



Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

Indiana Public Retirement System
Legislators' Defined Benefit Fund

Actuarial Valuation as of
June 30, 2022





Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

November 3, 2022

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

Dear Members of the Board:

At your request, we performed an actuarial valuation of the Legislators' Defined Benefit Fund (LE DB) as of June 30, 2022, for the purpose of estimating the actuarial required contribution for the plan year ending June 30, 2024. Actuarial valuations are performed annually. The major findings of the valuation are contained in this report, which reflects the benefit and funding provisions in place on June 30, 2022. There were no changes to the ongoing benefit provisions, actuarial assumptions or actuarial methods from last year, though the Board approved a new funding policy in June 2022.

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

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

We believe the actuarial assumptions used herein are reasonable. The Board has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix C. Specifically, we presented the proposed assumptions for the 2022 valuations to the Board on February 18, 2022, and the Board subsequently adopted their use at its April 29, 2022 meeting. These assumptions are applicable to both the funding and Governmental Accounting Standards Board (GASB) Statement Number 67 valuation calculations, unless otherwise noted.

3802 Raynor Pkwy, Suite 202, Bellevue, NE 68123
Phone (402) 905-4461 • Fax (402) 905-4464
www.CavMacConsulting.com
Offices in Kennesaw, GA • Bellevue, NE



In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

We prepared a Risk Report for the INPRS Board in August 2019 that contains information which is relevant to LE DB 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 general results of the risk report are applicable to the June 30, 2022 valuation report as well.

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

The Annual Comprehensive Financial Report (ACFR) for INPRS contains several exhibits that disclose the actuarial position of the System. This annual report, prepared as of June 30, 2022, provides data and tables that we prepared for use in the following sections of the ACFR:

Financial Section:

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

Actuarial Section:

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



Statistical Section:

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

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

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Brent A. Banister".

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

A handwritten signature in blue ink that reads "Edward J. Koebel".

Edward Koebel, FCA, EA, MAAA
Chief Executive Officer

A handwritten signature in blue ink that reads "Virginia Fritz".

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



TABLE OF CONTENTS

<u>Sections</u>	<u>Page</u>
Actuarial Certification Letter	
Section 1 – Board Summary for Combined Base and Supplemental Benefits	1
Section 2 – Scope of the Report.....	7
Section 3 – Assets	8
Table 1 – Development of Market Value of Assets (Base Benefits).....	9
Table 2 – Development of Market Value of Assets (Supplemental Benefits)	10
Table 3 – Development of Actuarial Value of Assets (Base Benefits)	11
Table 4 – Development of Actuarial Value of Assets (Supplemental Benefits)	12
Section 4 – Plan Liabilities	13
Table 5 – Actuarial Accrued Liability	14
Table 6 – Solvency Test	15
Table 7 – Reconciliation of Unfunded Actuarial Accrued Liability	16
Table 8 – Actuarial Gain/(Loss).....	17
Table 9 – Gain/(Loss) Analysis by Source.....	18
Table 10 – Projected Benefit Payments.....	19
Section 5 – Employer Contributions	20
Table 11 – Schedule of Amortization Bases	21
Table 12 – Development of Supplemental Reserve Funding	22
Table 13 – Actuarially Determined Contribution Amount.....	23
Table 14 – Investment Return Sensitivity	24
Section 6 – GASB	25
Table 15 – Statement of Fiduciary Net Position under GASB No. 67	26
Table 16 – Statement of Changes in Fiduciary Net Position under GASB No. 67	27
Table 17 – Schedule of Changes in Net Pension Liability under GASB No. 68.....	28
Table 18 – Deferred Outflow of Resources.....	29
Table 19 – Deferred Inflow of Resources	30
Table 20 – Deferred Inflows and Outflows to be Recognized in Pension Expense	31
Table 21 – Pension Expense under GASB No. 68	32
Notes to the Financial Statements under GASB No. 67 and 68	33
Required Supplemental Information under GASB No. 67 and 68	36
Appendix A – Membership Data	42
Appendix B – Summary of Plan Provisions	49
Appendix C – Summary of Actuarial Methods and Assumptions	51
Appendix D – Glossary of Actuarial Terms	56



SECTION 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS

This report presents the results of the June 30, 2022 actuarial valuation of the Legislators’ Defined Benefit Fund (LE DB). The primary purposes of performing this actuarial valuation are to:

- Determine the level of contributions for the plan year ending June 30, 2024, along with the actuarial surcharge amount for the 2023 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, 2022.
- Analyze and report on trends in plan contributions, assets and liabilities over the past several years.

VALUATION RESULTS

The actuarial valuation results provide a “snapshot” view of the Plan’s financial condition on June 30, 2022. The plan’s unfunded actuarial accrued liability (UAAL) changed from a surplus of \$103.8 thousand last year to a surplus of \$349.9 thousand this year and the funded ratio increased from 103% to 112%. The primary factor behind the increase in the funded ratio were the contributions in excess of those determined by the actuarially determined amount due to the biennial process. Note there was an actuarial gain on the actuarial value of assets as portions of prior deferred asset gains were recognized.

A summary of the key results from the June 30, 2022 actuarial valuation compared to the June 30, 2021 valuation is shown in the following table.

Valuation Results	June 30, 2021	June 30, 2022
Unfunded Actuarial Accrued Liability	\$ (103,752)	\$ (349,924)
Funded Ratio (Actuarial Assets)	103.42%	112.35%
Normal Cost	\$ 0	\$ 0
UAAL Amortization	(11,286)	(28,994)
Expenses	34,702	29,819
Actuarially Determined Contribution	\$ 23,416	\$ 825
Surcharge Amount (semi-annual)	\$ 4,139	\$ 13,961

Further detail on the valuation results can be found in the following sections of this Board Summary, including discussion regarding the change in the plan’s assets, liabilities, and actuarial determined contribution rate between June 30, 2021 and June 30, 2022.

ASSETS

As of June 30, 2022, the plan had net assets of \$3.1 million when measured on a market value basis. This was a decrease of \$400 thousand from the prior year.

The market value of assets is not used directly in the calculation of the unfunded actuarial accrued liability and the actuarial required contribution. An asset valuation method, which smoothes the effect of market fluctuations, is applied to determine the value of assets used in the valuation. The resulting amount is called



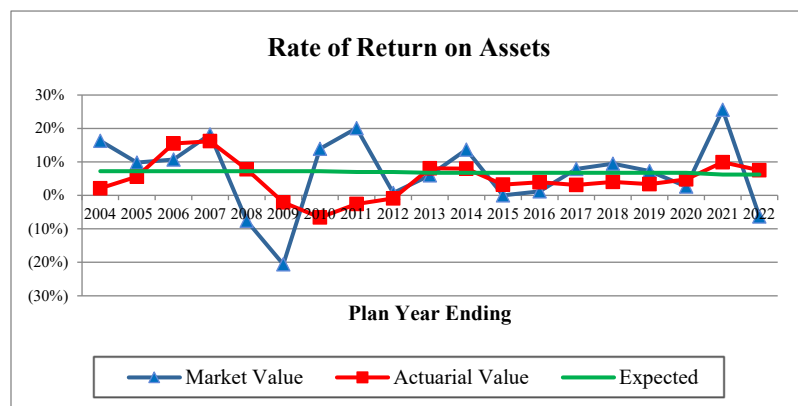
SECTION 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS

the actuarial value of assets. In this year’s valuation, the actuarial value of assets is \$3.2 million, increasing approximately \$46 thousand 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, 2021	\$ 3,515,465	\$ 3,137,357
- Receipts	+ 182,512	+ 182,512
- Expenditures, including Administrative Expenses	- 365,204	- 365,204
- Net Investment Income	+ (217,028)	+ 229,136
Net Assets, June 30, 2022	\$ 3,115,745	\$ 3,183,801
Estimated Rate of Return	(6.3%)	7.5%

The estimated rate of return on the actuarial value of assets was 7.5%, which was higher than the 6.25% investment return assumption applicable for the year ended June 30, 2022. As a result, there was an experience gain on assets of \$39 thousand. The FY 2022 return on the market value of assets of -6.3% resulted in a change in the deferred investment experience from a net deferred investment gain of \$378 thousand in last year’s valuation to a net deferred investment loss of \$68 thousand in the current valuation. See Tables 1 through 4 of this report for detailed information on the market and actuarial value of assets.



The rate of return of the actuarial value of assets has been less volatile than the market value return, illustrating the benefits of using an asset smoothing method. The smoothed actuarial value of plan assets has led to relatively steady actuarial valuation results over the last two years, even with a large gain followed by an offsetting loss.

LIABILITIES

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

The unfunded actuarial accrued liability, including expected future COLAs, on both a market value and actuarial value of assets basis is shown as of June 30, 2022 in the following table:



SECTION 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS

	Market Value	Actuarial Value
Actuarial Accrued Liability	\$ 2,833,877	\$ 2,833,877
Value of Assets	<u>3,115,745</u>	<u>3,183,801</u>
Unfunded Actuarial Accrued Liability	\$ (281,868)	\$ (349,924)
Funded Ratio	109.95%	112.35%

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

The total plan UAAL (on an actuarial value basis) as of June 30, 2022 was a \$350 thousand surplus, a net increase of \$246 thousand from the \$104 thousand surplus last year, primarily driven by contributions of approximately \$165 thousand in excess of those actuarially required. The change in UAAL also includes an actuarial gain on liabilities of \$43 thousand, primarily driven by mortality and retirement experience. Note that data is as of June 30, 2021 and therefore the liability experience reflects the heart of the pandemic. The components of the change in the base UAAL are quantified in Table 7 of this report. See Table 8 and Table 9 of this report for a breakdown of the components of experience gains/losses for greater detail on the base plan benefits.

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

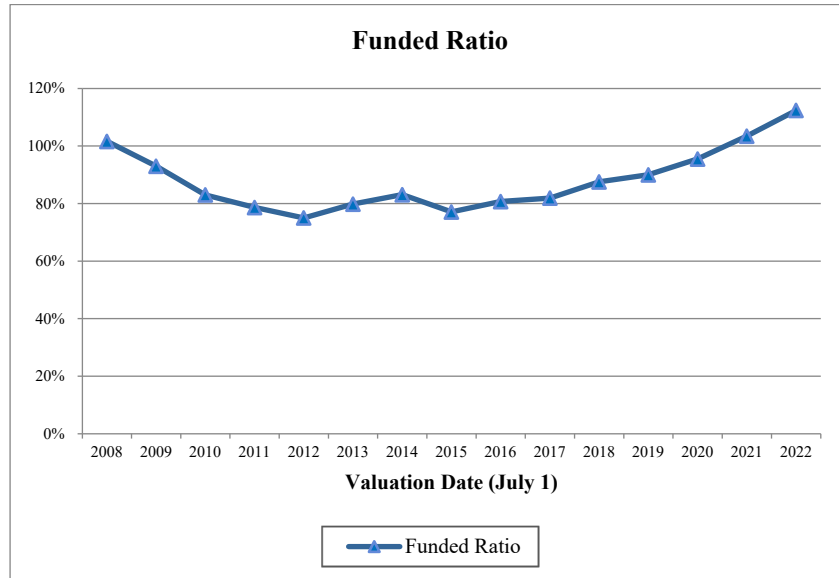
	6/30/2018	6/30/2019	6/30/2020	6/30/2020	6/30/2022
Funded Ratio	87.5%	90.0%	95.5%	103.4%	112.4%
UAAL (in thousands)	\$434.6	\$337.0	\$141.4	(\$103.8)	(\$349.9)

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



SECTION 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS

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



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

ACTUARIALLY DETERMINED CONTRIBUTION AMOUNT

The plan’s actuarially determined contribution rate consists of two components:

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

The UAAL contribution rate is determined by calculating the amortization payment on the UAAL as a level dollar amount over five years for each amortization base. This is reasonable given the relatively short duration of the plan. Because the COLA portion of the benefits may be funded through lottery proceeds or direct appropriation, this portion of the 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 Legislature, via HEA No.



SECTION 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS

1001, authorized a 1.00% COLA effective January 1, 2022 to be paid from the Supplemental Reserve Account. No supplemental benefits are currently scheduled to be granted for fiscal year 2023.

The long-term assumption is that COLAs of 0.4% will be granted starting in 2024, 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, 2023 to fund the two COLAs in the following biennium (January 2024 and January 2025). This will require \$13,961 from July of 2022 through June of 2023. See Table 12 for further details. Note that this surcharge amount, is designed to bring the Supplemental Reserve Account to a target level as of June 30, 2023 and may not be reflective of what is needed for long-term funding of the target COLA.

The actuarially determined contribution is therefore the sum of the amortization amount, anticipated expenses and surcharge amount. While an amount could be allocated annually from the lottery proceeds to fund future COLAs, this amount is small enough that it is reasonable to wait until the actual benefit adjustments are known. Presumably, this valuation would be used to determine the funding amount needed on July 1, 2023, which shows a contribution of \$13,961 would be needed by March 31, 2023 (or \$14,179 by July 1, 2023). During the previous biennium, no contributions were made until the COLA’s were granted through legislation, so it is expected that no actual surcharge will be allocated until the COLA level is determined.

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

Contribution Amount	June 30, 2021	June 30, 2022
Normal Cost	\$ 0	\$ 0
UAAL Amortization	(11,286)	(28,994)
Expenses	34,702	29,819
Actuarially Determined Contribution	\$ 23,416	\$ 825
Approved/Requested Funding Amount	\$ 182,512	\$ 0
Expected Percent Contributed	779.43%	0.00%
Surcharge Amount (semi-annual)	\$ 4,139	\$ 13,961

House Enrolled Act No. 1001 appropriated funds in the amount of \$182,512 for fiscal years ending June 30, 2022 and June 30, 2023. Now that the plan is over 100% funded, the funding of the plan is largely driven by expenses and we expect contributions will decrease for the next biennium. The Board will recommend appropriation amounts to the Indiana Legislature for the next biennium (FY 2024 and FY 2025) based on the June 30, 2022 valuation. Because the appropriated contribution for FY 2023 is significantly in excess of what is needed for the year, we do not believe any contribution will be needed for the base benefits for the 2023-2025 biennium.



SECTION 1 – BOARD SUMMARY FOR COMBINED BASE AND SUPPLEMENTAL BENEFITS

SUMMARY OF PRINCIPAL RESULTS

	June 30, 2020	June 30, 2021	June 30, 2022
MEMBERSHIP			
Active Members	7	7	4
Retired Members and Beneficiaries	79	77	76
Disabled Members	0	0	0
Inactive Members	6	6	6
Total Members	92	90	86
Annual Retirement Payments for Retirees, Disableds, and Beneficiaries	\$ 363,889	\$ 347,884	\$ 335,271
ASSETS AND LIABILITIES			
Market Value of Assets (MVA)	\$ 2,924,234	\$ 3,515,465	\$ 3,115,745
Actuarial Value of Assets (AVA)	2,986,023	3,137,357	3,183,801
Actuarial Accrued Liability (AAL)	3,127,441	3,033,605	2,833,877
Unfunded Actuarial Accrued Liability (UAAL):			
AAL - AVA	\$ 141,418	\$ (103,752)	\$ (349,924)
Funded Ratios			
AVA / AAL	95.48%	103.42%	112.35%
MVA / AAL	93.50%	115.88%	109.95%
CONTRIBUTIONS			
Normal Cost	\$ 0	\$ 0	\$ 0
Amortization of UAAL	144,602	(11,286)	(28,994)
Expenses	37,910	34,702	29,819
Actuarially Determined Contribution	\$ 182,512	\$ 23,416	\$ 825
Approved Funding Amount ¹	\$ 182,512	\$ 182,512	\$ 0
Surplus/(Shortfall)	\$ 0	\$ 159,096	\$ (825)
Surcharge Amount (semi-annual)	\$ 19,119	\$ 4,139	\$ 13,961

¹ Current year funding amount is anticipated to be used by the Legislature to determine the appropriations for the next biennium, including FY 2024 and FY 2025.

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



SECTION 2 – SCOPE OF THE REPORT

This report presents the actuarial valuation results of the Legislators' Defined Benefit Fund as of June 30, 2022. 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, 2022.
- 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, 2022. On that date, the assets available for the payment of benefits are appraised. The assets are compared with the liabilities of the plan, which are generally in excess of assets. The actuarial process then leads to a method of determining the contributions needed by members and the employer in the future to balance the plan assets and liabilities.

Market Value of Assets

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

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

Actuarial Value of Assets

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

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

**SECTION 3 – ASSETS**

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

	June 30, 2021	June 30, 2022
1. Market Value of Assets, Beginning of Year	\$ 2,924,234	\$ 3,484,540
2. Receipts		
a. Member	\$ 0	\$ 0
b. Employer	207,615	182,512
c. Transfers In	0	0
d. Miscellaneous	0	0
e. Total	\$ 207,615	\$ 182,512
3. Expenditures		
a. Benefit Payments	\$ 341,451	\$ 333,742
b. Refund of Contributions	0	0
c. Administrative Expense	34,702	29,819
d. Transfers Out	0	0
e. Miscellaneous	0	0
f. Total	\$ 376,153	\$ 363,561
4. Investment Return		
a. Investment Income	\$ 728,692	\$ (215,208)
b. Securities Lending Income	152	113
c. Total Investment Return	\$ 728,844	\$ (215,095)
5. Market Value of Assets, End of Year: (1) + (2e) - (3f) + (4c)	\$ 3,484,540	\$ 3,088,396
6. Estimated Rate of Return ¹	25.66%	(6.34%)

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



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

	June 30, 2021	June 30, 2022
1. Market Value of Assets, Beginning of Year	\$ 0	\$ 30,925
2. Receipts		
a. Employer Surcharge	\$ 0	\$ 0
b. Lottery Allocation	0	0
c. Non-Employer Entity Contributions	30,000	0
d. Miscellaneous	0	0
e. Total	<u>\$ 30,000</u>	<u>\$ 0</u>
3. Expenditures		
a. Benefit Payments	\$ 0	\$ 1,643
b. Administrative Expense	0	0
c. Miscellaneous Expenditures	0	0
d. Total	<u>\$ 0</u>	<u>\$ 1,643</u>
4. Investment Return		
a. Investment Income	\$ 925	\$ (1,934)
b. Securities Lending Income	0	1
c. Total Investment Return	<u>\$ 925</u>	<u>\$ (1,933)</u>
5. Market Value of Assets, End of Year: (1) + (2e) - (3d) + (4c)	\$ 30,925	\$ 27,349
6. Estimated Rate of Return ¹	6.17%	(6.42%)

¹Based 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, 2022				
1. Market Value as of June 30, 2021				\$ 3,484,540
2. Receipts				\$ 182,512
3. Expenditures, including Administrative Expenses				\$ (363,561)
4. Expected Return on Assets ¹				\$ 212,126
5. Expected Market Value as of June 30, 2022: (1) + (2) + (3) + (4)				\$ 3,515,617
6. Actual Market Value as of June 30, 2022				\$ 3,088,396
7. Year End 2022 Asset Gain/(Loss): (6) - (5)				\$ (427,221)
8. Deferred Investment Gains and Losses				
	Year Ended June 30:	Gain/(Loss)	Factor	Deferred Amount
a.	2019	\$ 14,396	20%	\$ 2,879
b.	2020	(120,854)	40%	(48,342)
c.	2021	537,146	60%	322,288
d.	2022	(427,221)	80%	(341,777)
e.	Total			\$ (64,952)
9. Initial Actuarial Value as of June 30, 2022: (6) - (8e)				\$ 3,153,348
10. Constraining Values				
a. 80% of Market Value: (6) x 0.8				\$ 2,470,717
b. 120% of Market Value: (6) x 1.2				\$ 3,706,075
11. Actuarial Value as of June 30, 2022				\$ 3,153,348
12. Actuarial Rate of Return ²				7.56%
13. Actuarial Value of Assets as a Percent of Market Value: (11) / (6)				102.1%
14. Actuarial Value of Assets				
a. Base Benefits				\$ 3,153,348
b. Supplemental Benefits				\$ 30,453
c. Total				\$ 3,183,801

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

² Assumes cash flows occur at mid-year.



TABLE 4

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
(Supplemental Benefits)

	For Plan Year Ending June 30, 2022			
1. Market Value, as of June 30, 2021	\$	30,925		
2. Receipts	\$	0		
3. Expenditures, including Administrative Expenses	\$	(1,643)		
4. Expected Return on Assets ¹	\$	1,881		
5. Expected Market Value as of June 30, 2022: (1) + (2) + (3) + (4)	\$	31,163		
6. Actual Market Value as of June 30, 2022	\$	<u>27,349</u>		
7. Year end 2022 asset gain/(loss): (6) - (5)	\$	(3,814)		
8. Deferred Investment Gains and Losses				
	<u>Year Ended June 30:</u>	<u>Gain/(Loss)</u>	<u>Factor</u>	<u>Deferred Amount</u>
a. 2019	\$	0	20%	\$ 0
b. 2020		0	40%	0
c. 2021		(88)	60%	(53)
d. 2022		(3,814)	80%	<u>(3,051)</u>
e. Total				\$ (3,104)
9. Initial Actuarial Value as of June 30, 2022: (6) - (8e)	\$	30,453		
10. Constraining Values				
a. 80% of Market Value: (6) x 0.8	\$	21,879		
b. 120% of Market Value: (6) x 1.2	\$	32,819		
11. Actuarial Value as of June 30, 2022	\$	30,453		
12. Actuarial Rate of Return ²		3.65%		
13. Actuarial Value of Assets as a Percent of Market Value: (11) / (6)				111.3%

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

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 Legislators' Defined Benefit Fund as of the valuation date, June 30, 2022. 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, 2022 Legislators' Defined Benefit Fund valuation are based on census data collected as of June 30, 2021. Standard actuarial techniques are used to adjust these results from June 30, 2021 to June 30, 2022. While these roll-forward techniques are based on all actuarial assumptions being met during the intervening year, there will, of course, be many of the assumptions that will not be met exactly. In general, this does not materially affect the resulting calculations or conclusions in this report. Should there be a year in which events, such as plan changes, occur that would affect the results, adjustments in the roll-forward methods would be made to appropriately reflect the events.

All liabilities reflect the benefit provisions and actuarial assumptions in place as of June 30, 2022.

Actuarial Accrued Liability

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

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

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

Table 5 contains the calculation of actuarial accrued liability for the plan. The Traditional Unit Cost method is used to develop the actuarial accrued liability. This amount is split between the base benefit and the COLA benefit. Granted supplemental benefits are the present value of legislated benefits, whereas future supplemental benefits represent those assumed to occur based on the Plan's COLA assumption.



SECTION 4 – PLAN LIABILITIES

TABLE 5
ACTUARIAL ACCRUED LIABILITY
(Base and Supplemental Benefits)

As of June 30, 2022	Base Benefits	Supplemental Benefits		Total
		Granted	Future	
1. Actuarial Accrued Liability				
a. Active Members	\$ 120,101	\$ 1,129	\$ 2,591	\$ 123,821
b. Inactive Vested Members	226,621	2,156	6,855	235,632
c. In-pay Members	2,393,688	23,984	56,752	2,474,424
d. Total	\$ 2,740,410	\$ 27,269	\$ 66,198	\$ 2,833,877
2. Actuarial Value of Assets	\$ 3,153,348	\$ 27,269	\$ 3,184	\$ 3,183,801
3. Unfunded Actuarial Accrued Liability: (1c) - (2)	\$ (412,938)	\$ 0	\$ 63,014	\$ (349,924)
4. Funded Ratio: (2) / (1d)	115.1%	100.0%	4.8%	112.3%



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
2022	\$0	\$2,474	\$360	\$2,834	\$3,184	N/A	100.0%	197.3%	112.3%
2021	0	2,554	480	3,034	3,137	N/A	100.0	121.6	103.4
2020	0	2,655	472	3,127	2,986	N/A	100.0	70.1	95.5
2019	0	2,747	616	3,363	3,026	N/A	100.0	45.3	90.0
2018	0	2,783	702	3,485	3,050	N/A	100.0	38.1	87.5
2017	0	3,013	791	3,804	3,114	N/A	100.0	12.8	81.9
2016	0	3,207	809	4,016	3,241	N/A	100.0	4.2	80.7
2015	0	3,213	1,115	4,328	3,336	N/A	100.0	11.0	77.1
2014	0	3,076	1,097	4,173	3,467	N/A	100.0	35.6	83.1
2013	0	3,192	1,103	4,295	3,428	N/A	100.0	21.4	79.8

Note: Dollar amounts are in thousands of dollars.



TABLE 7

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

For Year Ending June 30, 2022

	Base	Base and Supplemental
1. Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2021	\$ (160,734)	\$ (103,752)
2. Normal Cost and Expenses	34,702	34,702
3. Actuarially Determined Contribution	(23,416)	(27,555)
4. Interest	(9,341)	(6,038)
5. Expected Unfunded Actuarial Accrued Liability as of June 30, 2022	\$ (158,789)	\$ (102,643)
6. Actuarial Value of Asset Changes		
a. Investment Experience (Gain)/Loss	\$ (39,545)	\$ (38,760)
b. Contributions (Above)/Below the Actuarially Determined Contribution and Other (Gain)/Loss	\$ (169,457)	\$ (165,058)
7. Actuarial Accrued Liability Changes		
a. Actuarial Accrued Liability Experience (Gain)/Loss	\$ (45,148)	\$ (43,463)
b. Additional Liability Due to Benefit Changes	0	0
c. Additional Liability Due to Assumption Changes	0	0
8. Total Experience (Gain)/Loss	\$ (254,150)	\$ (247,281)
9. Unfunded Actuarial Accrued Liability as of June 30, 2022: (5) + (8)	\$ (412,938)	\$ (349,924)

**SECTION 4 – PLAN LIABILITIES****TABLE 8****ACTUARIAL GAIN/(LOSS)
(Base and Supplemental Benefits)**

Liabilities	Base	Base and Supplemental
1. Actuarial Accrued Liability as of June 30, 2021	\$ 2,945,628	\$ 3,033,605
2. Normal Cost for Plan Year Ending June 30, 2022	0	0
3. Benefit Payments During Plan Year ¹	(333,742)	(335,385)
4. Service Purchases (employee and employer)	0	0
5. Interest at 6.25%	173,672	179,120
6. Change Due to Benefit Changes	0	0
7. Change Due to Assumption Changes	0	0
8. Expected Actuarial Accrued Liability as of June 30, 2022	\$ 2,785,558	\$ 2,877,340
9. Actuarial Accrued Liability as of June 30, 2022	\$ 2,740,410	\$ 2,833,877
Assets		
10. Actuarial Value of Assets as of June 30, 2021	\$ 3,106,362	\$ 3,137,357
11. Receipts During Plan Year	182,512	182,512
12. Expenditures and Expenses During Plan Year	(363,561)	(365,204)
13. Interest at 6.25%	188,490	190,376
14. Expected Actuarial Value of Assets as of June 30, 2022	\$ 3,113,803	\$ 3,145,041
15. Actuarial Value of Assets as of June 30, 2022	\$ 3,153,348	\$ 3,183,801
Experience Gain / (Loss)		
16. Liability Actuarial Experience Gain/(Loss): (8) - (9)	\$ 45,148	\$ 43,463
17. Asset Actuarial Experience Gain/(Loss): (15) - (14)	39,545	38,760
18. Total Actuarial Experience Gain/(Loss): (16) + (17)	\$ 84,693	\$ 82,223

¹ Does not include miscellaneous expenses or benefit overpayments.



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

<u>Liability Sources (in thousands)</u>	<u>Gain/(Loss)</u>
Retirement	\$ 20
Termination	0
Disability	0
Mortality	28
Miscellaneous/COLA	(3)
Total Liability Experience Gain/(Loss)	<u>\$ 45</u>
as a % of AAL	1.6%
Asset Experience Gain/(Loss)	\$ 40
Total Actuarial Experience Gain/(Loss)	\$ 85



TABLE 10

PROJECTED BENEFIT PAYMENTS
(Base and Supplemental Benefits)

<u>Plan Year Ending June 30</u>	<u>Benefit Amount</u>
2023	\$ 351,777
2024	336,014
2025	320,207
2026	303,817
2027	287,021
2028	270,000
2029	252,925
2030	235,949
2031	219,210
2032	202,828
2033	186,907
2034	171,614
2035	156,995
2036	143,016
2037	129,726
2038	117,162
2039	105,398
2040	94,433
2041	84,220
2042	74,763
2043	66,059
2044	58,097
2045	50,860
2046	44,320
2047	38,446
2048	33,197
2049	28,533
2050	24,410
2051	20,783
2052	17,608

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 or because of actuarial deficiencies that have occurred because experience has not been as favorable as anticipated by the actuarial assumptions. Under these circumstances, an unfunded actuarial accrued liability (UAAL) exists. Likewise, when the actuarial value of assets is greater than the actuarial accrued liability, a surplus exists.

Description of Contribution Components

The Traditional Unit Credit actuarial cost method is used for the valuation. Because this plan is frozen, there is no normal cost under the plan. In this situation, the present value of future benefits and the actuarial accrued liability are the same. The unfunded actuarial accrued liability/(surplus) represents the difference between the actuarial accrued liability and the actuarial value of assets as of the valuation date. The unfunded actuarial accrued liability is calculated each year and reflects experience gains and losses.

In general, contributions are computed in accordance with a level annual contribution funding objective. The actuarial determined contribution amount in the June 30, 2022 LE DB actuarial valuation will be used for contributions in the plan year ending June 30, 2024. This amount would typically be used by the Board in determining the appropriations to request from the State for the next biennium, which includes fiscal years 2024 and 2025. However, because the appropriated contribution for FY 2023 is significantly above what is needed, we do not recommend any contribution for the base benefits for the next biennium.

Contribution Summary

In Table 11 the amortization payment related to the unfunded actuarial accrued liability/(surplus), as of June 30, 2022, is developed. The funding 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, 2022 Remaining Payments	Date of Last Payment	Outstanding Balance as of June 30, 2022	Annual Contribution
2022 UAAL Base ¹	(412,938)	30	7/1/2052	<u>(412,938)</u>	<u>(28,994)</u>
Total				\$ (412,938)	\$ (28,994)
Total UAAL Amortization Payments					\$ (28,994)
Remaining Amortization Period in Years (Weighted) ²					30.0

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

² The weighted average remaining UAAL amortization period is calculated by weighting the remaining amortization period of each base by the amortization amount of each base.



TABLE 12

DEVELOPMENT OF SUPPLEMENTAL RESERVE FUNDING
(Supplemental Benefits)

Projected COLAs in Next Biennium Beginning July 1, 2023

First Anticipated COLA

1. Date of COLA commencement	January 1, 2024
2. Rate of COLA	0.4%
3. Value as of July 1, 2023 of COLA	\$ 9,378

Second Anticipated COLA

4. Date of COLA commencement	January 1, 2025
5. Rate of COLA	0.4%
6. Value as of July 1, 2023 of COLA	8,184
7. Total COLA Funding Requirement as of July 1, 2023: (3) + (6)	\$ 17,562

Funding Sources for Projected COLAs

8. Assets as of June 30, 2022 Available for Future COLAs	\$ 3,184
9. Expected Earnings through July 1, 2023	199
10. Projected Available Assets at July 1, 2023	\$ 3,383
11. Required Additional Funding for Anticipated COLAs: (7) - (10)	\$ 14,179

Surcharge Amount

12. Remaining Payment for FYE 2023 ¹	\$ 13,961
-------------------------------------------------	-----------

¹ Assumes payment on March 31, 2023



SECTION 5 – EMPLOYER CONTRIBUTIONS

TABLE 13

ACTUARIALLY DETERMINED CONTRIBUTION AMOUNT
(Base and Supplemental Benefits)

	Base Benefits	Supplemental Benefits	Total
1. Normal Cost as of June 30, 2021	\$ 0	\$ 0	\$ 0
2. Amortization of UAAL as of June 30, 2022	(28,994)		
3. Expenses	<u>29,819</u>		
4. Preliminary Actuarially Determined Contribution Amount: (1) + (2) + (3)	\$ 825		
5. Supplemental Benefit Funding		13,961	
6. Actuarially Determined Contribution Amount ¹ Subject to Legal Constraints	\$ 825	\$ 13,961	
7. Approved Funding Amount for Fiscal Year 2024	\$ 0	\$ 0	\$ 0
8. Expected Percentage of Contribution: (7) / (6)	0.00%	0.00%	

¹ It is anticipated this valuation will be used by the Legislature to determine the appropriations for the next biennium, including FY2024 and FY 2025. However, because the appropriated contribution for FY 2023 is significantly above what is needed, we do not recommend any contribution for the base benefits for the next biennium. Supplemental benefits contributions have historically been made as needed.



SECTION 5 – EMPLOYER CONTRIBUTIONS

TABLE 14

INVESTMENT RETURN SENSITIVITY
(Base and Supplemental Benefits)

	1.00% Decrease: (5.25%)	0.75% Decrease: (5.50%)	0.50% Decrease: (5.75%)	0.25% Decrease: (6.00%)	Current Assumption: (6.25%)
Funded Status					
Actuarial Accrued Liability	\$3,018,366	\$2,970,070	\$2,923,264	\$2,877,886	\$2,833,877
Actuarial Value of Assets	<u>3,183,801</u>	<u>3,183,801</u>	<u>3,183,801</u>	<u>3,183,801</u>	<u>3,183,801</u>
Unfunded Actuarial Accrued Liability	(\$165,435)	(\$213,731)	(\$260,537)	(\$305,915)	(\$349,924)
Funded Ratio	105.5%	107.2%	108.9%	110.6%	112.3%
Actuarially Determined Contribution Amount					
Normal Cost	0	0	0	0	0
UAAL Amortization	(10,518)	(13,939)	(17,422)	(20,966)	(24,570)
Provision for Expenses	<u>29,819</u>	<u>29,819</u>	<u>29,819</u>	<u>29,819</u>	<u>29,819</u>
Actuarially Determined Contribution Amount	\$19,301	\$15,880	\$12,397	\$8,853	\$5,249
	0.25% Increase: (6.50%)	0.50% Increase: (6.75%)	0.75% Increase: (7.00%)	1.00% Increase: (7.25%)	1.25% Increase: (7.50%)
Funded Status					
Actuarial Accrued Liability	\$2,791,178	\$2,749,739	\$2,709,506	\$2,670,434	\$2,632,473
Actuarial Value of Assets	<u>3,183,801</u>	<u>3,183,801</u>	<u>3,183,801</u>	<u>3,183,801</u>	<u>3,183,801</u>
Unfunded Actuarial Accrued Liability	(\$392,623)	(\$434,062)	(\$474,295)	(\$513,367)	(\$551,328)
Funded Ratio	114.1%	115.8%	117.5%	119.2%	120.9%
Actuarially Determined Contribution Amount					
Normal Cost	0	0	0	0	0
UAAL Amortization	(28,231)	(31,949)	(35,721)	(39,547)	(43,425)
Provision for Expenses	<u>29,819</u>	<u>29,819</u>	<u>29,819</u>	<u>29,819</u>	<u>29,819</u>
Actuarially Determined Contribution Amount	\$1,588	(\$2,130)	(\$5,902)	(\$9,728)	(\$13,606)

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



SECTION 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 6.25%. We have verified that the current assets in conjunction with future contributions made on behalf of current members (including all contributions to fund any past service liability) will be sufficient to make the anticipated benefit payments to be provided to the current members.

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



TABLE 15
STATEMENT OF FIDUCIARY NET POSITION

	June 30, 2022
1. Assets	
a. Cash	\$ 0
b. Receivables	
i. Contributions and Miscellaneous Receivables	\$ 0
ii. Investments Receivable	25,266
iii. Foreign Exchange Contracts Receivable	606,009
iv. Interest and Dividends	7,112
v. Receivables Due From Other Funds	0
vi. Total Receivables	\$ 638,387
c. Investments	
i. Short-Term Investments	\$ 0
ii. Pooled Repurchase Agreements	7,121
iii. Pooled Short-Term Investments	245,614
iv. Pooled Fixed Income	842,980
v. Pooled Equity	407,763
vi. Pooled Alternative Investments	1,706,384
vii. Pooled Derivatives	(22,779)
viii. Pooled Investments	0
ix. Securities Lending Collateral	14,477
x. Total Investments	\$ 3,201,560
d. Net Capital Assets	0
e. Other Assets	0
f. Total Assets: a + b(vi) + c(x) + d + e	\$ 3,839,947
2. Liabilities	
a. Administrative Payable	\$ 269
b. Retirement Benefits Payable	0
c. Investments Payable	86,852
d. Foreign Exchange Contracts Payable	601,101
e. Securities Lending Obligations	14,477
f. Securities Sold Under Agreement to Repurchase	18,953
g. Due To Other Funds	2,550
h. Due to Other Governments	0
i. Total Liabilities: a + b + c + d + e + f + g + h	\$ 724,202
3. Fiduciary Net Position Restricted for Pensions: (1)(f) - (2)(i)	\$ 3,115,745



TABLE 16

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION

		For Fiscal Year Ending June 30, 2022
1. Fiduciary Net Position as of June 30, 2021		\$ 3,515,465
2. Additions		
a. Contributions		
i. Member Contributions	\$	0
ii. Employer Contributions		182,512
iii. Service Purchases (Employer and Member)		0
iv. Non-Employer Contributing Entity Contributions		0
v. Total Contributions	\$	182,512
b. Investment Income/(Loss)		
i. Net Appreciation/(Depreciation)	\$	(504,867)
ii. Net Interest and Dividend Income		313,266
iii. Securities Lending Income		133
iv. Other Net Investment Income		104
v. Investment Management Expenses		(23,658)
vi. Direct Investment Expenses		(1,987)
vii. Securities Lending Expenses		(19)
viii. Total Investment Income/(Loss)	\$	(217,028)
c. Other Additions		
i. Member Reassignments		0
ii. Miscellaneous Receipts		0
iii. Total Other Additions	\$	0
d. Total Revenue (Additions): a(v) + b(viii) + c(iii)	\$	(34,516)
3. Deductions		
a. Pension, Survivor and Disability Benefits	\$	335,385
b. Death and Funeral Benefits		0
c. Distributions of Contributions and Interest		0
d. Administrative Expenses		29,819
e. Member Reassignments		0
f. Miscellaneous Expenses		0
g. Total Expenses (Deductions)	\$	365,204
4. Net Increase (Decrease) in Fiduciary Net Position: (2)(d) - (3)(g)	\$	(399,720)
5. Fiduciary Net Position as of June 30, 2022: (1) + (4)	\$	3,115,745



TABLE 17

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	For Fiscal Year Ending June 30, 2022		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
1. Balance at June 30, 2021	\$ 3,033,305	\$ 3,515,465	\$ (482,160)
2. Changes for the Year:			
Service Cost (SC) ¹	318		318
Interest Cost	179,121		179,121
Experience (Gains)/Losses	(43,482)		(43,482)
Assumption Changes	0		0
Plan Amendments	0		0
Benefit Payments	(335,385)	(335,385)	0
Service Purchases			
Employer Contributions	0	0	0
Employee Contributions	0	0	0
Member Reassignments	0	0	0
Employer Contributions ²		182,512	(182,512)
Non-employer Contributions		0	0
Employee Contributions		0	0
Net Investment Income		(217,028)	217,028
Administrative Expenses		(29,819)	29,819
Other		0	0
Net Changes	\$ (199,428)	\$ (399,720)	\$ 200,292
3. Balance at June 30, 2022	\$ 2,833,877	\$ 3,115,745	\$ (281,868)

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

² Includes \$182,512 of state appropriations to the fund.



TABLE 18
DEFERRED OUTFLOWS OF RESOURCES

	June 30, 2021	Remaining Period	Recognition	June 30, 2022
1. Liability Experience				
June 30, 2022 Loss	\$ 0	1.00	\$ 0	\$ 0
June 30, 2021 Loss	0	0.00	0	0
June 30, 2020 Loss	0	0.00	0	0
June 30, 2019 Loss	0	0.00	0	0
June 30, 2018 Loss	0	0.00	0	0
June 30, 2017 Loss	0	0.00	0	0
June 30, 2016 Loss	0	0.00	0	0
June 30, 2015 Loss	0	0.00	0	0
June 30, 2014 Loss	0	0.00	0	0
2. Assumption Changes				
June 30, 2022 Loss	\$ 0	1.00	\$ 0	\$ 0
June 30, 2021 Loss	0	0.00	0	0
June 30, 2020 Loss	0	0.00	0	0
June 30, 2019 Loss	0	0.00	0	0
June 30, 2018 Loss	0	0.00	0	0
June 30, 2017 Loss	0	0.00	0	0
June 30, 2016 Loss	0	0.00	0	0
June 30, 2015 Loss	0	0.00	0	0
3. Investment Experience				
June 30, 2022 Loss	\$ 431,035	5.00	\$ 86,207	\$ 344,828
June 30, 2021 Loss	0	4.00	0	0
June 30, 2020 Loss	72,512	3.00	24,171	48,341
June 30, 2019 Loss	0	2.00	0	0
June 30, 2018 Loss	0	1.00	0	0
Total Outflows:				
(1)+(2)+(3)	\$ 503,547		\$ 110,378	\$ 393,169

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, 2021	Remaining Period	Recognition	June 30, 2022
1. Liability Experience				
June 30, 2022 Gain	\$ 43,482	1.00	\$ 43,482	\$ 0
June 30, 2021 Gain	0	0.00	0	0
June 30, 2020 Gain	0	0.00	0	0
June 30, 2019 Gain	0	0.00	0	0
June 30, 2018 Gain	0	0.00	0	0
June 30, 2017 Gain	0	0.00	0	0
June 30, 2016 Gain	0	0.00	0	0
June 30, 2015 Gain	0	0.00	0	0
June 30, 2014 Gain	0	0.00	0	0
2. Assumption Changes				
June 30, 2022 Gain	\$ 0	1.00	\$ 0	\$ 0
June 30, 2021 Gain	0	0.00	0	0
June 30, 2020 Gain	0	0.00	0	0
June 30, 2019 Gain	0	0.00	0	0
June 30, 2018 Gain	0	0.00	0	0
June 30, 2017 Gain	0	0.00	0	0
June 30, 2016 Gain	0	0.00	0	0
June 30, 2015 Gain	0	0.00	0	0
3. Investment Experience				
June 30, 2022 Gain	\$ 0	5.00	\$ 0	\$ 0
June 30, 2021 Gain	429,647	4.00	107,412	322,235
June 30, 2020 Gain	0	3.00	0	0
June 30, 2019 Gain	5,756	2.00	2,880	2,876
June 30, 2018 Gain	15,215	1.00	15,215	0
Total Inflows:				
(1)+(2)+(3)	\$ 494,100		\$ 168,989	\$ 325,111

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:			
2022	\$ 110,378	\$ 168,989	\$ (58,611)
Future Years:			
2023	\$ 110,378	\$ 110,288	\$ 90
2024	110,377	107,412	2,965
2025	86,207	107,411	(21,204)
2026	86,207	0	86,207
2027	0	0	0
Thereafter	0	0	0



SECTION 6 – GASB INFORMATION

TABLE 21

PENSION EXPENSE UNDER GASB NO. 68

	For Fiscal Year Ending June 30, 2022	
1. Service Cost, beginning of year	\$	318
2. Interest Cost, including interest on service cost		179,121
3. Member Contributions		0
4. Administrative Expenses		29,819
5. Expected Return on Assets ¹		(214,007)
6. Plan Amendments		0
7. Recognition of Deferred Inflows / Outflows of Resources Related to:		
a. Liability Experience (Gains) / Losses	(43,482)	
b. Assumption Change (Gains) / Losses	0	
c. Investment Experience (Gains) / Losses	(15,129)	
d. Total: (7a)+(7b)+(7c)		(58,611)
8. Miscellaneous (Income) / Expense		0
9. Total Collective Pension Expense: (1)+(2)+(3)+(4)+(5)+(6)+(7d)+(8)		(63,360)
10. Employer Service Purchases		0
Pension Expense / (Income): (9) + (10)	\$	(63,360)

¹ 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.

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

Actuarial Assumptions and Inputs

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

Measurement Date June 30, 2022

Valuation Date

 Assets: June 30, 2022

 Liabilities: June 30, 2021 – The TPL as of June 30, 2022 was determined based on an actuarial valuation prepared as of June 30, 2021 rolled forward one year to June 30, 2022, using the following key actuarial assumptions and other inputs, such as benefit accruals and actual benefit payments during that time period.

Inflation 2.00%

Future Salary Increases 2.65%

Cost-of-Living Increases As of June 30, 2022:
Members in pay were granted a 1.00% COLA on January 1, 2022 and no COLA on January 1, 2023. Thereafter, the following COLAs, compounded annually, were assumed:
0.4% beginning on January 1, 2024
0.5% beginning on January 1, 2034
0.6% beginning on January 1, 2039

As of June 30, 2021:
Members in pay were granted a 1.00% COLA on January 1, 2022 and no COLA on January 1, 2023. Thereafter, the following COLAs, compounded annually, were assumed:
0.4% beginning on January 1, 2024
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> – General Employee table with a 1 year setback for males and a 1 year setback for females.</p> <p><i>Retirees</i> – General Retiree table with a 1 year setback for males and a 1 year setback for females.</p> <p><i>Beneficiaries</i> – Contingent Survivor table with no set forward for males and a 2 year set forward for females.</p> <p><i>Disableds</i> – General Disabled table with a 140% load.</p>
Experience Study	<p>The most recent comprehensive experience study, based on member experience between June 30, 2014 and June 30, 2019, was completed in February 2020. The demographic assumptions were approved by the Board in June 2020 and were used beginning with the June 30, 2020 actuarial valuation. Economic assumptions were updated and approved by the Board in May 2021 following the completion of an Asset-Liability study and first used in the June 30, 2021 actuarial valuation.</p>
Discount Rate	<p>6.25%, net of investment expenses</p> <p>The discount rate is equal to the expected long-term rate of return on plan investments, net of investment expense and including price inflation. There was no change in the discount rate from the prior measurement date.</p> <p>The INPRS Board of Trustees has established a funding policy of requesting appropriations from the State in an amount equal to the actuarially determined contribution, which is based on the assumptions and methods selected by the Board for the annual actuarial valuations. The June 30, 2022 actuarial valuation assumes a long-term rate of return on assets of 6.25%, a 30-year level dollar open method for amortizing the surplus of assets over the actuarial accrued liability (over 100% funded as of June 30, 2022), a 5-year smoothing method for recognizing investment gains and losses in the actuarial value of assets, and a provision for funding back any administrative expenses paid out of plan assets during the prior year.</p>

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

	1% Decrease 5.25%	Current Rate 6.25%	1% Increase 7.25%
Net Pension Liability	(\$97,379)	(\$281,868)	(\$445,311)

Classes of Plan Members Covered

The June 30, 2022 valuation was performed using census data provided by INPRS as of June 30, 2021. Standard actuarial techniques were used to roll forward the total pension liability computed as of June 30, 2021 to the June 30, 2022 measurement date using actual benefit payments during that period of time.

Number as of June 30, 2021	
1. Currently Receiving Benefits:	
Retired Members, Disabled Members, and Beneficiaries	76
2. Inactive Members Entitled To But Not Yet Receiving Benefits	6
3. Inactive Non-vested Members Entitled to a Refund of Member Contributions	0
4. Active Members	4
Total Covered Plan Members: (1)+(2)+(3)+(4)	86

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, 2022, the money-weighted return on the plan assets is -6.2%.

Components of Net Pension Liability

As of June 30, 2022	
Total Pension Liability	\$ 2,833,877
Fiduciary Net Position	3,115,745
Net Pension Liability	\$ (281,868)
Ratio of Fiduciary Net Position to Total Pension Liability	109.95%



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	2018	2019	2020	2021	2022
Total Pension Liability					
Total Pension Liability - beginning	\$3,804,048	\$3,483,713	\$3,362,049	\$3,126,946	\$3,033,305
Service Cost (SC), beginning-of-year	296	375	302	273	318
Interest Cost, including interest on SC	244,671	223,175	215,175	199,563	179,121
Experience (Gains)/Losses	(85,146)	10,361	(14,373)	(48,823)	(43,482)
Assumption Changes	(120,974)	0	(87,064)	90,289	0
Plan Amendments	0	0	0	6,508	0
Actual Benefit Payments	(359,182)	(355,575)	(349,143)	(341,451)	(335,385)
Member Reassignments	0	0	0	0	0
Service Purchases	0	0	0	0	0
Net Change in Total Pension Liability	(320,335)	(121,664)	(235,103)	(93,641)	(199,428)
(a) Total Pension Liability - ending	\$3,483,713	\$3,362,049	\$3,126,946	\$3,033,305	\$2,833,877
Plan Fiduciary Net Position					
Plan Fiduciary Net Position – beginning	\$2,864,867	\$2,941,623	\$3,026,306	\$2,924,234	\$3,515,465
Contributions – employer	236,527	269,200	207,615	207,615	182,512
Contributions – non-employer	0	0	0	30,000	0
Contributions – member	0	0	0	0	0
Net investment income	263,162	208,768	77,366	729,769	(217,028)
Actual benefit payments	(359,182)	(355,575)	(349,143)	(341,451)	(335,385)
Net member reassignments	0	0	0	0	0
Administrative expense	(63,751)	(37,710)	(37,910)	(34,702)	(29,819)
Other	0	0	0	0	0
Net change in Plan Fiduciary Net Position	76,756	84,683	(102,072)	591,231	(399,720)
(b) Plan Fiduciary Net Position - ending	\$2,941,623	\$3,026,306	\$2,924,234	\$3,515,465	\$3,115,745
Net Pension Liability - ending, (a) - (b)	\$542,090	\$335,743	\$202,712	(\$482,160)	(\$281,868)

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)

Table with 6 columns: Fiscal Year Ending June 30, 2013, 2014, 2015, 2016, 2017. Rows include Total Pension Liability and Plan Fiduciary Net Position with various sub-items and ending balances.

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	2018	2019	2020	2021	2022
Total Pension Liability	\$3,483,713	\$3,362,049	\$3,126,946	\$3,033,305	\$2,833,877
Plan Fiduciary Net Position	<u>2,941,623</u>	<u>3,026,306</u>	<u>2,924,234</u>	<u>3,515,465</u>	<u>3,115,745</u>
Net Pension Liability	\$542,090	\$335,743	\$202,712	(\$482,160)	(\$281,868)
Ratio of Plan Fiduciary Net Position to Total Pension Liability	84.44%	90.01%	93.52%	115.90%	109.95%
Covered-employee payroll ¹	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Fiscal Year Ending June 30	2013	2014	2015	2016	2017
Total Pension Liability	\$4,285,380	\$4,166,349	\$4,325,905	\$4,014,773	\$3,804,048
Plan Fiduciary Net Position	<u>3,337,094</u>	<u>3,489,000</u>	<u>3,175,268</u>	<u>2,919,061</u>	<u>2,864,867</u>
Net Pension Liability	\$948,286	\$677,349	\$1,150,637	\$1,095,712	\$939,181
Ratio of Plan Fiduciary Net Position to Total Pension Liability	77.87%	83.74%	73.40%	72.71%	75.31%
Covered-employee payroll ¹	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

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	2018	2019	2020	2021	2022
Actuarially Determined Contribution ¹	\$236,527	\$239,871	\$216,077	\$216,639	\$201,631
Actual employer contributions	<u>\$236,527</u>	<u>\$269,200</u>	<u>\$207,615</u>	<u>\$237,615</u>	<u>\$182,512</u>
Annual contribution (deficiency) / excess	\$0	\$29,329	(\$8,462)	\$20,976	(\$19,119)
Covered-employee payroll ²	N/A	N/A	N/A	N/A	N/A
Actual contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

Fiscal Year Ending June 30	2013	2014	2015	2016	2017
Actuarially Determined Contribution ¹	\$140,202	\$138,250	\$118,927	\$137,599	\$169,734
Actual employer contributions	<u>\$150,000</u>	<u>\$138,300</u>	<u>\$130,900</u>	<u>\$137,600</u>	<u>\$134,800</u>
Annual contribution (deficiency) / excess	\$9,798	\$50	\$11,973	\$1	(\$34,934)
Covered-employee payroll ²	N/A	N/A	N/A	N/A	N/A
Actual contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

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

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

For Fiscal Year Ending June 30	Money-Weighted Return
2022	(6.2%)
2021	25.5%
2020	2.6%
2019	7.2%
2018	9.4%
2017	7.9%
2016	0.8%
2015	(0.1%)
2014	13.7%
2013	6.2%

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



APPENDIX TABLE OF CONTENTS

<u>Appendix</u>	<u>Page</u>
Appendix A – Membership Data	42
<i>Schedules of valuation data classified by various categories of members.</i>	
Appendix B – Summary of Plan Provisions	49
<i>A summary of the current benefit structure, as determined by the provisions of governing law on June 30, 2022.</i>	
Appendix C – Summary of Actuarial Methods and Assumptions	51
<i>A summary of the actuarial methods and assumptions used to estimate liabilities and determine contribution rates.</i>	
Appendix D – Glossary of Actuarial Terms	56
<i>A glossary of actuarial terms used in the valuation report.</i>	



APPENDIX A – MEMBERSHIP DATA

MEMBER DATA RECONCILIATION
For the June 30, 2021 Data used in the June 30, 2022 Valuation

	Active Members	Inactive Vested	Disabled	Retired	Beneficiary	Total
1. As of June 30, 2020	7	6	0	60	17	90
2. Data Adjustments						
Vested Terminations	0	0	0	0	0	0
Disability	0	0	0	0	0	0
Retirements	(3)	0	0	3	0	0
Refund / Benefits Ended	0	0	0	0	0	0
Deaths:						
With Beneficiary	0	0	0	(1)	1	0
Without Beneficiary	0	0	0	(2)	(2)	(4)
Data Corrections	0	0	0	0	0	0
Net Change	(3)	0	0	0	(1)	(4)
3. As of June 30, 2021 ¹	4	6	0	60	16	86

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

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

Valuation Date	June 30, 2021	June 30, 2022	% Change
Date of Membership Data ¹	July 1, 2020	July 1, 2021	
ACTIVE MEMBERS			
Number of Active Members	7	4	(42.9%)
Active Member Averages			
Age	74.7	78.3	4.7%
Service ²	7.5	7.3	(2.7%)
INACTIVE VESTED MEMBERS			
Number of Members	6	6	0.0%
Inactive Member Averages			
Age	73.0	74.0	1.4%
Service	7.5	7.5	0.0%
RETIREES, DISABLEDS, AND BENEFICIARIES			
Number of Members			
Retired	60	60	0.0%
Disabled	0	0	0.0%
Beneficiaries	17	16	(5.9%)
Total	<u>77</u>	<u>76</u>	(1.3%)
Annual Benefits			
Retired	\$ 292,582	\$ 282,553	(3.4%)
Disabled	0	0	0.0%
Beneficiaries	55,302	52,718	(4.7%)
Total	<u>\$ 347,884</u>	<u>\$ 335,271</u>	(3.6%)

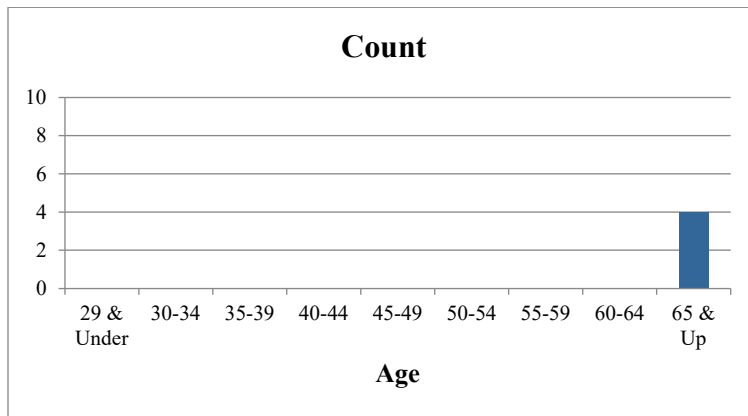
¹ The valuation results were calculated using the prior year's census data and were adjusted for certain activity during fiscal year.

² Credited service completed in the General Assembly prior to November 8, 1989.



ACTIVE MEMBERS
As of June 30, 2021 for the June 30, 2022 Valuation

Count of Members			
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
29 & Under	0	0	0
30-34	0	0	0
35-39	0	0	0
40-44	0	0	0
45-49	0	0	0
50-54	0	0	0
55-59	0	0	0
60-64	0	0	0
65 & Up	<u>2</u>	<u>2</u>	<u>4</u>
Total	2	2	4

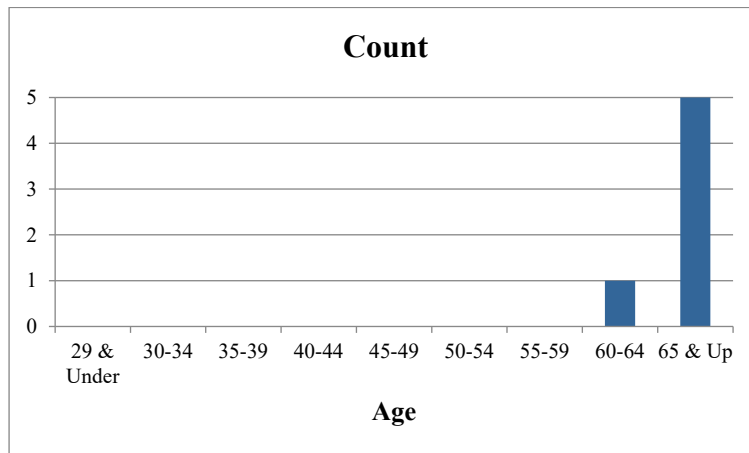




APPENDIX A – MEMBERSHIP DATA

**INACTIVE VESTED MEMBERS
As of June 30, 2021 for the June 30, 2022 Valuation**

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

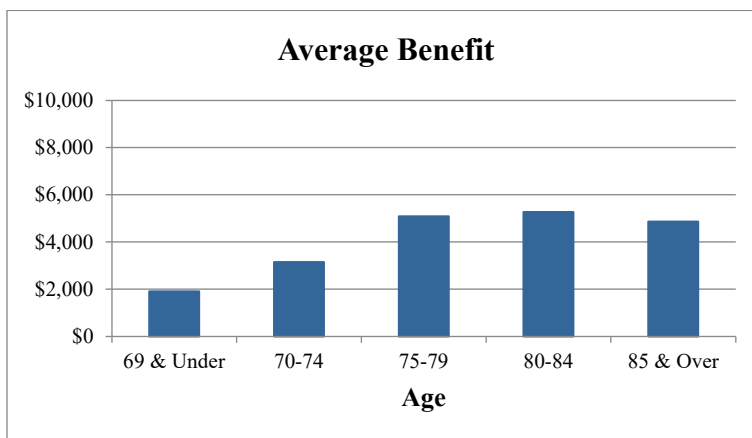
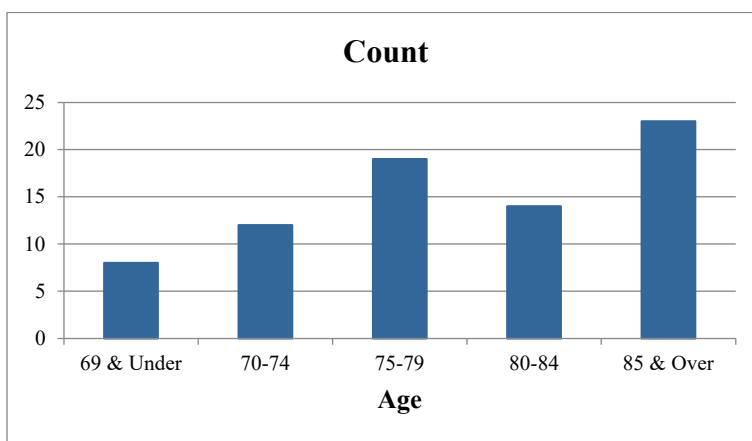




APPENDIX A – MEMBERSHIP DATA

**MEMBERS AND BENEFICIARIES RECEIVING BENEFITS
As of June 30, 2021 for the June 30, 2022 Valuation**

Age	Count of Members			Annual Benefits		
	Male	Female	Total	Male	Female	Total
69 & Under	4	4	8	5,556	9,684	15,240
70-74	9	3	12	31,200	6,596	37,796
75-79	16	3	19	89,924	6,759	96,683
80-84	12	2	14	69,051	4,698	73,749
85 & Over	<u>13</u>	<u>10</u>	<u>23</u>	<u>69,593</u>	<u>42,210</u>	<u>111,803</u>
Total	54	22	76	\$ 265,324	\$ 69,947	\$ 335,271





**MEMBERS AND BENEFICIARIES RECEIVING BENEFITS
As of June 30, 2021 for the June 30, 2022 Valuation**

Schedule of Average Benefit Payments¹

For the Year Ended June 30, 2022	Years of Credited Service						Total
	< 10	10 - 14	15 - 19	20 - 24	25 - 29	30 +	
Average Monthly Defined Benefit	\$201	\$374	\$631	\$1,008	\$577	\$0	\$368
Average Final Average Salary ²	\$23,450	\$25,594	\$23,373	N/A	N/A	N/A	\$24,016
Number of Benefit Recipients	35	22	16	2	1	0	76

Schedule of Benefit Recipients by Type of Benefit Option¹

Amount of Monthly Benefit (in dollars)	Number of Recipients by Benefit Option			Total Benefit Recipients
	Joint with 50% Survivor Benefits	Survivors	Disability	
1 - 500	41	15	0	56
501 - 1,000	18	1	0	19
1,001 - 1,500	1	0	0	1
1,501 - 2,000	0	0	0	0
2,001 - 2,500	0	0	0	0
2,501 - 3,000	0	0	0	0
Over 3,000	0	0	0	0
Total	60	16	0	76

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

² Benefit calculations for the LE DB benefit recipients are based on years of service, not final average salary. Excludes the 43 in-pay members who are missing a final average salary in the data.



APPENDIX A – MEMBERSHIP DATA

**MEMBERS AND BENEFICIARIES RECEIVING BENEFITS
As of June 30, 2020 for the June 30, 2021 Valuation**

Schedule of Retirants and Beneficiaries

	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls - End of Year</u>		Percent Change In Total Annual Benefits^{1,2}	Average Annual Benefit	Percent Change In Average Annual Benefit
	Number	Annual Benefits	Number	Annual Benefits	Number	Total Annual Benefits			
2022 ³	3	\$11	4	\$19	76	\$335	(3.7%)	\$4,411	(2.4%)
2021 ³	0	0	2	11	77	348	(4.4)	4,518	(1.9)
2020 ³	4	15	3	9	79	364	0.0	4,606	(1.3)
2019 ³	2	7	0	0	78	364	2.0	4,669	(0.7)
2018 ³	4	16	0	0	76	357	0.0	4,704	(5.1)
2017 ³	0	0	2	7	72	357	(1.9)	4,956	0.8
2016 ³	8	23	2	14	74	364	(0.5)	4,919	(8.5)
2015 ³	1	2	1	1	68	366	0.5	5,377	0.3
2014 ³	0	0	0	0	68	364	0.0	5,362	0.0
2013	9	41	4	26	68	364	4.3	5,362	(3.1)

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

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

Eligibility for Benefits

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

Monthly Benefits Payable

Normal retirement	The normal retirement benefit is a monthly annuity payable for life with a 50% continuation to a surviving spouse or surviving children and is equal to the lesser of (1) \$40 times years of creditable service in the General Assembly completed before November 8, 1989, or (2) 100% of average monthly earnings.
Early retirement	The early retirement benefit is the accrued retirement benefit determined as of the early retirement date and payable commencing at the normal retirement date. A participant may elect to have the benefit commence prior to normal retirement provided the benefit is reduced by 1/10% for each of the first 60 months and by 5/12% for each of the next 60 months that the benefit commencement date precedes the normal retirement date.



APPENDIX B – SUMMARY OF PLAN PROVISIONS

Deferred retirement	The termination benefit is the accrued retirement benefit determined as of the termination date and payable commencing as of the normal retirement date. The participant may elect to receive a reduced early retirement benefit.
Disability	The disability retirement benefit is the accrued retirement benefit determined as of the disability date and payable commencing the month following disability date without reduction for early commencement.
Pre-retirement death	The spouse or dependent beneficiary is entitled to receive 50% of the monthly life annuity the participant was receiving or was entitled to receive under the assumption that the participant retired on the later of age 55 or the day before the date of death.
Cost-of-Living-Adjustments	<p>Cost-of-living increases for retired members will be provided by legislative action.</p> <p>Legislation passed in the 2018 legislative session 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, although funds for the Legislators' Fund will be directly allocated by the State Legislature or provided from lottery proceeds. Increases or payments are made upon passed legislation subject to the availability of funds to provide the benefit.</p> <p>Increases or payments are made upon passed legislation subject to the availability of funds to provide the benefit. Legislation passed in 2021 provided for a 1% increase effective January 1, 2022 and no increase through the remainder of the biennium.</p>
Forms of payment	
a. Single life annuity	Member will receive a monthly benefit for life, but there are no monthly payments to anyone after death.
b. Joint with one-half survivor benefits	Member will be paid a monthly benefit for life. After death, one-half (1/2) of the benefit will be paid to the spouse for their lifetime or the dependent until age 18 unless disabled.

Changes in Plan Provisions

None.



ACTUARIAL METHODS

1. Actuarial Cost Method

Funding:

The actuarial cost method is Traditional Unit Credit.

The normal cost is calculated separately for each active member and is equal to actuarial present value of additional benefits expected to be accrued during the year following the valuation date. The actuarial accrued liability on any valuation date is the actuarial present value of the benefits earned for service prior to the valuation date. Since the benefits for all members of the Legislator's Defined Benefit Plan are fixed and no longer increasing with future service credit or future salary increases, applying the Traditional Unit Credit cost method results in the Actuarial Accrued Liability being equal to the Present Value of Future Benefits (i.e. all benefits are treated as though they are attributable to past service) and the Normal Cost being equal to \$0. This is consistent with the actual status of member benefit accruals.

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

Accounting:

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

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

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

Member census data as of June 30, 2021 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2021 and June 30, 2022. The valuation results from June 30, 2021 were rolled-forward to June 30, 2022 to reflect benefit accruals during the year less benefits paid.



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

2. COLA Funding Amount

The COLA may be funded by either direct State appropriations or by allocation of a portion of the lottery proceeds. For consistency with other funds should annual lottery amounts be determined to be desirable, a funding amount is shown in this report. The COLA Funding Amount 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.

3. Asset Valuation Method

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

4. State Appropriations

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

Changes in Methods since the Prior Year

None.



ACTUARIAL ASSUMPTIONS

Valuation Date June 30, 2022

Economic Assumptions

1. Investment return 6.25% per year, compounded annually
2. Inflation 2.00% per year
3. Salary increase 2.65% per year
4. Cost-of-Living Adjustment (COLA) Members in pay were granted a 1.00% COLA effective January 1, 2022 for the next biennium. Thereafter, the following COLAs, compounded annually, were assumed:
0.4% beginning on January 1, 2024
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 – General Employee table with a 1 year setback for males and a 1 year setback for females.

Retirees – General Retiree table with a 1 year setback for males and a 1 year setback 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.
2. Disability None
3. Termination None



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

4. Retirement

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

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

Other Assumptions

1. Form of payment

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

2. Marital status

a. Percent married

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

b. Spouse's age

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

3. Decrement timing

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

4. Administrative expense

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

Changes in Assumptions since the Prior Year

None.



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, 2021 was used in the valuation and adjusted. Standard actuarial roll-forward techniques were then used to project the liability computed as of June 30, 2021 to the June 30, 2022 valuation date. The asset information for this valuation was furnished as of June 30, 2022. We did not audit the information provided, but we did review it thoroughly for reasonableness and compared it with the prior year's submission for consistency.

Other Technical Valuation Procedures

Salary increases are assumed to apply to annual amounts.

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

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



APPENDIX D – GLOSSARY OF ACTUARIAL TERMS

Accrued Service	Service credited under the plan 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 plan 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 plan 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 plan 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 plans have unfunded actuarial liability. They arise anytime new benefits are added and anytime an actuarial loss is realized.</p>