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Indiana Public Retirement System

Legislators' Defined Benefit Fund

Actuarial Valuation as of
June 30, 2023

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The experience and dedication you deserve

November 7, 2023

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, 2023, for the purpose of estimating the actuarially determined contribution for the plan year ending June 30, 2025. 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, 2023. There were no changes to the ongoing benefit provisions, actuarial assumptions, or actuarial methods from last year.

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 2023 valuations to the Board on February 24, 2023, and the Board subsequently adopted their use at its May 5, 2023 meeting. These assumptions are applicable to both the funding and Governmental Accounting Standards Board (GASB) Statement Number 67 valuation calculations, unless otherwise noted.

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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, 2023 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, 2023, provides data and tables that we prepared for use in the following sections of the ACFR:

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

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

Statistical Section:

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

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

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

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

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

Sincerely,

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

Edward Koebel, FCA, EA, MAAA
Chief Executive Officer

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

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This report presents the results of the June 30, 2023 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, 2025, along with the actuarial surcharge amount for the 2024 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, 2023.
- Analyze and report on trends in plan contributions, assets and liabilities over the past several years.

VALUATION RESULTS

The actuarial valuation results provide a "snapshot" view of the Plan's financial condition on June 30, 2023. The plan's unfunded actuarial accrued liability (UAAL) changed from a surplus of $350 thousand last year to a surplus of $491 thousand this year and the funded ratio increased from 112% to 118%. 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.

A summary of the key results from the June 30, 2023 actuarial valuation compared to the June 30, 2022 valuation is shown in the following table.

Valuation Results	June 30, 2022	June 30, 2023
Unfunded Actuarial Accrued Liability	$ (349,924)	$ (491,441)
Funded Ratio (Actuarial Assets)	112.35%	118.37%
Normal Cost	$ 0	$ 0
UAAL Amortization	(28,994)	(37,871)
Expenses	29,819	35,879
Actuarially Determined Contribution	$ 825	$ 0
Surcharge Amount (semi-annual)	$ 13,961	$ 3,030

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, 2022 and June 30, 2023.

ASSETS

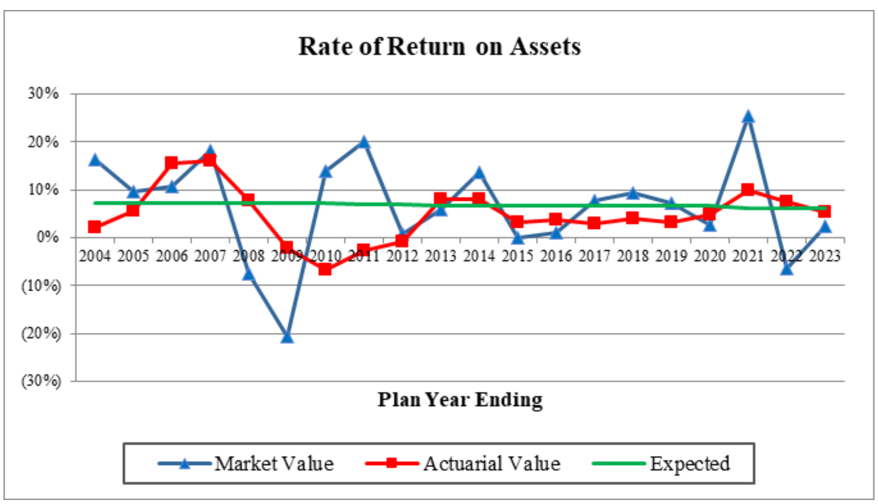
As of June 30, 2023, the plan had net assets of $3.0 million when measured on a market value basis. This was a decrease of $109 thousand from the prior year.

The market value of assets is not used directly in the calculation of the unfunded actuarial accrued liability and the actuarially determined contribution. An asset valuation method, which smoothes the effect of market fluctuations, is applied to determine the value of assets used in the valuation. The resulting amount is called the actuarial value of assets. In this year's valuation, the actuarial value of assets is $3.2 million, decreasing approximately $17 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, 2022	$	3,115,745	$	3,183,801
- Receipts	+	182,512	+	182,512
- Expenditures, including Administrative Expenses	-	365,115	-	365,115
- Net Investment Income	+	73,956	+	165,927
Net Assets, June 30, 2023	$	3,007,098	$	3,167,125
Estimated Rate of Return		2.4%		5.4%

The estimated rate of return on the actuarial value of assets was 5.4%, which was lower than the 6.25% investment return assumption applicable for the year ended June 30, 2023. As a result, there was an experience loss on assets of $27 thousand. The FY 2023 return on the market value of assets of 2.4% increased the net deferred investment loss from $68 thousand in last year's valuation to $160 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 few 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, 2023 in the following table:

	Market Value		Actuarial Value	
Actuarial Accrued Liability	$	2,675,684	$	2,675,684
Value of Assets		3,007,098		3,167,125
Unfunded Actuarial Accrued Liability	$	(331,414)	$	(491,441)
Funded Ratio		112.39%		118.37%

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

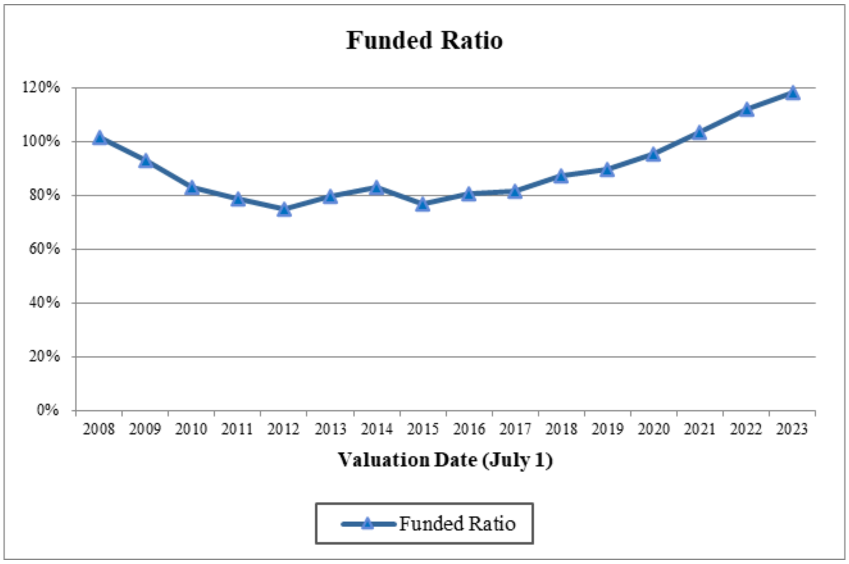
The total plan UAAL (on an actuarial value basis) as of June 30, 2023 was a $491 thousand surplus, a net increase of $141 thousand from the $350 thousand surplus last year, primarily driven by approximately $167 thousand of contributions in excess of those actuarially required. The change in UAAL also includes an actuarial loss on liabilities of $4 thousand, primarily driven by mortality experience and partially offset by retirement experience and a gain on supplemental benefits because no benefits were provided for this biennium. 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).

	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Funded Ratio	90.0%	95.5%	103.4%	112.4%	118.4%
UAAL (in thousands)	$337.0	$141.4	($103.8)	($349.9)	($491.4)

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.

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



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

ACTUARIALLY DETERMINED CONTRIBUTION AMOUNT

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

- A "normal cost" for the portion of projected liabilities allocated by the actuarial cost method to service of members during the year following the valuation date. Because of the frozen benefits, this will always be $0.

- An "unfunded actuarial accrued liability contribution" for the excess of the portion of projected liabilities allocated to service to date over the actuarial value of assets.

The UAAL contribution 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 calculation of the UAAL for amortization purposes only considers the base benefit without any COLA. If the Fund's funded ratio exceeds 100% on a combined basis (base benefits plus future assumed COLAs), all prior amortization bases are eliminated and the negative UAAL (or "surplus") is amortized over an open 30-year period, as an offset to other Fund costs.

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 did not authorize a COLA or 13th check for fiscal years ending 2024 or 2025.

The long-term assumption is that COLAs of 0.4% will be granted starting in 2026, then 0.5% starting in 2034, and finally 0.6% in 2039 and beyond. Considering the biennial budgeting cycle in Indiana, the near-term goal is to accumulate funds by June 30, 2025 to fund the two COLAs in the following biennium (January 2026 and January 2027). The surcharge amount for calendar year 2023 is $13,961 and the actuarially determined surcharge amount effective for the six months of January through June 2024 is $3,030. 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, 2025, 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, 2025, which shows a contribution of $3,030 would be needed by March 31, 2024 (or $3,270 by July 1, 2024). 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, 2022	June 30, 2023
Normal Cost	$ 0	$ 0
UAAL Amortization	(28,994)	(37,871)
Expenses	29,819	35,879
Actuarially Determined Contribution	$ 825	$ 0
Approved/Requested Funding Amount	$ 745	$ 745
Expected Percent Contributed	90.30%	N/A
Surcharge Amount (semi-annual)	$ 13,961	$ 3,030

House Enrolled Act No. 1001 appropriated funds in the amount of $745 for fiscal years ending June 30, 2024 and June 30, 2025. Now that the plan is over 100% funded, the funding of the plan is largely driven by expenses and we expect no contributions will be required for the next biennium other than possibly for a COLA or 13th check. The Board will recommend appropriation amounts to the Indiana Legislature for the next biennium (FY 2026 and FY 2027) based on the June 30, 2024 valuation. Therefore, the June 30, 2023 actuarial determined contribution is not directly used in the funding of the plan.

SUMMARY OF PRINCIPAL RESULTS

	June 30, 2021	June 30, 2022	June 30, 2023
MEMBERSHIP			
Active Members	7	4	3
Retired Members and Beneficiaries	77	76	74
Disabled Members	0	0	0
Inactive Members	6	6	6
Total Members	90	86	83
Annual Retirement Payments for Retirees, Disableds, and Beneficiaries	$ 347,884	$ 335,271	$ 335,550
ASSETS AND LIABILITIES			
Market Value of Assets (MVA)	$ 3,515,465	$ 3,115,745	$ 3,007,098
Actuarial Value of Assets (AVA)	3,137,357	3,183,801	3,167,125
Actuarial Accrued Liability (AAL)	3,033,605	2,833,877	2,675,684
Unfunded Actuarial Accrued Liability (UAAL):			
AAL - AVA	$ (103,752)	$ (349,924)	$ (491,441)
Funded Ratios			
AVA / AAL	103.42%	112.35%	118.37%
MVA / AAL	115.88%	109.95%	112.39%
CONTRIBUTIONS			
Normal Cost	$ 0	$ 0	$ 0
Amortization of UAAL	(11,286)	(28,994)	(37,871)
Expenses	34,702	29,819	35,879
Actuarially Determined Contribution	$ 23,416	$ 825	$ 0
Approved Funding Amount [1]	$ 182,512	$ 745	$ 745
Surplus/(Shortfall)	$ 159,096	$ (80)	$ 745
Surcharge Amount (semi-annual)	$ 4,139	$ 13,961	$ 3,030

[1] Due to the biennial appropriations cycle, this will not directly impact the funding of the plan. Next year, this will be used to assist with the determination of the FY 2026 and FY 2027 approved funding amounts.

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

This report presents the actuarial valuation results of the Legislators' Defined Benefit Fund as of June 30, 2023. 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, 2023.
- 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.

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, 2023. 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.

TABLE 1

DEVELOPMENT OF MARKET VALUE OF ASSETS
(Base Benefits)

	June 30, 2022	June 30, 2023
1. Market Value of Assets, Beginning of Year	$ 3,484,540	$ 3,088,396
2. Receipts		
a. Member	$ 0	$ 0
b. Employer	182,512	182,512
c. Transfers In	0	0
d. Miscellaneous	0	0
e. Total	$ 182,512	$ 182,512
3. Expenditures		
a. Benefit Payments	$ 333,742	$ 326,031
b. Refund of Contributions	0	0
c. Administrative Expense	29,819	35,879
d. Transfers Out	0	0
e. Miscellaneous	0	0
f. Total	$ 363,561	$ 361,910
4. Investment Return		
a. Investment Income	$ (215,208)	$ 73,124
b. Securities Lending Income	113	214
c. Total Investment Return	$ (215,095)	$ 73,338
5. Market Value of Assets, End of Year: (1) + (2e) - (3f) + (4c)	$ 3,088,396	$ 2,982,336
6. Estimated Rate of Return [1]	(6.34%)	2.45%

[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, 2022	June 30, 2023
1. Market Value of Assets, Beginning of Year	$ 30,925	$ 27,349
2. Receipts		
a. Employer Surcharge	$ 0	$ 0
b. Lottery Allocation	0	0
c. Non-Employer Entity Contributions	0	0
d. Miscellaneous	0	0
e. Total	$ 0	$ 0
3. Expenditures		
a. Benefit Payments	$ 1,643	$ 3,205
b. Administrative Expense	0	0
c. Miscellaneous Expenditures	0	0
d. Total	$ 1,643	$ 3,205
4. Investment Return		
a. Investment Income	$ (1,934)	$ 616
b. Securities Lending Income	1	2
c. Total Investment Return	$ (1,933)	$ 618
5. Market Value of Assets, End of Year: (1) + (2e) - (3d) + (4c)	$ 27,349	$ 24,762
6. Estimated Rate of Return [1]	(6.42%)	2.40%

[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, 2023
1. Market Value as of June 30, 2022	$	3,088,396
2. Receipts	$	182,512
3. Expenditures, including Administrative Expenses	$	(361,910)
4. Expected Return on Assets [1]	$	187,419
5. Expected Market Value as of June 30, 2023: (1) + (2) + (3) + (4)	$	3,096,417
6. Actual Market Value as of June 30, 2023	$	2,982,336
7. Year End 2023 Asset Gain/(Loss): (6) - (5)	$	(114,081)

8. Deferred Investment Gains and Losses

	Year Ended June 30:	Gain/(Loss)	Factor	Deferred Amount
a.	2020	$ (120,854)	20%	$ (24,171)
b.	2021	537,146	40%	214,858
c.	2022	(427,221)	60%	(256,333)
d.	2023	(114,081)	80%	(91,265)
e.	Total			$ (156,911)

9. Initial Actuarial Value as of June 30, 2023: (6) - (8e)	$	3,139,247
10. Constraining Values		
a. 80% of Market Value: (6) x 0.8	$	2,385,869
b. 120% of Market Value: (6) x 1.2	$	3,578,803
11. Actuarial Value as of June 30, 2023	$	3,139,247
12. Actuarial Rate of Return [2]		5.40%
13. Actuarial Value of Assets as a Percent of Market Value: (11) / (6)		105.3%
14. Actuarial Value of Assets		
a. Base Benefits	$	3,139,247
b. Supplemental Benefits	$	27,878
c. Total	$	3,167,125

[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, 2022			$	27,349
2. Receipts			$	0
3. Expenditures, including Administrative Expenses			$	(3,205)
4. Expected Return on Assets [1]			$	1,609
5. Expected Market Value as of June 30, 2023: (1) + (2) + (3) + (4)			$	25,753
6. Actual Market Value as of June 30, 2023			$	24,762
7. Year End 2023 Asset Gain/(Loss): (6) - (5)			$	(991)
8. Deferred Investment Gains and Losses				

Year Ended June 30:	Gain/(Loss)	Factor	Deferred Amount
a. 2020	$ 0	20%	$ 0
b. 2021	(88)	40%	(35)
c. 2022	(3,814)	60%	(2,288)
d. 2023	(991)	80%	(793)
e. Total			$ (3,116)

9. Initial Actuarial Value as of June 30, 2023: (6) - (8e)	$	27,878
10. Constraining Values		
a. 80% of Market Value: (6) x 0.8	$	19,810
b. 120% of Market Value: (6) x 1.2	$	29,714
11. Actuarial Value as of June 30, 2023	$	27,878
12. Actuarial Rate of Return [2]		2.18%
13. Actuarial Value of Assets as a Percent of Market Value: (11) / (6)		112.6%

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

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, 2023. 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, 2023 Legislators' Defined Benefit Fund valuation are based on census data collected as of June 30, 2022. Standard actuarial techniques are used to adjust these results from June 30, 2022 to June 30, 2023. 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, 2023.

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.

Low-Default-Risk Obligation Measure

Under the revised Actuarial Standards of Practice (ASOP) No. 4 effective for valuations after February 15, 2023, we are required to include a low-default-risk obligation measure of the System's liability in our funding valuation report. This is an informational disclosure as described below and would not be appropriate for assessing the funding progress or health of the plan. This measure uses the unit credit cost method and reflects all the assumptions and provisions of the funding valuation (including the assumed COLA paid from the SRA), except that the discount rate is derived from considering low-default-risk fixed income securities. We considered the FTSE Pension Discount Curve based on market bond rates published by the Society of Actuaries as of June 30, 2023 and with the 30-year spot rate used for all durations beyond 30 because this provides an appropriate set of discount rates for this intended purpose. Using these assumptions, we calculate a liability of approximately $2,922,000. This amount approximates the termination liability if the plan (or all covered employment) ended on the valuation date and all of the accrued benefits had to be paid with cash-flow matched bonds. If the plan were funded with the intent of being able to be terminated at any valuation date, contribution requirements may need to increase and would also be more volatile. This assurance of funded status and benefit security is typically more relevant for corporate plans than for governmental plans since governments rarely have the need or option to completely terminate a plan. However, this informational disclosure is required for all plans whether corporate or governmental and care should be taken to ensure the one size fits all metric is not misconstrued.

TABLE 5

ACTUARIAL ACCRUED LIABILITY
(Base and Supplemental Benefits)

As of June 30, 2023		Base Benefits	Supplemental Benefits					Total
				Granted		*Future*		
1. Actuarial Accrued Liability								
a. Active Members	$	86,116	$	0	$	1,834	$	87,950
b. Inactive Vested Members		221,252		0		5,814		227,066
c. In-pay Members		2,292,519		22,878		45,271		2,360,668
d. Total	$	2,599,887	$	22,878	$	52,919	$	2,675,684
2. Actuarial Value of Assets	$	3,139,247	$	22,878	$	5,000	$	3,167,125
3. Unfunded Actuarial Accrued Liability: (1c) - (2)	$	(539,360)	$	0	$	47,919	$	(491,441)
4. Funded Ratio: (2) / (1d)		120.7%		100.0%		9.4%		118.4%

TABLE 6

SOLVENCY TEST
(Base and Supplemental Benefits)

	Actuarial Accrued Liabilities (AAL)					Portion of AAL Covered by Assets			
Actuarial Valuation as of June 30	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
2023	$0	$2,361	$315	$2,676	$3,167	N/A	100.0%	256.0%	118.4%
2022	0	2,474	360	2,834	3,184	N/A	100.0	197.3	112.3
2021	0	2,554	480	3,034	3,137	N/A	100.0	121.6	103.4
2020	0	2,655	472	3,127	2,986	N/A	100.0	70.1	95.5
2019	0	2,747	616	3,363	3,026	N/A	100.0	45.3	90.0
2018	0	2,783	702	3,485	3,050	N/A	100.0	38.1	87.5
2017	0	3,013	791	3,804	3,114	N/A	100.0	12.8	81.9
2016	0	3,207	809	4,016	3,241	N/A	100.0	4.2	80.7
2015	0	3,213	1,115	4,328	3,336	N/A	100.0	11.0	77.1
2014	0	3,076	1,097	4,173	3,467	N/A	100.0	35.6	83.1

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, 2023

	Base	Base and Supplemental
1. Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2022	$ (412,938)	$ (349,924)
2. Normal Cost and Expenses	29,819	29,819
3. Actuarially Determined Contribution	(825)	(14,786)
4. Interest	(23,997)	(20,931)
5. Expected Unfunded Actuarial Accrued Liability as of June 30, 2023	$ (407,941)	$ (355,822)
6. Actuarial Value of Asset Changes		
a. Investment Experience (Gain)/Loss	$ 26,181	$ 27,354
b. Contributions (Above)/Below the Actuarially Determined Contribution and Other (Gain)/Loss	$ (182,022)	$ (167,187)
7. Actuarial Accrued Liability Changes		
a. Actuarial Accrued Liability Experience (Gain)/Loss	$ 24,421	$ 4,214
b. Additional Liability Due to Benefit Changes	0	0
c. Additional Liability Due to Assumption Changes	0	0
8. Total Experience (Gain)/Loss	$ (131,420)	$ (135,619)
9. Unfunded Actuarial Accrued Liability as of June 30, 2023: (5) + (8)	$ (539,360)	$ (491,441)

TABLE 8

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

Liabilities		Base		Base and Supplemental
1. Actuarial Accrued Liability as of June 30, 2022	$	2,740,410	$	2,833,877
2. Normal Cost for Plan Year Ending June 30, 2023		0		0
3. Benefit Payments During Plan Year[1]		(326,031)		(329,236)
4. Service Purchases (employee and employer)		0		0
5. Interest at 6.25%		161,087		166,829
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, 2023	$	2,575,466	$	2,671,470
9. Actuarial Accrued Liability as of June 30, 2023	$	2,599,887	$	2,675,684
Assets				
10. Actuarial Value of Assets as of June 30, 2022	$	3,153,348	$	3,183,801
11. Receipts During Plan Year		182,512		182,512
12. Expenditures and Expenses During Plan Year		(361,910)		(365,115)
13. Interest at 6.25%		191,478		193,281
14. Expected Actuarial Value of Assets as of June 30, 2023	$	3,165,428	$	3,194,479
15. Actuarial Value of Assets as of June 30, 2023	$	3,139,247	$	3,167,125
Experience Gain / (Loss)				
16. Liability Actuarial Experience Gain/(Loss): (8) - (9)	$	(24,421)	$	(4,214)
17. Asset Actuarial Experience Gain/(Loss): (15) - (14)		(26,181)		(27,354)
18. Total Actuarial Experience Gain/(Loss): (16) + (17)	$	(50,602)	$	(31,568)

[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	$	28
Termination		0
Disability		0
Mortality		(54)
Miscellaneous/COLA		2
Total Liability Experience Gain/(Loss)	$	(24)
as a % of AAL		(0.9%)
Asset Experience Gain/(Loss)	$	(26)
Total Actuarial Experience Gain/(Loss)	$	(51)

*Numbers may not add due to rounding.

TABLE 10

PROJECTED BENEFIT PAYMENTS
(Base and Supplemental Benefits)

Plan Year Ending June 30	Benefit Amount
2024	$ 342,076
2025	324,927
2026	307,802
2027	290,811
2028	273,522
2029	256,134
2030	238,826
2031	221,753
2032	205,050
2033	188,831
2034	173,268
2035	158,409
2036	144,219
2037	130,744
2038	118,018
2039	106,113
2040	95,024
2041	84,702
2042	75,148
2043	66,361
2044	58,327
2045	51,029
2046	44,439
2047	38,524
2048	33,244
2049	28,555
2050	24,415
2051	20,776
2052	17,592
2053	14,819

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

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.

Based on the June 30, 2022 actuarial valuation, the Board requested appropriations from the State for fiscal years 2024 and 2025. This June 30, 2023 valuation will not be directly used for determining contributions. Due to the biennial cycle used to set appropriations, the contribution amount for the plan years ending June 30, 2026 and June 30, 2027 will rely on the most up-to-date plan status at that time, which is the June 30, 2024 valuation. In general, contributions are computed in accordance with a stable annual contribution funding objective.

The methodology of developing the contribution rate is designed to fund the benefits over a reasonable period with a stable contribution pattern. The current UAAL for the base benefits is fully funded with the surplus amortized over the next 30 years. The COLA benefits are not intended to be funded beyond those granted in the past and those expected to be granted in the next biennium. Because benefits cannot be granted if they are not funded, this approach is expected to adequately fund benefits. While not how benefits are actually funded, the contribution rate shown in Table 14 under the current assumptions reflects a rate that could fund both the base benefits and COLAs in a reasonable manner.

Contribution Summary

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

TABLE 11

SCHEDULE OF AMORTIZATION BASES
(Base Benefits)

Amortization Bases	Original Amount	June 30, 2023 Remaining Payments	Date of Last Payment	Outstanding Balance as of June 30, 2023	Annual Contribution
2023 UAAL Base [1]	(539,360)	30	7/1/2053	(539,360)	(37,871)
Total				$ (539,360)	$ (37,871)
Total UAAL Amortization Payments					$ (37,871)

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

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, 2026
2. Rate of COLA		0.4%
3. Value as of July 1, 2025 of COLA	$	8,128
Second Anticipated COLA		
4. Date of COLA commencement		January 1, 2027
5. Rate of COLA		0.4%
6. Value as of July 1, 2025 of COLA		7,035
7. Total COLA Funding Requirement as of July 1, 2025: (3) + (6)	$	15,163

Funding Sources for Projected COLAs

8. Assets as of June 30, 2023 Available for Future COLAs	$	5,000
9. Expected Earnings through July 1, 2025		645
10. Projected Available Assets at July 1, 2025	$	5,645
11. Required Additional Funding for Anticipated COLAs: (7) - (10)	$	9,518

Surcharge Amount

12. Remaining Payment for FYE 2024 [1]	$	3,030
13. Annual Payment for FYE 2025 [1]	$	6,060

[1] Assumes payment on March 31, 2024 and January 1, 2025

TABLE 13

ACTUARIALLY DETERMINED CONTRIBUTION AMOUNT
(Base and Supplemental Benefits)

	Base Benefits	Supplemental Benefits	Total
1. Normal Cost as of June 30, 2022	$ 0	$ 0	$ 0
2. Amortization of UAAL as of June 30, 2023	(37,871)		
3. Expenses	35,879		
4. Preliminary Actuarially Determined Contribution Amount: (1) + (2) + (3); not less than zero	$ 0		
5. Supplemental Benefit Funding		$ 3,030	
6. Actuarially Determined Contribution Amount [1] Subject to Legal Constraints	$ 0	$ 3,030	
7. Approved Funding Amount for Fiscal Year 2025	$ 745	$ 0	$ 745
8. Expected Percentage of Contribution: (7) / (6)	N/A	0.00%	

[1] Due to the biennial appropriations cycle, this will not directly impact the funding of the plan. Next year, this will be used to assist with the determination of the FY 2026 and FY 2027 approved funding amounts.

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	$2,845,305	$2,800,941	$2,757,919	$2,716,184	$2,675,684
Actuarial Value of Assets	3,167,125	3,167,125	3,167,125	3,167,125	3,167,125
Unfunded Actuarial Accrued Liability	($321,820)	($366,184)	($409,206)	($450,941)	($491,441)
Funded Ratio	111.3%	113.1%	114.8%	116.6%	118.4%
Actuarially Determined Contribution Amount					
Normal Cost	0	0	0	0	0
UAAL Amortization	(20,461)	(23,882)	(27,364)	(30,906)	(34,506)
Provision for Expenses	35,879	35,879	35,879	35,879	35,879
Actuarially Determined Contribution Amount	$15,418	$11,997	$8,515	$4,973	$1,373

	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	$2,636,368	$2,598,189	$2,561,102	$2,525,065	$2,490,035
Actuarial Value of Assets	3,167,125	3,167,125	3,167,125	3,167,125	3,167,125
Unfunded Actuarial Accrued Liability	($530,757)	($568,936)	($606,023)	($642,060)	($677,090)
Funded Ratio	120.1%	121.9%	123.7%	125.4%	127.2%
Actuarially Determined Contribution Amount					
Normal Cost	0	0	0	0	0
UAAL Amortization	(38,163)	(41,876)	(45,642)	(49,461)	(53,330)
Provision for Expenses	35,879	35,879	35,879	35,879	35,879
Actuarially Determined Contribution Amount	($2,284)	($5,997)	($9,763)	($13,582)	($17,451)

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.

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, 2023
1. Assets			
a. Cash		$	0
b. Receivables			
i.	Contributions and Miscellaneous Receivables	$	0
ii.	Investments Receivable		24,786
iii.	Foreign Exchange Contracts Receivable		525,197
iv.	Interest and Dividends		7,886
v.	Receivables Due From Other Funds		0
vi.	Total Receivables	$	557,869
c. Investments			
i.	Short-Term Investments	$	0
ii.	Pooled Repurchase Agreements		1,370
iii.	Pooled Short-Term Investments		271,399
iv.	Pooled Fixed Income		828,076
v.	Pooled Equity		420,606
vi.	Pooled Alternative Investments		1,586,588
vii.	Pooled Derivatives		(1,001)
viii.	Pooled Investments		0
ix.	Securities Lending Collateral		12,073
x.	Total Investments	$	3,119,111
d. Net Capital Assets			0
e. Other Assets			0
f. Total Assets: a + b(vi) + c(x) + d + e		$	3,676,980
2. Liabilities			
a. Administrative Payable		$	6,080
b. Retirement Benefits Payable			0
c. Investments Payable			105,219
d. Foreign Exchange Contracts Payable			527,026
e. Securities Lending Obligations			12,073
f. Securities Sold Under Agreement to Repurchase			18,324
g. Due To Other Funds			1,160
h. Due to Other Governments			0
i. Total Liabilities: a + b + c + d + e + f + g + h		$	669,882
3. Fiduciary Net Position Restricted for Pensions: (1)(f) - (2)(i)		**$**	**3,007,098**

TABLE 16

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION

			For Fiscal Year Ending June 30, 2023
1. Fiduciary Net Position as of June 30, 2022		**$**	**3,115,745**
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)	$	51,918
ii.	Net Interest and Dividend Income		41,005
iii.	Securities Lending Income		240
iv.	Other Net Investment Income		94
v.	Investment Management Expenses		(17,368)
vi.	Direct Investment Expenses		(1,909)
vii.	Securities Lending Expenses		(24)
viii.	Total Investment Income/(Loss)	$	73,956
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)		$	256,468
3. Deductions			
a. Pension, Survivor and Disability Benefits		$	329,236
b. Death and Funeral Benefits			0
c. Distributions of Contributions and Interest			0
d. Administrative Expenses			35,879
e. Member Reassignments			0
f. Miscellaneous Expenses			0
g. Total Expenses (Deductions)		$	365,115
4. Net Increase (Decrease) in Fiduciary Net Position: (2)(d) - (3)(g)		**$**	**(108,647)**
5. Fiduciary Net Position as of June 30, 2023: (1) + (4)		**$**	**3,007,098**

TABLE 17

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	For Fiscal Year Ending June 30, 2023		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
1. Balance at June 30, 2022	$ 2,833,877	$ 3,115,745	$ (281,868)
2. Changes for the Year:			
Service Cost (SC) [1]	0		0
Interest Cost	166,829		166,829
Experience (Gains)/Losses	4,214		4,214
Assumption Changes	0		0
Plan Amendments	0		0
Benefit Payments	(329,236)	(329,236)	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		73,956	(73,956)
Administrative Expenses		(35,879)	35,879
Other		0	0
Net Changes	$ (158,193)	$ (108,647)	$ (49,546)
3. Balance at June 30, 2023	$ 2,675,684	$ 3,007,098	$ (331,414)

[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, 2022	Remaining Period	Recognition	June 30, 2023
1. Liability Experience				
June 30, 2023 Loss	$ 4,214	1.00	$ 4,214	$ 0
June 30, 2022 Loss	0	0.00	0	0
June 30, 2021 Loss	0	0.00	0	0
June 30, 2020 Loss	0	0.00	0	0
June 30, 2019 Loss	0	0.00	0	0
June 30, 2018 Loss	0	0.00	0	0
June 30, 2017 Loss	0	0.00	0	0
June 30, 2016 Loss	0	0.00	0	0
June 30, 2015 Loss	0	0.00	0	0
June 30, 2014 Loss	0	0.00	0	0
2. Assumption Changes				
June 30, 2023 Loss	$ 0	1.00	$ 0	$ 0
June 30, 2022 Loss	0	0.00	0	0
June 30, 2021 Loss	0	0.00	0	0
June 30, 2020 Loss	0	0.00	0	0
June 30, 2019 Loss	0	0.00	0	0
June 30, 2018 Loss	0	0.00	0	0
June 30, 2017 Loss	0	0.00	0	0
June 30, 2016 Loss	0	0.00	0	0
June 30, 2015 Loss	0	0.00	0	0
3. Investment Experience				
June 30, 2023 Loss	$ 115,072	5.00	$ 23,015	$ 92,057
June 30, 2022 Loss	344,828	4.00	86,207	258,621
June 30, 2021 Loss	0	3.00	0	0
June 30, 2020 Loss	48,341	2.00	24,171	24,170
June 30, 2019 Loss	0	1.00	0	0
Total Outflows: (1)+(2)+(3)	**$ 512,455**		**$ 137,607**	**$ 374,848**

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, 2022	Remaining Period	Recognition	June 30, 2023
1. Liability Experience				
June 30, 2023 Gain	$ 0	1.00	$ 0	$ 0
June 30, 2022 Gain	0	0.00	0	0
June 30, 2021 Gain	0	0.00	0	0
June 30, 2020 Gain	0	0.00	0	0
June 30, 2019 Gain	0	0.00	0	0
June 30, 2018 Gain	0	0.00	0	0
June 30, 2017 Gain	0	0.00	0	0
June 30, 2016 Gain	0	0.00	0	0
June 30, 2015 Gain	0	0.00	0	0
June 30, 2014 Gain	0	0.00	0	0
2. Assumption Changes				
June 30, 2023 Gain	$ 0	1.00	$ 0	$ 0
June 30, 2022 Gain	0	0.00	0	0
June 30, 2021 Gain	0	0.00	0	0
June 30, 2020 Gain	0	0.00	0	0
June 30, 2019 Gain	0	0.00	0	0
June 30, 2018 Gain	0	0.00	0	0
June 30, 2017 Gain	0	0.00	0	0
June 30, 2016 Gain	0	0.00	0	0
June 30, 2015 Gain	0	0.00	0	0
3. Investment Experience				
June 30, 2023 Gain	$ 0	5.00	$ 0	$ 0
June 30, 2022 Gain	0	4.00	0	0
June 30, 2021 Gain	322,235	3.00	107,412	214,823
June 30, 2020 Gain	0	2.00	0	0
June 30, 2019 Gain	2,876	1.00	2,876	0
Total Inflows: (1)+(2)+(3)	**$ 325,111**		**$ 110,288**	**$ 214,823**

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:			
2023	$ 137,607	$ 110,288	$ 27,319
Future Years:			
2024	$ 133,392	$ 107,412	$ 25,980
2025	109,222	107,411	1,811
2026	109,222	0	109,222
2027	23,012	0	23,012
2028	0	0	0
Thereafter	0	0	0

TABLE 21

PENSION EXPENSE UNDER GASB NO. 68

		For Fiscal Year Ending June 30, 2023
1. Service Cost, beginning of year		$ 0
2. Interest Cost, including interest on service cost		166,829
3. Member Contributions		0
4. Administrative Expenses		35,879
5. Expected Return on Assets [1]		(189,028)
6. Plan Amendments		0
7. Recognition of Deferred Inflows / Outflows of Resources Related to:		
a. Liability Experience (Gains) / Losses	4,214	
b. Assumption Change (Gains) / Losses	0	
c. Investment Experience (Gains) / Losses	23,105	
d. Total: (7a)+(7b)+(7c)		27,319
8. Miscellaneous (Income) / Expense		0
9. Total Collective Pension Expense: (1)+(2)+(3)+(4)+(5)+(6)+(7d)+(8)		40,999
10. Employer Service Purchases		0
Pension Expense / (Income): (9) + (10)		**$ 40,999**

[1] Cash flows assumed to occur mid-year.

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, 2023
Valuation Date	
Assets:	June 30, 2023
Liabilities:	June 30, 2022 – The TPL as of June 30, 2023 was determined based on an actuarial valuation prepared as of June 30, 2022 rolled forward one year to June 30, 2023, 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, 2023: No COLA was granted for the 2023-2025 biennium. Thereafter, the following COLAs, compounded annually, were assumed: 0.4% beginning on January 1, 2026 0.5% beginning on January 1, 2034 0.6% beginning on January 1, 2039 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

Mortality Assumption	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.
Experience Study	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.
Discount Rate	6.25%, net of investment expenses 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. 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, 2023 actuarial valuation assumes a long-term rate of return on assets of 6.25%, a 30-year level dollar open method for amortizing the surplus of assets over the actuarial accrued liability (over 100% funded as of June 30, 2023), a 5-year 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.

Discount Rate Sensitivity

	1% Decrease 5.25%	Current Rate 6.25%	1% Increase 7.25%
Net Pension Liability	($161,793)	($331,414)	($482,033)

Classes of Plan Members Covered

The June 30, 2023 valuation was performed using census data provided by INPRS as of June 30, 2022. Standard actuarial techniques were used to roll forward the total pension liability computed as of June 30, 2022 to the June 30, 2023 measurement date using actual benefit payments during that period of time.

Number as of June 30, 2022	
1. Currently Receiving Benefits:	
Retired Members, Disabled Members, and Beneficiaries	74
2. Inactive Members Entitled To But Not Yet Receiving Benefits	6
3. Inactive Non-vested Members Entitled to a Refund of Member Contributions	0
4. Active Members	3
Total Covered Plan Members: (1)+(2)+(3)+(4)	83

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, 2023, the money-weighted return on the plan assets is 2.4%.

Components of Net Pension Liability

As of June 30, 2023		
Total Pension Liability	$	2,675,684
Fiduciary Net Position		3,007,098
Net Pension Liability	$	(331,414)
Ratio of Fiduciary Net Position to Total Pension Liability		112.39%

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	2019	2020	2021	2022	2023
Total Pension Liability					
Total Pension Liability - beginning	$3,483,713	$3,362,049	$3,126,946	$3,033,305	$2,833,877
Service Cost (SC), beginning-of-year	375	302	273	318	0
Interest Cost, including interest on SC	223,175	215,175	199,563	179,121	166,829
Experience (Gains)/Losses	10,361	(14,373)	(48,823)	(43,482)	4,214
Assumption Changes	0	(87,064)	90,289	0	0
Plan Amendments	0	0	6,508	0	0
Actual Benefit Payments	(355,575)	(349,143)	(341,451)	(335,385)	(329,236)
Member Reassignments	0	0	0	0	0
Service Purchases	0	0	0	0	0
Net Change in Total Pension Liability	(121,664)	(235,103)	(93,641)	(199,428)	(158,193)
(a) Total Pension Liability - ending	$3,362,049	$3,126,946	$3,033,305	$2,833,877	$2,675,684
Plan Fiduciary Net Position					
Plan Fiduciary Net Position – beginning	$2,941,623	$3,026,306	$2,924,234	$3,515,465	$3,115,745
Contributions – employer	269,200	207,615	207,615	182,512	182,512
Contributions – non-employer	0	0	30,000	0	0
Contributions – member	0	0	0	0	0
Net investment income	208,768	77,366	729,769	(217,028)	73,956
Actual benefit payments	(355,575)	(349,143)	(341,451)	(335,385)	(329,236)
Net member reassignments	0	0	0	0	0
Administrative expense	(37,710)	(37,910)	(34,702)	(29,819)	(35,879)
Other	0	0	0	0	0
Net change in Plan Fiduciary Net Position	84,683	(102,072)	591,231	(399,720)	(108,647)
(b) Plan Fiduciary Net Position - ending	$3,026,306	$2,924,234	$3,515,465	$3,115,745	$3,007,098
Net Pension Liability - ending, (a) - (b)	$335,743	$202,712	($482,160)	($281,868)	($331,414)

Results prior to 2018 were produced by the prior actuary.

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	**2014**	**2015**	**2016**	**2017**	**2018**
Total Pension Liability					
Total Pension Liability - beginning	$4,285,380	$4,166,349	$4,325,905	$4,014,773	$3,804,048
Service Cost (SC), beginning-of-year	3,260	3,341	1,528	712	296
Interest Cost, including interest on SC	277,234	268,981	279,980	258,975	244,671
Experience (Gains)/Losses	(36,574)	(67,951)	(233,475)	(112,616)	(85,146)
Assumption Changes	0	324,754	0	(157)	(120,974)
Plan Amendments	0	0	0	0	0
Actual Benefit Payments	(362,951)	(369,569)	(359,165)	(357,639)	(359,182)
Member Reassignments	0	0	0	0	0
Service Purchases	0	0	0	0	0
Net Change in Total Pension Liability	(119,031)	159,556	(311,132)	(210,725)	(320,335)
(a) Total Pension Liability - ending	$4,166,349	$4,325,905	$4,014,773	$3,804,048	$3,483,713
Plan Fiduciary Net Position					
Plan Fiduciary Net Position – beginning	$3,337,094	$3,489,000	$3,175,268	$2,919,061	$2,864,867
Contributions – employer	138,300	130,900	137,600	134,800	236,527
Contributions – non-employer	0	0	0	0	0
Contributions – member	0	0	0	0	0
Net investment income	439,045	(3,868)	25,996	221,287	263,162
Actual benefit payments	(362,951)	(369,569)	(359,165)	(357,639)	(359,182)
Net member reassignments	0	0	0	0	0
Administrative expense	(62,488)	(71,195)	(60,638)	(52,642)	(63,751)
Other	0	0	0	0	0
Net change in Plan Fiduciary Net Position	151,906	(313,732)	(256,207)	(54,194)	76,756
(b) Plan Fiduciary Net Position - ending	$3,489,000	$3,175,268	$2,919,061	$2,864,867	$2,941,623
Net Pension Liability - ending, (a) - (b)	$677,349	$1,150,637	$1,095,712	$939,181	$542,090

Results prior to 2018 were produced by the prior actuary.

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

SCHEDULE OF THE NET PENSION LIABILITY

Fiscal Year Ending June 30	2019	2020	2021	2022	2023
Total Pension Liability	$3,362,049	$3,126,946	$3,033,305	$2,833,877	$2,675,684
Plan Fiduciary Net Position	3,026,306	2,924,234	3,515,465	3,115,745	3,007,098
Net Pension Liability	$335,743	$202,712	($482,160)	($281,868)	($331,414)
Ratio of Plan Fiduciary Net Position to Total Pension Liability	90.01%	93.52%	115.90%	109.95%	112.39%
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	2014	2015	2016	2017	2018
Total Pension Liability	$4,166,349	$4,325,905	$4,014,773	$3,804,048	$3,483,713
Plan Fiduciary Net Position	3,489,000	3,175,268	2,919,061	2,864,867	2,941,623
Net Pension Liability	$677,349	$1,150,637	$1,095,712	$939,181	$542,090
Ratio of Plan Fiduciary Net Position to Total Pension Liability	83.74%	73.40%	72.71%	75.31%	84.44%
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.

Results prior to 2018 were produced by the prior actuary.

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending June 30	2019	2020	2021	2022	2023
Actuarially Determined Contribution [1]	$239,871	$216,077	$202,544	$201,631	$27,555
Actual employer contributions	$269,200	$207,615	$237,615	$182,512	$182,512
Annual contribution (deficiency) / excess	$29,329	($8,462)	$35,071	($19,119)	$154,957
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	2014	2015	2016	2017	2018
Actuarially Determined Contribution [1]	$138,250	$118,927	$137,599	$169,734	$236,527
Actual employer contributions	$138,300	$130,900	$137,600	$134,800	$236,527
Annual contribution (deficiency) / excess	$50	$11,973	$1	($34,934)	$0
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.

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
2023	2.4%
2022	(6.2%)
2021	25.5%
2020	2.6%
2019	7.2%
2018	9.4%
2017	7.9%
2016	0.8%
2015	(0.1%)
2014	13.7%

Returns were provided by INPRS.

Appendix	**Page**

Appendix A – Membership Data 43

Schedules of valuation data classified by various categories of members.

Appendix B – Summary of Plan Provisions 50

A summary of the current benefit structure, as determined by the provisions of governing law on June 30, 2023.

Appendix C – Summary of Actuarial Methods and Assumptions 52

A summary of the actuarial methods and assumptions used to estimate liabilities and determine contribution rates.

Appendix D – Glossary of Actuarial Terms 57

A glossary of actuarial terms used in the valuation report.

MEMBER DATA RECONCILIATION
For the June 30, 2022 Data used in the June 30, 2023 Valuation

	Active Members	Inactive Vested	Disabled	Retired	Beneficiary	Total
1. As of June 30, 2021	**4**	**6**	**0**	**60**	**16**	**86**
2. Data Adjustments						
Vested Terminations	0	0	0	0	0	0
Disability	0	0	0	0	0	0
Retirements	(1)	0	0	1	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	(1)	(2)	(3)
Data Corrections	0	0	0	0	0	0
Net Change	(1)	0	0	(1)	(1)	(3)
3. As of June 30, 2022 [1]	**3**	**6**	**0**	**59**	**15**	**83**

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

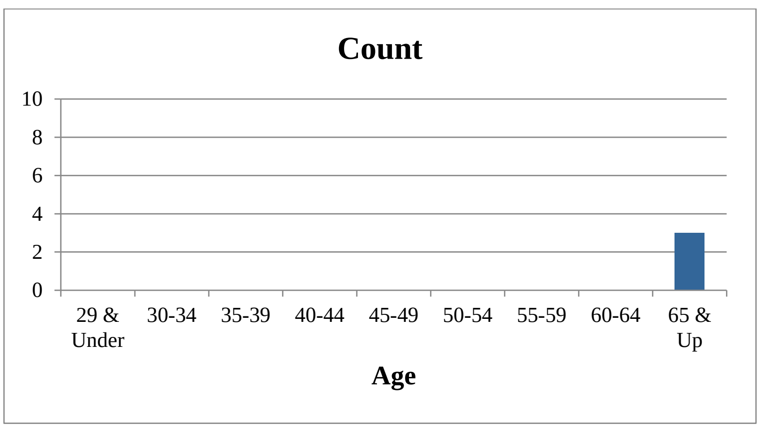
SUMMARY OF MEMBERSHIP DATA

Valuation Date	June 30, 2022	June 30, 2023	% Change
Date of Membership Data [1]	July 1, 2021	July 1, 2022	
ACTIVE MEMBERS			
Number of Active Members	4	3	(25.0%)
Active Member Averages			
Age	78.3	76.0	(2.9%)
Service [2]	7.3	6.0	(17.8%)
INACTIVE VESTED MEMBERS			
Number of Members	6	6	0.0%
Inactive Member Averages			
Age	74.0	75.0	1.4%
Service	7.5	7.5	0.0%
RETIREES, DISABLEDS, AND BENEFICIARIES			
Number of Members			
Retired	60	59	(1.7%)
Disabled	0	0	0.0%
Beneficiaries	16	15	(6.3%)
Total	76	74	(2.6%)
Annual Benefits			
Retired	$ 282,553	$ 286,819	1.5%
Disabled	0	0	0.0%
Beneficiaries	52,718	48,731	(7.6%)
Total	$ 335,271	$ 335,550	0.1%

[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.

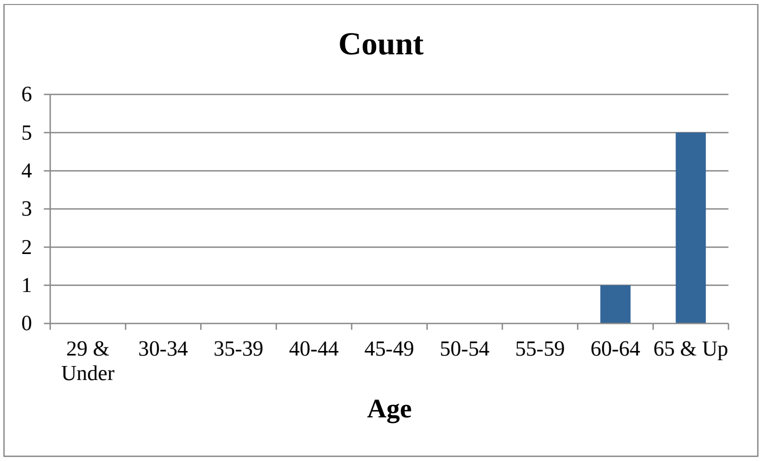
ACTIVE MEMBERS
As of June 30, 2022 for the June 30, 2023 Valuation

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



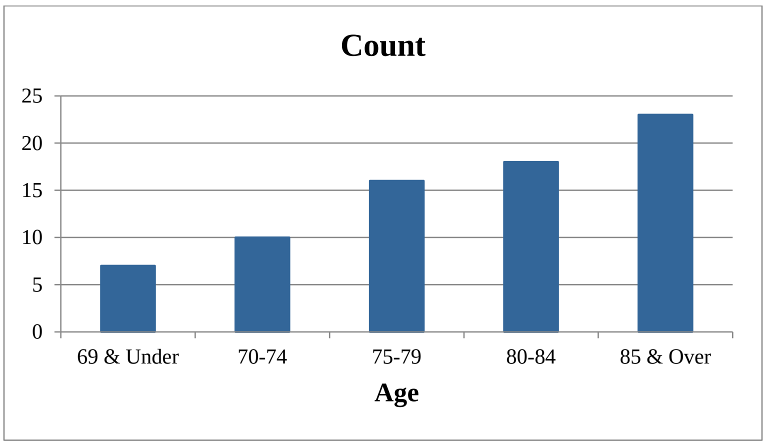
INACTIVE VESTED MEMBERS
As of June 30, 2022 for the June 30, 2023 Valuation

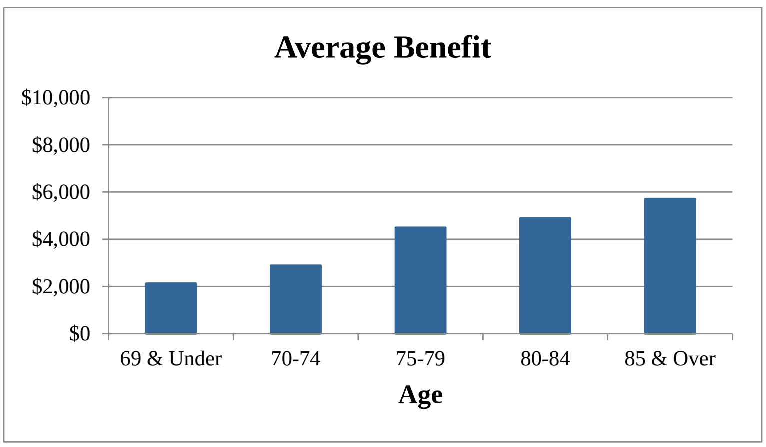
	Count of Members		
Age	Male	Female	Total
29 & Under	0	0	0
30-34	0	0	0
35-39	0	0	0
40-44	0	0	0
45-49	0	0	0
50-54	0	0	0
55-59	0	0	0
60-64	1	0	1
65 & Up	4	1	5
Total	5	1	6



MEMBERS AND BENEFICIARIES RECEIVING BENEFITS
As of June 30, 2022 for the June 30, 2023 Valuation

	Count of Members			Annual Benefits		
Age	Male	Female	Total	Male	Female	Total
69 & Under	3	4	7	5,127	9,781	14,908
70-74	8	2	10	25,422	3,497	28,919
75-79	12	4	16	62,007	9,992	71,999
80-84	15	3	18	81,469	6,682	88,151
85 & Over	14	9	23	94,423	37,150	131,573
Total	52	22	74	$ 268,448	$ 67,102	$ 335,550





MEMBERS AND BENEFICIARIES RECEIVING BENEFITS
As of June 30, 2022 for the June 30, 2023 Valuation

Schedule of Average Benefit Payments [1]

For the Year Ended June 30, 2023	Years of Credited Service < 10	10 - 14	15 - 19	20 - 24	25 - 29	30 +	Total
Average Monthly Defined Benefit	$207	$382	$632	$1,018	$582	$0	$378
Average Final Average Salary [2]	$23,177	$25,342	$23,373	N/A	N/A	N/A	$23,786
Number of Benefit Recipients	33	22	16	2	1	0	74

Schedule of Benefit Recipients by Type of Benefit Option [1]

Amount of Monthly Benefit (in dollars)	Number of Recipients by Benefit Option: Joint with 50% Survivor Benefits	Survivors	Disability	Total Benefit Recipients
1 - 500	40	13	0	53
501 - 1,000	18	2	0	20
1,001 - 1,500	1	0	0	1
1,501 - 2,000	0	0	0	0
2,001 - 2,500	0	0	0	0
2,501 - 3,000	0	0	0	0
Over 3,000	0	0	0	0
Total	59	15	0	74

[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.

MEMBERS AND BENEFICIARIES RECEIVING BENEFITS
As of June 30, 2022 for the June 30, 2023 Valuation

Schedule of Retirants and Beneficiaries

	Added to Rolls		Removed from Rolls		Rolls - End of Year				
	Number	Annual Benefits	Number	Annual Benefits	Number	Total Annual Benefits	Percent Change In Total Annual Benefits[1,2]	Average Annual Benefit	Percent Change In Average Annual Benefit
2023 [3]	1	$5	3	$6	74	$336	0.3%	$4,534	2.8%
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

[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.

Definitions

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

Eligibility for Benefits

Deferred vested	10 or more years of creditable service and no longer active, with at least one year of service prior to November 8, 1989.
Disability retirement	5 or more years of creditable service and qualified for Social Security disability benefits.
Early retirement	Age 55 with 10 or more years of creditable service.
Normal retirement	Earliest of: - 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.

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	Cost-of-living increases for retired members will be provided by legislative action. 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. 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.
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, 2022 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2022 and June 30, 2023. The valuation results from June 30, 2022 were rolled-forward to June 30, 2023 to reflect benefit accruals during the year less benefits paid.

2. COLA Funding Amount

The COLA may be funded by either direct State appropriations or by allocation of a portion of the lottery proceeds. For consistency with other funds 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, 2023

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

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

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.

Data Adjustments

Active and retired member data is reported as of June 30. Member census data as of June 30, 2022 was used in the valuation and adjusted. Standard actuarial roll-forward techniques were then used to project the liability computed as of June 30, 2022 to the June 30, 2023 valuation date. The asset information for this valuation was furnished as of June 30, 2023. We did not audit the information provided, but we did review it thoroughly for reasonableness and compared it with the prior year's submission for consistency.

Other Technical Valuation Procedures

Salary increases are assumed to apply to annual amounts.

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

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

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	The difference between actuarial liability and the actuarial value of assets. Sometimes referred to as "unfunded accrued liability" or "unfunded liability". Most retirement plans have unfunded actuarial liability. They arise anytime new benefits are added and anytime an actuarial loss is realized.