



Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

Indiana Public Retirement System

Teachers' Retirement Fund 1996 Account

Actuarial Valuation as of
June 30, 2020





Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

November 6, 2020

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 Teachers' Retirement Fund 1996 Account (TRF '96) as of June 30, 2020, for the purpose of estimating the actuarial required contribution for the plan year ending June 30, 2022. The major findings of the valuation are contained in this report, which reflects the benefit and funding provisions in place on June 30, 2020. There were no changes in the benefit provisions or actuarial methods from last year. However, this report reflects the updated economic and demographic assumptions proposed in the 2014-2019 Experience Study that were adopted by the Board in June 2020. Please refer to that Study (available on the INPRS web site) for complete details.

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 TRF '96 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 2020 valuations to the Board on February 21, 2020, and the Board subsequently adopted their use. These assumptions are applicable to both the funding and Governmental Accounting Standards Board (GASB) Statement Number 67 valuation calculations, unless otherwise noted.



We note that as we are preparing this report, the world is in the midst of a pandemic. We have considered available information, but do not believe that there is yet sufficient data to warrant the modification of any of our assumptions. We will continue to monitor the situation and advise the Board in the future of any adjustments that we believe would be appropriate.

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 August 2019 that contains information which is relevant to TRF '96 and should be considered part of this valuation report. Although the report was prepared using the data, methods, and assumptions of the June 30, 2018 valuation report, it is our professional opinion that the results of the risk report are applicable to the June 30, 2020 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 Comprehensive Annual Financial Report (CAFR) for INPRS contains several exhibits that disclose the actuarial position of the System. This annual report, prepared as of June 30, 2020, provides data and tables that we prepared for use in the following sections of the CAFR:

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,

Handwritten signature of Brent A. Banister in blue ink.

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

Handwritten signature of Edward J. Koebel in blue ink.

Edward Koebel, FCA, EA, MAAA
Chief Executive Officer

Handwritten signature of Virginia Fritz in blue ink.

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



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SECTION 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS

This report presents the results of the June 30, 2020 actuarial valuation of the Teachers’ Retirement Fund 1996 Account (TRF ’96). The primary purposes of performing this actuarial valuation are to:

- Determine the level of contributions for the plan year ending June 30, 2022, along with the actuarial surcharge rate for the 2021 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, 2020.
- Analyze and report on trends in plan contributions, assets and liabilities over the past several years.

VALUATION RESULTS

The 2014-2019 Experience Study was presented to the Board in February 2020 and the recommended assumptions and methods were adopted by the Board at their June meeting. Once the Asset-Liability Model work is completed, there may be a need to propose revised economic assumptions, particularly if the work leads to significant changes in the investment portfolio. There were no changes to the plan benefits, actuarial methods, or funding policy between the June 30, 2019 and June 30, 2020 valuations.

The actuarial valuation results provide a “snapshot” view of the plan’s financial condition on June 30, 2020. The plan’s UAAL changed from a surplus of \$76 million last year to \$57 million this year and the funded ratio remained around 101%. Investment losses were offset by liability experience gains and contributions above the actuarially determined contribution, while the assumption changes had minimal impact.

A summary of the key results from the June 30, 2020 actuarial valuation compared to the June 30, 2019 valuation is shown in the following table. Further detail on the valuation results can be found in the following sections of this Board Summary.

Valuation Results	June 30, 2019	June 30, 2020
Unfunded Actuarial Accrued Liability	\$ (75,890,557)	\$ (56,818,223)
Funded Ratio (Actuarial Assets)	101.27%	100.89%
Normal Cost	5.04%	5.06%
UAAL Amortization	(0.74%)	(0.74%)
Actuarially Determined Contribution Rate	4.30%	4.32%
Actuarially Determined Surcharge Rate	0.14%	0.13%

Numerous components, as examined in the following discussion, contributed to the change in the plan’s assets, liabilities, and actuarial determined contribution rate between June 30, 2019 and June 30, 2020.



SECTION 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS

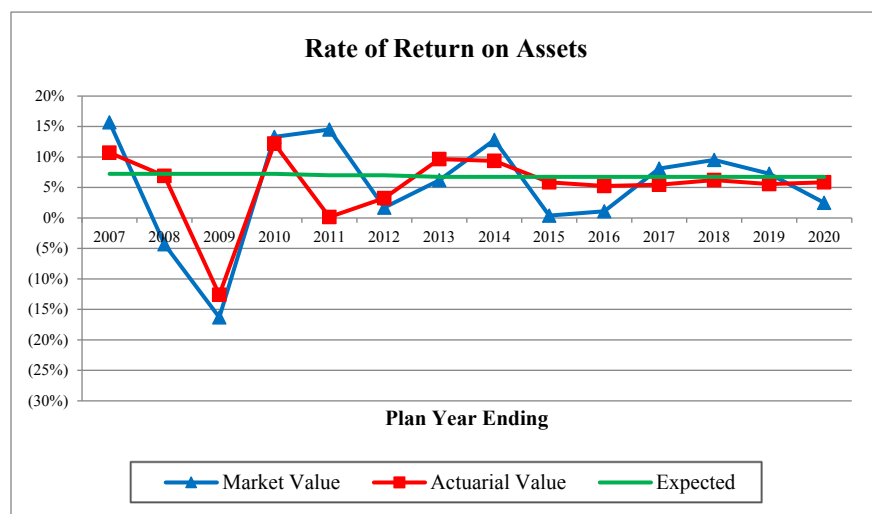
ASSETS

As of June 30, 2020, the plan had net assets of \$6.325 billion, when measured on a market value basis. This was an increase of \$201 million from the prior year.

The market value of assets is not used directly in the calculation of the unfunded actuarial accrued liability and the actuarial required contribution rate. 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 \$6.460 billion, an increase of \$404 million from the prior year. The components of change in the asset values are shown in the following table:

	Market Value	Actuarial Value
Net Assets, June 30, 2019	\$ 6,124,085,498	\$ 6,056,316,893
- Receipts	+ 191,614,838	+ 191,614,838
- Expenditures, Net of Administrative Expenses	- 143,371,247	- 143,371,247
- Net Investment Income	+ 152,982,233	+ 355,509,828
Net Assets, June 30, 2020	\$ 6,325,311,322	\$ 6,460,070,312
Estimated Rate of Return, Net of Expenses	2.5%	5.9%

The estimated rate of return on the actuarial value of assets was 5.9%, which was lower than the 6.75% investment return assumption applicable for the year ended June 30, 2020. As a result, there was an experience loss on assets of \$55 million. The estimated investment return on the market value of assets for FY 2020 of 2.5% resulted in a change in the deferred investment experience from a net deferred investment gain of \$68 million in last year’s valuation to a net deferred investment loss of \$135 million 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.



SECTION 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS

LIABILITIES

The actuarial accrued liability is that portion of the present value of future benefits that is allocated to past service. The remaining portion will be paid by future normal costs. 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 dollar amount of unfunded actuarial accrued liability is reduced if the contributions to the plan exceed the normal cost for the year plus interest on the prior year's 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, 2020 in the following table:

	Market Value	Actuarial Value
Actuarial Accrued Liability	\$ 6,403,252,089	\$ 6,403,252,089
Value of Assets	<u>6,325,311,322</u>	<u>6,460,070,312</u>
Unfunded Actuarial Accrued Liability	\$ 77,940,767	\$ (56,818,223)
Funded Ratio	98.78%	100.89%

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

The total plan UAAL (on an actuarial basis) as of June 30, 2020 was a surplus of \$56.8 million, a decrease of \$19 million from last year's surplus. Investment losses were offset by liability experience gains and contributions above the actuarially determined contribution, while the assumption changes had minimal impact. 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 millions).

	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Funded Ratio	89.8%	91.0%	98.5%	101.3%	100.9%
UAAL (in millions)	\$526	\$500	\$85	(\$76)	(\$57)

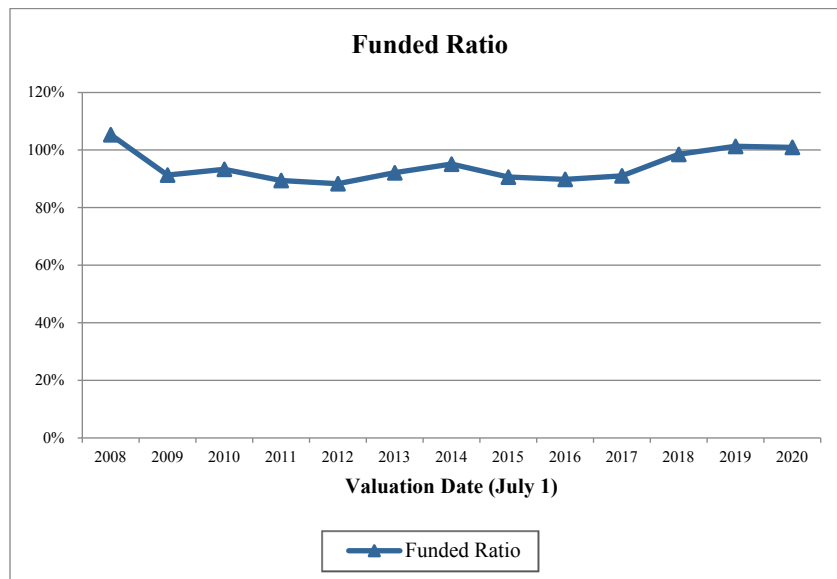
Note: Results before 2018 restated to exclude the DC assets in the funded ratio calculation.

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 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS

The funded ratio over a longer period of years is shown in the following graph. The Plan’s funded status had been holding steady just below 100% funded for several years and is now back over 100%.



Note: Funded ratios exclude DC account balances.

ACTUARIALLY DETERMINED CONTRIBUTION RATE

The Plan’s actuarially determined contribution rate 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.
- 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 rate is determined by calculating the amortization payment on the UAAL as a level dollar amount over 20 years for each new amortization base. Because the COLA portion of the benefits are funded through the surcharge, this portion of the benefit 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.

In addition to the components above that are designed to fund the guaranteed base benefit, the Board is responsible for determining the surcharge to fund future COLAs and/or 13th checks. Because there are five plans that must, by law, provide the same COLA or 13th check each year, the funding strategy needs to consider the funding needs of the entire System as well as the specific fund. The long-term assumption is that a COLA of 0.4% will be granted starting in 2022, 0.5% starting in 2034, and then 0.6% in 2039 and beyond. Considering the biennial budgeting cycle in Indiana, the near-term goal is to accumulate funds by June 30, 2021 to fund the two COLAs in the following biennium (January 2022 and January 2023). For



SECTION 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS

calendar year 2020, the surcharge rate is 0.14%, and the actuarially determined surcharge rate effective January 1, 2021 is 0.13%. For Funds with a 2021 surcharge rate, the Board chose to maintain the previous surcharge rate unless the new actuarially recommended surcharge rate was higher. Therefore, the 2021 surcharge rate for TRF '96 will remain at 0.14%. See Table 12 for further details. Note that this surcharge rate, while it will apply to calendar year 2021, is designed to bring the Supplemental Reserve Account to a target level as of June 30, 2021, and may not be reflective of what is needed for long-term funding of the target COLA.

The total employer rate is the sum of the contributions to the base fund plus the surcharge. The total employer contribution rate is lowered part way toward the normal cost rate when the funded ratio is over 105%, and then ultimately reduced to the normal cost rate should the Fund reach 120% funded. The Board could decide, however, to set the rate higher in order to provide a sufficient surcharge for the COLA funding while preserving the base funding.

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

	June 30, 2019	June 30, 2020
Normal Cost	5.04%	5.06%
UAAL Amortization	(0.74%)	(0.74%)
Actuarially Determined Contribution Rate	4.30%	4.32%
Actuarially Determined Surcharge Rate	0.14%	0.13%

The actuarial required contribution, determined this year based on the snapshot of the plan taken on the valuation date of June 30, 2020, will change each year as the deferred investment experience is recognized and other experience (both investment and demographic) impacts the plan.

Because the Experience Study did not result in significant assumption changes for TRF '96 and because the favorable demographic experience and unfavorable investment experience largely offset each other, the results for the Fund are fairly similar to last year. As the deferred investment losses are recognized, the Fund may use up its surplus over the next four years, but is expected to still remain near 100% funded.

**SECTION 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS****SUMMARY OF PRINCIPAL RESULTS**

	June 30, 2018	June 30, 2019	June 30, 2020
MEMBERSHIP			
Active Members	59,996	58,308	58,450
Retired Members and Beneficiaries	6,289	7,041	7,596
Inactive Vested Members	4,996	5,778	6,609
Total Members	71,281	71,127	72,655
Projected Annual Salaries of Active Members	\$ 3,374,943,482	\$ 3,451,731,086	\$ 3,552,092,707
Annual Retirement Payments for Retired Members, Disabled Members and Beneficiaries	\$ 110,423,323	\$ 122,935,145	\$ 132,003,879
ASSETS AND LIABILITIES			
Net Assets			
Market Value of Assets (MVA)	\$ 5,452,351,707	\$ 6,124,085,498	\$ 6,325,311,322
Actuarial Value of Assets (AVA)	5,478,482,120	6,056,316,893	6,460,070,312
Actuarial Accrued Liability (AAL)	5,563,263,694	5,980,426,336	6,403,252,089
Unfunded Actuarial Accrued Liability (UAAL): AAL - AVA	\$ 84,781,574	\$ (75,890,557)	\$ (56,818,223)
Funded Ratios			
AVA / AAL	98.48%	101.27%	100.89%
MVA / AAL	98.01%	102.40%	98.78%
CONTRIBUTIONS			
Normal Cost	5.06%	5.04%	5.06%
Amortization of UAAL	(0.49%)	(0.74%)	(0.74%)
Actuarially Determined Contribution Rate	4.57%	4.30%	4.32%
Actuarially Determined Surcharge Rate (applicable next calendar year)	0.14%	0.14%	0.13%

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



SECTION 2 – SCOPE OF THE REPORT

This report presents the actuarial valuation results of the Teachers' Retirement Fund 1996 Account as of June 30, 2020. 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, 2020.
- 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 3 – ASSETS

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, 2020. 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 benefits.



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

	June 30, 2019	June 30, 2020
1. Market Value of Assets, Beginning of Year	\$ 5,452,351,707	\$ 6,121,668,381
2. Receipts		
a. Member (Includes Purchased Service) ¹	\$ 127,304	\$ 103,685
b. Employer (Includes Purchased Service) ²	390,857,761	183,949,194
c. Member Reassignment Transfers	4,293,211	2,678,802
d. Miscellaneous Income	604,743	43,000
e. Total	\$ 395,883,019	\$ 186,774,681
3. Expenditures		
a. Benefit Payments	\$ 132,572,511	\$ 143,371,247
b. Refund of Contributions	0	0
c. Administrative Expense	5,037,962	5,089,388
d. Miscellaneous Expenditures	0	0
e. Total	\$ 137,610,473	\$ 148,460,635
4. Investment Return		
a. Investment Income	\$ 410,596,441	\$ 157,632,889
b. Securities Lending Income	447,687	338,750
c. Total	\$ 411,044,128	\$ 157,971,639
5. Market Value of Assets, End of Year: (1) + (2e) - (3e) + (4c)	\$ 6,121,668,381	\$ 6,317,954,066
6. Rate of Return on Market Value of Assets, Net of Expenses ³	7.27%	2.49%

¹ Includes \$127,304 of member service purchases during fiscal year 2019 and \$103,685 of member service purchases during fiscal year 2020.

² Includes \$20,853 of employer service purchases during fiscal year 2019 and \$0 of employer service purchases during fiscal year 2020.

³ Based on individual fund experience. Assumes cash flows occur at mid-year.



TABLE 2
DEVELOPMENT OF MARKET VALUE OF ASSETS
 (Supplemental Benefits)

	June 30, 2019	June 30, 2020
1. Market Value of Assets, Beginning of Year	\$ 0	\$ 2,417,117
2. Receipts		
a. Employer Surcharge	\$ 2,314,404	\$ 4,840,157
b. Lottery Allocation	0	0
c. Miscellaneous	0	0
d. Total	<u>\$ 2,314,404</u>	<u>\$ 4,840,157</u>
3. Expenditures		
a. Benefit Payments	\$ 0	\$ 0
b. Administrative Expense	0	0
c. Miscellaneous Expenditures	0	0
d. Total	<u>\$ 0</u>	<u>\$ 0</u>
4. Investment Return		
a. Investment Income	\$ 102,684	\$ 99,720
b. Securities Lending Income	29	262
c. Total Investment Return	<u>\$ 102,713</u>	<u>\$ 99,982</u>
5. Market Value of Assets, End of Year: (1) + (2d) - (3d) + (4c)	\$ 2,417,117	\$ 7,357,256
6. Rate of Return on Market Value of Assets, Net of Expenses ¹	8.88%	2.07%

¹ Based on individual fund experience. Assumes cash flows occur at mid-year.



TABLE 3

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
(Base Benefits)

		For Plan Year Ending June 30, 2020		
1. Market Value, as of June 30, 2019	\$		6,121,668,381	
2. Receipts ¹	\$		186,774,681	
3. Expenditures, Net of Administrative Expenses ²	\$		(143,371,247)	
4. Expected Return on Assets ³	\$		414,677,482	
5. Expected Market Value as of June 30, 2020: (1) + (2) + (3) + (4)	\$		6,579,749,297	
6. Actual Market Value as of June 30, 2020	\$		<u>6,317,954,066</u>	
7. Year end 2020 asset gain/(loss): (6) - (5)	\$		(261,795,231)	
8. Deferred Investment Gains and Losses				
	Year Ended June 30:	Gain/(Loss)	Factor	Deferred Amount
a.	2017	\$ 48,441,238	20%	\$ 9,688,248
b.	2018	119,259,977	40%	47,703,991
c.	2019	29,085,696	60%	17,451,418
d.	2020	(261,795,231)	80%	<u>(209,436,185)</u>
e.	Total			\$ (134,592,528)
9. Initial Actuarial Value as of June 30, 2020: (6) - (8e)	\$		6,452,546,594	
10. Constraining Values				
a.	80% of Market Value: (6) x 0.8	\$	5,054,363,253	
b.	120% of Market Value: (6) x 1.2	\$	7,581,544,879	
11. Actuarial Value as of June 30, 2020	\$		6,452,546,594	
12. Actuarial Rate of Return, Net of Expenses ⁴			5.85%	
13. Actuarial Value of Assets as a Percent of Market Value: (11) / (6)			102.1%	
14. Actuarial Value of Assets				
a.	Base Benefits	\$	6,452,546,594	
b.	Supplemental Benefits	\$	<u>7,523,718</u>	
c.	Total	\$	6,460,070,312	

¹ Includes Employer Contributions and Service Purchases, Employee Service Purchases, and Miscellaneous Receipts.

² Includes DB Benefit Payments, Member Reassignment Transfers, and Miscellaneous Expenses.

³ Assumes cash flows occur at mid-year and a return assumption of 6.75%.

⁴ Assumes cash flows occur at mid-year.



TABLE 4

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
(Supplemental Benefits)

		For Plan Year Ending June 30, 2020		
1. Market Value, as of June 30, 2019	\$		2,417,117	
2. Receipts	\$		4,840,157	
3. Expenditures, Net of Administrative Expenses	\$		0	
4. Expected Return on Assets ¹	\$		326,511	
5. Expected Market Value as of June 30, 2020: (1) + (2) + (3) + (4)	\$		7,583,785	
6. Actual Market Value as of June 30, 2020	\$		7,357,256	
7. Year end 2020 asset gain/(loss): (6) - (5)	\$		(226,529)	
8. Deferred Investment Gains and Losses				
	Year Ended June 30:	Gain/(Loss)	Factor	Deferred Amount
a.	2017	\$ 0	20%	\$ 0
b.	2018	0	40%	0
c.	2019	24,602	60%	14,761
d.	2020	(226,529)	80%	(181,223)
e.	Total			\$ (166,462)
9. Initial Actuarial Value as of June 30, 2020: (6) - (8e)	\$			7,523,718
10. Constraining Values				
a.	80% of Market Value: (6) x 0.8			\$ 5,885,805
b.	120% of Market Value: (6) x 1.2			\$ 8,828,707
11. Actuarial Value as of June 30, 2020	\$			7,523,718
12. Actuarial Rate of Return, Net of Expenses ²				5.94%
13. Actuarial Value of Assets as a Percent of Market Value: (11) / (6)				102.3%

¹ Assumes cash flows occur at mid-year and a discount rate of 6.75%.

² Assumes cash flows occur at mid-year.



SECTION 4 – PLAN LIABILITIES

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 Teachers' Retirement Fund 1996 Account as of the valuation date, June 30, 2020. 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, 2020 Teachers' Retirement Fund 1996 Account valuation are based on census data collected as of June 30, 2019. Standard actuarial techniques are used to adjust these results from June 30, 2019 to June 30, 2020. 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 a plan change, 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, 2020.

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 do 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."

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 COLA benefit. Once permanent COLAs have been granted, the obligation for future payments will also be included.



SECTION 4 – PLAN LIABILITIES

TABLE 5

ACTUARIAL ACCRUED LIABILITY
(Base and Supplemental Benefits)

As of June 30, 2020	Base Benefits	Supplemental Benefits		Total
		Granted	Future	
1. Actuarial Accrued Liability				
a. Active & Inactive Members	\$ 4,687,159,889	\$ 0	\$ 261,137,522	\$ 4,948,297,411
b. In-pay Members	1,410,622,082	0	44,332,596	1,454,954,678
c. Total	\$ 6,097,781,971	\$ 0	\$ 305,470,118	\$ 6,403,252,089
2. Actuarial Value of Assets	\$ 6,452,546,594	\$ 0	\$ 7,523,718	\$ 6,460,070,312
3. Unfunded Actuarial Accrued Liability: (1c) - (2)	\$ (354,764,623)	\$ 0	\$ 297,946,400	\$ (56,818,223)
4. Funded Ratio: (2) / (1c)	105.8%	N/A	2.5%	100.9%



SECTION 4 – 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
2020	\$0	\$1,454,955	\$4,948,297	\$6,403,252	\$6,460,070	N/A	100.0%	101.1%	100.9%
2019	0	1,371,702	4,608,724	5,980,426	6,056,317	N/A	100.0	101.4	101.3
2018	0	1,232,059	4,331,205	5,563,264	5,478,482	N/A	100.0	98.0	98.5
2017	1,378,143	1,213,780	4,322,314	6,914,237	6,414,134	100.0	100.0	88.4	92.8
2016	1,204,885	1,091,802	4,095,063	6,391,750	5,865,729	100.0	100.0	87.2	91.8
2015	1,159,597	908,353	3,837,741	5,905,691	5,461,172	100.0	100.0	88.4	92.5
2014	1,102,686	777,287	3,357,020	5,236,993	5,035,232	100.0	100.0	94.0	96.1
2013	975,309	798,486	2,975,573	4,749,368	4,453,828	100.0	100.0	90.1	93.8
2012	882,942	662,558	2,792,809	4,338,309	3,936,455	100.0	100.0	85.6	90.7
2011	840,341	562,445	2,594,053	3,996,839	3,664,657	100.0	100.0	87.2	91.7

Note: Dollar amounts are in thousands of dollars. Amounts before 2018 reflect the inclusion of DC balances in both the active member contributions and the assets.



TABLE 7

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY
(Base Benefits)

For Year Ending June 30, 2020

1. Unfunded Actuarial Accrued Liability as of June 30, 2019	\$ (347,920,209)
2. Normal Cost	173,967,247
3. Actuarially Determined Contribution	(148,358,964)
4. Interest	<u>(21,756,056)</u>
5. Expected Unfunded Actuarial Accrued Liability as of June 30, 2020	\$ (344,067,982)
6. Actuarial Value of Asset Changes	
a. Investment Experience (Gain)/Loss	\$ 54,880,727
b. Contributions (Above)/Below the Actuarially Determined Contribution and Other (Gain)/Loss	\$ (31,322,456)
7. Actuarial Accrued Liability Changes	
a. Actuarial Accrued Liability Experience (Gain)/Loss	\$ (32,047,253)
b. Additional Liability Due to Benefit Changes	0
c. Additional Liability Due to Assumption Changes	<u>(2,207,659)</u>
8. Total Experience (Gain)/Loss	\$ (10,696,641)
9. Unfunded Actuarial Accrued Liability as of June 30, 2020: (5) + (8)	\$ (354,764,623)



SECTION 4 – PLAN LIABILITIES

TABLE 8

ACTUARIAL GAIN/(LOSS)
(Base Benefits)

Liabilities	
1. Actuarial Accrued Liability as of June 30, 2019	\$ 5,705,999,249
2. Normal Cost for Plan Year Ending June 30, 2020	173,967,247
3. Benefit Payments During Plan Year ¹	(142,881,497)
4. Service Purchases (employee and employer)	103,685
5. Member Reassignment Transfers	2,678,802
6. Interest at 6.75%	392,169,397
7. Change Due to Benefit Changes	0
8. Change Due to Assumption Changes	(2,207,659)
9. Expected Actuarial Accrued Liability as of June 30, 2020	\$ 6,129,829,224
10. Actuarial Accrued Liability as of June 30, 2020	\$ 6,097,781,971
Assets	
11. Actuarial Value of Assets as of June 30, 2019	\$ 6,053,919,458
12. Receipts During Plan Year	186,774,681
13. Expenditures, Excluding Expenses, During Plan Year	(143,371,247)
14. Interest at 6.75%	410,104,429
15. Expected Actuarial Value of Assets as of June 30, 2020	\$ 6,507,427,321
16. Actuarial Value of Assets as of June 30, 2020	\$ 6,452,546,594
Experience Gain / (Loss)	
17. Liability Actuarial Experience Gain/(Loss): (9) - (10)	\$ 32,047,253
18. Asset Actuarial Experience Gain/(Loss): (16) - (15)	(54,880,727)
19. Total Actuarial Experience Gain/(Loss): (17) + (18)	\$ (22,833,474)

¹ Does not include miscellaneous expenses or benefit overpayments.



TABLE 9
EXPERIENCE GAIN/(LOSS) ANALYSIS BY SOURCE
(Base Benefits)

Liability Sources (in thousands)		Gain/(Loss)
Retirement	\$	(1,911)
Termination		25,538
Disability		(443)
Mortality		1,609
Salary		30,090
New Entrants/Rehires		(42,603)
Miscellaneous/COLA		19,767
Total Liability Experience Gain/(Loss)	\$	32,047
as a % of AAL		0.5%
Asset Experience Gain/(Loss)	\$	(54,881)
Net Actuarial Experience Gain/(Loss)	\$	(22,833)



TABLE 10

PROJECTED BENEFIT PAYMENTS
(Base and Supplemental Benefits)

<u>Plan Year Ending June 30</u>	<u>Benefit Amount</u>
2021	\$ 167,200,065
2022	178,196,179
2023	193,497,244
2024	210,070,065
2025	227,995,630
2026	248,095,139
2027	270,801,864
2028	296,334,231
2029	325,807,230
2030	358,188,464
2031	394,085,824
2032	433,322,660
2033	475,620,014
2034	521,154,413
2035	568,956,664
2036	618,968,932
2037	670,221,517
2038	722,815,586
2039	775,676,340
2040	828,959,459
2041	880,818,669
2042	931,753,779
2043	981,065,875
2044	1,028,228,818
2045	1,073,052,043
2046	1,115,308,821
2047	1,154,475,211
2048	1,190,147,925
2049	1,222,309,223
2050	1,250,199,361

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



SECTION 5 – EMPLOYER CONTRIBUTIONS

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, contribution levels, 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 Rate Components

The Entry Age Normal (EAN) actuarial cost method is used for the valuation. Under that method, the normal cost for each year from entry age to assumed exit age is a constant percentage of the member's year by year projected compensation. The portion of the present value of future benefits not provided by the present value of future normal costs is the actuarial accrued liability. 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. For TRF '96 purposes, this calculation excludes consideration of future COLAs. The unfunded actuarial accrued liability is calculated each year and reflects experience gains and losses. New amortization bases are funded over 20 years. If there is a surplus, all prior bases are eliminated and a new 30-year open amortization base is established.

Funding for future COLAs is provided by using a surcharge. This rate is intended to fund the COLAs anticipated to be granted in the next biennium by the start of that biennium.

In general, contributions are computed in accordance with a level percent-of-payroll funding objective. The contribution rate based on the June 30, 2020 actuarial valuation will be used to calculate the actuarially determined employer contribution rate to the Teachers' Retirement Fund 1996 Account for the plan year ending June 30, 2022. The supplemental benefit surcharge rate will be used to calculate the actuarially determined employer contribution rate for the 2021 calendar year.

Contribution Rate Summary

In Table 11 the amortization payment related to the unfunded actuarial accrued liability/(surplus), as of June 30, 2020, is developed. The surcharge needed to fund the assumed COLAs is developed in Table 12. Table 13 develops the actuarial required 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 5 – EMPLOYER CONTRIBUTIONS

TABLE 11

SCHEDULE OF AMORTIZATION BASES
(Base Benefits)

Amortization Bases	Original Amount	June 30, 2020 Remaining Payments	Date of Last Payment	Outstanding Balance as of June 30, 2020	Annual Contribution
2020 UAAL Base	(354,764,623)	30	7/1/2050	<u>(354,764,623)</u>	<u>(26,112,057)</u>
Total				\$ (354,764,623)	\$ (26,112,057)
1. Total UAAL Amortization Payments					\$ (26,112,057)
2. Projected Payroll for FY 2021					\$ 3,552,092,707
3. UAAL Amortization Payment Rate					(0.74%)
4. Remaining Amortization Period in Years (Weighted) ¹					30.0

¹The weighted average remaining UAAL amortization period is calculated by weighting the remaining amortization period of each base by the amortization amount of each base.



SECTION 5 – EMPLOYER CONTRIBUTIONS

TABLE 12

**DEVELOPMENT OF SURCHARGE RATE
(Supplemental Benefits)**

Projected COLAs in Next Biennium Beginning July 1, 2021

First Anticipated COLA

1. Date of COLA commencement		January 1, 2022
2. Rate of COLA		0.4%
3. Value as of July 1, 2021 of COLA	\$	6,331,280

Second Anticipated COLA

4. Date of COLA commencement		January 1, 2023
5. Rate of COLA		0.4%
6. Value as of July 1, 2021 of COLA		6,462,666
7. Total COLA Funding Requirement as of July 1, 2021: (3) + (6)	\$	12,793,947

Funding Sources for Projected COLAs

8. Assets as of June 30, 2020 Available for Future COLAs	\$	7,523,718
9. Projected Contributions from 7/1/20 to 12/31/20		2,468,131
10. Expected Earnings through July 1, 2021		632,800
11. Projected Available Assets at July 1, 2021	\$	10,624,649
12. Required Additional Funding for Anticipated COLAs: (7) - (11)		2,169,298

Surcharge Rate

13. Projected Payroll from 1/1/21 to 6/30/21		1,762,950,696
14. Value of (13) as of July 1, 2021	\$	1,792,700,488
15. Surcharge Rate: (12)/(14)		0.13%



SECTION 5 – EMPLOYER CONTRIBUTIONS

TABLE 13

ACTUARIAL REQUIRED CONTRIBUTION RATE
(Base and Supplemental Benefits)

	<u>Base Benefits</u>	<u>Supplemental Benefits</u>	<u>Total</u>
1. Projected Payroll for FY 2021	\$ 3,552,092,707		
2. Normal Cost Rate as of June 30, 2019	5.06%	0.29%	5.35%
3. Amortization of UAAL as of June 30, 2020			
a. Dollar Amount	\$ (26,112,057)		
b. Percent of Projected Pay	(0.74%)		
4. Preliminary Actuarially Determined Contribution Rate: (2) + (3b)	4.32%		
5. Supplemental Benefit Surcharge Rate		0.13%	
6. Actuarially Determined Contribution Rate Subject to Legal Constraints	4.32%	0.13%	
7. Board Policy Surcharge Rate (for 2021 calendar year)		0.14%	
8. Board Policy Contribution Rate			5.50%



SECTION 5 – EMPLOYER CONTRIBUTIONS

TABLE 14

INVESTMENT RETURN SENSITIVITY
(Base and Supplemental Benefits)

	1.00% Decrease: (5.75%)	0.75% Decrease: (6.00%)	0.50% Decrease: (6.25%)	0.25% Decrease: (6.50%)	Current Assumption: (6.75%)
Funded Status					
Actuarial Accrued Liability	\$7,516,877,889	\$7,215,499,527	\$6,930,065,548	\$6,659,615,474	\$6,403,252,089
Actuarial Value of Assets	6,460,070,312	6,460,070,312	6,460,070,312	6,460,070,312	6,460,070,312
Unfunded Actuarial Accrued Liability	\$1,056,807,577	\$755,429,215	\$469,995,236	\$199,545,162	(\$56,818,223)
Funded Ratio	85.9%	89.5%	93.2%	97.0%	100.9%
Actuarially Determined Contribution Amount					
Normal Cost	\$254,599,738	\$236,558,682	\$219,878,375	\$204,451,388	\$190,179,090
UAAL Amortization	85,367,566	62,133,737	39,352,322	17,004,695	(4,182,042)
Actuarially Determined Contribution Amount	\$339,967,304	\$298,692,419	\$259,230,697	\$221,456,083	\$185,997,048
Actuarially Determined Contribution Rate	9.57%	8.41%	7.30%	6.23%	5.24%
	0.25% Increase: (7.00%)	0.50% Increase: (7.25%)	0.75% Increase: (7.50%)	1.00% Increase: (7.75%)	1.25% Increase: (8.00%)
Funded Status					
Actuarial Accrued Liability	\$6,160,136,932	\$5,929,486,151	\$5,710,566,670	\$5,502,692,638	\$5,305,222,157
Actuarial Value of Assets	6,460,070,312	6,460,070,312	6,460,070,312	6,460,070,312	6,460,070,312
Unfunded Actuarial Accrued Liability	(\$299,933,380)	(\$530,584,161)	(\$749,503,642)	(\$957,377,674)	(\$1,154,848,155)
Funded Ratio	104.9%	108.9%	113.1%	117.4%	121.8%
Actuarially Determined Contribution Amount					
Normal Cost	\$176,970,903	\$164,743,622	\$153,420,796	\$142,932,159	\$133,213,118
UAAL Amortization	(22,589,301)	(40,873,344)	(59,033,860)	(77,070,629)	(94,983,516)
Actuarially Determined Contribution Amount	\$154,381,602	\$123,870,278	\$94,386,936	\$65,861,530	\$38,229,602
Actuarially Determined Contribution Rate	4.35%	3.49%	2.66%	1.85%	1.08%

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



SECTION 6 – GASB INFORMATION

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 6.75%. 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.



TABLE 15

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2020

		June 30, 2020
1. Assets		
a. Cash	\$	499,889
b. Receivables		
i. Contributions and Miscellaneous Receivables	\$	627,342
ii. Investments Receivable		174,843,961
iii. Foreign Exchange Contracts Receivable		1,485,796,149
iv. Interest and Dividends		14,589,165
v. Receivables Due From Other Funds		319,562
vi. Total Receivables	\$	1,676,176,179
c. Investments		
i. Short-Term Investments	\$	0
ii. Pooled Repurchase Agreements		1,463,157
iii. Pooled Short-Term Investments		287,745,342
iv. Pooled Fixed Income		2,190,117,293
v. Pooled Equity		1,405,503,710
vi. Pooled Alternative Investments		2,733,981,676
vii. Pooled Derivatives		2,906,660
viii. Pooled Investments		0
ix. Securities Lending Collateral		32,787,605
x. Total Investments	\$	6,654,505,443
d. Net Capital Assets		0
e. Other Assets		0
f. Total Assets: a + b(vi) + c(x) + d + e	\$	8,331,181,511
2. Liabilities		
a. Administrative Payable	\$	56,298
b. Retirement Benefits Payable		11,796,439
c. Investments Payable		391,877,884
d. Foreign Exchange Contracts Payable		1,489,271,886
e. Securities Lending Obligations		32,787,605
f. Securities Sold Under Agreement to Repurchase		80,080,077
g. Due To Other Funds		0
h. Due to Other Governments		0
i. Total Liabilities: a + b + c + d + e + f + g + h	\$	2,005,870,189
3. Fiduciary Net Position Restricted for Pensions: (1)(f) - (2)(i)	\$	6,325,311,322



TABLE 16

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

		For Fiscal Year Ending June 30, 2020
1. Fiduciary Net Position as of June 30, 2019		\$ 6,124,085,498
2. Additions		
a. Contributions		
i. Member Contributions		0
ii. Employer Contributions		188,789,351
iii. Service Purchases (Employer and Member) ¹		103,685
iv. Non-Employer Contributing Entity Contributions		0
v. Total Contributions		<u>\$ 188,893,036</u>
b. Investment Income/(Loss)		
i. Net Appreciation/(Depreciation)		\$ 148,147,763
ii. Net Interest and Dividend Income		51,781,837
iii. Securities Lending Income		439,274
iv. Other Net Investment Income		706,113
v. Investment Management Expenses		(40,810,424)
vi. Direct Investment Expenses		(2,092,680)
vii. Securities Lending Expenses		(100,262)
viii. Total Investment Income/(Loss)		<u>\$ 158,071,621</u>
c. Other Additions		
i. Member Reassignments		4,977,033
ii. Miscellaneous Receipts		43,000
iii. Total Other Additions		<u>\$ 5,020,033</u>
d. Total Revenue (Additions): a(v) + b(viii) + c(iii)		<u>\$ 351,984,690</u>
3. Deductions		
a. Pension, Survivor and Disability Benefits		\$ 143,371,247
b. Death and Funeral Benefits		0
c. Distributions of Contributions and Interest		0
d. Administrative Expenses ²		5,089,388
e. Member Reassignments		2,298,231
f. Miscellaneous Expenses		0
g. Total Expenses (Deductions)		<u>\$ 150,758,866</u>
4. Net Increase (Decrease) in Fiduciary Net Position: (2)(d) - (3)(g)		\$ 201,225,824
5. Fiduciary Net Position as of June 30, 2020: (1) + (4)		\$ 6,325,311,322

¹ Service purchases paid by employer of \$0 and employee of \$103,685.

² Includes \$64,089 of hybrid plan contributions and \$0 of My Choice plan contributions made by INPRS.



TABLE 17
SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	For Fiscal Year Ending June 30, 2020		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
1. Balance at June 30, 2019	\$ 5,980,426,336	\$ 6,124,085,498	\$ (143,659,162)
2. Changes for the Year:			
Service Cost (SC) ¹	183,632,094		183,632,094
Interest Cost	411,329,073		411,329,073
Experience (Gains)/Losses	(31,433,009)		(31,433,009)
Assumption Changes	(113,645)		(113,645)
Plan Amendments	0		0
Benefit Payments	(143,371,247)	(143,371,247)	0
Service Purchases			
Employer Contributions	0	0	0
Employee Contributions	103,685	103,685	0
Member Reassignments ²	2,678,802	2,678,802	0
Employer Contributions		188,789,351	(188,789,351)
Non-employer Contributions		0	0
Employee Contributions		0	0
Net Investment Income		158,071,621	(158,071,621)
Administrative Expenses ³		(5,089,388)	5,089,388
Other		43,000	(43,000)
Net Changes	\$ 422,825,753	\$ 201,225,824	\$ 221,599,929
3. Balance at June 30, 2020	\$ 6,403,252,089	\$ 6,325,311,322	\$ 77,940,767

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

² Includes net interfund transfers of employer contributed amounts.

³ Includes contributions made by INPRS for its employees of \$64,089 in the hybrid plan and \$0 in the My Choice plan.

**SECTION 6 – GASB INFORMATION**

TABLE 18
DEFERRED OUTFLOWS OF RESOURCES

	June 30, 2019	Remaining Period	Recognition	June 30, 2020
1. Liability Experience				
June 30, 2020 Loss	\$ 0	10.60	\$ 0	\$ 0
June 30, 2019 Loss	0	10.07	0	0
June 30, 2018 Loss	0	9.47	0	0
June 30, 2017 Loss	36,504,207	11.00	3,318,564	33,185,643
June 30, 2016 Loss	21,340,016	10.00	2,134,001	19,206,015
June 30, 2015 Loss	0	9.00	0	0
June 30, 2014 Loss	271,427	7.00	38,775	232,652
2. Assumption Changes				
June 30, 2020 Loss	\$ 0	10.60	\$ 0	\$ 0
June 30, 2019 Loss	0	10.07	0	0
June 30, 2018 Loss	0	9.47	0	0
June 30, 2017 Loss	0	11.00	0	0
June 30, 2016 Loss	0	10.00	0	0
June 30, 2015 Loss	169,708,530	9.00	18,856,504	150,852,026
June 30, 2014 Loss	0	7.00	0	0
3. Investment Experience				
June 30, 2020 Loss	\$ 256,760,604	5.00	\$ 51,352,121	\$ 205,408,483
June 30, 2019 Loss	0	4.00	0	0
June 30, 2018 Loss	0	3.00	0	0
June 30, 2017 Loss	0	2.00	0	0
June 30, 2016 Loss	45,293,631	1.00	45,293,631	0
Total Outflows:				
(1)+(2)+(3)	\$ 529,878,415		\$ 120,993,596	\$ 408,884,819

Information was provided prospectively from June 30, 2013 for GASB No. 68 purposes. 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.



TABLE 19
DEFERRED INFLOWS OF RESOURCES

	June 30, 2019	Remaining Period	Recognition	June 30, 2020
1. Liability Experience				
June 30, 2020 Gain	\$ 31,433,009	10.60	\$ 2,965,379	\$ 28,467,630
June 30, 2019 Gain	19,637,816	10.07	1,950,131	17,687,685
June 30, 2018 Gain	117,466,608	9.47	12,404,078	105,062,530
June 30, 2017 Gain	0	11.00	0	0
June 30, 2016 Gain	0	10.00	0	0
June 30, 2015 Gain	26,265,378	9.00	2,918,375	23,347,003
June 30, 2014 Gain	0	7.00	0	0
2. Assumption Changes				
June 30, 2020 Gain	\$ 113,645	10.60	\$ 10,722	\$ 102,923
June 30, 2019 Gain	0	10.07	0	0
June 30, 2018 Gain	235,670,467	9.47	24,886,005	210,784,462
June 30, 2017 Gain	90,754,441	11.00	8,250,404	82,504,037
June 30, 2016 Gain	0	10.00	0	0
June 30, 2015 Gain	0	9.00	0	0
June 30, 2014 Gain	0	7.00	0	0
3. Investment Experience				
June 30, 2020 Gain	\$ 0	5.00	\$ 0	\$ 0
June 30, 2019 Gain	27,454,632	4.00	6,863,659	20,590,973
June 30, 2018 Gain	74,786,495	3.00	24,928,833	49,857,662
June 30, 2017 Gain	21,686,111	2.00	10,843,056	10,843,055
June 30, 2016 Gain	0	1.00	0	0
Total Inflows: (1)+(2)+(3)	\$ 645,268,602		\$ 96,020,642	\$ 549,247,960

Information was provided prospectively from June 30, 2013 for GASB No. 68 purposes. 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.



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:			
2020	\$ 120,993,596	\$ 96,020,642	\$ 24,972,954
Future Years:			
2021	\$ 75,699,965	\$ 96,020,641	\$ (20,320,676)
2022	75,699,965	85,177,582	(9,477,617)
2023	75,699,965	60,248,749	15,451,216
2024	75,699,964	53,385,094	22,314,870
2025	24,347,844	53,385,094	(29,037,250)
Thereafter	81,737,116	201,030,800	(119,293,684)



SECTION 6 – GASB INFORMATION

TABLE 21

PENSION EXPENSE UNDER GASB NO. 68

		For Fiscal Year Ending June 30, 2020
1. Service Cost, beginning of year	\$	183,632,094
2. Interest Cost, including interest on service cost		411,329,073
3. Member Contributions ¹		0
4. Administrative Expenses ²		5,025,299
5. Expected Return on Assets ³		(414,832,225)
6. Plan Amendments		0
7. Recognition of Deferred Inflows / Outflows of Resources Related to:		
a. Liability Experience (Gains) / Losses	(14,746,623)	
b. Assumption Change (Gains) / Losses	(14,290,627)	
c. Investment Experience (Gains) / Losses	<u>54,010,204</u>	
d. Total: (7a)+(7b)+(7c)		24,972,954
8. Miscellaneous (Income) / Expense		(43,000)
9. Total Collective Pension Expense: (1)+(2)+(3)+(4)+(5)+(6)+(7d)+(8)		210,084,195
10. Employer Service Purchases		0
Pension Expense / (Income): (9) + (10)	\$	210,084,195

¹ Excludes member paid service purchases of \$103,685.

² Excludes contributions made by INPRS for its employees of \$64,089 in the hybrid plan and \$0 in the My Choice plan.

³ Cash flows assumed to occur mid-year.



SECTION 6 – 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.

Actuarial Assumptions and Inputs

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

Type of Plan	The Teachers’ Retirement Fund 1996 Account is a cost-sharing multiple-employer plan for GASB accounting purposes.
Measurement Date	June 30, 2020
Valuation Date	
Assets:	June 30, 2020
Liabilities:	June 30, 2019 – The TPL as of June 30, 2020 was determined based on an actuarial valuation prepared as of June 30, 2019 rolled forward one year to June 30, 2020, using the following key actuarial assumptions and other inputs, such as benefit accruals and actual benefit payments during that time period.
Inflation	2.25%
Future Salary Increases	2.75% - 12.00% based on years of service
Cost-of-Living Increases	As of June 30, 2020: In lieu of a COLA on January 1, 2021, members in pay were provided a 13 th check on October 1, 2020. Thereafter, the following COLAs, compounded annually, were assumed: 0.4% beginning on January 1, 2022 0.5% beginning on January 1, 2034 0.6% beginning on January 1, 2039 As of June 30, 2019: In lieu of a COLA on January 1, 2020 and January 1, 2021, members in pay were provided a 13 th check on October 1, 2019 and October 1, 2020. Thereafter, the following COLAs, compounded annually, were assumed: 0.4% beginning on January 1, 2022 0.5% beginning on January 1, 2034 0.6% beginning on January 1, 2039



SECTION 6 – 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> – Teacher Employee table with a 1 year set forward for males and a 1 year set forward for females.</p> <p><i>Retirees</i> – Teacher Retiree table with a 1 year set forward for males and a 1 year set forward 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 updated as appropriate based on the results of the study for this June 30, 2020 actuarial valuation.</p>
Discount Rate	<p>6.75%, 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 setting the employer contribution rate equal to the greater of the current contribution rate (currently 5.5%) and a rate equal to the actuarially determined contribution rate which is based on the assumptions and methods selected by the Board for the annual actuarial valuations and projected covered member payroll. The June 30, 2019 actuarial valuation assumes a long-term rate of return on assets of 6.75%, 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, 2020), and a 5-year smoothing method for recognizing investment gains and losses in the actuarial value of assets.</p> <p>For the past several years, the Board has followed its current funding policy and employers have made their contributions to the plan. Therefore, if past practice is continued, the appropriations will be sufficient to allow the Fund to remain fully funded. As a result, it is presumed that the projected plan assets will be sufficient to cover the future benefit payments for current members and a detailed projection of plan assets and cash flows has not been prepared.</p>

**SECTION 6 – GASB INFORMATION****Discount Rate Sensitivity**

	1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%
Net Pension Liability	\$1,191,566,567	\$77,940,767	(\$822,618,684)

Classes of Plan Members Covered

The June 30, 2020 valuation was performed using census data provided by INPRS as of June 30, 2019. Standard actuarial techniques were used to roll forward the total pension liability computed as of June 30, 2019 to the June 30, 2020 measurement date using actual benefit payments during that period of time.

Number as of June 30, 2019	
1. Currently Receiving Benefits:	
Retired Members, Disabled Members, and Beneficiaries	7,596
2. Inactive Members Entitled To But Not Yet Receiving Benefits	6,609
3. Inactive Non-vested Members Entitled to a Refund of Member Contributions	0
4. Active Members	58,450
Total Covered Plan Members: (1)+(2)+(3)+(4)	72,655

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, 2020, the money-weighted return on the plan assets is 2.6%.

Components of Net Pension Liability

As of June 30, 2020	
Total Pension Liability	\$ 6,403,252,089
Fiduciary Net Position	6,325,311,322
Net Pension Liability	\$ 77,940,767
Ratio of Fiduciary Net Position to Total Pension Liability	98.78%



SECTION 6 – 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	2016	2017	2018	2019	2020
Total Pension Liability					
Total Pension Liability - beginning	\$5,905,691,033	\$6,391,750,065	\$6,914,237,041	\$5,563,263,694	\$5,980,426,336
DC Account Balances - beginning ¹	1,170,914,523	1,217,432,610	1,378,142,685	0	0
DB Pension Liability - beginning	\$4,734,776,510	\$5,174,317,455	\$5,536,094,356	\$5,563,263,694	\$5,980,426,336
Service Cost (SC), beginning-of-year	167,836,193	168,650,636	182,558,143	180,559,476	183,632,094
Interest Cost, including interest on SC	328,017,487	357,392,165	382,297,585	383,383,638	411,329,073
Experience (Gains)/Losses	29,876,020	46,459,899	(142,274,764)	(21,587,947)	(31,433,009)
Assumption Changes	0	(115,505,653)	(285,442,477)	0	(113,645)
Plan Amendments	0	1,352,763	0	2,938,618	0
DC Annuity Payments	8,931,954	8,503,495	6,503,849	0	0
Actual Benefit Payments	(99,506,626)	(109,334,779)	(122,239,791)	(132,572,511)	(143,371,247)
Member Reassignments	4,370,023	4,258,375	5,602,016	4,293,211	2,678,802
Service Purchases	15,894	0	164,777	148,157	103,685
Net Change in Total Pension Liability	439,540,945	361,776,901	27,169,338	417,162,642	422,825,753
DB Pension Liability - ending	\$5,174,317,455	\$5,536,094,356	\$5,563,263,694	\$5,980,426,336	\$6,403,252,089
DC Account Balances - ending ¹	1,217,432,610	1,378,142,685	0	0	0
(a) Total Pension Liability - ending	\$6,391,750,065	\$6,914,237,041	\$5,563,263,694	\$5,980,426,336	\$6,403,252,089
Plan Fiduciary Net Position					
Plan Fiduciary Net Position – beginning	\$5,379,113,041	\$5,611,229,693	\$6,252,040,308	\$5,452,351,707	\$6,124,085,498
DC Account Balances - beginning ¹	1,170,914,523	1,217,432,610	1,378,142,685	0	0
DB Plan Fiduciary Net Position – beginning	\$4,208,198,518	\$4,393,797,083	\$4,873,897,623	\$5,452,351,707	\$6,124,085,498
Contributions – employer	215,625,986	227,206,663	235,819,031	393,172,165	188,789,351
Contributions – non-employer	0	0	0	0	0
Contributions – member	43,175	57,709	129,780	127,304	103,685
Net investment income	61,722,129	354,926,957	457,707,449	411,146,841	158,071,621
Actual benefit payments	(99,506,625)	(109,334,779)	(122,239,791)	(132,572,511)	(143,371,247)
Net member reassignments	4,369,512	4,258,236	5,602,016	4,293,211	2,678,802
DC Annuity Payments	8,931,800	8,504,000	6,503,849	0	0
Administrative expense	(5,603,306)	(5,552,446)	(5,208,400)	(5,037,962)	(5,089,388)
Other	15,894	34,200	140,150	604,743	43,000
Net change in Plan Fiduciary Net Position	185,598,565	480,100,540	578,454,084	671,733,791	201,225,824
DB Plan Fiduciary Net Position – ending	\$4,393,797,083	\$4,873,897,623	\$5,452,351,707	\$6,124,085,498	\$6,325,311,322
DC Account Balances - ending ¹	1,217,432,610	1,378,142,685	0	0	0
(b) Plan Fiduciary Net Position - ending	\$5,611,229,693	\$6,252,040,308	\$5,452,351,707	\$6,124,085,498	\$6,325,311,322
Net Pension Liability - ending, (a) - (b)	\$780,520,372	\$662,196,733	\$110,911,987	(\$143,659,162)	\$77,940,767

¹ Effective January 1, 2018, DC account balances are handled by a third party annuity provider and are treated as a separate defined contribution plan. Information was provided prospectively from June 30, 2013 for GASB No. 67 and GASB No. 68 purposes. Results prior to 2018 were produced by the prior actuary.

**SECTION 6 – 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	2013	2014	2015
Total Pension Liability			
Total Pension Liability - beginning	\$4,338,309,018	\$4,748,148,931	\$5,236,993,169
DC Account Balances - beginning ¹	899,338,904	990,704,762	1,120,728,729
DB Pension Liability - beginning	\$3,438,970,114	\$3,757,444,169	\$4,116,264,440
Service Cost (SC), beginning-of-year	147,336,605	155,314,388	170,892,424
Interest Cost, including interest on SC	240,281,897	262,263,149	287,264,315
Experience (Gains)/Losses	(15,994,636)	504,077	(40,857,253)
Assumption Changes	0	0	263,991,050
Plan Amendments	0	(4,504,201)	0
DC Annuitizations	11,621,194	15,151,081	22,574,841
Actual Benefit Payments	(68,792,905)	(77,253,362)	(90,266,941)
Member Reassignments	0	6,922,378	4,889,464
Service Purchases	4,021,900	422,761	24,170
Net Change in Total Pension Liability	318,474,055	358,820,271	618,512,070
DB Pension Liability - ending	\$3,757,444,169	\$4,116,264,440	\$4,734,776,510
DC Account Balances - ending ¹	990,704,762	1,120,728,729	1,170,914,523
(a) Total Pension Liability - ending	\$4,748,148,931	\$5,236,993,169	\$5,905,691,033
Plan Fiduciary Net Position			
Plan Fiduciary Net Position – beginning	\$4,018,148,904	\$4,433,677,345	\$5,189,442,330
DC Account Balances - beginning ¹	899,338,904	990,704,762	1,120,728,729
DB Plan Fiduciary Net Position – beginning	\$3,118,810,000	\$3,442,972,583	\$4,068,713,601
Contributions – employer	180,714,000	194,750,861	205,763,142
Contributions – non-employer	0	0	0
Contributions – member	0	0	0
Net investment income	207,098,438	492,856,485	2,684,489
Actual benefit payments	(68,793,300)	(77,253,362)	(90,266,941)
Net member reassignments	0	6,922,371	4,890,290
DC Annuitizations	11,621,100	15,151,500	22,575,000
Administrative expense	(6,482,000)	(6,707,587)	(6,185,233)
Other	4,345	20,750	24,170
Net change in Plan Fiduciary Net Position	324,162,583	625,741,018	139,484,917
DB Plan Fiduciary Net Position – ending	\$3,442,972,583	\$4,068,713,601	\$4,208,198,518
DC Account Balances - ending ¹	990,704,762	1,120,728,729	1,170,914,523
(b) Plan Fiduciary Net Position - ending	\$4,433,677,345	\$5,189,442,330	\$5,379,113,041
Net Pension Liability - ending, (a) - (b)	\$314,471,586	\$47,550,839	\$526,577,992

¹ Effective January 1, 2018, DC account balances are handled by a third party annuity provider and are treated as a separate defined contribution plan. Information was provided prospectively from June 30, 2013 for GASB No. 67 and GASB No. 68 purposes. Results prior to 2018 were produced by the prior actuary.



SECTION 6 – GASB INFORMATION

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

SCHEDULE OF THE NET PENSION LIABILITY

Fiscal Year Ending June 30	2016	2017	2018	2019	2020
Total Pension Liability	\$6,391,750,065	\$6,914,237,041	\$5,563,263,694	\$5,980,426,336	\$6,403,252,089
Plan Fiduciary Net Position	<u>5,611,229,693</u>	<u>6,252,040,308</u>	<u>5,452,351,707</u>	<u>6,124,085,498</u>	<u>6,325,311,322</u>
Net Pension Liability	\$780,520,372	\$662,196,733	\$110,911,987	(\$143,659,162)	\$77,940,767
Ratio of Plan Fiduciary Net Position to Total Pension Liability	87.79%	90.42%	98.01%	102.40%	98.78%
Covered-employee payroll ¹	\$2,881,397,273	\$3,020,463,178	\$3,129,070,354	\$3,257,917,777	\$3,465,727,587
Net Pension Liability as a percentage of covered-employee payroll	27.09%	21.92%	3.54%	-4.41%	2.25%
Fiscal Year Ending June 30			2013	2014	2015
Total Pension Liability			\$4,748,148,931	\$5,236,993,169	\$5,905,691,033
Plan Fiduciary Net Position			<u>4,433,677,345</u>	<u>5,189,442,330</u>	<u>5,379,113,041</u>
Net Pension Liability			\$314,471,586	\$47,550,839	\$526,577,992
Ratio of Plan Fiduciary Net Position to Total Pension Liability			93.38%	99.09%	91.08%
Covered-employee payroll ¹			\$2,442,496,000	\$2,598,115,000	\$2,742,186,608
Net Pension Liability as a percentage of covered-employee payroll			12.88%	1.83%	19.20%

¹ As provided by INPRS.

Information was provided prospectively from June 30, 2013 for GASB No. 67 and GASB No. 68 purposes. Results prior to 2018 were produced by the prior actuary.



SECTION 6 – GASB INFORMATION

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending June 30	2016	2017	2018	2019	2020
Actuarially Determined Contribution ¹	\$180,375,469	\$198,444,431	\$210,586,435	\$226,099,494	\$162,035,175
Actual employer contributions	<u>\$215,625,986</u>	<u>\$227,206,663</u>	<u>\$235,675,239</u>	<u>\$393,151,312</u>	<u>\$188,789,351</u>
Annual contribution (deficiency) / excess	\$35,250,517	\$28,762,232	\$25,088,804	\$167,051,818	\$26,754,176
Covered-employee payroll ²	\$2,881,397,273	\$3,020,463,178	\$3,129,070,354	\$3,257,917,777	\$3,465,727,587
Actual contributions as a percentage of covered-employee payroll	7.48%	7.52%	7.53%	12.07%	5.45%

Fiscal Year Ending June 30	2013	2014	2015
Actuarially Determined Contribution ¹	\$164,400,000	\$177,711,000	\$178,260,000
Actual employer contributions	<u>\$180,714,567</u>	<u>\$194,750,861</u>	<u>\$205,525,842</u>
Annual contribution (deficiency) / excess	\$16,314,567	\$17,039,861	\$27,265,842
Covered-employee payroll ²	\$2,442,496,000	\$2,598,115,000	\$2,742,186,608
Actual contributions as a percentage of covered-employee payroll	7.40%	7.50%	7.49%

¹ The employer rates were applied to the actual covered employee payroll for the fiscal year to determine the contribution amount.
The actuarially determined amortization and normal cost rates were developed in the actuarial report completed one year prior to the fiscal year.
The surcharge rate uses the valuation completed two years ago for July-December and one year ago for January-June.

² As provided by INPRS.

Information was provided prospectively from June 30, 2013 for GASB No. 67 and GASB No. 68 purposes. Results prior to 2018 were produced by the prior actuary.



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>
2020	2.6%
2019	7.5%
2018	9.3%
2017	8.1%
2016	1.0%
2015	0.6%
2014	12.7%
2013	5.1%

Information was provided prospectively from June 30, 2013 for GASB No. 67 and GASB No. 68 purposes. Returns provided by INPRS.



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APPENDIX A – MEMBERSHIP DATA

MEMBER DATA RECONCILIATION

	Active Members	Inactive Vested	Inactive Deceased	Disabled	Retired	Beneficiary	Total
1. As of June 30, 2018	58,308	5,766	12	151	6,612	278	71,127
2. Data Adjustments							
New Participants	5,127	0	0	0	0	0	5,127
Rehires	355	(355)	0	0	0	0	0
Terminations:							
Not Vested	(3,477)	0	0	0	0	0	(3,477)
Deferred Vested	(1,535)	1,535	0	0	0	0	0
Disability	(4)	0	0	4	0	0	0
Retirements	(293)	(297)	0	0	590	0	0
Refund / Benefits Ended	0	(47)	0	0	0	(10)	(57)
Transfer / Millie Morgan	(6)	(34)	0	0	0	0	(40)
Deaths:							
With Beneficiary	(4)	(1)	(1)	(6)	(29)	41	0
Without Beneficiary	(21)	(11)	(2)	(4)	(43)	(6)	(87)
Entitled to Future Pension Benefit	0	0	0	0	0	0	0
Data Corrections ¹	0	43	1	(10)	24	4	62
Net Change	142	833	(2)	(16)	542	29	1,528
3. As of June 30, 2019 ²	58,450	6,599	10	135	7,154	307	72,655

¹ A data review was performed to ensure disabled members that had aged into retirement benefits were converted to retirees, thus counts have been adjusted accordingly.

² Valuation results as of June 30, 2020 were calculated using June 30, 2019 census data, adjusted for certain activity before the valuation date. Headcounts may include multiple records for individuals, such as members with multiple periods of service.

**APPENDIX A – MEMBERSHIP DATA****SUMMARY OF MEMBERSHIP DATA**

Valuation Date	Combined TRF Plans		1996 Account
	June 30, 2019	June 30, 2020	June 30, 2020
Date of Membership Data ¹	June 30, 2018	June 30, 2019	June 30, 2019
ACTIVE MEMBERS			
Number of Active Members	68,805	67,788	58,450
Annual Membership Data Salary ²	\$ 3,864,744,006	\$ 3,870,822,192	\$ 3,189,073,708
Anticipated Payroll for Next Fiscal Year	\$ 4,133,536,916	\$ 4,179,833,109	\$ 3,552,092,707
Active Member Averages			
Age	42.8	43.0	40.9
Service	13.4	13.6	11.1
Annual Membership Data Salary	\$ 56,170	\$ 57,102	\$ 54,561
INACTIVE MEMBERS			
Number of Inactive Members	8,160	8,881	6,609
Inactive Member Averages			
Age	52.3	51.7	49.2
Service	14.1	14.5	12.9
RETIREEES, DISABLEDS, AND BENEFICIARIES			
Number of Members			
Retired	54,737	55,163	7,154
Disabled	294	237	135
Beneficiaries	5,508	5,611	307
Total	60,539	61,011	7,596
Annual Benefits			
Retired	\$ 1,172,722,455	\$ 1,186,691,022	\$ 126,900,310
Disabled	3,097,793	2,374,974	1,171,760
Beneficiaries	80,642,697	83,708,657	3,931,809
Total	\$ 1,256,462,945	\$ 1,272,774,653	\$ 132,003,879
Annual Benefits			
Pension	\$ 1,119,445,742	\$ 1,138,731,406	\$ 120,405,257
DC Plan Annuities	137,017,203	134,043,247	11,598,622
Total	\$ 1,256,462,945	\$ 1,272,774,653	\$ 132,003,879

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

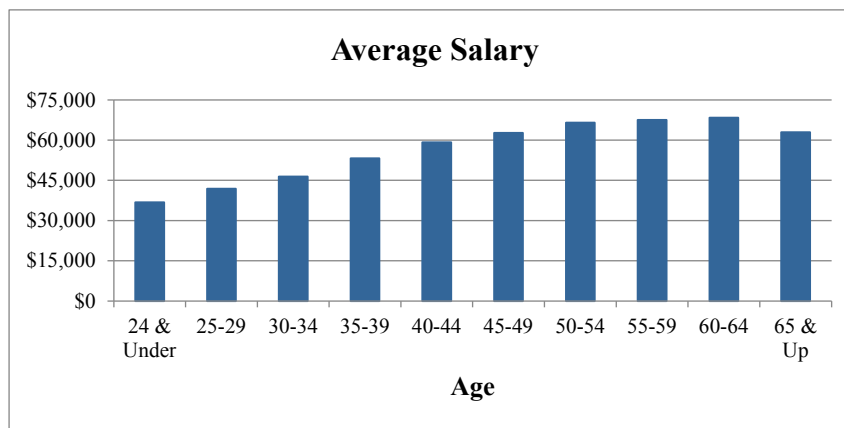
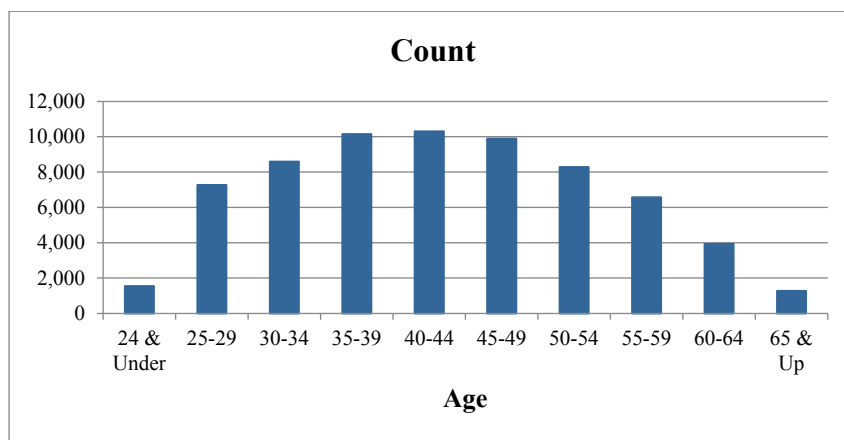
² The 2019 amounts include 97 records from the 1996 Account with less than a year of service who are missing a salary. Their salaries were defaulted to the average salary of \$53,317. The 2020 amounts include 68 records where salaries were defaulted to the average salary of \$54,561.



APPENDIX A – MEMBERSHIP DATA

**ACTIVE MEMBERS¹
As of June 30, 2019 for the June 30, 2020 Valuation
Combined TRF Plans**

<u>Age</u>	<u>Count of Members</u>			<u>FY 2019 Annual Membership Data Salary</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
24 & Under	245	1,298	1,543	\$ 9,017,502	\$ 47,694,464	\$ 56,711,966
25-29	1,664	5,601	7,265	71,795,183	232,090,022	303,885,205
30-34	2,239	6,351	8,590	112,628,454	286,015,831	398,644,285
35-39	2,707	7,442	10,149	158,370,250	381,171,807	539,542,057
40-44	2,780	7,520	10,300	181,596,341	427,527,334	609,123,675
45-49	2,628	7,267	9,895	185,679,004	434,627,718	620,306,722
50-54	2,201	6,077	8,278	161,701,788	388,766,140	550,467,928
55-59	1,698	4,866	6,564	124,800,457	318,443,193	443,243,650
60-64	1,001	2,931	3,932	74,567,401	194,307,412	268,874,813
65 & Up	<u>379</u>	<u>893</u>	<u>1,272</u>	<u>24,686,626</u>	<u>55,335,265</u>	<u>80,021,891</u>
Total	17,542	50,246	67,788	\$ 1,104,843,006	\$ 2,765,979,186	\$ 3,870,822,192



¹ Includes 68 records from the 1996 Account with less than a year of service who are missing a salary. Their salaries were defaulted to the average salary of \$54,561.



APPENDIX A – MEMBERSHIP DATA

**AGE AND SERVICE DISTRIBUTION¹
As of June 30, 2019 for the June 30, 2020 Valuation
Combined TRF Plans**

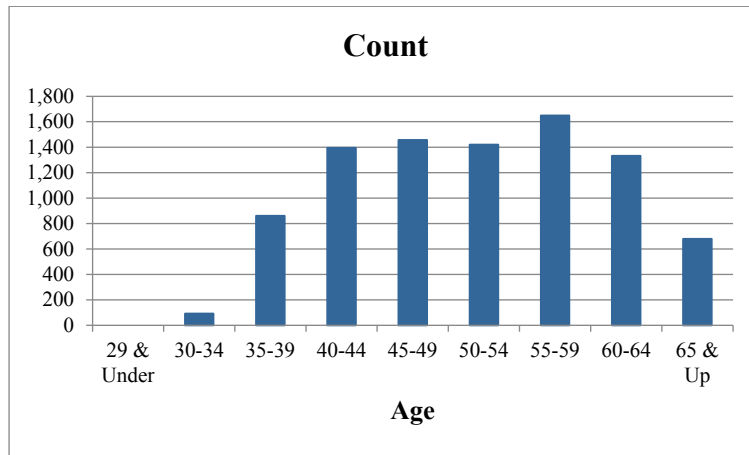
Age		0-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 34	Total
24 & Under	Number	1,543	0	0	0	0	0	0	0	1,543
	Total Salary	\$ 56,711,966	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 56,711,966
	Average Sal.	\$ 36,754	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,754
25-29	Number	5,463	1,801	1	0	0	0	0	0	7,265
	Total Salary	\$ 223,239,313	\$ 80,596,085	\$ 49,807	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 303,885,205
	Average Sal.	\$ 40,864	\$ 44,751	\$ 49,807	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,829
30-34	Number	2,306	5,118	1,166	0	0	0	0	0	8,590
	Total Salary	\$ 95,701,888	\$ 240,885,749	\$ 62,056,648	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 398,644,285
	Average Sal.	\$ 41,501	\$ 47,066	\$ 53,222	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,408
35-39	Number	1,696	2,281	4,769	1,403	0	0	0	0	10,149
	Total Salary	\$ 71,475,271	\$ 110,927,481	\$ 268,539,775	\$ 88,599,530	\$ 0	\$ 0	\$ 0	\$ 0	\$ 539,542,057
	Average Sal.	\$ 42,143	\$ 48,631	\$ 56,309	\$ 63,150	\$ 0	\$ 0	\$ 0	\$ 0	\$ 53,162
40-44	Number	1,294	1,527	1,978	4,331	1,166	4	0	0	10,300
	Total Salary	\$ 55,496,819	\$ 75,038,161	\$ 112,108,979	\$ 282,506,501	\$ 83,676,779	\$ 296,436	\$ 0	\$ 0	\$ 609,123,675
	Average Sal.	\$ 42,888	\$ 49,141	\$ 56,678	\$ 65,229	\$ 71,764	\$ 74,109	\$ 0	\$ 0	\$ 59,138
45-49	Number	1,118	1,159	1,329	1,773	3,713	801	2	0	9,895
	Total Salary	\$ 47,606,467	\$ 55,765,724	\$ 74,878,019	\$ 112,269,578	\$ 267,592,959	\$ 61,984,847	\$ 209,128	\$ 0	\$ 620,306,722
	Average Sal.	\$ 42,582	\$ 48,115	\$ 56,342	\$ 63,322	\$ 72,069	\$ 77,384	\$ 104,564	\$ 0	\$ 62,689
50-54	Number	667	764	962	1,170	1,656	2,374	681	4	8,278
	Total Salary	\$ 28,877,752	\$ 38,097,147	\$ 53,432,850	\$ 74,652,182	\$ 119,078,875	\$ 182,451,963	\$ 53,543,728	\$ 333,431	\$ 550,467,928
	Average Sal.	\$ 43,295	\$ 49,865	\$ 55,544	\$ 63,805	\$ 71,908	\$ 76,854	\$ 78,625	\$ 83,358	\$ 66,498
55-59	Number	413	432	648	791	974	1,009	1,816	481	6,564
	Total Salary	\$ 16,312,955	\$ 20,173,723	\$ 35,771,532	\$ 48,853,055	\$ 67,377,452	\$ 75,349,758	\$ 141,328,285	\$ 38,076,890	\$ 443,243,650
	Average Sal.	\$ 39,499	\$ 46,698	\$ 55,203	\$ 61,761	\$ 69,176	\$ 74,678	\$ 77,824	\$ 79,162	\$ 67,526
60-64	Number	218	233	365	430	612	481	498	1,095	3,932
	Total Salary	\$ 8,489,854	\$ 11,270,895	\$ 19,592,654	\$ 26,916,233	\$ 41,486,964	\$ 35,360,959	\$ 38,602,718	\$ 87,154,536	\$ 268,874,813
	Average Sal.	\$ 38,944	\$ 48,373	\$ 53,679	\$ 62,596	\$ 67,789	\$ 73,516	\$ 77,515	\$ 79,593	\$ 68,381
65 & Up	Number	144	113	117	136	139	110	120	393	1,272
	Total Salary	\$ 3,608,561	\$ 4,089,909	\$ 5,519,301	\$ 8,175,731	\$ 9,442,219	\$ 8,166,558	\$ 8,997,843	\$ 32,021,769	\$ 80,021,891
	Average Sal.	\$ 25,059	\$ 36,194	\$ 47,174	\$ 60,116	\$ 67,930	\$ 74,241	\$ 74,982	\$ 81,480	\$ 62,910
Total	Number	14,862	13,428	11,335	10,034	8,260	4,779	3,117	1,973	67,788
	Total Salary	\$ 607,520,846	\$ 636,844,874	\$ 631,949,565	\$ 641,972,810	\$ 588,655,248	\$ 363,610,521	\$ 242,681,702	\$ 157,586,626	\$ 3,870,822,192
	Average Sal.	\$ 40,877	\$ 47,427	\$ 55,752	\$ 63,980	\$ 71,266	\$ 76,085	\$ 77,857	\$ 79,872	\$ 57,102

¹ Includes 68 records from the 1996 Account with less than a year of service who are missing a salary. Their salaries were defaulted to the average salary of \$54,561.



INACTIVE VESTED MEMBERS
As of June 30, 2019 for the June 30, 2020 Valuation
Combined TRF Plans

<u>Age</u>	<u>Count of Members</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>
29 & Under	0	0	0
30-34	26	66	92
35-39	220	640	860
40-44	379	1,015	1,394
45-49	466	990	1,456
50-54	388	1,032	1,420
55-59	389	1,259	1,648
60-64	268	1,064	1,332
65 & Up	<u>170</u>	<u>509</u>	<u>679</u>
Total	2,306	6,575	8,881

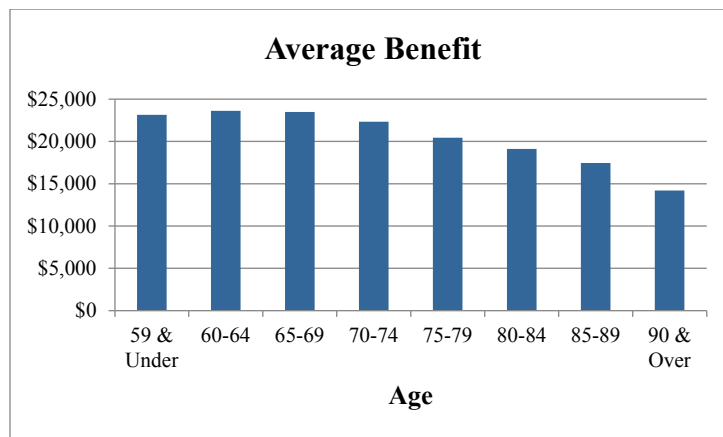
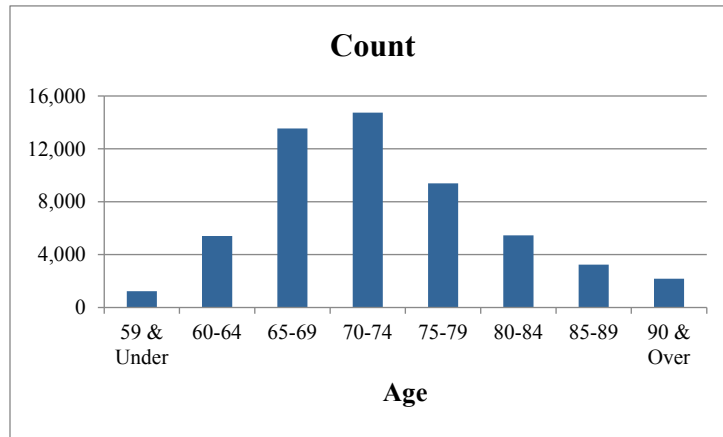




APPENDIX A – MEMBERSHIP DATA

**RETIRED MEMBERS
As of June 30, 2019 for the June 30, 2020 Valuation
Combined TRF Plans**

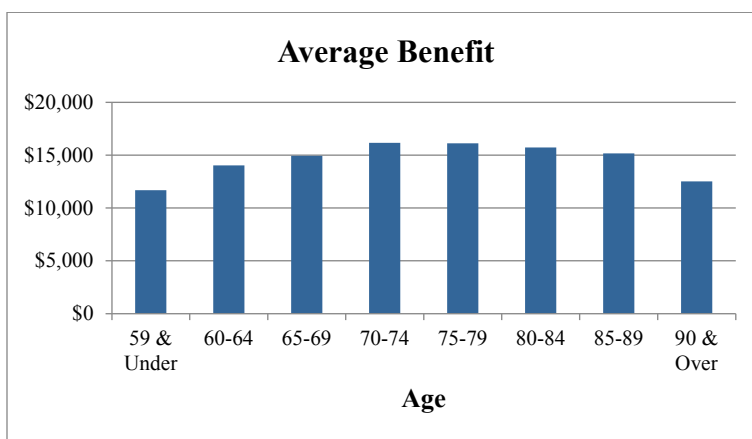
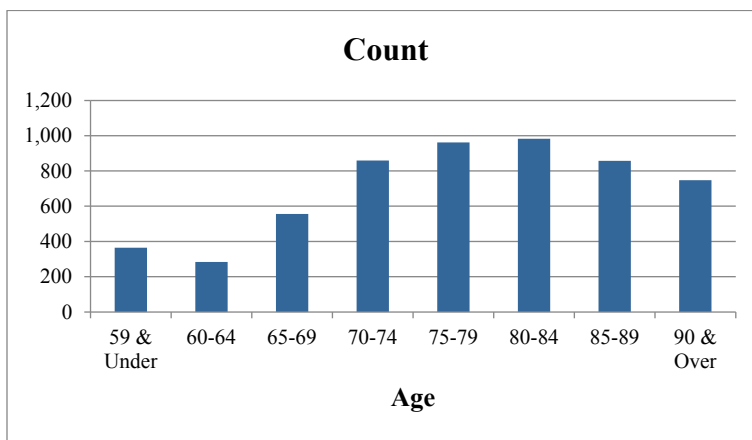
<u>Age</u>	<u>Count of Members</u>			<u>Annual Benefits</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
59 & Under	356	868	1,224	\$ 8,555,146	\$ 19,765,205	\$ 28,320,351
60-64	1,407	4,001	5,408	36,335,376	91,395,840	127,731,216
65-69	3,544	10,002	13,546	92,776,615	225,343,540	318,120,155
70-74	4,600	10,143	14,743	115,261,933	213,903,261	329,165,194
75-79	3,436	5,946	9,382	79,930,106	111,884,395	191,814,501
80-84	2,103	3,353	5,456	46,430,667	57,862,315	104,292,982
85-89	1,265	1,970	3,235	25,846,533	30,609,811	56,456,344
90 & Over	<u>632</u>	<u>1,537</u>	<u>2,169</u>	<u>11,560,101</u>	<u>19,230,178</u>	<u>30,790,279</u>
Total	17,343	37,820	55,163	\$ 416,696,477	\$ 769,994,545	\$ 1,186,691,022





**BENEFICIARIES RECEIVING BENEFITS
As of June 30, 2019 for the June 30, 2020 Valuation
Combined TRF Plans**

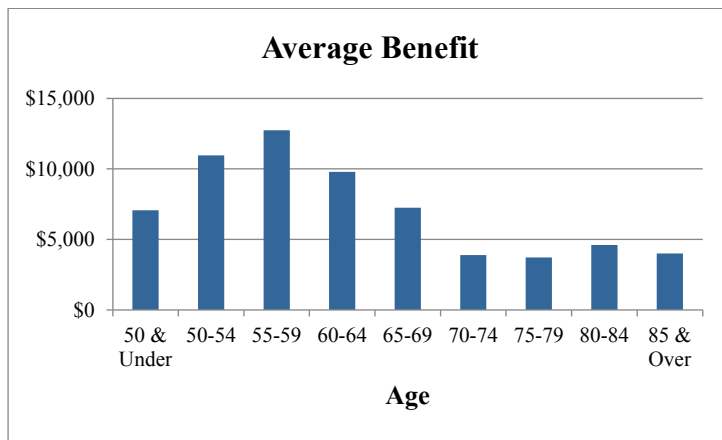
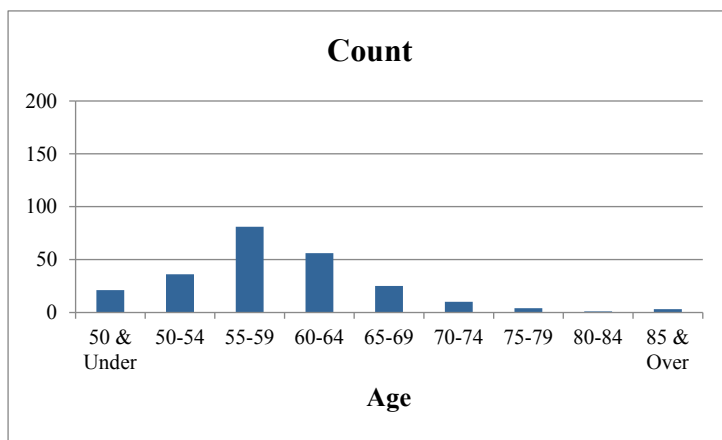
<u>Age</u>	<u>Count of Members</u>			<u>Annual Benefits</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
59 & Under	153	211	364	\$ 1,697,380	\$ 2,554,784	\$ 4,252,164
60-64	118	165	283	1,536,397	2,431,918	3,968,315
65-69	223	333	556	2,846,484	5,458,578	8,305,062
70-74	306	553	859	4,582,020	9,300,641	13,882,661
75-79	251	711	962	3,420,828	12,076,147	15,496,975
80-84	207	776	983	2,724,808	12,728,101	15,452,909
85-89	157	700	857	1,849,983	11,148,389	12,998,372
90 & Over	<u>86</u>	<u>661</u>	<u>747</u>	<u>755,150</u>	<u>8,597,049</u>	<u>9,352,199</u>
Total	1,501	4,110	5,611	\$ 19,413,050	\$ 64,295,607	\$ 83,708,657





DISABLED MEMBERS
As of June 30, 2019 for the June 30, 2020 Valuation
Combined TRF Plans

<u>Age</u>	<u>Count of Members</u>			<u>Annual Benefits</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
50 & Under	1	20	21	\$ 5,081	\$ 143,340	\$ 148,421
50-54	12	24	36	118,891	275,787	394,678
55-59	16	65	81	215,535	816,401	1,031,936
60-64	11	45	56	130,286	418,009	548,295
65-69	5	20	25	57,429	123,830	181,259
70-74	4	6	10	16,535	22,372	38,907
75-79	0	4	4	0	14,880	14,880
80-84	0	1	1	0	4,598	4,598
85 & Over	<u>0</u>	<u>3</u>	<u>3</u>	<u>0</u>	<u>12,000</u>	<u>12,000</u>
Total	49	188	237	\$ 543,757	\$ 1,831,217	\$ 2,374,974





MEMBERS AND BENEFICIARIES RECEIVING BENEFITS
As of June 30, 2019 for the June 30, 2020 Valuation
1996 Account

Schedule of Average Benefit Payments ^{1,2}

For the Year Ended June 30, 2020	Years of Credited Service						Total
	< 10	10 - 14	15 - 19	20 - 24	25 - 29	30 +	
Average Monthly Defined Benefit	\$157	\$525	\$794	\$1,163	\$1,566	\$2,314	\$1,321
Average Monthly DC Annuity ³	\$68	\$151	\$241	\$337	\$495	\$741	\$391
Average Final Average Salary ⁴	\$38,301	\$46,690	\$56,139	\$63,083	\$68,055	\$76,919	\$62,982
Number of Benefit Recipients	181	986	1,989	1,383	1,036	2,021	7,596

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

² Members with less than 10 years of service are primarily members receiving a disability benefit.

³ This represents those retirees who elected to receive their DC account as a supplemental monthly payment in addition to the monthly Defined Benefit payment.

⁴ Excludes the 34 in-pay members who are missing a final average salary in the data.



**MEMBERS AND BENEFICIARIES RECEIVING BENEFITS
As of June 30, 2019 for the June 30, 2020 Valuation
1996 Account**

Schedule of Benefit Recipients by Type of Benefit Option ^{1,2}

Amount of Monthly Benefit (in dollars)	Number of Recipients by Benefit Option							Total Benefit Recipients
	5-Year Certain & Life	Straight Life	Joint with 100% Survivor Benefits	Joint with Two- Thirds Survivor Benefits	Joint with One-Half Survivor Benefits	Survivors	Disability	
1 - 500	271	233	163	32	44	81	51	875
501 - 1,000	598	533	457	109	177	101	54	2,029
1,001 - 1,500	467	502	413	128	170	46	23	1,749
1,501 - 2,000	320	318	304	99	135	38	3	1,217
2,001 - 2,500	181	180	234	60	109	23	2	789
2,501 - 3,000	67	121	124	40	48	9	0	409
Over 3,000	102	113	166	63	73	9	2	528
Total	2,006	2,000	1,861	531	756	307	135	7,596

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

² Members who elected Social Security Integration were included in their selected benefit option of either 5-Year Certain & Life, Straight Life, Modified Cash Refund Plus 5-Year Certain & Life, Joint With 100% Survivor Benefits, Joint With Two-Thirds Survivor Benefits, or Joint With One-Half Survivor Benefits.



APPENDIX A – MEMBERSHIP DATA

MEMBERS AND BENEFICIARIES RECEIVING BENEFITS
As of June 30, 2019 for the June 30, 2020 Valuation
1996 Account

Schedule of Retirees and Beneficiaries 1

Table with 10 columns: Year, Added to Rolls (Number, Annual Benefits), Removed from Rolls (Number, Annual Benefits), Rolls - End of Year (Number, Total Annual Benefits), Percent Change In Total Annual Benefits, Average Annual Benefit, Percent Change In Average Annual Benefit.

1 Dollar amounts are in thousands except for the average annual benefit.

2 Annual benefits includes members selecting an annuity for their DC account. 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.

3 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

Definitions

Fiscal year	Twelve month period ending June 30.
Participation	Any full-time Indiana teachers in a public school corporation, certain INPRS employees, and some employees in charter schools, innovation schools, turnaround schools and public universities who were hired after June 30, 1995.
Average annual compensation	Average of highest five years of compensation. Years do not need to be consecutive.
Member contributions	All Fund members are required by state law to contribute 3% of salary contributions to their Annuity Savings Account. These 3% contributions are generally “picked up” by the employer and contributed on a pre-tax basis on behalf of the employee. Extra voluntary contributions by the member are also possible, but on a post-tax basis. At retirement, there are six alternatives for receiving the proceeds of this account, including lump sums, full and partial rollovers, full and partial annuitization of the balance, and deferred distribution.
Minimum pension benefit	The minimum pension benefit paid to a regularly retired member receiving an unreduced pension benefit is \$185 per month effective July 1, 2017 per SEA 46.

Eligibility for Benefits

Deferred vested	Ten years of service. Benefit commences at regular or early retirement eligibility.
Disability retirement	
Regular disability benefit	Five years of service.
Disability retirement benefit	Five years of service and determined to be disabled by the Social Security Administration. Annual verification of Social Security disability is required.
Early retirement	Age 50 with 15 years of service.
Normal retirement	Age 65 with ten years of service, or age 60 with 15 years of service, or if age is at least 55 and the sum of age plus credited service is at least 85.
Pre-retirement death	10 years of service. Spouse to whom member had been married for two or more years is automatically eligible, or a dependent may be designated as beneficiary.



APPENDIX B – SUMMARY OF PLAN PROVISIONS

Monthly Benefits Payable

Normal retirement	State pension equal to total service times 1.1% of Average Annual Compensation. Beginning July 1, 2017, the minimum pension benefit is \$185 per month.
Early retirement	State pension is computed as regular retirement benefit, but reduced for each month between age at early retirement and attainment of age 65. The age reduction factor is calculated as the sum of the following: <ul style="list-style-type: none">• 1/10 of 1% for each month from age 60 to 65.• 5/12 of 1% for each month from age at early retirement to 60.
Deferred retirement	Computed as a regular retirement benefit with state pension based on service and Average Annual Compensation at termination.
Disability	
Regular disability benefit	\$125 per month plus \$5 per month for each year of service credit over five years.
Disability retirement benefit	Computed as a regular retirement benefit using creditable service to the date of disability and without reduction for early retirement. The minimum benefit is \$180 per month.
Pre-retirement death	The spouse or dependent beneficiary is entitled to receive the monthly life benefit payable immediately under the assumption that the member retired on the later of age 50 or the date before the date of death and elected the joint and full survivor option. If eligible for normal retirement at death, the minimum pension benefit is \$185 per month.
Cost-of-Living-Adjustments	<p>The employer-funded monthly pension benefits for members in pay status are increased periodically to preserve purchasing power that is diminished due to inflation. Such increases are not guaranteed by Statute and will only be provided by legislative action.</p> <p>A "13th check" was paid to each member in pay status during fiscal year 2018, 2019, 2020 and 2021. The amount of the 13th check varied based on the years of creditable service the member had earned prior to retirement.</p> <p>Legislation passed in the 2018 legislative session creates a funding mechanism to provide for future benefit increases or 13th checks. The INPRS Board has the authority to have employers contribute up to 1% of member pay into the fund.</p>



APPENDIX B – SUMMARY OF PLAN PROVISIONS

Increases or payments are made upon passed legislation subject to the availability of funds to provide the benefit.

Forms of payment

The normal form of benefit payment (Option A-1) is a single life annuity with a five-year certain period. There are five optional forms of payment available, as listed below. Additionally, members retiring between ages 50 and 62 may integrate their pension benefit with their Social Security benefit by choosing Social Security Integration (Option A-4) in conjunction with the normal form or any other optional form selected. Optional forms of payment are calculated on an actuarially equivalent basis.

Additional Forms of Payment

Option A-2:	Straight Life benefit with no certain period
Option A-3:	Modified Cash Refund Annuity (operates in conjunction with the Annuity Savings Account)
Option B-1:	100% Survivorship
Option B-2:	66 2/3% Survivorship
Option B-3:	50% Survivorship

State law provides for actuarially-adjusted and re-calculated benefits based on a new optional form election in the event of the death of the member's spouse after retirement.

Changes in Plan Provisions since the Prior Year

None.



ACTUARIAL METHODS

1. Actuarial Cost Method

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.

For funding, gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 20-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 20-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.

For accounting, 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. 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, 2019 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2019 and June 30, 2020. The valuation results from June 30, 2019 were rolled-forward to June 30, 2020 to reflect benefit accruals during the year less benefits paid.

2. COLA Surcharge

The COLA Surcharge is developed by determining the assets needed at the start of the next biennium to fund the post-retirement benefit increases anticipated to be granted in that biennium. This amount is divided by the present value of expected payroll over which the accumulations will occur.

3. Asset Valuation Method

Actuarial Value of Assets is equal to a five-year smoothing of gains and losses on the Market Value of Assets subject to a 20% corridor.



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

4. Anticipated Payroll

The Anticipated Payroll for the fiscal year beginning July 1, 2020 is equal to the actual payroll during the year ending June 30, 2020, increased with one year of salary scale.

5. Employer Contribution Rates

Based on the assumptions and methods previously described, an actuarially determined contribution rate is computed for each employer. The Board considers this information and has ultimate authority in setting the employer contribution rates.

Changes in Methods since the Prior Year

None.



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

ACTUARIAL ASSUMPTIONS

Valuation Date June 30, 2020

Economic Assumptions

1. Investment return 6.75% per year, compounded annually (net of administrative and investment expenses)

2. Inflation 2.25% per year

3. Salary increase

Service	Wage Inflation	Merit	Salary Increase
0-1	2.75%	9.25%	12.00%
2	2.75%	4.25%	7.00%
3	2.75%	2.75%	5.50%
4-14	2.75%	1.75%	4.50%
15	2.75%	1.50%	4.25%
16	2.75%	1.25%	4.00%
17	2.75%	1.00%	3.75%
18	2.75%	0.75%	3.50%
19	2.75%	0.50%	3.25%
20	2.75%	0.25%	3.00%
21+	2.75%	0.00%	2.75%

4. Cost-of-Living Adjustment (COLA) In lieu of a COLA on January 1, 2021, members in pay were provided a 13th check October 1, 2020. Thereafter, the following COLAs, compounded annually, were assumed:

- 0.4% beginning on January 1, 2022
- 0.5% beginning on January 1, 2034
- 0.6% beginning on January 1, 2039

Demographic Assumptions

1. Mortality Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

Healthy Employees – Teacher Employee table with a 1 year set forward for males and a 1 year set forward for females.

Retirees – Teacher Retiree table with a 1 year set forward for males and a 1 year set forward for females.

Beneficiaries – Contingent Survivor table with no set forward for males and a 2 year set forward for females.

Disableds – General Disabled table with a 140% load.



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

2. Disability

Age	Sample Rates
<=36	0.005%
40	0.009%
45	0.014%
50	0.034%
55	0.061%
56-65	0.070%
66+	0.000%

3. Retirement

Age	Eligible for Reduced Benefit	Eligible for Unreduced Benefit
50-53	2.0%	N/A
54	5.0%	N/A
55-56	5.0%	15%
57	6.5%	15%
58	8.0%	15%
59	12.0%	15%
60	N/A	15%
61	N/A	20%
62	N/A	25%
63	N/A	30%
64	N/A	35%
65-74	N/A	40%
75+	N/A	100%

Active members: 30% commence benefit immediately (reduced for early retirement, if applicable). 70% defer to earliest unreduced retirement date.

Inactive vested members are assumed to commence their retirement benefit at their earliest normal retirement date.



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

4. Termination

Service	Male	Female
0	15.00%	12.50%
1	13.00%	11.50%
2	11.00%	10.50%
3	9.00%	9.50%
4	8.00%	8.50%
5	7.00%	7.50%
6	6.00%	6.50%
7	5.00%	5.50%
8	4.50%	5.00%
9	4.00%	4.50%
10	3.75%	4.00%
11	3.50%	3.50%
12	3.25%	3.25%
13	3.00%	3.00%
14	2.75%	2.75%
15	2.50%	2.50%
16+	2.25%	2.25%

Other Assumptions

1. Form of payment
100% of members are assumed to elect the normal form of benefit payment (Option A-1), a single life annuity with a five-year certain period.
2. Marital status
 - a. Percent married
80% of male members and 75% of female members are assumed to be married and 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. Miscellaneous adjustments
For active members, the Average Annual Compensation was increased by \$200 for additional wages received upon termination, such as severance or unused sick leave.

Changes in Assumptions since the Prior Year

As a result of the 2014-2019 Experience Study, there were changes to many assumptions. Please see that Study for complete details (available on the INPRS web site).



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Data Adjustments

Active and retired member data is reported as of June 30. Member census data as of June 30, 2019 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2019 and June 30, 2020. Standard actuarial roll-forward techniques were then used to project the total pension liability computed as of June 30, 2019 to the June 30, 2020 measurement date.

The member census data and the asset information for this valuation were furnished as of June 30, 2019. 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.

Actives and inactives with no date of birth are assumed to be the average age of the member population with their respective status. Additionally, payroll for new hires is annualized, and actives missing a salary are assumed to earn the average active salary amount. For members reported with no gender, the member is assumed to be female.

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.



APPENDIX D – GLOSSARY OF ACTUARIAL TERMS

Accrued Service	Service credited under the system that was rendered before the date of the actuarial valuation.
Actuarial Assumptions	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.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of retirement system benefits between future normal cost and actuarial accrued liability. Sometimes referred to as the “actuarial funding method.”
Actuarial Equivalent	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.
Actuarial Accrued Liability	The difference between the actuarial present value of system benefits and the actuarial value of future normal costs. Also referred to as “accrued liability” or “actuarial liability.”
Actuarial Present Value	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.
Amortization	Paying off an interest-discounted amount with periodic payments of interest and principal, as opposed to paying off with lump sum payment.
Experience Gain (Loss)	The difference between actual experience and actuarial assumptions anticipated experience during the period between two actuarial valuation dates.
Normal Cost	The actuarial present value of retirement system benefits allocated to the current year by the actuarial cost method.
Unfunded Actuarial Accrued Liability	<p>The difference between actuarial liability and the actuarial value of assets. Sometimes referred to as “unfunded accrued liability” or “unfunded liability”.</p> <p>Most retirement systems have unfunded actuarial liability. They arise anytime new benefits are added and anytime an actuarial loss is realized.</p>