,554	\$ 67,689
Future Years:			
2025	\$ 109,222	\$ 112,553	\$ (3,331)
2026	109,222	5,142	104,080
2027	23,012	5,142	17,870
2028	0	5,139	(5,139)
2029	0	0	0
Thereafter	0	0	0





## SECTION VI – GASB INFORMATION

TABLE 21

### PENSION EXPENSE UNDER GASB NO. 68

	For Fiscal Year Ending June 30, 2024	
1. Service Cost, beginning of year	\$	0
2. Interest Cost, including interest on service cost		157,303
3. Member Contributions		0
4. Administrative Expenses		38,646
5. Expected Return on Assets <sup>1</sup>		(176,832)
6. Plan Amendments		61,527
7. Recognition of Deferred Inflows / Outflows of Resources Related to:		
a. Liability Experience (Gains) / Losses	46,851	
b. Assumption Change (Gains) / Losses	0	
c. Investment Experience (Gains) / Losses	20,838	
d. Total: (7a)+(7b)+(7c)		67,689
8. Miscellaneous (Income) / Expense		0
9. Total Collective Pension Expense: (1)+(2)+(3)+(4)+(5)+(6)+(7d)+(8)		148,333
10. Employer Service Purchases		0
<b>Pension Expense / (Income): (9) + (10)</b>	<b>\$</b>	<b>148,333</b>

<sup>1</sup> Cash flows assumed to occur mid-year.





## SECTION VI – GASB INFORMATION

---

### GASB NO. 67 and GASB NO. 68

#### NOTES TO THE FINANCIAL STATEMENTS

The material presented herein is a subset of the information requested as Notes to the Financial Statements. Required information not provided herein is to be supplied by the plan.

**Type of Plan** The Legislators' Defined Benefit Fund is a single-employer plan for GASB accounting purposes.

#### Actuarial Assumptions and Inputs

Significant actuarial assumptions and other inputs used to measure the total pension liability:

Measurement Date June 30, 2024

#### Valuation Date

Assets: June 30, 2024

Liabilities: June 30, 2023 – The TPL as of June 30, 2024 was determined based on an actuarial valuation prepared as of June 30, 2023 rolled forward one year to June 30, 2024, using the following key actuarial assumptions and other inputs, such as benefit accruals and actual benefit payments during that time period.

Inflation 2.00%

Future Salary Increases 2.65%

Cost-of-Living Increases As of June 30, 2024:  
Participants who have commenced benefits prior to July 1, 2025 are assumed to receive an annual 13<sup>th</sup> check indexed with inflation beginning for FYE 2025. Participants commencing on or after July 1, 2025 are assumed to receive a 1% COLA.

As of June 30, 2023:  
No COLA was granted for the 2023-2025 biennium. Thereafter, the following COLAs, compounded annually, were assumed:  
0.4% beginning on January 1, 2026  
0.5% beginning on January 1, 2034  
0.6% beginning on January 1, 2039





## SECTION VI – GASB INFORMATION

---

Mortality Assumption	<p>Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.</p> <p><i>Healthy Employees</i> – General Employee table with a 1 year setback for males and a 1 year setback for females.</p> <p><i>Retirees</i> – General Retiree table with a 1 year setback for males and a 1 year setback for females.</p> <p><i>Beneficiaries</i> – Contingent Survivor table with no set forward for males and a 2 year set forward for females.</p> <p><i>Disableds</i> – General Disabled table with a 140% load.</p>
Experience Study	<p>The most recent comprehensive experience study, based on member experience between June 30, 2014 and June 30, 2019, was completed in February 2020. The demographic assumptions were approved by the Board in June 2020 and were used beginning with the June 30, 2020 actuarial valuation. Economic assumptions were updated and approved by the Board in May 2021 following the completion of an Asset-Liability study and first used in the June 30, 2021 actuarial valuation.</p>
Discount Rate	<p>6.25%, net of investment expenses</p> <p>The discount rate is equal to the expected long-term rate of return on plan investments, net of investment expense and including price inflation. There was no change in the discount rate from the prior measurement date.</p> <p>The INPRS Board of Trustees has established a funding policy of requesting appropriations from the State in an amount equal to the actuarially determined contribution, which is based on the assumptions and methods selected by the Board for the annual actuarial valuations. The June 30, 2024 actuarial valuation assumes a long-term rate of return on assets of 6.25%, a 30-year level dollar open method for amortizing the surplus of assets over the actuarial accrued liability (over 100% funded as of June 30, 2023), a 5-year level dollar closed method for amortizing any shortfall of the base or supplemental benefits, a 5-year smoothing method for recognizing investment gains and losses in the actuarial value of assets, and a provision for funding back any administrative expenses paid out of plan assets during the prior year.</p>







## SECTION VI – GASB INFORMATION

### Discount Rate Sensitivity

	1% Decrease	Current Rate	1% Increase
	5.25%	6.25%	7.25%
Net Pension Liability	(\$69,031)	(\$230,371)	(\$374,156)

### Classes of Plan Members Covered

The June 30, 2024 valuation was performed using census data provided by INPRS as of June 30, 2023. Standard actuarial techniques were used to roll forward the total pension liability computed as of June 30, 2023 to the June 30, 2024 measurement date using actual benefit payments during that period of time.

Number as of June 30, 2023	
1. Currently Receiving Benefits:	
Retired Members, Disabled Members, and Beneficiaries	71
2. Inactive Members Entitled To But Not Yet Receiving Benefits	6
3. Inactive Non-vested Members Entitled to a Refund of Member Contributions	0
4. Active Members	3
Total Covered Plan Members: (1)+(2)+(3)+(4)	80

### Money-Weighted Rate of Return

The money-weighted rate of return equals investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. For the fiscal year ending June 30, 2024, the money-weighted return on the plan assets is 7.2%.

### Components of Net Pension Liability

As of June 30, 2024	
Total Pension Liability	\$ 2,623,699
Fiduciary Net Position	2,854,070
Net Pension Liability	\$ (230,371)
Ratio of Fiduciary Net Position to Total Pension Liability	108.78%





## SECTION VI – GASB INFORMATION

### GASB NO. 67 AND GASB NO. 68: REQUIRED SUPPLEMENTAL INFORMATION

#### SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND PLAN FIDUCIARY NET POSITION

Fiscal Year Ending June 30	2020	2021	2022	2023	2024
<b>Total Pension Liability</b>					
Total Pension Liability - beginning	\$3,362,049	\$3,126,946	\$3,033,305	\$2,833,877	\$2,675,684
Service Cost (SC), beginning-of-year	302	273	318	0	0
Interest Cost, including interest on SC	215,175	199,563	179,121	166,829	157,303
Experience (Gains)/Losses	(14,373)	(48,823)	(43,482)	4,214	46,851
Assumption Changes	(87,064)	90,289	0	0	0
Plan Amendments	0	6,508	0	0	61,527
Actual Benefit Payments	(349,143)	(341,451)	(335,385)	(329,236)	(317,666)
Member Reassignments	0	0	0	0	0
Service Purchases	0	0	0	0	0
Net Change in Total Pension Liability	(235,103)	(93,641)	(199,428)	(158,193)	(51,985)
<b>(a) Total Pension Liability - ending</b>	<b>\$3,126,946</b>	<b>\$3,033,305</b>	<b>\$2,833,877</b>	<b>\$2,675,684</b>	<b>\$2,623,699</b>
<b>Plan Fiduciary Net Position</b>					
Plan Fiduciary Net Position – beginning	\$3,026,306	\$2,924,234	\$3,515,465	\$3,115,745	\$3,007,098
Contributions – employer	207,615	207,615	182,512	182,512	745
Contributions – non-employer	0	30,000	0	0	0
Contributions – member	0	0	0	0	0
Net investment income	77,366	729,769	(217,028)	73,956	202,539
Actual benefit payments	(349,143)	(341,451)	(335,385)	(329,236)	(317,666)
Net member reassignments	0	0	0	0	0
Administrative expense	(37,910)	(34,702)	(29,819)	(35,879)	(38,646)
Other	0	0	0	0	0
Net change in Plan Fiduciary Net Position	(102,072)	591,231	(399,720)	(108,647)	(153,028)
<b>(b) Plan Fiduciary Net Position - ending</b>	<b>\$2,924,234</b>	<b>\$3,515,465</b>	<b>\$3,115,745</b>	<b>\$3,007,098</b>	<b>\$2,854,070</b>
<b>Net Pension Liability - ending, (a) - (b)</b>	<b>\$202,712</b>	<b>(\$482,160)</b>	<b>(\$281,868)</b>	<b>(\$331,414)</b>	<b>(\$230,371)</b>

Results prior to 2018 were produced by the prior actuary.





## SECTION VI – GASB INFORMATION

### GASB NO. 67 AND GASB NO. 68: REQUIRED SUPPLEMENTAL INFORMATION

#### SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND PLAN FIDUCIARY NET POSITION (continued)

Fiscal Year Ending June 30	2015	2016	2017	2018	2019
<b>Total Pension Liability</b>					
Total Pension Liability - beginning	\$4,166,349	\$4,325,905	\$4,014,773	\$3,804,048	\$3,483,713
Service Cost (SC), beginning-of-year	3,341	1,528	712	296	375
Interest Cost, including interest on SC	268,981	279,980	258,975	244,671	223,175
Experience (Gains)/Losses	(67,951)	(233,475)	(112,616)	(85,146)	10,361
Assumption Changes	324,754	0	(157)	(120,974)	0
Plan Amendments	0	0	0	0	0
Actual Benefit Payments	(369,569)	(359,165)	(357,639)	(359,182)	(355,575)
Member Reassignments	0	0	0	0	0
Service Purchases	0	0	0	0	0
Net Change in Total Pension Liability	159,556	(311,132)	(210,725)	(320,335)	(121,664)
<b>(a) Total Pension Liability - ending</b>	<b>\$4,325,905</b>	<b>\$4,014,773</b>	<b>\$3,804,048</b>	<b>\$3,483,713</b>	<b>\$3,362,049</b>
<b>Plan Fiduciary Net Position</b>					
Plan Fiduciary Net Position – beginning	\$3,489,000	\$3,175,268	\$2,919,061	\$2,864,867	\$2,941,623
Contributions – employer	130,900	137,600	134,800	236,527	269,200
Contributions – non-employer	0	0	0	0	0
Contributions – member	0	0	0	0	0
Net investment income	(3,868)	25,996	221,287	263,162	208,768
Actual benefit payments	(369,569)	(359,165)	(357,639)	(359,182)	(355,575)
Net member reassignments	0	0	0	0	0
Administrative expense	(71,195)	(60,638)	(52,642)	(63,751)	(37,710)
Other	0	0	0	0	0
Net change in Plan Fiduciary Net Position	(313,732)	(256,207)	(54,194)	76,756	84,683
<b>(b) Plan Fiduciary Net Position - ending</b>	<b>\$3,175,268</b>	<b>\$2,919,061</b>	<b>\$2,864,867</b>	<b>\$2,941,623</b>	<b>\$3,026,306</b>
<b>Net Pension Liability - ending, (a) - (b)</b>	<b>\$1,150,637</b>	<b>\$1,095,712</b>	<b>\$939,181</b>	<b>\$542,090</b>	<b>\$335,743</b>

Results prior to 2018 were produced by the prior actuary.





## SECTION VI – GASB INFORMATION

### GASB NO. 67 AND GASB NO. 68: REQUIRED SUPPLEMENTAL INFORMATION

#### SCHEDULE OF THE NET PENSION LIABILITY

<b>Fiscal Year Ending June 30</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Total Pension Liability	\$3,126,946	\$3,033,305	\$2,833,877	\$2,675,684	\$2,623,699
Plan Fiduciary Net Position	<u>2,924,234</u>	<u>3,515,465</u>	<u>3,115,745</u>	<u>3,007,098</u>	<u>2,854,070</u>
Net Pension Liability	\$202,712	(\$482,160)	(\$281,868)	(\$331,414)	(\$230,371)
Ratio of Plan Fiduciary Net Position to Total Pension Liability	93.52%	115.90%	109.95%	112.39%	108.78%
Covered payroll <sup>1</sup>	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A
<b>Fiscal Year Ending June 30</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Total Pension Liability	\$4,325,905	\$4,014,773	\$3,804,048	\$3,483,713	\$3,362,049
Plan Fiduciary Net Position	<u>3,175,268</u>	<u>2,919,061</u>	<u>2,864,867</u>	<u>2,941,623</u>	<u>3,026,306</u>
Net Pension Liability	\$1,150,637	\$1,095,712	\$939,181	\$542,090	\$335,743
Ratio of Plan Fiduciary Net Position to Total Pension Liability	73.40%	72.71%	75.31%	84.44%	90.01%
Covered payroll <sup>1</sup>	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

<sup>1</sup> As provided by INPRS.

Results prior to 2018 were produced by the prior actuary.





## SECTION VI – GASB INFORMATION

### GASB NO. 67 AND GASB NO. 68: REQUIRED SUPPLEMENTAL INFORMATION

#### SCHEDULE OF EMPLOYER CONTRIBUTIONS

<b>Fiscal Year Ending June 30</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Actuarially Determined Contribution <sup>1</sup>	\$216,077	\$202,544	\$201,631	\$27,555	\$14,786
Actual employer contributions	<u>\$207,615</u>	<u>\$237,615</u>	<u>\$182,512</u>	<u>\$182,512</u>	<u>\$745</u>
Annual contribution (deficiency) / excess	(\$8,462)	\$35,071	(\$19,119)	\$154,957	(\$14,041)
Covered payroll <sup>2</sup>	N/A	N/A	N/A	N/A	N/A
Actual contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

<b>Fiscal Year Ending June 30</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Actuarially Determined Contribution <sup>1</sup>	\$118,927	\$137,599	\$169,734	\$236,527	\$239,871
Actual employer contributions	<u>\$130,900</u>	<u>\$137,600</u>	<u>\$134,800</u>	<u>\$236,527</u>	<u>\$269,200</u>
Annual contribution (deficiency) / excess	\$11,973	\$1	(\$34,934)	\$0	\$29,329
Covered payroll <sup>2</sup>	N/A	N/A	N/A	N/A	N/A
Actual contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

<sup>1</sup> Actuarially determined contribution amount was developed in the actuarial funding valuation completed one year prior to the fiscal year.

<sup>2</sup> As provided by INPRS.

Results prior to 2018 were produced by the prior actuary.





## SECTION VI – GASB INFORMATION

---

### GASB NO. 67 AND GASB NO. 68: REQUIRED SUPPLEMENTAL INFORMATION

#### SCHEDULE OF MONEY-WEIGHTED RETURNS

<u>For Fiscal Year Ending June 30</u>	<u>Money-Weighted Return</u>
2024	7.2%
2023	2.4%
2022	(6.2%)
2021	25.5%
2020	2.6%
2019	7.2%
2018	9.4%
2017	7.9%
2016	0.8%
2015	(0.1%)

Returns were provided by INPRS.





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## APPENDIX A – MEMBERSHIP DATA

### MEMBER DATA RECONCILIATION For the June 30, 2023 Data used in the June 30, 2024 Valuation

	Active Members	Inactive Vested	Disabled	Retired	Beneficiary	Total
<b>1. As of June 30, 2022</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>59</b>	<b>15</b>	<b>83</b>
<b>2. Data Adjustments</b>						
Vested Terminations	0	0	0	0	0	0
Disability	0	0	0	0	0	0
Retirements	0	0	0	0	0	0
Refund / Benefits Ended	0	0	0	0	0	0
Deaths:						
With Beneficiary	0	0	0	0	0	0
Without Beneficiary	0	0	0	0	(3)	(3)
Data Corrections	0	0	0	0	0	0
Net Change	0	0	0	0	(3)	(3)
<b>3. As of June 30, 2023 <sup>1</sup></b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>59</b>	<b>12</b>	<b>80</b>

<sup>1</sup> The valuation results were calculated using the prior year's census data and were adjusted for certain activity during fiscal year.







## APPENDIX A – MEMBERSHIP DATA

### SUMMARY OF MEMBERSHIP DATA

Valuation Date	June 30, 2023	June 30, 2024	% Change
Date of Membership Data <sup>1</sup>	July 1, 2022	July 1, 2023	
<b>ACTIVE MEMBERS</b>			
Number of Active Members	3	3	0.0%
Active Member Averages			
Age	76.0	77.0	1.3%
Service <sup>2</sup>	6.0	6.0	0.0%
<b>INACTIVE VESTED MEMBERS</b>			
Number of Members	6	6	0.0%
Inactive Member Averages			
Age	75.0	76.0	1.3%
Service	7.5	7.5	0.0%
<b>RETIREES, DISABLEDS, AND BENEFICIARIES</b>			
Number of Members			
Retired	59	59	0.0%
Disabled	0	0	0.0%
Beneficiaries	15	12	(20.0%)
Total	<u>74</u>	<u>71</u>	(4.1%)
Annual Benefits			
Retired	\$ 286,819	\$ 286,820	0.0%
Disabled	0	0	0.0%
Beneficiaries	48,731	40,966	(15.9%)
Total	<u>\$ 335,550</u>	<u>\$ 327,786</u>	(2.3%)

<sup>1</sup> The valuation results were calculated using the prior year's census data and were adjusted for certain activity during fiscal year.

<sup>2</sup> Credited service completed in the General Assembly prior to November 8, 1989.

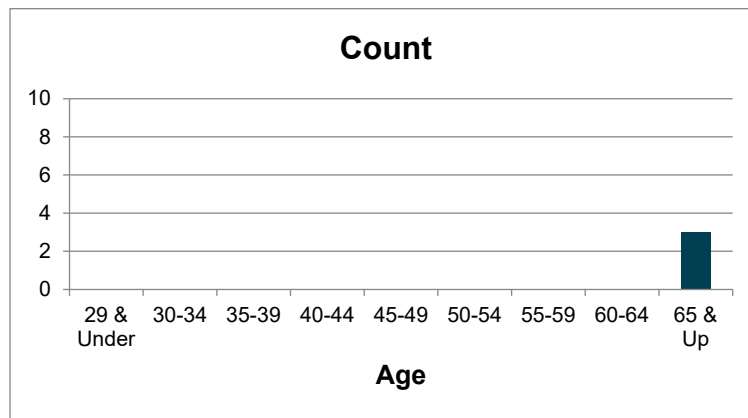




## APPENDIX A – MEMBERSHIP DATA

### ACTIVE MEMBERS As of June 30, 2023 for the June 30, 2024 Valuation

Count of Members			
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
29 & Under	0	0	0
30-34	0	0	0
35-39	0	0	0
40-44	0	0	0
45-49	0	0	0
50-54	0	0	0
55-59	0	0	0
60-64	0	0	0
65 & Up	<u>1</u>	<u>2</u>	<u>3</u>
Total	1	2	3

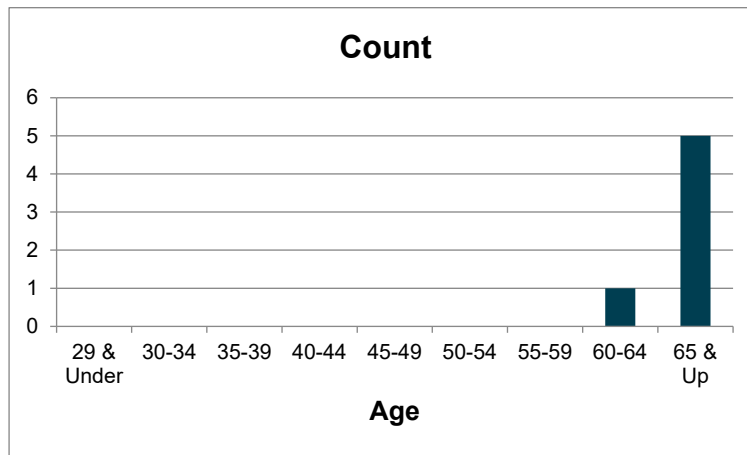




## APPENDIX A – MEMBERSHIP DATA

### INACTIVE VESTED MEMBERS As of June 30, 2023 for the June 30, 2024 Valuation

Age	Count of Members		
	Male	Female	Total
29 & Under	0	0	0
30-34	0	0	0
35-39	0	0	0
40-44	0	0	0
45-49	0	0	0
50-54	0	0	0
55-59	0	0	0
60-64	1	0	1
65 & Up	<u>4</u>	<u>1</u>	<u>5</u>
Total	5	1	6

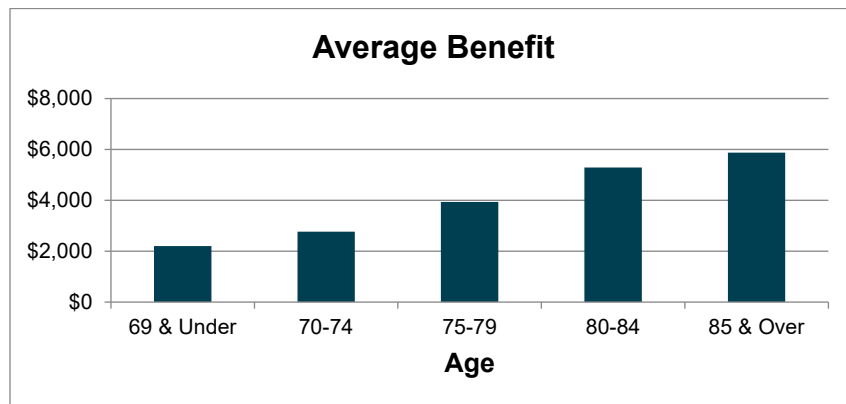
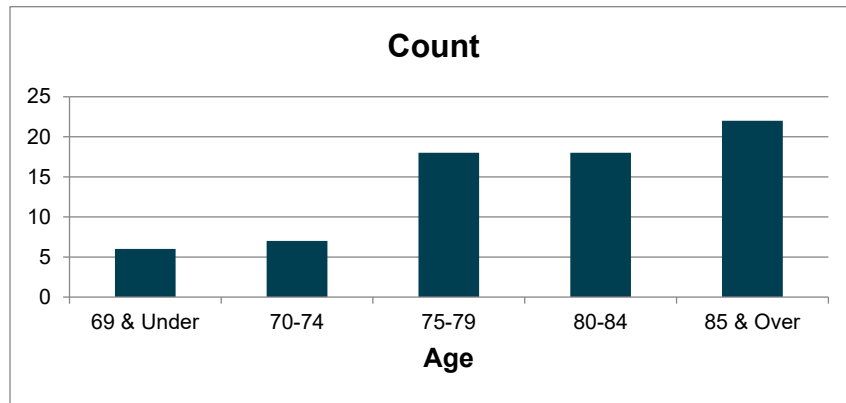




## APPENDIX A – MEMBERSHIP DATA

### MEMBERS AND BENEFICIARIES RECEIVING BENEFITS As of June 30, 2023 for the June 30, 2024 Valuation

Age	Count of Members			Annual Benefits		
	Male	Female	Total	Male	Female	Total
69 & Under	3	3	6	5,127	8,058	13,185
70-74	6	1	7	17,665	1,723	19,388
75-79	12	6	18	57,408	13,489	70,897
80-84	16	2	18	90,432	4,745	95,177
85 & Over	<u>14</u>	<u>8</u>	<u>22</u>	<u>95,392</u>	<u>33,747</u>	<u>129,139</u>
Total	51	20	71	\$ 266,024	\$ 61,762	\$ 327,786





## APPENDIX A – MEMBERSHIP DATA

### MEMBERS AND BENEFICIARIES RECEIVING BENEFITS As of June 30, 2023 for the June 30, 2024 Valuation

#### Schedule of Average Benefit Payments <sup>1</sup>

For the Year Ended June 30, 2024	Years of Credited Service						Total
	< 10	10 - 14	15 - 19	20 - 24	25 - 29	30 +	
Average Monthly Defined Benefit	\$209	\$396	\$632	\$1,018	\$582	\$0	\$385
Average Final Average Salary <sup>2</sup>	\$22,864	\$25,342	\$23,373	N/A	N/A	N/A	\$23,661
Number of Benefit Recipients	32	20	16	2	1	0	71

#### Schedule of Benefit Recipients by Type of Benefit Option <sup>1</sup>

Amount of Monthly Benefit (in dollars)	Number of Recipients by Benefit Option			Total Benefit Recipients
	Joint with 50% Survivor Benefits	Survivors	Disability	
1 - 500	40	10	0	50
501 - 1,000	18	2	0	20
1,001 - 1,500	1	0	0	1
1,501 - 2,000	0	0	0	0
2,001 - 2,500	0	0	0	0
2,501 - 3,000	0	0	0	0
Over 3,000	0	0	0	0
<b>Total</b>	<b>59</b>	<b>12</b>	<b>0</b>	<b>71</b>

<sup>1</sup> Calculated using the prior year census data, adjusted for certain activity during the fiscal year.

<sup>2</sup> Benefit calculations for the LE DB benefit recipients are based on years of service, not final average salary. Excludes the 41 in-pay members who are missing a final average salary in the data.





## APPENDIX A – MEMBERSHIP DATA

### MEMBERS AND BENEFICIARIES RECEIVING BENEFITS As of June 30, 2023 for the June 30, 2024 Valuation

#### Schedule of Retirants and Beneficiaries

	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls - End of Year</u>		Percent Change In Total Annual Benefits <sup>1,2</sup>	Average Annual Benefit	Percent Change In Average Annual Benefit
	Number	Annual Benefits	Number	Annual Benefits	Number	Total Annual Benefits			
2024 <sup>3</sup>	0	\$0	3	\$8	71	\$328	(2.4%)	\$4,617	1.8%
2023 <sup>3</sup>	1	5	3	6	74	336	0.3	4,534	2.8
2022 <sup>3</sup>	3	11	4	19	76	335	(3.7)	4,411	(2.4)
2021 <sup>3</sup>	0	0	2	11	77	348	(4.4)	4,518	(1.9)
2020 <sup>3</sup>	4	15	3	9	79	364	0.0	4,606	(1.3)
2019 <sup>3</sup>	2	7	0	0	78	364	2.0	4,669	(0.7)
2018 <sup>3</sup>	4	16	0	0	76	357	0.0	4,704	(5.1)
2017 <sup>3</sup>	0	0	2	7	72	357	(1.9)	4,956	0.8
2016 <sup>3</sup>	8	23	2	14	74	364	(0.5)	4,919	(8.5)
2015 <sup>3</sup>	1	2	1	1	68	366	0.5	5,377	0.3

<sup>1</sup> Dollar amounts are in thousands except for the average annual benefit.

<sup>2</sup> End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.

<sup>3</sup> The valuation results were calculated using the prior year census data, adjusted for certain activity during the fiscal year.





## APPENDIX B – SUMMARY OF PLAN PROVISIONS

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### Definitions

Fiscal year	Twelve month period ending June 30.
Participation	All members of the Indiana General Assembly who (1) were serving on April 30, 1989, and (2) filed an election to participate in this plan under IC 2-3.5-3-1(b).
Average monthly earnings	Average monthly earnings is the monthly average of earnings, including business per diem and subsistence allowances, attributable to service as a legislator during the 3 years that produce the highest such average.

### Eligibility for Benefits

Deferred vested	10 or more years of creditable service and no longer active, with at least one year of service prior to November 8, 1989.
Disability retirement	5 or more years of creditable service and qualified for Social Security disability benefits.
Early retirement	Age 55 with 10 or more years of creditable service.
Normal retirement	Earliest of: <ul style="list-style-type: none"><li>- Age 65 with 10 or more years of creditable service.</li><li>- Age 60 with 15 or more years of creditable service.</li><li>- Age 55 with sum of age and creditable service equal to 85 or more.</li></ul>
Pre-retirement death	10 or more years of creditable service.

### Monthly Benefits Payable

Normal retirement	The normal retirement benefit is a monthly annuity payable for life with a 50% continuation to a surviving spouse or surviving children and is equal to the lesser of (1) \$40 times years of creditable service in the General Assembly completed before November 8, 1989, or (2) 100% of average monthly earnings.
Early retirement	The early retirement benefit is the accrued retirement benefit determined as of the early retirement date and payable commencing at the normal retirement date. A participant may elect to have the benefit commence prior to normal retirement provided the benefit is





## APPENDIX B – SUMMARY OF PLAN PROVISIONS

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	<p>reduced by 1/10% for each of the first 60 months and by 5/12% for each of the next 60 months that the benefit commencement date precedes the normal retirement date.</p>
Deferred retirement	<p>The termination benefit is the accrued retirement benefit determined as of the termination date and payable commencing as of the normal retirement date. The participant may elect to receive a reduced early retirement benefit.</p>
Disability	<p>The disability retirement benefit is the accrued retirement benefit determined as of the disability date and payable commencing the month following disability date without reduction for early commencement.</p>
Pre-retirement death	<p>The spouse or dependent beneficiary is entitled to receive 50% of the monthly life annuity the participant was receiving or was entitled to receive under the assumption that the participant retired on the later of age 55 or the day before the date of death.</p>
Cost-of-Living-Adjustments	<p>Cost-of-living increases for retired members will be provided by legislative action.</p> <p>Legislation passed in the 2018 legislative session and updated in the 2024 session creates a funding mechanism to provide for future benefit increases or 13<sup>th</sup> checks. Prior to the 2024 session, the INPRS Board had the authority to have employers contribute up to 1% of member pay into the fund. Beginning with the 2024 valuation, they may not decrease this rate, but may increase it by up to 0.1% each year. The Board is charged with funding an inflation-indexed 13<sup>th</sup> Check for those commencing benefits before July 1, 2025 and a 1% COLA for those commencing benefits after June 30, 2025, although these benefits have not been granted or promised.</p> <p>Increases or payments are made upon passed legislation subject to the availability of funds to provide the benefit.</p>
Forms of payment a. Single life annuity	<p>Member will receive a monthly benefit for life, but there are no monthly payments to anyone after death.</p>







## APPENDIX B – SUMMARY OF PLAN PROVISIONS

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b. Joint with one-half survivor benefits

Member will be paid a monthly benefit for life. After death, one-half (1/2) of the benefit will be paid to the spouse for their lifetime or the dependent until age 18 unless disabled.

### Changes in Plan Provisions

HEA 1004-2024 now requires Supplemental Benefit funding for an inflation-indexed 13<sup>th</sup> Check for participants who have commenced prior to July 1, 2025 and a 1% COLA for commencements thereafter, although no additional benefits have yet been granted.





## APPENDIX C – SUMMARY OF ACTUARIAL METHODS/ASSUMPTIONS

### ACTUARIAL METHODS

#### 1. Actuarial Cost Method

##### Funding:

The actuarial cost method is Entry Age Normal - Level Percent of Payroll.

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date. Since the benefits for all members of the Legislator's Defined Benefit Plan are fixed and no longer increasing with future service credit or future salary increases, applying the Entry Age Normal cost method results in the Actuarial Accrued Liability being equal to the Present Value of Future Benefits (i.e. all benefits are treated as though they are attributable to past service) and the Normal Cost being equal to \$0. This is consistent with the actual status of member benefit accruals.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 5-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 5-year period. However, when the plan is at or above 100% funded (based on Actuarial Value of Assets), the past amortization bases are considered fully amortized and a single amortization base equal to the surplus is amortized over a 30-year period with level payments each year. The purpose of the method is to give a smooth progression of the costs from year to year and, at the same time, provide for an orderly funding of the unfunded liabilities.

##### Accounting:

The actuarial cost method is Entry Age Normal - Level Percent of Payroll.

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Gains and losses occurring from census experience different than assumed and assumption changes are amortized into expense over the average expected future service of all plan participants (active and inactive). Gains and losses occurring from investment experience different than assumed are amortized into expense over a 5-year period. The effect of plan changes on the plan liability are fully recognized in expense in the year in which they occur.

Member census data as of June 30, 2023 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2023 and June 30, 2024. The valuation





## APPENDIX C – SUMMARY OF ACTUARIAL METHODS/ASSUMPTIONS

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results from June 30, 2023 were rolled-forward to June 30, 2024 to reflect benefit accruals during the year less benefits paid.

### 2. COLA Funding Amount

The COLA may be funded by either direct State appropriations or by allocation of a portion of the lottery proceeds. For consistency with other funds, a funding amount is shown in this report based on the same normal cost and amortization method as is being used for the base benefits, except than the unfunded SRA liability is amortized over a 5-year period. This is effective with the 2024 valuation which is required by HEA 1004-2024 to begin funding for an inflation-indexed 13<sup>th</sup> Check and 1% COLA. These benefits have not been granted or promised.

### 3. Asset Valuation Method

The Actuarial Value of Assets smoothes the recognition of gains and losses on the Market Value of Assets over five years, subject to a 20% corridor.

### 4. State Appropriations

Based on the assumptions and methods previously described, an actuarially determined contribution amount is computed. The Board considers this information when requesting funds from the State.

### Changes in Methods since the Prior Year

The Entry Age Normal cost method was adopted in place of the Traditional Unit Credit cost method since there is no longer any normal cost under either method.

The supplemental benefit methodology was revised following the passage of HEA 1004-2024.





## APPENDIX C – SUMMARY OF ACTUARIAL METHODS/ASSUMPTIONS

### ACTUARIAL ASSUMPTIONS

Valuation Date June 30, 2024

#### Economic Assumptions

- |                                     |  |
|-------------------------------------|--|
| 1. Investment return                | 6.25% per year, compounded annually  |
| 2. Inflation                        | 2.00% per year   |
| 3. Salary increase                  | 2.65% per year   |
| 4. Cost-of-Living Adjustment (COLA) | Participants who have commenced benefits prior to July 1, 2025 are assumed an annual 13 <sup>th</sup> check indexed with inflation. Participants commencing on or after July 1, 2025 are assumed to receive a 1% COLA. |

#### Demographic Assumptions

- |                |   |
|----------------|---|
| 1. Mortality   | <p>Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.</p> <p><i>Healthy Employees</i> – General Employee table with a 1 year setback for males and a 1 year setback for females.</p> <p><i>Retirees</i> – General Retiree table with a 1 year setback for males and a 1 year setback for females.</p> <p><i>Beneficiaries</i> – Contingent Survivor table with no set forward for males and a 2 year set forward for females.</p> <p><i>Disableds</i> – General Disabled table with a 140% load.</p> |
| 2. Disability  | None  |
| 3. Termination | None  |





## APPENDIX C – SUMMARY OF ACTUARIAL METHODS/ASSUMPTIONS

### 4. Retirement

Age	Rate
55	10%
56-57	8%
58-61	2%
62-64	5%
65+	100%

Inactive vested members are assumed to commence their retirement benefit at their earliest eligible retirement age.

### Other Assumptions

#### 1. Form of payment

Members are assumed to elect either a single life annuity or a 50% joint survivor benefit based on the marriage assumptions below.

#### 2. Marital status

##### a. Percent married

90% of members are assumed to be married or to have a dependent beneficiary.

##### b. Spouse's age

Male members are assumed to be three (3) years older than their spouses and female members are assumed to be two (2) years younger than their spouses.

#### 3. Decrement timing

Decrements are assumed to occur at the beginning of the year.

#### 4. Administrative expense

Replacement basis. Administrative expenses incurred during the year prior to the valuation date are included in the calculation of funds to be appropriated to the LE DB Fund by the State.

### Changes in Assumptions since the Prior Year

The COLA assumption was revised following the passage of HEA 1004-2024.





## APPENDIX C – SUMMARY OF ACTUARIAL METHODS/ASSUMPTIONS

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### **Data Adjustments**

Active and retired member data is reported as of June 30. Member census data as of June 30, 2023 was used in the valuation and adjusted. Standard actuarial roll-forward techniques were then used to project the liability computed as of June 30, 2023 to the June 30, 2024 valuation date. The asset information for this valuation was furnished as of June 30, 2024. We did not audit the information provided, but we did review it thoroughly for reasonableness and compared it with the prior year's submission for consistency.

### **Other Technical Valuation Procedures**

Salary increases are assumed to apply to annual amounts.

Decrements are assumed to occur at the beginning of the year. Standard adjustments are made for multiple decrements.

No actuarial liability is included for participants who terminated without being vested prior to the valuation date, except those due a refund of contributions.





## APPENDIX D – GLOSSARY OF ACTUARIAL TERMS

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<b>Accrued Service</b>	Service credited under the plan that was rendered before the date of the actuarial valuation.
<b>Actuarial Assumptions</b>	Estimates of future experience with respect to demographic or economic events. Demographic assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
<b>Actuarial Cost Method</b>	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of retirement plan benefits between future normal cost and actuarial accrued liability. Sometimes referred to as the “actuarial funding method.”
<b>Actuarial Equivalent</b>	A single amount or series of amounts of equal value to another single amount or series of amounts computed on the basis of a given set of actuarial assumptions.
<b>Actuarial Accrued Liability</b>	The difference between the actuarial present value of plan benefits and the actuarial value of future normal costs. Also referred to as “accrued liability” or “actuarial liability.”
<b>Actuarial Present Value</b>	The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest and by probabilities of payment.
<b>Amortization</b>	Paying off an interest-discounted amount with periodic payments of interest and principal, as opposed to paying off with lump sum payment.
<b>Experience Gain (Loss)</b>	The difference between actual experience and actuarial assumptions anticipated experience during the period between two actuarial valuation dates.
<b>Normal Cost</b>	The actuarial present value of retirement plan benefits allocated to the current year by the actuarial cost method.





## APPENDIX D – GLOSSARY OF ACTUARIAL TERMS

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**Unfunded Actuarial Accrued Liability** The difference between actuarial liability and the actuarial value of assets. Sometimes referred to as “unfunded accrued liability” or “unfunded liability”.

Most retirement plans have unfunded actuarial liability. They arise anytime new benefits are added and anytime an actuarial loss is realized.

