



State of Indiana

Interim GASB 45 Actuarial Valuation

Fiscal Year Ending June 30, 2015

(revised 12-3-2015)

Prepared by:

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December 3, 2015

**Deanna Oware
State Budget Agency
200 W Washington Street, Room 212
Indianapolis, IN 46204**

This report summarizes the interim GASB actuarial valuation for the State of Indiana 2014/15 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. 45 (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 and other economic assumptions have been selected by the Plan Sponsor. 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.



Randy Gomez, FSA, MAAA
Consulting Actuary



Evi Laksana, ASA, MAAA
Valuation Actuary

Presented below is the summary of GASB 45 results for the fiscal year ending June 30, 2015, which was projected from the fiscal year ending June 30, 2014 GASB 45 results, adjusted for claims experience and premium changes in 2014 and 2015, and additional assumption changes as described in the Actuary's Notes section of this report. The prior fiscal year information shown in the table below is based on the GASB 45 financial report for fiscal year ending June 30, 2014 as shown in the State's Notes to Financial Statement.

<i>As of June 30, 2015</i>	<i>Total</i>	<i>State Personnel</i>	<i>Legislature</i>	<i>Indiana State Police (ISP)</i>	<i>Conservation and Excise Police (CEP)</i>
Actuarial Accrued Liability	\$ 439,277,128	\$ 44,263,140	\$ 11,963,994	\$ 341,219,112	\$ 41,830,882
Actuarial Value of Assets	108,506,079	44,133,191	0	53,908,657	10,464,231
Unfunded Actuarial Accrued Liability	\$ 330,771,049	\$ 129,949	\$ 11,963,994	\$ 287,310,455	\$ 31,366,651
Funded Ratio	24.7%	99.7%	0.0%	15.8%	25.0%
<i>For FY 2014/15</i>					
Annual Required Contribution	\$ 35,408,007	\$ 1,838,675	\$ 841,639	\$ 29,604,071	\$ 3,123,622
Annual OPEB Cost	\$ 33,747,081	\$ 2,369,496	\$ 814,195	\$ 27,601,284	\$ 2,962,106
Annual Employer Contribution	\$ 31,877,796	\$ 3,567,257	\$ 553,984	\$ 25,319,778	\$ 2,436,777
Net OPEB Obligation as of June 30, 2015	\$ 103,197,565	\$ (33,581,619)	\$ 1,934,549	\$ 124,465,706	\$ 10,378,929
<i>As of June 30, 2014</i>					
Actuarial Accrued Liability	\$ 381,025,790	\$ 36,355,277	\$ 11,767,820	\$ 294,839,940	\$ 38,062,753
Actuarial Value of Assets	\$ 91,104,115	\$ 44,067,103	\$ 0	\$ 38,013,590	\$ 9,023,422
Unfunded Actuarial Accrued Liability	\$ 289,921,675	\$ (7,711,826)	\$ 11,767,820	\$ 256,826,350	\$ 29,039,331
Funded Ratio	23.9%	121.2%	0.0%	12.9%	23.7%
<i>For FY 2013/14</i>					
Annual Required Contribution	\$ 30,670,750	\$ 1,009,935	\$ 809,687	\$ 26,029,514	\$ 2,821,614
Annual OPEB Cost	\$ 28,976,240	\$ 1,513,103	\$ 786,808	\$ 24,013,265	\$ 2,663,064
Annual Employer Contribution	\$ 31,025,098	\$ 3,200,158	\$ 508,242	\$ 24,834,550	\$ 2,482,148
Net OPEB Obligation as of June 30, 2014	\$ 101,328,280	\$ (32,383,858)	\$ 1,674,338	\$ 122,184,200	\$ 9,853,600

For Fiscal Year Ending June 30, 2015¹

Discount Rate	4.50%		4.50%		4.50%	
Required Supplementary Information	Total	State Personnel	Legislature	ISP	CEP	
Actuarial Accrued Liability as of June 30, 2015	\$ 439,277,128	\$ 44,263,140	\$ 11,963,994	\$ 341,219,112	\$ 41,830,882	
Actuarial Value of Assets as of June 30, 2015	(108,506,079)	(44,133,191)	0	(53,908,657)	(10,464,231)	
Unfunded Actuarial Accrued Liability (UAAL)	\$ 330,771,049	\$ 129,949	\$ 11,963,994	\$ 287,310,455	\$ 31,366,651	
Funded Ratio	24.7%	99.7%	0.0%	15.8%	25.0%	

Annual Required Contribution	Total	State Personnel	Legislature	ISP	CEP	
Normal cost	\$ 14,724,690	\$ 1,758,245	\$ 107,268	\$ 11,680,597 ²	\$ 1,178,580	
Amortization of the UAAL over 30 year period	19,158,570	1,253	698,128	16,648,657	1,810,532	
Total normal cost and amortization payment	\$ 33,883,260	\$ 1,759,498	\$ 805,396	\$ 28,329,254	\$ 2,989,112	
Interest to end of year	1,524,747	79,177	36,243	1,274,817	134,510	
Total Annual Required Contribution (ARC)	\$ 35,408,007	\$ 1,838,675	\$ 841,639	\$ 29,604,071	\$ 3,123,622	

Annual OPEB Cost and Net OPEB Obligation	Total	State Personnel	Legislature	ISP	CEP	
ARC for fiscal year 2014/15	\$ 35,408,007	\$ 1,838,675	\$ 841,639	\$ 29,604,071	\$ 3,123,622	
Interest on Net OPEB Obligation (NOO) to end of year	4,559,773	(1,457,274)	75,346	5,498,289	443,412	
Amortization adjustment to the ARC for beginning of year NOO	(6,220,699)	1,988,095	(102,790)	(7,501,076)	(604,928)	
Annual OPEB cost	\$ 33,747,081	\$ 2,369,496	\$ 814,195	\$ 27,601,284	\$ 2,962,106	
Annual employer contribution for pay-go cost in 2014/15	(5,134,421)	(3,567,257)	(553,984)	0	(1,013,180)	
Annual employer contribution for pre-funding in 2014/15	(26,743,375)	0	0	(25,319,778)	(1,423,597)	
Change in NOO for fiscal year 2014/15	\$ 1,869,285	\$ (1,197,761)	\$ 260,211	\$ 2,281,506	\$ 525,329	
NOO as of July 1, 2014	101,328,280	(32,383,858)	1,674,338	122,184,200	9,853,600	
NOO as of June 30, 2015	\$ 103,197,565	\$ (33,581,619)	\$ 1,934,549	\$ 124,465,706	\$ 10,378,929	

¹ GASB 45 regulations permit employers to use the most recently available actuarial information up to two years prior to the current period. Accordingly, the State has elected to use the actuarial liability results for the period ending June 30, 2014 for the period ending June 30, 2015. The value of assets is as reported for the current period. The date/year references below have been changed to 2014/15 for consistency.

² ISP normal cost for FY 2014/15 has been reduced for active employee contributions of \$899,187 (as provided by the Plan Sponsor).

For Fiscal Year Ending June 30, 2014³

Discount Rate	4.50%		4.50%		4.50%	
Required Supplementary Information	Total	State Personnel	Legislature	ISP	CEP	
Actuarial Accrued Liability as of June 30, 2014	\$ 381,025,790	\$ 36,355,277	\$ 11,767,820	\$ 294,839,940	\$ 38,062,753	
Actuarial Value of Assets as of June 30, 2014	(91,104,115)	(44,067,103)	0	(38,013,590)	(9,023,422)	
Unfunded Actuarial Accrued Liability (UAAL)	\$ 289,921,675	\$ (7,711,826)	\$ 11,767,820	\$ 256,826,350	\$ 29,039,331	
Funded Ratio	23.9%	121.2%	0.0%	12.9%	23.7%	

Annual Required Contribution	Total	State Personnel	Legislature	ISP	CEP	
Normal cost	\$ 12,305,424	\$ 1,406,939	\$ 89,293	\$ 9,804,722 ⁴	\$ 1,004,470	
Amortization of the UAAL over 30 year period	17,044,576	(440,494)	685,527	15,103,904	1,695,639	
Total normal cost and amortization payment	\$ 29,350,000	\$ 966,445	\$ 774,820	\$ 24,908,626	\$ 2,700,109	
Interest to end of year	1,320,750	43,490	34,867	1,120,888	121,505	
Total Annual Required Contribution (ARC)	\$ 30,670,750	\$ 1,009,935	\$ 809,687	\$ 26,029,514	\$ 2,821,614	

Annual OPEB Cost and Net OPEB Obligation	Total	State Personnel	Legislature	ISP	CEP	
ARC for fiscal year 2013/14	\$ 30,670,750	\$ 1,009,935	\$ 809,687	\$ 26,029,514	\$ 2,821,614	
Interest on Net OPEB Obligation (NOO) to end of year	4,651,972	(1,381,356)	62,810	5,535,247	435,271	
Amortization adjustment to the ARC for beginning of year NOO	(6,346,482)	1,884,524	(85,689)	(7,551,496)	(593,821)	
Annual OPEB cost	\$ 28,976,240	\$ 1,513,103	\$ 786,808	\$ 24,013,265	\$ 2,663,064	
Annual employer contribution for pay-go cost in 2013/14	(4,618,015)	(3,200,158)	(508,242)	0	(909,615)	
Annual employer contribution for pre-funding in 2013/14	(26,407,083)	0	0	(24,834,550)	(1,572,533)	
Change in NOO for fiscal year 2013/14	\$ (2,048,858)	\$ (1,687,055)	\$ 278,566	\$ (821,285)	\$ 180,916	
NOO as of July 1, 2013	103,377,138	(30,696,803)	1,395,772	123,005,485	9,672,684	
NOO as of June 30, 2014	\$ 101,328,280	\$ (32,383,858)	\$ 1,674,338	\$ 122,184,200	\$ 9,853,600	

³ GASB 45 regulations permit employers to use the most recently available actuarial information up to two years prior to the current period. Accordingly, the State has elected to use the actuarial liability results for the period ending June 30, 2013 for the period ending June 30, 2014. The value of assets is as reported for the current period. The date/year references below have been changed to 2013/14 for consistency.

⁴ ISP normal cost for FY 2013/14 has been reduced for active employee contributions of \$911,934 (as provided by the Plan Sponsor).

Schedule of Funding Progress

<i>As of</i>	<i>Actuarial Value of Assets (AVA)</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	<i>AVA as a % of AAL</i>	<i>Covered Payroll</i>	<i>UAAL as % of Covered Payroll</i>
<i>A</i>	<i>B</i>	<i>C = B - A</i>	<i>D = A / B</i>	<i>E</i>	<i>F = C / E</i>	
June 30, 2015						
State Personnel	\$ 44,133,191	\$ 44,263,140	\$ 129,949	99.7%	\$ 1,229,387,740	0.0%
Legislature	\$ 0	\$ 11,963,994	\$ 11,963,994	0.0%	\$ N/A	N/A
ISP	\$ 53,908,657	\$ 341,219,112	\$ 287,310,455	15.8%	\$ 86,873,266	330.7%
CEP	\$ 10,464,231	\$ 41,830,882	\$ 31,366,651	25.0%	\$ 13,940,757	225.0%
Total	\$ 108,506,079	\$ 439,277,128	\$ 330,771,049	24.7%	\$ 1,330,201,763	24.9%
June 30, 2014						
State Personnel	\$ 44,067,103	\$ 36,355,277	\$ (7,711,826)	121.2%	\$ 1,182,103,596	-0.7%
Legislature	\$ 0	\$ 11,767,820	\$ 11,767,820	0.0%	\$ N/A	N/A
ISP	\$ 38,013,590	\$ 294,839,940	\$ 256,826,350	12.9%	\$ 83,531,987	307.5%
CEP	\$ 9,023,422	\$ 38,062,753	\$ 29,039,331	23.7%	\$ 13,404,573	216.6%
Total	\$ 91,104,115	\$ 381,025,790	\$ 289,921,675	23.9%	\$ 1,279,040,156	22.7%
June 30, 2013						
State Personnel	\$ 44,011,344	\$ 39,999,371	\$ (4,011,973)	110.0%	\$ N/A	N/A
Legislature	\$ 0	\$ 12,077,743	\$ 12,077,743	0.0%	\$ N/A	N/A
ISP	\$ 21,132,938	\$ 297,103,759	\$ 275,970,821	7.1%	\$ 92,071,661	299.7%
CEP	\$ 7,446,054	\$ 38,810,437	\$ 31,364,383	19.2%	\$ N/A	N/A
Total	\$ 72,590,336	\$ 387,991,310	\$ 315,400,974	18.7%	\$ N/A	N/A

Schedule of Employer Contributions

<i>FYE</i>	<i>Employer Contributions</i>	<i>Annual Required Contribution (ARC)</i>	<i>% of ARC Contributed</i>
	<i>A</i>	<i>B</i>	<i>C = A / B</i>
June 30, 2015			
State Personnel	\$ 3,567,257	\$ 1,838,675	194.0%
Legislature	\$ 553,984	\$ 841,639	65.8%
ISP	\$ 25,319,778	\$ 29,604,071	85.5%
CEP	\$ 2,436,777	\$ 3,123,622	78.0%
Total	\$ 31,877,796	\$ 35,408,007	90.0%
June 30, 2014			
State Personnel	\$ 3,200,158	\$ 1,009,935	316.9%
Legislature	\$ 508,242	\$ 809,687	62.8%
ISP	\$ 24,834,550	\$ 26,029,514	95.4%
CEP	\$ 2,482,148	\$ 2,821,614	88.0%
Total	\$ 31,025,098	\$ 30,670,750	101.2%
June 30, 2013			
State Personnel	\$ 4,202,964	\$ 940,502	446.9%
Legislature	\$ 533,213	\$ 827,105	64.5%
ISP	\$ 11,683,966	\$ 27,418,949	42.6%
CEP	\$ 2,892,842	\$ 3,052,678	94.8%
Total	\$ 19,312,985	\$ 32,239,234	59.9%

Historical Annual OPEB Cost

<i>As of</i>	<i>Annual OPEB Cost</i>	<i>% of Annual OPEB Cost Contributed</i>	<i>Net OPEB Obligation / (Asset)</i>
June 30, 2015			
State Personnel	\$ 2,369,496	150.5%	\$ (33,581,619)
Legislature	\$ 814,195	68.0%	\$ 1,934,549
ISP	\$ 27,601,284	91.7%	\$ 124,465,706
CEP	\$ 2,962,106	82.3%	\$ 10,378,929
Total	\$ 33,747,081	94.5%	\$ 103,197,565
June 30, 2014			
State Personnel	\$ 1,513,103	211.5%	\$ (32,383,858)
Legislature	\$ 786,808	64.6%	\$ 1,674,338
ISP	\$ 24,013,265	103.4%	\$ 122,184,200
CEP	\$ 2,663,064	93.2%	\$ 9,853,600
Total	\$ 28,976,240	107.1%	\$ 101,328,280
June 30, 2013			
State Personnel	\$ 1,234,041	340.6%	\$ (30,696,803)
Legislature	\$ 808,742	65.9%	\$ 1,395,772
ISP	\$ 25,849,815	45.2%	\$ 123,005,485
CEP	\$ 2,894,149	100.0%	\$ 9,672,684
Total	\$ 30,786,747	62.7%	\$ 103,377,138

Asset Information for FY 2014/15

<i>Summary of Assets as of June 30, 2015</i>	<i>State Personnel</i>		<i>ISP</i>		<i>Conservation</i>		<i>Excise</i>		<i>All Groups</i>	
General investments										
Cash and cash equivalents	\$	44,100,047	\$	26,706,584	\$	2,893,858	\$	1,565,116	\$	75,265,605
Fixed income / debt securities				27,118,963		5,000,750		1,000,150		33,119,863
Accrued interest receivable		33,144		27,113		3,526		831		64,614
Contributions receivable				55,997						55,997
Net assets	\$	44,133,191	\$	53,908,657	\$	7,898,134	\$	2,566,097	\$	108,506,079

<i>Reconciliation of Assets</i>	<i>State Personnel</i>		<i>ISP</i>		<i>Conservation</i>		<i>Excise</i>		<i>All Groups</i>	
Income										
Contributions received										
Employer	\$	0	\$	24,420,590	\$	1,061,537	\$	362,060	\$	25,844,187
Employee				899,187						899,187
Investment earnings										
Net appreciation in investment		(139)		(365)		1,208		242		946
Interest from investment		66,216		74,347		12,548		3,155		156,266
Securities lending income		121		1,342				513		1,976
Total income	\$	66,198	\$	25,395,101	\$	365,970	\$	365,970	\$	26,902,562
Disbursements										
Benefit payments to retirees	\$	0	\$	(9,492,688)	\$	0	\$	0	\$	(9,492,688)
Professional services fees				(6,149)						(6,149)
Securities lending expense		(110)		(1,197)				(454)		(1,761)
Total disbursements	\$	(110)	\$	(9,500,034)	\$	0	\$	(454)	\$	(9,500,598)
Net income	\$	66,088	\$	15,895,067	\$	1,075,293	\$	365,516	\$	17,401,964
Net assets at beginning of year		44,067,103		38,013,590		6,822,841		2,200,581		91,104,115
Net assets at end of year	\$	44,133,191	\$	53,908,657	\$	7,898,134	\$	2,566,097	\$	108,506,079

Asset Information for FY 2013/14

<i>Summary of Assets as of June 30, 2014</i>	<i>State Personnel</i>		<i>ISP</i>		<i>Conservation</i>		<i>Excise</i>		<i>All Groups</i>	
General investments										
Cash and cash equivalents	\$	34,056,645	\$	27,323,012	\$	6,822,841	\$	2,200,581	\$	70,403,079
Fixed income / debt securities		10,000,000		10,621,548						20,621,548
Accrued interest receivable		10,458		14,846						25,304
Contributions receivable				54,184						54,184
Net assets	\$	44,067,103	\$	38,013,590	\$	6,822,841	\$	2,200,581	\$	91,104,115

<i>Reconciliation of Assets</i>	<i>State Personnel</i>		<i>ISP</i>		<i>Conservation</i>		<i>Excise</i>		<i>All Groups</i>	
Income										
Contributions received										
Employer	\$	0	\$	24,834,550	\$	1,173,259	\$	399,274	\$	26,407,083
Employee				911,934						911,934
Investment earnings										
Net appreciation in investment		3,959		28,610		1,064		342		33,975
Interest from investment		51,171		3,865		2,633		796		58,465
Securities lending income		7,345		746						8,091
Total income	\$	62,475	\$	25,779,705	\$	1,176,956	\$	400,412	\$	27,419,548
Disbursements										
Benefit payments to retirees	\$	0	\$	(8,864,622)	\$	0	\$	0	\$	(8,864,622)
Professional services fees				(33,793)						(33,793)
Securities lending expense		(6,716)		(638)						(7,354)
Total disbursements	\$	(6,716)	\$	(8,899,053)	\$	0	\$	0	\$	(8,905,769)
Net income	\$	55,759	\$	16,880,652	\$	1,176,956	\$	400,412	\$	18,513,779
Net assets at beginning of year		44,011,344		21,132,938		5,645,885		1,800,169		72,590,336
Net assets at end of year	\$	44,067,103	\$	38,013,590	\$	6,822,841	\$	2,200,581	\$	91,104,115

Conservation and Excise Police GASB Results Breakdown

Below is the summary of the GASB results for fiscal year ending June 30, 2015 based on the Projected Unit Credit cost method with a discount rate of 4.5%.

<i>Union Groups</i>	<i>Actuarial Accrued Liability (AAL)</i> <i>As of June 30, 2015</i>	<i>Actuarial Value of Assets</i> <i>As of June 30, 2015</i>	<i>Unfunded AAL (UAAL)</i> <i>As of June 30, 2015</i>	<i>Annual Required Contribution (ARC)</i> <i>For 2014/15</i>
Conservation	\$ 33,290,225	\$ 7,898,134	\$ 25,392,091	\$ 2,392,048
Excise	\$ 8,540,657	\$ 2,566,097	\$ 5,974,560	\$ 731,574
Total	\$ 41,830,882	\$ 10,464,231	\$ 31,366,651	\$ 3,123,622

Actuary's Notes

Adjustments have been made to the Actuarial Accrued Liability, normal cost, and expected benefit payments for the following material events:

1. State Personnel – higher than expected claims experience for CDHP 1 and 2 plans that is partially offset by lower than expected claims experience for Traditional plan. This adjustment increased the State Personnel's liabilities.
2. Indiana State Police – slightly higher than expected claims experience and lower than expected increase in retiree contributions increased the Indiana State Police liabilities.
3. Conservation and Excise Police – lower than expected claims experience and lower than expected increase in retiree contributions resulted in a net decrease to the Conservation and Excise Police liabilities.

Additionally, the following assumptions have been updated since the last full valuation, which was for the fiscal year ending June 30, 2014. The new assumptions are based on the IN Public Retirement System experience study recommendations adopted in April 2015.

1. Mortality, which caused a net increase to all group's liabilities.

Employee Groups	Prior valuation	Current valuation
State Personnel and Legislature	IRS 2008 Static Mortality Table projected to 2018 using scale AA	SS-2012 Employee and Annuitant Mortality Table fully generational using SSA scale
Judges and Prosecuting Attorneys	IRS 2008 Static Mortality Table projected to 2018 using scale AA	SS-2012 Total Dataset Mortality Table with white collar adjustment fully generational using SSA scale
Indiana State Police	Healthy retirees: IRS 2008 Static Mortality Table projected to 2018 using scale AA Disabled retirees: 115% of IRS 2008 Static Mortality Table projected to 2018 using scale AA	SS-2012 Total Dataset Mortality Table with blue collar adjustment fully generational using SSA scale
Conservation and Excise Police	IRS 2008 Static Mortality Table projected to 2018 using scale AA	SS-2012 Total Dataset Mortality Table with blue collar adjustment fully generational using SSA scale

2. Termination rates have been updated for State Personnel, Judges, and Conservation and Excise Police. This change caused a decrease to the affected group's liabilities.
3. Retirement rates have been updated for State Personnel, Judges, Prosecuting Attorneys, and Conservation and Excise Police. This change caused an increase to the affected group's liabilities.

Actuary's Notes (Continued)**Premium rates**

Below is the comparison of State Personnel's monthly early retiree rates by plan (with non-tobacco use):

Medical Plans	Eff. 1/1/2016		Eff. 1/1/2015	
	Single	Family	Single	Family
CDHP 1	\$ 476.19	\$ 1,423.89	\$ 437.71	\$ 1,315.34
CDHP 2	\$ 674.96	\$ 1,961.57	\$ 599.17	\$ 1,737.19
Traditional PPO	\$ 1,137.37	\$ 3,227.12	\$ 971.10	\$ 2,728.18
Dental	\$ 25.35	\$ 66.56	\$ 24.31	\$ 63.96
Vision	\$ 3.55	\$ 9.01	\$ 3.55	\$ 9.01

Actuary's Notes (Continued)**Retiree Contributions**

Below is the comparison of ISP and CEP retiree contributions.

ISP	Eff. 1/1/2015 and 1/1/2016		
	Retiree Only	Retiree plus One Dependent	Spouse Increment
<u>Without Medicare A and B</u>			
Optional plan	\$ 462.31	\$ 631.65	\$ 169.34
Basic plan	\$ 395.36	\$ 508.52	\$ 113.16
<u>With Medicare A and B</u>			
Optional plan	\$ 169.16	\$ 223.02	\$ 53.86
Basic plan	\$ 145.16	\$ 174.76	\$ 29.60
CEP	Retiree Only	Retiree plus One Dependent	Spouse Increment
<u>Pre-Medicare</u>			
Medical	\$ 301.10	\$ 518.77	\$ 217.67
Dental	\$ 30.84	\$ 61.68	\$ 30.84
Vision	\$ 5.90	\$ 11.80	\$ 5.90
Total	\$ 337.84	\$ 592.25	\$ 254.41
<u>Post-Medicare</u>			
Medical	\$ 98.19	\$ 120.16	\$ 21.97
Dental	\$ 30.84	\$ 61.68	\$ 30.84
Vision	\$ 5.90	\$ 11.80	\$ 5.90
Total	\$ 134.93	\$ 193.64	\$ 58.71

Summary of Key Actuarial Assumptions

For a more complete summary of assumptions, refer to the GASB 45 Financial Report for fiscal year ending June 30, 2014.

Discount Rate	4.50%
Inflation Rate	3.00% per year
Payroll Growth	4.00% (used for covered payroll increase only)
Asset Valuation Method	Market value of asset
Cost Method	Projected Unit Credit with linear proration to decrement
Amortization	Level dollar amount over thirty years based on an open group. The remaining amortization period as of June 30, 2015 is 30 years.
Health Care Trend Rates	Annual trend rates are as shown below:

FYE	Medical / Rx
2016	8.50%
2017	8.00%
2018	7.50%
2019	7.00%
2020	6.50%
2021	6.00%
2022	5.50%
2023+	5.00%

Summary of Key Actuarial Assumptions (Continued)

Contribution Funding Policy

State Personnel

The State contributes at least the Annual Required Contribution annually.

Legislature

Pay-as-you-go cash basis

Indiana State Police

Indiana State Police has established a 401(h) account and Section 115 Trust for the purpose of funding retiree medical benefits since FYE June 30, 2011. Contributions to the 401(h) account and Section 115 Trust will be made from the following sources:

1. Medicare Part D retiree drug subsidy reimbursement
2. Excess Long-Term Disability (LTD) fund
3. A percentage of retiree premiums according to the following schedule:
 - a. Starting January 1, 2012 through June 30, 2014: 0%
 - b. July 1, 2014 through June 30, 2016: 25%
 - c. July 1, 2016 through June 30, 2018: 50%
 - d. July 1, 2018 onwards: 100%
4. State contributions for ISP active employees in accordance with SEA 501

Additionally, active employees will contribute \$20 per paycheck towards the 401(h) Trust account.

Conservation and Excise Police

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.