



Cavanaugh Macdonald
CONSULTING, LLC

The experience and dedication you deserve

Indiana Public Retirement System

Prosecuting Attorneys' Retirement Fund

Actuarial Valuation as of
June 30, 2020





Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

November 6, 2020

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

Dear Members of the Board:

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

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

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

We believe the actuarial assumptions used herein are reasonable. The Board has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix C. Specifically, we presented the proposed assumptions for the 2020 valuations to the Board on February 21, 2020, and the Board subsequently adopted their use. These assumptions are applicable to both the funding and Governmental Accounting Standards Board (GASB) Statement Number 67 valuation calculations, unless otherwise noted.



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

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

We prepared a Risk Report for the INPRS Board in August 2019 that contains information which is relevant to PARF and should be considered part of this valuation report. Although the report was prepared using the data, methods, and assumptions of the June 30, 2018 valuation report, it is our professional opinion that the results of the risk report are applicable to the June 30, 2020 valuation report as well.

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

The Comprehensive Annual Financial Report (CAFR) for INPRS contains several exhibits that disclose the actuarial position of the System. This annual report, prepared as of June 30, 2020, provides data and tables that we prepared for use in the following sections of the CAFR:

Financial Section:

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

Actuarial Section:

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

Statistical Section:

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



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

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

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

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

Sincerely,

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



TABLE OF CONTENTS

<u>Sections</u>	<u>Page</u>
Actuarial Certification Letter	
Section 1 – Board Summary.....	1
Section 2 – Scope of the Report.....	7
Section 3 – Assets	8
Table 1 – Development of Market Value of Assets	9
Table 2 – Development of Actuarial Value of Assets	10
Section 4 – Plan Liabilities	11
Table 3 – Actuarial Accrued Liability	12
Table 4 – Solvency Test	13
Table 5 – Reconciliation of Unfunded Actuarial Accrued Liability	14
Table 6 – Actuarial Gain/(Loss).....	15
Table 7 – Gain/(Loss) Analysis by Source.....	16
Table 8 – Projected Benefit Payments.....	17
Section 5 – Employer Contributions	18
Table 9 – Schedule of Amortization Bases	19
Table 10 – Actuarially Determined Contribution Rate	20
Table 11 – Investment Return Sensitivity	21
Section 6 – GASB Information	22
Table 12 – Statement of Fiduciary Net Position under GASB No. 67	23
Table 13 – Statement of Changes in Fiduciary Net Position under GASB No. 67	24
Table 14 – Schedule of Changes in Net Pension Liability under GASB No. 68.....	25
Table 15 – Deferred Outflow of Resources.....	26
Table 16 – Deferred Inflow of Resources	27
Table 17 – Deferred Inflows and Outflows to be Recognized in Pension Expense	28
Table 18 – Pension Expense under GASB No. 68	29
Notes to the Financial Statements under GASB No. 67 and 68	30
Required Supplemental Information under GASB No. 67 and 68	33
 Appendix A – Membership Data	 39
Appendix B – Summary of Plan Provisions	47
Appendix C – Summary of Actuarial Methods and Assumptions	50
Appendix D – Glossary of Actuarial Terms	54



SECTION 1 – BOARD SUMMARY

This report presents the results of the June 30, 2020 actuarial valuation of the Prosecuting Attorneys’ Retirement Fund (PARF). The primary purposes of performing this actuarial valuation are to:

- Determine the contribution amount for the plan year ending June 30, 2022 that will be sufficient to meet the funding policy.
- Disclose asset and liability measurements as well as the plan’s funded status on the valuation date.
- Compare actual and expected experience by the Fund during the plan year ending June 30, 2020.
- Analyze and report on trends in plan contributions, assets and liabilities over the past several years.

VALUATION RESULTS

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

The actuarial valuation results provide a “snapshot” view of the plan’s financial condition on June 30, 2020. The plan’s unfunded actuarial accrued liability (UAAL) decreased from \$45.2 million last year to \$37.8 million this year and the funded ratio increased from 59.0% last year to 64.7% this year. The primary driver of this change are the assumption changes resulting from the 2014-2019 Experience Study, which caused a \$5.0 million decrease in liabilities, although additional demographic gains in excess of investment return losses also contributed.

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

Valuation Results	June 30, 2019	June 30, 2020
Unfunded Actuarial Accrued Liability	\$ 45,172,567	\$ 37,760,310
Funded Ratio (Actuarial Assets)	58.96%	64.73%
Normal Cost	9.24%	8.73%
UAAL Amortization	17.49%	13.59%
Total Recommended Contribution	26.73%	22.32%
Estimated Member Contributions	(6.00%)	(6.00%)
Actuarially Determined Contribution Amount	20.73%	16.32%

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



SECTION 1 – BOARD SUMMARY

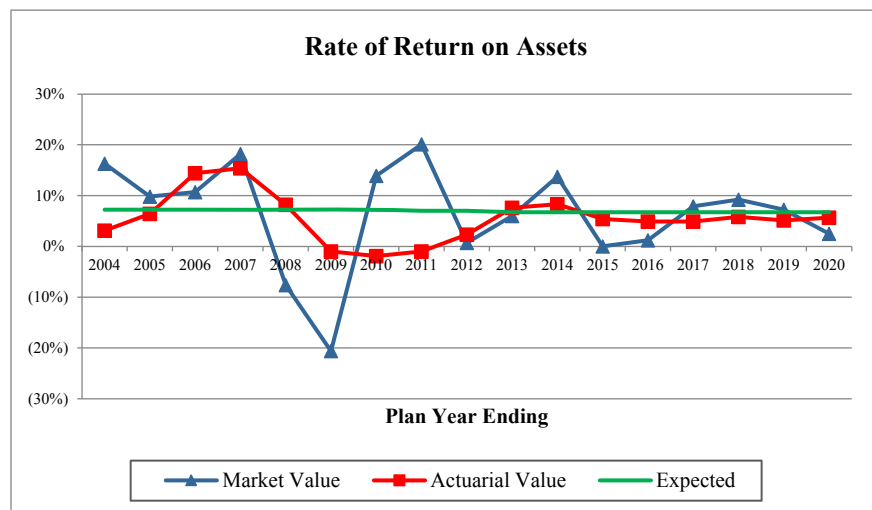
ASSETS

As of June 30, 2020, the plan had net assets of \$67.9 million, when measured on a market value basis. This was an increase of \$2.4 million from the prior year.

The market value of assets is not used directly in the calculation of the unfunded actuarial accrued liability and the actuarial required contribution rate. An asset valuation method, which smoothes the effect of market fluctuations, is applied to determine the value of assets used in the valuation, termed the actuarial value of assets. In this year’s valuation, the actuarial value of assets is \$69.3 million, an increase of \$4.4 million from the prior year. The components of change in the asset values are shown in the following table:

	Market Value		Actuarial Value	
Net Assets, June 30, 2019	\$	65,522,813	\$	64,908,695
- Employer and Member Contributions	+	5,671,551	+	5,671,551
- Benefit Payments and Refunds	-	4,974,399	-	4,974,399
- Net Investment Income	+	1,655,796	+	3,682,557
Net Assets, June 30, 2020	\$	67,875,761	\$	69,288,404
Estimated Rate of Return, Net of Expenses		2.5%		5.6%

The estimated rate of return on the actuarial value of assets was 5.6%, which was lower than the 6.75% investment return assumption applicable for the year ended June 30, 2020. As a result, there was an experience loss on assets of \$0.7 million. The estimated investment return on the market value of assets for FY 2020 of 2.5% resulted in a change in the deferred investment experience from a net deferred investment gain of \$614,000 in last year’s valuation to a net deferred investment loss of \$1.4 million in the current valuation. See Table 1 and Table 2 of this report for detailed information on the market and actuarial value of assets.



The rate of return of the actuarial value of assets has been less volatile than the market value return, illustrating the benefits of using an asset smoothing method.



SECTION 1 – BOARD SUMMARY

LIABILITIES

The actuarial accrued liability is that portion of the present value of future benefits that is allocated to past service. The remaining portion will be paid by future normal costs. The difference between this liability and the actuarial value of assets as of the valuation date is called the unfunded actuarial accrued liability (UAAL). The dollar amount of unfunded actuarial accrued liability is reduced if the contributions to the plan exceed the normal cost for the year plus interest on the prior year's UAAL.

The unfunded actuarial accrued liability on both a market value and actuarial value of assets basis is shown as of June 30, 2020 in the following table:

	Market Value		Actuarial Value	
Actuarial Accrued Liability	\$	107,048,714	\$	107,048,714
Value of Assets		67,875,761		69,288,404
Unfunded Actuarial Accrued Liability	\$	39,172,953	\$	37,760,310
Funded Ratio		63.41%		64.73%

See Table 3 of this report for the development of the unfunded actuarial accrued liability.

The UAAL (on an actuarial basis) as of June 30, 2020 was \$37.8 million, a decrease of \$7.4 million from the prior year that was primarily driven by assumption changes that decreased liabilities by \$5.0 million, along with favorable demographic experience on liabilities. See Table 5 of this report for a complete analysis of the change. Table 6 and Table 7 in this report provide more detail on these items.

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

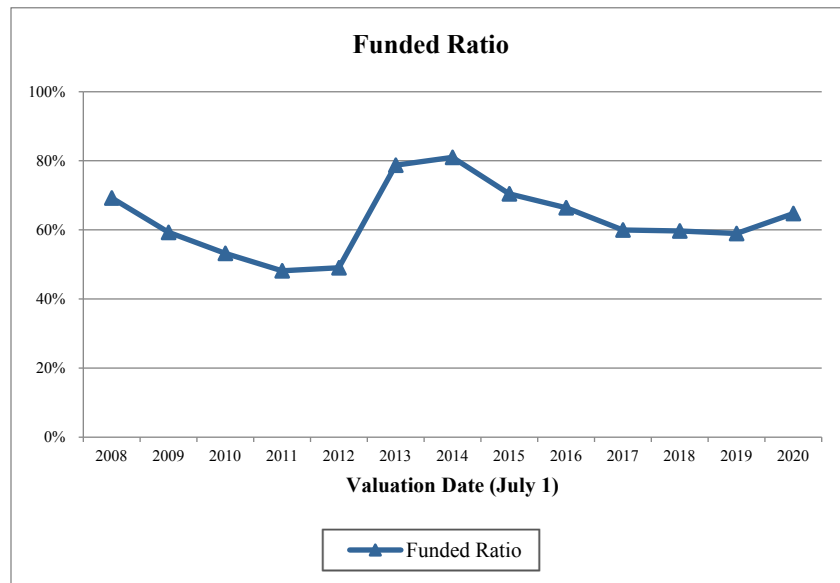
	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Funded Ratio	66.4%	60.0%	59.7%	59.0%	64.7%
UAAL (in millions)	\$28.6	\$38.7	\$41.6	\$45.2	\$37.8

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

As the following graph of historical funded ratios shows, the funding level of PARF has varied over time.



ACTUARIALLY DETERMINED CONTRIBUTION AMOUNT

The State’s funding policy is to contribute an appropriated amount that is estimated at the start of each biennium. Guiding the appropriation bill is a determination of the funding requirements of the Plan from an actuarial perspective. A traditional funding strategy includes:

- A “normal cost” for the portion of projected liabilities allocated by the actuarial cost method to service of members during the year following the valuation date.
- An “unfunded actuarial accrued liability contribution” for the excess of the portion of projected liabilities allocated to service to date over the actuarial value of assets.

The UAAL contribution rate is determined by calculating the amortization payment on the UAAL as a level dollar amount over 20 years for each amortization base. Whenever the Plan exceeds 100% funded, all prior layers are eliminated and the negative UAAL (or “surplus”) is used to reduce the normal cost over a rolling 30-year period.

The actuarially determined contribution amount for the prosecuting attorneys includes a normal cost which is theoretically based on all prosecuting attorneys’ payroll. However, member contributions are only made on payroll of those with less than 22 years of service, while the employer contributions are based upon a direct legislative allocation determined from estimated total payroll. **Consequently, the actual funding requirements are adjusted to reflect only the pay upon which member contributions are made.** While this approach may make the presentation of results more complicated and not directly comparable to other plans, it nonetheless produces an amount that will, if contributed, systematically fund the Plan through time.



SECTION 1 – BOARD SUMMARY

See Table 10 of this report for the detailed development of the contribution amounts which are summarized in the following table:

	June 30, 2019	June 30, 2020
Normal Cost	9.24%	8.73%
UAAL Amortization	17.49%	13.59%
Total Recommended Contribution	26.73%	22.32%
Estimated Member Contributions	(6.00%)	(6.00%)
Actuarially Determined Contribution Rate	20.73%	16.32%
Estimated Payroll	\$ 22,379,048	\$ 24,780,599
Estimated Contribution Amount	\$ 4,639,177	\$ 4,044,194

Because the funding of the plan is largely based on payroll, the Actuarially Determined Contribution for FY 2023 can be assumed to be 2.75% (payroll growth assumption) higher than the FY 2022 rate shown above in the June 30, 2020 valuation, or \$4,155,409.

The new assumptions recommended in the Experience Study resulted in lower liabilities and lower normal costs, primarily as a result of changes to the retirement rates. It should be noted that changing the assumptions does not reduce the true cost of the benefits (which are based on the benefit provisions and what actually happens to members), but these revised assumptions should lead to a smoother funding pattern over time.

**SECTION 1 – BOARD SUMMARY****SUMMARY OF PRINCIPAL RESULTS**

	June 30, 2018	June 30, 2019	June 30, 2020
MEMBERSHIP			
Active Members	209	203	205
Retired Members and Beneficiaries	143	150	167
Disabled Members	2	2	2
Inactive Members	221	224	243
Total Members	<u>575</u>	<u>579</u>	<u>617</u>
Projected Annual Salaries of Active Members	\$ 22,031,333	\$ 22,379,048	\$ 24,780,599
Annual Retirement Payments for Retired Members, Disabled Members and Beneficiaries	\$ 3,748,659	\$ 3,891,954	\$ 4,489,144
ASSETS AND LIABILITIES			
Net Assets			
Market Value of Assets (MVA)	\$ 61,019,100	\$ 65,522,813	\$ 67,875,761
Actuarial Value of Assets (AVA)	61,664,469	64,908,695	69,288,404
Actuarial Accrued Liability (AAL)	103,283,935	110,081,262	107,048,714
Unfunded Actuarial Accrued Liability (UAAL): AAL - AVA	\$ 41,619,466	\$ 45,172,567	\$ 37,760,310
Funded Ratios			
AVA / AAL	59.70%	58.96%	64.73%
MVA / AAL	59.08%	59.52%	63.41%
CONTRIBUTIONS			
Normal Cost Rate	9.22%	9.24%	8.73%
UAAL Rate	15.99%	17.49%	13.59%
Total Recommended Contribution Rate	<u>25.21%</u>	<u>26.73%</u>	<u>22.32%</u>
Expected Employee Contribution Rate ¹	<u>(6.00%)</u>	<u>(6.00%)</u>	<u>(6.00%)</u>
Actuarially Determined Contribution Rate	19.21%	20.73%	16.32%
Actuarially Determined Contribution Amount	\$ 4,232,219	\$ 4,639,177	\$ 4,044,194

¹Only active members with less than 22 years of service make contributions to the plan.



SECTION 2 – SCOPE OF THE REPORT

This report presents the actuarial valuation results of the Prosecuting Attorneys’ Retirement Fund as of June 30, 2020. This valuation was prepared at the request of the Indiana Public Retirement System.

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

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

This report includes several appendices:

- Appendix A Schedules of valuation data classified by various categories of members.
- Appendix B A summary of the current benefit structure, as determined by the provisions of governing law on June 30, 2020.
- Appendix C A summary of the actuarial methods and assumptions used to estimate liabilities and determine contribution rates.
- Appendix D A glossary of actuarial terms.



SECTION 3 – ASSETS

In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is June 30, 2020. On that date, the assets available for the payment of benefits are appraised. The assets are compared with the liabilities of the plan, which are generally in excess of assets. The actuarial process then leads to a method of determining the contributions needed by members and the employer in the future to balance the plan assets and liabilities.

Market Value of Assets

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

Table 1 summarizes the changes in the market value of assets for the last two years. Table 12 (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 2 shows the development of the actuarial value of assets (AVA) as of the valuation date.



TABLE 1
DEVELOPMENT OF MARKET VALUE OF ASSETS

	June 30, 2019	June 30, 2020
1. Market Value of Assets, Beginning of Year	\$ 61,019,100	\$ 65,522,813
2. Receipts		
a. Member (Includes Purchased Service)	\$ 1,307,323	\$ 1,439,332
b. Employer	3,215,600	4,232,219
c. Total	\$ 4,522,923	\$ 5,671,551
3. Expenditures		
a. Benefit Payments	\$ 4,234,245	\$ 4,808,713
b. Refund of Contributions	198,644	165,686
c. Administrative Expense	75,327	74,091
d. Total	\$ 4,508,216	\$ 5,048,490
4. Investment Return		
a. Investment Income	\$ 4,484,022	\$ 1,726,231
b. Securities Lending Income	4,984	3,656
c. Total Investment Return	\$ 4,489,006	\$ 1,729,887
5. Market Value of Assets, End of Year: (1) + (2c) - (3d) + (4c)	\$ 65,522,813	\$ 67,875,761
6. Estimated Rate of Return, Net of Expenses ¹	7.23%	2.51%

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



SECTION 3 – ASSETS

TABLE 2

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

		For Plan Year Ending June 30, 2020		
1. Market Value as of June 30, 2019		\$		65,522,813
2. Receipts		\$		5,671,551
3. Expenditures, Net of Administrative Expenses		\$		(4,974,399)
4. Expected Return on Assets ¹		\$		4,446,319
5. Expected Market Value as of June 30, 2020: (1) + (2) + (3) + (4)		\$		70,666,284
6. Actual Market Value as of June 30, 2020		\$		67,875,761
7. Year End 2020 Asset Gain/(Loss): (6) - (5)		\$		(2,790,523)
8. Deferred Investment Gains and Losses				
	Year Ended June 30:	Gain/(Loss)	Factor	Deferred Amount
a.	2017	\$ 487,044	20%	\$ 97,409
b.	2018	1,368,137	40%	547,255
c.	2019	291,851	60%	175,111
d.	2020	(2,790,523)	80%	(2,232,418)
e.	Total			\$ (1,412,643)
9. Initial Actuarial Value as of June 30, 2020: (6) - (8e)		\$		69,288,404
10. Constraining Values				
a. 80% of Market Value: (6) x 0.8		\$		54,300,609
b. 120% of Market Value: (6) x 1.2		\$		81,450,913
11. Actuarial Value as of June 30, 2020		\$		69,288,404
12. Actuarial Rate of Return, Net of Expenses ²				5.64%
13. Actuarial Value of Assets as a Percent of Market Value: (11) / (6)				102.1%

¹ Assumes cash flows occur at mid-year and a return assumption of 6.75%.

² Assumes cash flows occur at mid-year.



SECTION 4 – PLAN LIABILITIES

In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of assets of the Prosecuting Attorneys' Retirement Fund as of the valuation date, June 30, 2020. In this section, the discussion will focus on the commitments (future benefit payments) of the plan, which are referred to as its liabilities.

The liability calculations for the June 30, 2020 Prosecuting Attorneys' Retirement Fund valuation are based on census data collected as of June 30, 2019. Standard actuarial techniques are used to adjust these results from June 30, 2019 to June 30, 2020. While these roll-forward techniques are based on the expectation that all actuarial assumptions are met during the intervening year, there will, of course, be many of the assumptions that are not 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, 2020.

Actuarial Accrued Liability

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

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

Actuarial terminology calls the part attributable to the past the "past service liability" or the "actuarial accrued liability." The portion allocated to the future is known as the present value of future normal costs, with the specific piece of it allocated to the current year being called the "normal cost."

Table 3 contains the calculation of actuarial accrued liability for the plan. The Entry Age Normal actuarial cost method is used to develop the actuarial accrued liability.



TABLE 3
ACTUARIAL ACCRUED LIABILITY

	As of June 30, 2020
1. Actuarial Accrued Liability	
a. Member Contribution Balances	\$ 27,767,833
b. Active & Inactive Members	34,870,523
c. In-pay Members	<u>44,410,358</u>
d. Total	107,048,714
2. Actuarial Value of Assets	69,288,404
3. Unfunded Actuarial Accrued Liability: (1d) – (2)	37,760,310
4. Funded Ratio: (2)/(1d)	64.73%



SECTION 4 – PLAN LIABILITIES

TABLE 4
SOLVENCY TEST

Actuarial Valuation as of June 30	Actuarial Accrued Liabilities (AAL)				Actuarial Value of Assets	Portion of AAL Covered by Assets			
	Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities		Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities
2020	\$27,768	\$44,410	\$34,871	\$107,049	\$69,288	100.0%	93.5%	0.0%	64.7%
2019	27,470	39,607	43,004	110,081	64,909	100.0	94.5	0.0	59.0
2018	27,620	39,034	36,630	103,284	61,664	100.0	87.2	0.0	59.7
2017	26,327	38,504	31,824	96,655	57,967	100.0	82.2	0.0	60.0
2016	26,206	37,709	21,118	85,033	56,472	100.0	80.3	0.0	66.4
2015	25,479	26,636	25,746	77,861	54,848	100.0	100.0	10.6	70.4
2014	26,654	22,665	16,017	65,336	52,936	100.0	100.0	22.6	81.0
2013	25,371	22,004	14,565	61,940	48,762	100.0	100.0	9.5	78.7
2012	23,406	18,660	14,014	56,080	27,501	100.0	21.9	0.0	49.0
2011	21,592	16,806	14,854	53,252	25,651	100.0	24.2	0.0	48.2

Note: Dollar amounts are in thousands of dollars.



TABLE 5

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

For Year Ending June 30, 2020

1. Unfunded Actuarial Accrued Liability as of June 30, 2019	\$ 45,172,567
2. Normal Cost	2,067,197
3. Actuarially Determined Contribution	(5,980,768)
4. Interest	<u>2,784,982</u>
5. Expected Unfunded Actuarial Accrued Liability as of June 30, 2020	\$ 44,043,978
6. Actuarial Value of Asset Changes	
a. Investment Experience (Gain)/Loss	\$ 722,309
b. Contributions (Above)/Below the Actuarially Determined Contribution and Other (Gain)/Loss	\$ 539,915
7. Actuarial Accrued Liability Changes	
a. Actuarial Accrued Liability Experience (Gain)/Loss	\$ (2,533,763)
b. Additional Liability Due to Benefit Changes	0
c. Additional Liability Due to Assumption Changes	<u>(5,012,129)</u>
8. Total Experience (Gain)/Loss	\$ (6,283,668)
9. Unfunded Actuarial Accrued Liability as of June 30, 2020: (5) + (8)	\$ 37,760,310



TABLE 6
ACTUARIAL GAIN/(LOSS)

Liabilities		
1. Actuarial Accrued Liability as of June 30, 2019	\$	110,081,262
2. Normal Cost for Plan Year Ending June 30, 2020		2,067,197
3. Benefit Payments During Plan Year ¹		(4,956,589)
4. Service Purchases (employee and employer)		0
5. Interest at 6.75%		7,402,736
6. Change Due to Benefit Changes		0
7. Change Due to Assumption Changes		(5,012,129)
8. Expected Actuarial Accrued Liability as of June 30, 2020	\$	109,582,477
9. Actuarial Accrued Liability as of June 30, 2020	\$	107,048,714
Assets		
10. Actuarial Value of Assets as of June 30, 2019	\$	64,908,695
11. Receipts During Plan Year		5,671,551
12. Expenditures, Excluding Expenses, During Plan Year		(4,974,399)
13. Interest at 6.75%		4,404,866
14. Expected Actuarial Value of Assets as of June 30, 2020	\$	70,010,713
15. Actuarial Value of Assets as of June 30, 2020	\$	69,288,404
Experience Gain / (Loss)		
16. Liability Actuarial Experience Gain/(Loss): (8) - (9)	\$	2,533,763
17. Asset Actuarial Experience Gain/(Loss): (15) - (14)		(722,309)
18. Total Actuarial Experience Gain/(Loss): (16) + (17)	\$	1,811,454

¹ Does not include miscellaneous expenses or benefit overpayments.



TABLE 7
EXPERIENCE GAIN/(LOSS) ANALYSIS BY SOURCE

<u>Liability Sources</u>	<u>Gain/(Loss)</u>
Retirement	\$ (1,242)
Termination	(44)
Disability	92
Mortality	37
Salary	1,968
New Entrants/Rehires	(160)
Miscellaneous	<u>1,883</u>
Total Liability Experience Gain/(Loss)	\$ 2,534
as a % of AAL	2.4%
Asset Experience Gain/(Loss)	\$ (722)
Total Actuarial Experience Gain/(Loss)	\$ 1,811



TABLE 8
PROJECTED BENEFIT PAYMENTS

<u>Plan Year Ending June 30</u>	<u>Benefit Amount</u>
2021	\$ 5,988,977
2022	6,388,121
2023	6,517,871
2024	6,731,995
2025	7,014,290
2026	7,157,975
2027	7,286,103
2028	7,491,944
2029	7,836,513
2030	8,028,160
2031	8,371,733
2032	8,663,255
2033	8,888,757
2034	9,103,628
2035	9,423,758
2036	9,441,452
2037	9,467,086
2038	9,477,188
2039	9,523,992
2040	9,489,094
2041	9,462,759
2042	9,431,705
2043	9,322,089
2044	9,127,040
2045	8,965,828
2046	8,782,572
2047	8,606,866
2048	8,438,814
2049	8,264,602
2050	8,012,938

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 Entry Age Normal (EAN) actuarial cost method is used for the valuation. Under that method, the normal cost for each year from entry age to assumed exit age is a constant percentage of the member's year by year projected compensation. The portion of the present value of future benefits not provided by the present value of future normal costs is the actuarial accrued liability. The unfunded actuarial accrued liability/(surplus) represents the difference between the actuarial accrued liability and the actuarial value of assets as of the valuation date. The unfunded actuarial accrued liability is calculated each year and reflects experience gains and losses.

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. The actuarially determined contribution amount in the June 30, 2020 PARF actuarial valuation will be used for contributions in the plan year ending June 30, 2022. It is anticipated that this amount will be used by the Board in determining the appropriations to request from the State for the next biennium, which includes fiscal years 2022 and 2023.

Contribution Summary

In Table 9, the amortization payment related to the unfunded actuarial accrued liability/(surplus), as of June 30, 2020, is developed. Table 10 develops the actuarial 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 11 the contribution rates under alternative discount rates are provided to illustrate the sensitivity of the contribution requirements to the selection of the investment return assumption.

**SECTION 5 – EMPLOYER CONTRIBUTIONS****TABLE 9****SCHEDULE OF AMORTIZATION BASES**

Amortization Bases	Original Amount ¹	June 30, 2020 Remaining Payments	Date of Last Payment	Outstanding Balance as of June 30, 2020	Annual Contribution
2009 UAAL Base	6,201,136	17	7/1/2037	4,953,884	467,121
2010 UAAL Base	1,736,351	20	7/1/2040	1,473,846	127,802
2011 UAAL Base	1,680,350	21	7/1/2041	1,459,805	123,680
2012 UAAL Base	463,047	22	7/1/2042	410,917	34,082
2013 UAAL Base	3,556,575	23	7/1/2043	3,218,379	261,778
2014 UAAL Base	(584,092)	24	7/1/2044	(538,124)	(42,991)
2015 UAAL Base	10,811,874	25	7/1/2045	10,126,875	795,796
2016 UAAL Base	5,882,037	16	7/1/2036	5,229,818	510,052
2017 UAAL Base	10,629,681	17	7/1/2037	9,775,158	921,737
2018 UAAL Base	3,735,370	18	7/1/2038	3,541,784	323,907
2019 UAAL Base	4,504,551	19	7/1/2039	4,391,636	390,606
2020 UAAL Base	(6,283,668)	20	7/1/2040	<u>(6,283,668)</u>	<u>(544,879)</u>
Total				\$ 37,760,310	\$ 3,368,691
1. Total UAAL Amortization Payments					\$ 3,368,691
2. Projected Payroll for FY 2021, Under 22 Years of Service					\$ 24,780,599
3. UAAL Amortization Payment Rate					13.59%
4. Remaining Amortization Period in Years (Weighted) ²					19.3

¹ The original amounts from 2017 to 2013 were provided by the prior actuary. Amounts prior to that were estimated by INPRS.

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.



SECTION 5 – EMPLOYER CONTRIBUTIONS

TABLE 10

ACTUARIALLY DETERMINED CONTRIBUTION RATE

1. Projected Covered Payroll for FY 2021	\$ 24,780,599
2. Normal Cost Rate as of June 30, 2019	
a. Dollar Amount	\$ 2,164,251
b. Percent of Total Pay	8.25%
c. Percent of Covered Pay ¹	8.73%
3. Amortization of UAAL as of June 30, 2019	
a. Dollar Amount	\$ 3,368,691
b. Percent of Covered Pay ¹	13.59%
4. Total Recommended Contribution Rate: (2) + (3b)	22.32%
5. Expected Employee Contribution Rate	
a. Dollar Amount	\$ 1,486,836
b. Percent of Covered Pay ¹	6.00%
6. Actuarially Determined Contribution Rate: (4) - (5)	16.32%
7. Estimated Actuarially Determined Contribution Amount ² : (1) x (6)	\$ 4,044,194
8. Approved Funding Amount for FY 2021	\$ 4,401,508
9. Expected Percentage of Actuarially Determined Contribution Contributed	108.84%

¹ Active members with less than 22 years of service make 6% contributions.

² Used to assist with the determination of the FY 2022 and FY 2023 approved funding amounts.



SECTION 5 – EMPLOYER CONTRIBUTIONS

TABLE 11

INVESTMENT RETURN SENSITIVITY

	1.00% Decrease: (5.75%)	0.75% Decrease: (6.00%)	0.50% Decrease: (6.25%)	0.25% Decrease: (6.50%)	Current Assumption: (6.75%)
Funded Status					
Actuarial Accrued Liability	\$120,000,917	\$116,521,748	\$113,209,937	\$110,055,387	\$107,048,714
Actuarial Value of Assets	69,288,404	69,288,404	69,288,404	69,288,404	69,288,404
Unfunded Actuarial Accrued Liability	\$50,712,513	\$47,233,344	\$43,921,533	\$40,766,983	\$37,760,310
Funded Ratio	57.7%	59.5%	61.2%	63.0%	64.7%
Actuarially Determined Contribution Amount					
Normal Cost	\$2,661,005	\$2,523,063	\$2,394,788	\$2,275,416	2,164,251
UAAL Amortization	4,192,881	3,980,825	3,772,918	3,568,940	3,368,691
Expected Member Contributions	(1,486,836)	(1,486,836)	(1,486,836)	(1,486,836)	(1,486,836)
Actuarially Determined Contribution Amount	\$5,367,051	\$5,017,052	\$4,680,870	\$4,357,520	\$4,046,106
Actuarially Determined Contribution Rate	21.66%	20.25%	18.89%	17.58%	16.32%
	0.25% Increase: (7.00%)	0.50% Increase: (7.25%)	0.75% Increase: (7.50%)	1.00% Increase: (7.75%)	1.25% Increase: (8.00%)
Funded Status					
Actuarial Accrued Liability	\$104,181,190	\$101,444,684	\$98,831,628	\$96,334,961	\$93,948,101
Actuarial Value of Assets	69,288,404	69,288,404	69,288,404	69,288,404	69,288,404
Unfunded Actuarial Accrued Liability	\$34,892,786	\$32,156,280	\$29,543,224	\$27,046,557	\$24,659,697
Funded Ratio	66.5%	68.3%	70.1%	71.9%	73.8%
Actuarially Determined Contribution Amount					
Normal Cost	\$2,060,657	\$1,964,050	\$1,873,898	\$1,789,709	\$1,711,038
UAAL Amortization	3,171,979	2,978,626	2,788,469	2,601,345	2,417,109
Expected Member Contributions	(1,486,836)	(1,486,836)	(1,486,836)	(1,486,836)	(1,486,836)
Actuarially Determined Contribution Amount	\$3,745,800	\$3,455,840	\$3,175,531	\$2,904,218	\$2,641,311
Actuarially Determined Contribution Rate	15.12%	13.95%	12.81%	11.72%	10.66%



SECTION 6 – GASB INFORMATION

GASB NO. 67 AND GASB NO. 68

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

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

The discount rate used for these disclosures is the assumed return on assets of 6.75%. We have verified that the current assets in conjunction with future contributions made on behalf of current members (including all contributions to fund any past service liability) will be sufficient to make the anticipated benefit payments to be provided to the current members.

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



TABLE 12

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2020

		June 30, 2020
1. Assets		
a. Cash		\$ 2,171
b. Receivables		
i. Contributions and Miscellaneous Receivables	\$	11,690
ii. Investments Receivable		1,872,925
iii. Foreign Exchange Contracts Receivable		15,915,819
iv. Interest and Dividends		156,279
v. Receivables Due From Other Funds		0
vi. Total Receivables	\$	17,956,713
c. Investments		
i. Short-Term Investments	\$	0
ii. Pooled Repurchase Agreements		15,673
iii. Pooled Short-Term Investments		3,082,322
iv. Pooled Fixed Income		23,460,493
v. Pooled Equity		15,055,728
vi. Pooled Alternative Investments		29,286,359
vii. Pooled Derivatives		31,136
viii. Pooled Investments		0
ix. Securities Lending Collateral		351,220
x. Total Investments	\$	71,282,931
d. Net Capital Assets		0
e. Other Assets		0
f. Total Assets: a + b(vi) + c(x) + d + e	\$	89,241,815
2. Liabilities		
a. Administrative Payable	\$	926
b. Retirement Benefits Payable		0
c. Investments Payable		4,197,788
d. Foreign Exchange Contracts Payable		15,953,051
e. Securities Lending Obligations		351,220
f. Securities Sold Under Agreement to Repurchase		857,816
g. Due To Other Funds		5,253
h. Due to Other Governments		0
i. Total Liabilities: a + b + c + d + e + f + g + h	\$	21,366,054
3. Fiduciary Net Position Restricted for Pensions: (1)(f) - (2)(i)	\$	67,875,761



TABLE 13

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

		For Fiscal Year Ending June 30, 2020
1. Fiduciary Net Position as of June 30, 2019		\$ 65,522,813
2. Additions		
a. Contributions		
i. Member Contributions		1,439,332
ii. Employer Contributions		4,232,219
iii. Service Purchases (Employer and Member)		0
iv. Non-Employer Contributing Entity Contributions		0
v. Total Contributions		<u>\$ 5,671,551</u>
b. Investment Income/(Loss)		
i. Net Appreciation/(Depreciation)		\$ 1,620,479
ii. Net Interest and Dividend Income		556,982
iii. Securities Lending Income		4,736
iv. Other Net Investment Income		7,609
v. Investment Management Expenses		(439,480)
vi. Direct Investment Expenses		(19,359)
vii. Securities Lending Expenses		(1,080)
viii. Total Investment Income/(Loss)		<u>\$ 1,729,887</u>
c. Other Additions		
i. Member Reassignments		0
ii. Miscellaneous Receipts		0
iii. Total Other Additions		<u>\$ 0</u>
d. Total Revenue (Additions): a(v) + b(viii) + c(iii)		<u>\$ 7,401,438</u>
3. Deductions		
a. Pension, Survivor and Disability Benefits		\$ 4,808,713
b. Death and Funeral Benefits		0
c. Distributions of Contributions and Interest		165,686
d. Administrative Expenses		74,091
e. Member Reassignments		0
f. Miscellaneous Expenses		0
g. Total Expenses (Deductions)		<u>\$ 5,048,490</u>
4. Net Increase (Decrease) in Fiduciary Net Position: (2)(d) - (3)(g)		\$ 2,352,948
5. Fiduciary Net Position as of June 30, 2020: (1) + (4)		\$ 67,875,761



TABLE 14

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	For Fiscal Year Ending June 30, 2020		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
1. Balance at June 30, 2019	\$ 110,081,262	\$ 65,522,813	\$ 44,558,449
2. Changes for the Year:			
Service Cost (SC) ¹	2,067,197		2,067,197
Interest Cost	7,402,135		7,402,135
Experience (Gains)/Losses	(2,515,352)		(2,515,352)
Assumption Changes	(5,012,129)		(5,012,129)
Plan Amendments	0		0
Benefit Payments ²	(4,974,399)	(4,974,399)	0
Service Purchases			
Employer Contributions	0	0	0
Employee Contributions	0	0	0
Member Reassignments	0	0	0
Employer Contributions ³		4,232,219	(4,232,219)
Non-employer Contributions		0	0
Employee Contributions		1,439,332	(1,439,332)
Net Investment Income		1,729,887	(1,729,887)
Administrative Expenses		(74,091)	74,091
Other		0	0
Net Changes	\$ (3,032,548)	\$ 2,352,948	\$ (5,385,496)
3. Balance at June 30, 2020	\$ 107,048,714	\$ 67,875,761	\$ 39,172,953

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

² Includes refund of member contributions of \$165,686.

³ Includes \$4,232,219 of state appropriations to the fund.



TABLE 15
DEFERRED OUTFLOWS OF RESOURCES

	June 30, 2019	Remaining Period	Recognition	June 30, 2020
1. Liability Experience				
June 30, 2020 Loss	\$ 0	2.08	\$ 0	\$ 0
June 30, 2019 Loss	1,085,272	0.94	1,085,272	0
June 30, 2018 Loss	21,342	0.02	21,342	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, 2020 Loss	\$ 0	2.08	\$ 0	\$ 0
June 30, 2019 Loss	0	0.94	0	0
June 30, 2018 Loss	0	0.02	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
3. Investment Experience				
June 30, 2020 Loss	\$ 2,713,931	5.00	\$ 542,787	\$ 2,171,144
June 30, 2019 Loss	0	4.00	0	0
June 30, 2018 Loss	0	3.00	0	0
June 30, 2017 Loss	0	2.00	0	0
June 30, 2016 Loss	596,562	1.00	596,562	0
Total Outflows:				
(1)+(2)+(3)	\$ 4,417,107		\$ 2,245,963	\$ 2,171,144

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 16
DEFERRED INFLOWS OF RESOURCES

	June 30, 2019	Remaining Period	Recognition	June 30, 2020
1. Liability Experience				
June 30, 2020 Gain	\$ 2,515,352	2.08	\$ 1,209,304	\$ 1,306,048
June 30, 2019 Gain	0	0.94	0	0
June 30, 2018 Gain	0	0.02	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, 2020 Gain	\$ 5,012,129	2.08	\$ 2,409,678	\$ 2,602,451
June 30, 2019 Gain	0	0.94	0	0
June 30, 2018 Gain	0	0.02	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
3. Investment Experience				
June 30, 2020 Gain	\$ 0	5.00	\$ 0	\$ 0
June 30, 2019 Gain	295,776	4.00	73,944	221,832
June 30, 2018 Gain	875,257	3.00	291,753	583,504
June 30, 2017 Gain	257,797	2.00	128,899	128,898
June 30, 2016 Gain	0	1.00	0	0
Total Inflows:				
(1)+(2)+(3)	\$ 8,956,311		\$ 4,113,578	\$ 4,842,733

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 17

DEFERRED INFLOWS / OUTFLOWS TO BE RECOGNIZED IN PENSION EXPENSE

Fiscal Year Ending June 30	Deferred Outflows	Deferred Inflows	Net Deferred Outflows/(Inflows)
Current Year:			
2020	\$ 2,245,963	\$ 4,113,578	\$ (1,867,615)
Future Years:			
2021	\$ 542,787	\$ 4,113,577	\$ (3,570,790)
2022	542,787	655,212	(112,425)
2023	542,787	73,944	468,843
2024	542,783	0	542,783
2025	0	0	0
Thereafter	0	0	0



TABLE 18
PENSION EXPENSE UNDER GASB NO. 68

		For Fiscal Year Ending June 30, 2020
1. Service Cost, beginning of year	\$	2,067,197
2. Interest Cost, including interest on service cost		7,402,135
3. Member Contributions		(1,439,332)
4. Administrative Expenses		74,091
5. Expected Return on Assets ¹		(4,443,818)
6. Plan Amendments		0
7. Recognition of Deferred Inflows / Outflows of Resources Related to:		
a. Liability Experience (Gains) / Losses	(102,690)	
b. Assumption Change (Gains) / Losses	(2,409,678)	
c. Investment Experience (Gains) / Losses	<u>644,753</u>	
d. Total: (7a)+(7b)+(7c)		(1,867,615)
8. Miscellaneous (Income) / Expense		0
9. Total Collective Pension Expense: (1)+(2)+(3)+(4)+(5)+(6)+(7d)+(8)		1,792,658
10. Employer Service Purchases		0
Pension Expense / (Income): (9) + (10)	\$	1,792,658

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.

Actuarial Assumptions and Inputs

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

Type of Plan	The Prosecuting Attorneys’ Retirement Fund is a single-employer plan for GASB accounting purposes.
Measurement Date	June 30, 2020
Valuation Date	June 30, 2020
Assets:	June 30, 2020
Liabilities:	June 30, 2019 – The TPL as of June 30, 2020 was determined based on an actuarial valuation prepared as of June 30, 2019 rolled forward one year to June 30, 2020, using the following key actuarial assumptions and other inputs, such as benefit accruals and actual benefit payments during that time period.
Inflation	2.25%
Future Salary Increases	2.75%
Cost-of-Living Increases	None.
Mortality Assumption	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. <i>Healthy Employees</i> – General Employee table with a 1 year setback for males and a 1 year setback for females. <i>Retirees</i> – General Retiree table with a 1 year setback for males and a 1 year setback for females. <i>Beneficiaries</i> – Contingent Survivor table with no set forward for males and a 2 year set forward for females. <i>Disableds</i> – General Disabled table with a 140% load.



SECTION 6 – GASB INFORMATION

Experience Study	<p>The most recent comprehensive experience study, based on member experience between June 30, 2014 and June 30, 2019, was completed in February 2020. The demographic assumptions were approved by the Board in June 2020 and were updated as appropriate based on the results of the study for this June 30, 2020 actuarial valuation.</p>
Discount Rate	<p>6.75%, net of investment expenses</p> <p>The discount rate is equal to the expected long-term rate of return on plan investments, net of investment expense and including price inflation. There was no change in the discount rate from the prior measurement date.</p> <p>The INPRS Board of Trustees has established a funding policy of 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 and projected covered member payroll. The June 30, 2020 actuarial valuation assumes a long-term rate of return on assets of 6.75%, a 20-year level dollar closed method for amortizing the future layers of unfunded actuarial accrued liability (30 years for amortization layers established prior to June 30, 2016), and a 5-year smoothing method for recognizing investment gains and losses in the actuarial value of assets.</p>

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

	1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%
Net Pension Liability	\$52,125,156	\$39,172,953	\$28,459,200

Classes of Plan Members Covered

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

Number as of June 30, 2019	
1. Currently Receiving Benefits:	
Retired Members, Disabled Members, and Beneficiaries	169
2. Inactive Members Entitled To But Not Yet Receiving Benefits	101
3. Inactive Non-vested Members Entitled to a Refund of Member Contributions	142
4. Active Members	205
Total Covered Plan Members: (1)+(2)+(3)+(4)	617

Money-Weighted Rate of Return

The money-weighted rate of return equals investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. For the fiscal year ending June 30, 2020, the money-weighted return on the plan assets is 2.6%.

Components of Net Pension Liability

As of June 30, 2020	
Total Pension Liability	\$ 107,048,714
Fiduciary Net Position	67,875,761
Net Pension Liability	\$ 39,172,953
Ratio of Fiduciary Net Position to Total Pension Liability	63.41%



SECTION 6 – GASB INFORMATION

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

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

Fiscal Year Ending June 30	2016	2017	2018	2019	2020
Total Pension Liability					
Total Pension Liability - beginning	\$77,860,653	\$85,033,204	\$96,655,305	\$103,283,935	\$110,081,262
Service Cost (SC), beginning-of-year	1,625,509	1,649,825	1,947,022	2,031,234	2,067,197
Interest Cost, including interest on SC	5,238,761	5,713,781	6,520,834	6,959,164	7,402,135
Experience (Gains)/Losses	4,058,049	1,996,389	2,155,542	2,239,818	(2,515,352)
Assumption Changes	0	(215,798)	0	0	(5,012,129)
Plan Amendments	0	6,546,752	0	0	0
Actual Benefit Payments	(3,746,129)	(4,068,848)	(3,994,768)	(4,432,889)	(4,974,399)
Member Reassignments	0	0	0	0	0
Service Purchases	(3,639)	0	0	0	0
Net Change in Total Pension Liability	7,172,551	11,622,101	6,628,630	6,797,327	(3,032,548)
(a) Total Pension Liability - ending	\$85,033,204	\$96,655,305	\$103,283,935	\$110,081,262	\$107,048,714
Plan Fiduciary Net Position					
Plan Fiduciary Net Position – beginning	\$53,423,166	\$52,791,683	\$55,575,347	\$61,019,100	\$65,522,813
Contributions – employer	1,439,900	1,485,700	3,013,800	3,215,600	4,232,219
Contributions – non-employer	0	0	0	0	0
Contributions – member	1,278,678	1,357,689	1,294,661	1,307,323	1,439,332
Net investment income	588,570	4,166,573	5,217,727	4,489,006	1,729,887
Actual benefit payments	(3,746,129)	(4,068,848)	(3,994,768)	(4,432,889)	(4,974,399)
Net member reassignments	0	0	0	0	0
Administrative expense	(192,502)	(157,450)	(87,667)	(75,327)	(74,091)
Other	0	0	0	0	0
Net change in Plan Fiduciary Net Position	(631,483)	2,783,664	5,443,753	4,503,713	2,352,948
(b) Plan Fiduciary Net Position - ending	\$52,791,683	\$55,575,347	\$61,019,100	\$65,522,813	\$67,875,761
Net Pension Liability - ending, (a) - (b)	\$32,241,521	\$41,079,958	\$42,264,835	\$44,558,449	\$39,172,953

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



SECTION 6 – GASB INFORMATION

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

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

(continued)

Fiscal Year Ending June 30	2013	2014	2015
Total Pension Liability			
Total Pension Liability - beginning	\$56,079,955	\$61,940,389	\$65,336,440
Service Cost (SC), beginning-of-year	1,568,461	1,586,626	1,602,704
Interest Cost, including interest on SC	3,815,835	4,207,150	4,408,568
Experience (Gains)/Losses	1,473,837	0	4,550,500
Assumption Changes	(108,430)	0	5,216,488
Plan Amendments	1,345,781	0	0
Actual Benefit Payments	(2,235,050)	(2,397,725)	(3,254,047)
Member Reassignments	0	0	0
Service Purchases	0	0	0
Net Change in Total Pension Liability	5,860,434	3,396,051	12,524,213
(a) Total Pension Liability - ending	\$61,940,389	\$65,336,440	\$77,860,653
Plan Fiduciary Net Position			
Plan Fiduciary Net Position – beginning	\$27,690,288	\$47,919,739	\$54,507,492
Contributions – employer	19,443,392	1,173,800	1,062,800
Contributions – non-employer	0	0	0
Contributions – member	1,271,481	1,333,635	1,268,695
Net investment income	1,894,508	6,583,284	(34,881)
Actual benefit payments	(2,235,050)	(2,397,725)	(3,254,047)
Net member reassignments	0	0	0
Administrative expense	(144,880)	(105,241)	(126,893)
Other	0	0	0
Net change in Plan Fiduciary Net Position	20,229,451	6,587,753	(1,084,326)
(b) Plan Fiduciary Net Position - ending	\$47,919,739	\$54,507,492	\$53,423,166
Net Pension Liability - ending, (a) - (b)	\$14,020,650	\$10,828,948	\$24,437,487

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



SECTION 6 – GASB INFORMATION

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

SCHEDULE OF THE NET PENSION LIABILITY

Fiscal Year Ending June 30	2016	2017	2018	2019	2020
Total Pension Liability	\$85,033,204	\$96,655,305	\$103,283,935	\$110,081,262	\$107,048,714
Plan Fiduciary Net Position	<u>52,791,683</u>	<u>55,575,347</u>	<u>61,019,100</u>	<u>65,522,813</u>	<u>67,875,761</u>
Net Pension Liability	\$32,241,521	\$41,079,958	\$42,264,835	\$44,558,449	\$39,172,953
Ratio of Plan Fiduciary Net Position to Total Pension Liability	62.08%	57.50%	59.08%	59.52%	63.41%
Covered-employee payroll ¹	\$21,371,967	\$22,634,637	\$21,578,191	\$21,790,699	\$23,988,963
Net Pension Liability as a percentage of covered-employee payroll	150.86%	181.49%	195.87%	204.48%	163.30%

Fiscal Year Ending June 30	2013	2014	2015
Total Pension Liability	\$61,940,389	\$65,336,440	\$77,860,653
Plan Fiduciary Net Position	<u>47,919,739</u>	<u>54,507,492</u>	<u>53,423,166</u>
Net Pension Liability	\$14,020,650	\$10,828,948	\$24,437,487
Ratio of Plan Fiduciary Net Position to Total Pension Liability	77.36%	83.43%	68.61%
Covered-employee payroll ¹	\$18,805,255	\$20,607,596	\$21,144,991
Net Pension Liability as a percentage of covered-employee payroll	74.56%	52.55%	115.57%

¹ As provided by INPRS.

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



SECTION 6 – GASB INFORMATION

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending June 30	2016	2017	2018	2019	2020
Actuarially Determined Contribution ¹	\$1,380,629	\$2,148,027	\$2,533,280	\$3,543,168	\$4,608,280
Actual employer contributions	<u>\$1,439,900</u>	<u>\$1,485,700</u>	<u>\$3,013,800</u>	<u>\$3,215,600</u>	<u>\$4,232,219</u>
Annual contribution (deficiency) / excess	\$59,271	(\$662,327)	\$480,520	(\$327,568)	(\$376,061)
Covered-employee payroll ²	\$21,371,967	\$22,634,637	\$21,578,191	\$21,790,699	\$23,988,963
Actual contributions as a percentage of covered-employee payroll	6.74%	6.56%	13.97%	14.76%	17.64%

Fiscal Year Ending June 30	2013	2014	2015
Actuarially Determined Contribution ¹	\$2,542,470	\$2,345,144	\$1,418,829
Actual employer contributions	<u>\$19,443,392</u>	<u>\$1,173,800</u>	<u>\$1,062,800</u>
Annual contribution (deficiency) / excess	\$16,900,922	(\$1,171,344)	(\$356,029)
Covered-employee payroll ²	\$18,805,255	\$20,607,596	\$21,144,991
Actual contributions as a percentage of covered-employee payroll	103.39%	5.70%	5.03%

¹ Actuarially determined contribution rate was developed in the actuarial funding valuation completed one year prior to the fiscal year. This rate was applied to the actual covered employee payroll for the fiscal year to determine the contribution amount.

² As provided by INPRS.

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



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

SCHEDULE OF MONEY-WEIGHTED RETURNS

<u>For Fiscal Year Ending June 30</u>	<u>Money-Weighted Return</u>
2020	2.6%
2019	7.3%
2018	9.3%
2017	7.9%
2016	1.1%
2015	(0.1%)
2014	13.7%
2013	4.8%

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	39
<i>Schedules of valuation data classified by various categories of members.</i>	
Appendix B – Summary of Plan Provisions	47
<i>A summary of the current benefit structure, as determined by the provisions of governing law on June 30, 2020.</i>	
Appendix C – Summary of Actuarial Methods and Assumptions	50
<i>A summary of the actuarial methods and assumptions used to estimate liabilities and determine contribution rates.</i>	
Appendix D – Glossary of Actuarial Terms	54
<i>A glossary of actuarial terms used in the valuation report.</i>	



APPENDIX A: MEMBERSHIP DATA

MEMBER DATA RECONCILIATION

	Active Members	Inactive Vested	Inactive Nonvested	Disabled	Retired	Beneficiary	Total
1. As of June 30, 2018	203	92	132	2	136	14	579
2. Data Adjustments							
New Participants	44	0	0	0	0	0	44
Rehires	6	(5)	(1)	0	0	0	0
Terminations:							
Not Vested	(15)	0	15	0	0	0	0
Deferred Vested	(22)	22	0	0	0	0	0
Disability	0	0	0	0	0	0	0
Retirements	(11)	(6)	0	0	17	0	0
Refund / Benefits Ended	0	(1)	(4)	0	0	0	(5)
Deaths:							
With Beneficiary	0	0	0	0	(1)	1	0
Without Beneficiary	0	0	0	0	(1)	0	(1)
Entitled to Future Benefit	0	0	0	0	0	0	0
Data Corrections	0	(1)	0	0	1	0	0
Net Change	2	9	10	0	16	1	38
3. As of June 30, 2019 ¹	205	101	142	2	152	15	617

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**

	June 30, 2019	June 30, 2020	% Change
Date of Membership Data ¹	June 30, 2018	June 30, 2019	
ACTIVE MEMBERS			
Number of Active Members	203	205	1.0%
Annual Membership Data Salary	23,331,465	23,747,618	1.8%
Anticipated Covered Pay for Next Fiscal Year ²	22,379,048	24,780,599	10.7%
Active Member Averages			
Age	49.2	47.8	(2.8%)
Service	10.0	8.4	(16.0%)
Annual Membership Data Salary	\$ 114,933	\$ 115,842	0.8%
INACTIVE MEMBERS			
Number of Members			
Inactive Vested	92	101	9.8%
Inactive Non-Vested	132	142	7.6%
Total	224	243	8.5%
Inactive Vested Member Averages			
Age	56.6	56.1	(0.9%)
Service	14.1	14.1	0.3%
RETIREES, DISABLEDS, AND BENEFICIARIES			
Number of Members			
Retired	136	152	11.8%
Disabled	2	2	0.0%
Beneficiaries	14	15	7.1%
Total	152	169	11.2%
Annual Benefits			
Retired	\$ 3,642,485	\$ 4,218,045	15.8%
Disabled	97,313	97,313	0.0%
Beneficiaries	152,156	173,786	14.2%
Total	\$ 3,891,954	\$ 4,489,144	15.3%

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

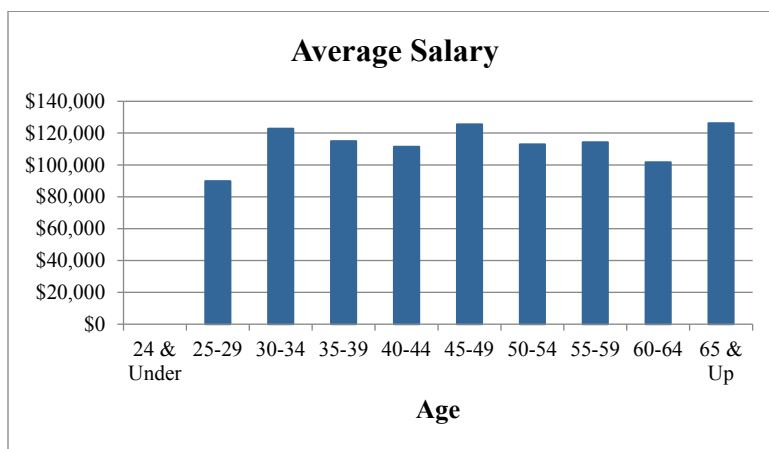
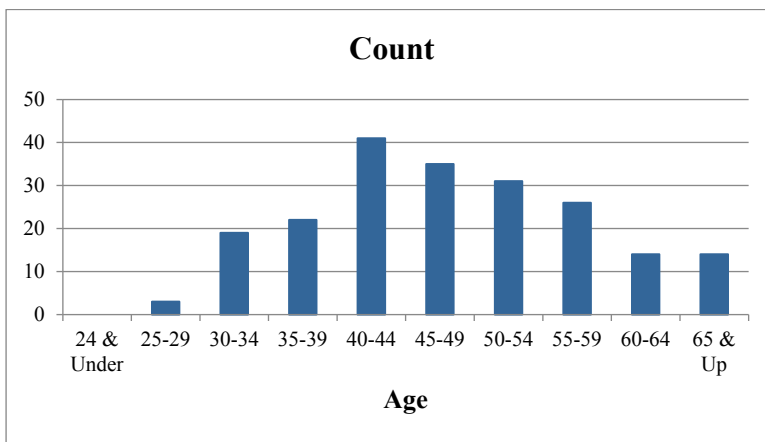
² Actual pay for contributing members with less than 22 years of service for the fiscal year ending on the valuation date, rolled forward at the known pay increase of 3.3%.



APPENDIX A: MEMBERSHIP DATA

**ACTIVE MEMBERS
As of June 30, 2019 for the June 30, 2020 Valuation**

<u>Age</u>	<u>Count of Members</u>			<u>FY 2019 Annual Membership Data Salary</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
24 & Under	0	0	0	\$ 0	\$ 0	\$ 0
25-29	1	2	3	8,165	261,245	269,410
30-34	12	7	19	1,497,005	835,425	2,332,430
35-39	13	9	22	1,473,787	1,055,107	2,528,894
40-44	34	7	41	3,794,507	773,221	4,567,728
45-49	30	5	35	3,664,526	726,029	4,390,555
50-54	22	9	31	2,673,360	825,533	3,498,893
55-59	21	5	26	2,491,463	477,157	2,968,620
60-64	13	1	14	1,326,585	97,316	1,423,901
65 & Up	<u>11</u>	<u>3</u>	<u>14</u>	<u>1,461,238</u>	<u>305,949</u>	<u>1,767,187</u>
Total	157	48	205	\$ 18,390,636	\$ 5,356,982	\$ 23,747,618





APPENDIX A – MEMBERSHIP DATA

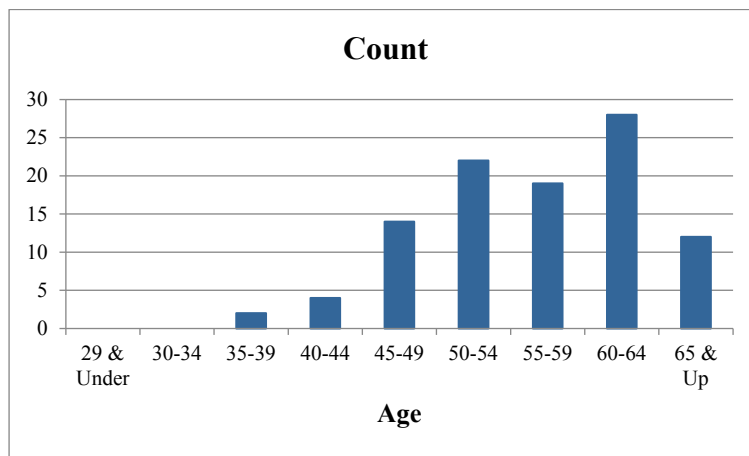
**AGE AND SERVICE DISTRIBUTION
As of June 30, 2019 for the June 30, 2020 Valuation**

Age		0-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 34	Total
24 & Under	Number	0	0	0	0	0	0	0	0	0
	Total Salary	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	Average Sal.	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
25-29	Number	3	0	0	0	0	0	0	0	3
	Total Salary	\$ 269,410	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 269,410
	Average Sal.	\$ 89,803	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 89,803
30-34	Number	18	1	0	0	0	0	0	0	19
	Total Salary	\$ 2,185,266	\$ 147,164	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,332,430
	Average Sal.	\$ 121,404	\$ 147,164	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 122,759
35-39	Number	19	3	0	0	0	0	0	0	22
	Total Salary	\$ 2,179,934	\$ 348,960	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,528,894
	Average Sal.	\$ 114,733	\$ 116,320	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 114,950
40-44	Number	21	9	10	1	0	0	0	0	41
	Total Salary	\$ 2,349,553	\$ 986,091	\$ 1,159,238	\$ 72,846	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,567,728
	Average Sal.	\$ 111,883	\$ 109,566	\$ 115,924	\$ 72,846	\$ 0	\$ 0	\$ 0	\$ 0	\$ 111,408
45-49	Number	13	6	8	7	1	0	0	0	35
	Total Salary	\$ 1,534,708	\$ 722,575	\$ 955,960	\$ 1,030,148	\$ 147,164	\$ 0	\$ 0	\$ 0	\$ 4,390,555
	Average Sal.	\$ 118,054	\$ 120,429	\$ 119,495	\$ 147,164	\$ 147,164	\$ 0	\$ 0	\$ 0	\$ 125,444
50-54	Number	9	5	6	6	5	0	0	0	31
	Total Salary	\$ 845,485	\$ 699,029	\$ 623,401	\$ 752,653	\$ 578,325	\$ 0	\$ 0	\$ 0	\$ 3,498,893
	Average Sal.	\$ 93,943	\$ 139,806	\$ 103,900	\$ 125,442	\$ 115,665	\$ 0	\$ 0	\$ 0	\$ 112,868
55-59	Number	7	5	3	2	9	0	0	0	26
	Total Salary	\$ 930,234	\$ 529,054	\$ 404,701	\$ 257,537	\$ 847,094	\$ 0	\$ 0	\$ 0	\$ 2,968,620
	Average Sal.	\$ 132,891	\$ 105,811	\$ 134,900	\$ 128,769	\$ 94,122	\$ 0	\$ 0	\$ 0	\$ 114,178
60-64	Number	2	0	7	0	5	0	0	0	14
	Total Salary	\$ 176,294	\$ 0	\$ 668,084	\$ 0	\$ 579,523	\$ 0	\$ 0	\$ 0	\$ 1,423,901
	Average Sal.	\$ 88,147	\$ 0	\$ 95,441	\$ 0	\$ 115,905	\$ 0	\$ 0	\$ 0	\$ 101,707
65 & Up	Number	3	2	0	5	4	0	0	0	14
	Total Salary	\$ 434,538	\$ 294,328	\$ 0	\$ 624,439	\$ 413,881	\$ 0	\$ 0	\$ 0	\$ 1,767,187
	Average Sal.	\$ 144,846	\$ 147,164	\$ 0	\$ 124,888	\$ 103,470	\$ 0	\$ 0	\$ 0	\$ 126,228
Total	Number	95	31	34	21	24	0	0	0	205
	Total Salary	\$ 10,905,422	\$ 3,727,201	\$ 3,811,384	\$ 2,737,623	\$ 2,565,987	\$ 0	\$ 0	\$ 0	\$ 23,747,618
	Average Sal.	\$ 114,794	\$ 120,232	\$ 112,100	\$ 130,363	\$ 106,916	\$ 0	\$ 0	\$ 0	\$ 115,842



INACTIVE VESTED MEMBERS
As of June 30, 2019 for the June 30, 2020 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	2	0	2
40-44	4	0	4
45-49	9	5	14
50-54	16	6	22
55-59	15	4	19
60-64	26	2	28
65 & Up	<u>8</u>	<u>4</u>	<u>12</u>
Total	80	21	101

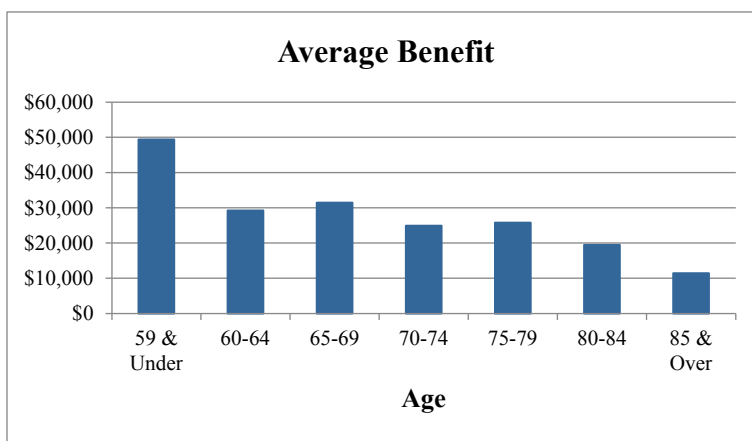
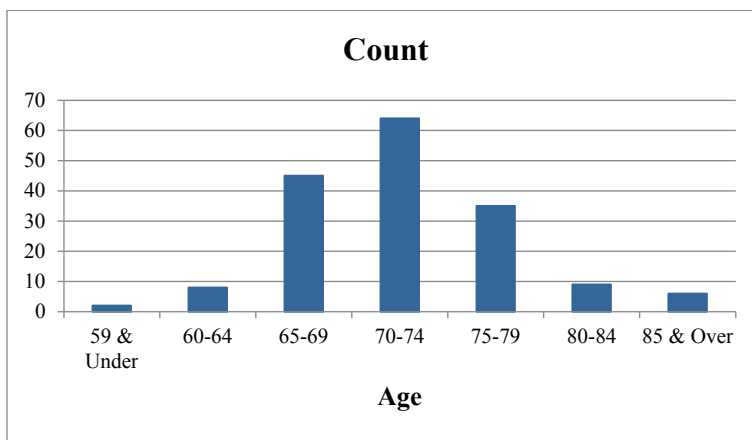




APPENDIX A – MEMBERSHIP DATA

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

Age	Count of Members			Annual Benefits		
	Male	Female	Total	Male	Female	Total
59 & Under	1	1	2	\$ 77,873	\$ 20,887	\$ 98,760
60-64	6	2	8	175,107	58,626	233,733
65-69	36	9	45	1,256,230	159,615	1,415,845
70-74	56	8	64	1,426,506	168,765	1,595,271
75-79	31	4	35	841,104	60,759	901,863
80-84	9	0	9	175,119	0	175,119
85 & Over	<u>2</u>	<u>4</u>	<u>6</u>	<u>26,356</u>	<u>42,197</u>	<u>68,553</u>
Total	141	28	169	\$ 3,978,295	\$ 510,849	\$ 4,489,144





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

Schedule of Average Benefit Payments ¹

For the Year Ended June 30, 2020	Years of Credited Service						Total
	< 10	10 - 14	15 - 19	20 - 24	25 - 29	30 +	
Average Monthly Defined Benefit	\$1,432	\$1,805	\$2,321	\$2,802	\$3,030	\$2,463	\$2,214
Average Final Average Salary ²	\$76,775	\$74,449	\$83,521	\$94,117	\$115,215	\$127,002	\$86,535
Number of Benefit Recipients	12	64	38	29	14	12	169

Schedule of Benefit Recipients by Type of Benefit Option ¹

Amount of Monthly Benefit (in dollars)	Number of Recipients by Benefit Option			Total Benefit Recipients
	Joint with 50% Survivor Benefits	Survivors	Disability	
1 - 500	7	3	0	10
501 - 1,000	20	6	0	26
1,001 - 1,500	24	3	0	27
1,501 - 2,000	18	3	1	22
2,001 - 2,500	19	0	0	19
2,501 - 3,000	21	0	0	21
Over 3,000	43	0	1	44
Total	152	15	2	169

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

² Excludes the 17 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, 2019 for the June 30, 2020 Valuation

	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls - End of Year</u>		Percent Change In Total Annual Benefits	Average Annual Benefit	Percent Change In Average Annual Benefit
	Number	Annual Benefits ¹	Number	Annual Benefits ¹	Number	Total Annual Benefits ^{1,2}			
2020 ³	18	\$632	1	\$20	169	\$4,489	15.3%	\$26,563	3.7%
2019 ³	9	168	2	25	152	3,892	3.8	25,605	(1.0)
2018 ³	9	307	2	28	145	3,749	7.9	25,853	2.7
2017 ³	5	140	0	0	138	3,474	4.3	25,176	0.5
2016 ³	26	937	0	0	133	3,332	39.1	25,056	11.9
2015 ³	14	319	2	14	107	2,395	14.0	22,385	1.2
2014 ³	0	0	0	0	95	2,101	0.0	22,118	0.0
2013	15	362	1	27	95	2,101	18.7	22,118	1.2
2012	6	178	1	27	81	1,770	9.4	21,853	2.7
2011	19	473	1	16	76	1,618	34.7	21,288	2.8

¹ Annual benefit dollar amounts are in thousands.

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 individuals serving as a prosecuting attorney or chief deputy prosecuting attorney in Indiana on or after January 1, 1990.
Earnings	Earnings is the highest annual salary attributable to service as a prosecuting attorney or chief deputy at the time of separation from service. The highest annual salary is the sum of the highest completed consecutive 12 months of salary paid to the member before retirement. It also includes the 6% contributions that are now picked up by the employer (effective in 2013). Amounts paid to a participant by a county or counties are not included.
Member contributions	Each member is required to contribute to the Fund at the rate of 6% of pay until completion of 22 year of service. These contributions are kept on deposit and credited with interest until such time as they are refunded or used to provide the annuity benefit at retirement.
PERF offset	The PERF offset is the actual PERF benefit amount the member is receiving for members who commence their PERF benefit before their PARF benefit.

Eligibility for Benefits

Deferred vested	8 or more years of creditable service and no longer active.
Disability retirement	Qualify for Social Security disability benefits or federal Civil Service disability benefits.
Early retirement	Age 62 with 8 or more years of creditable service.
Normal retirement	Earliest of: <ul style="list-style-type: none">- Age 65 with 8 or more years of creditable service.- Age 55 with sum of age and creditable service equal to 85 or more.
Pre-retirement death	8 or more years of creditable service entitled to a future benefit.



APPENDIX B – SUMMARY OF PLAN PROVISIONS

Monthly Benefits Payable

Normal retirement

The normal retirement benefit is a monthly annuity payable for life with a 50% continuation (or \$12,000 annually, if greater) to a surviving spouse or surviving dependent children. The benefit is equal to a percentage of earnings in accordance with the following table:

Years of Service	Percentage
Less than 8	0%
8	24%
9	27%
10	30%
11	33%
12	50%
13	51%
14	52%
15	53%
16	54%
17	55%
18	56%
19	57%
20	58%
21	59%
22 or more	60%

The percentages shown above are prorated for partial years of creditable service.

The benefit is reduced by the pension, if any, being paid from PERF (annuity payments from the DC account are not included in this calculation).

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 0.25% for each month that the benefit commencement date precedes the normal retirement date. The benefit is reduced by the pension, if any, being paid from PERF.

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. The benefit is reduced by the pension, if any, being paid from PERF.



APPENDIX B – SUMMARY OF PLAN PROVISIONS

Disability

The disability retirement benefit is payable for the duration of the disability commencing the month following disability date without reduction for early commencement. The amount of monthly benefit shall be equal to a percentage of the annual salary paid to the member at the time of separation from service in accordance with the following table:

Years of Service	Percentage
Less than 12	50%
12	50%
13	51%
14	52%
15	53%
16	54%
17	55%
18	56%
19	57%
20	58%
21	59%
22 or more	60%

The percentages shown above are prorated for partial years of creditable service.

The benefit is reduced by the pension, if any, being paid from PERF (annuity payments from the DC account are not included in this calculation).

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 (or \$12,000 annually, if greater) under the assumption that the participant retired on the later of age 62 or the day before the date of death. The benefit is reduced by the pension, if any, being paid from PERF to the surviving spouse. Annuity payments from the DC account are not included in this calculation.

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. If the dependent child was named the beneficiary, once they are no longer entitled to the benefit, the spouse would receive the benefit for life.

Changes in Plan Provisions since the Prior Year – None.



ACTUARIAL METHODS

1. Actuarial Cost Method

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

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

For funding, gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 20-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 20-year period (gain or loss bases established prior to June 30, 2016 were amortized over 30 years and will continue to be amortized over 30 -year period). However, when the plan is at or above 100% funded (based on Actuarial Value of Assets), the past amortization bases are considered fully amortized and a single amortization base equal to the surplus is amortized over a 30-year period with level payments each year. The purpose of the method is to give a smooth progression of the costs from year to year and, at the same time, provide for an orderly funding of the unfunded liabilities.

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

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

2. 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.

3. Anticipated Payroll

The anticipated payroll for the fiscal year following the valuation date is equal to the actual payroll during the year ending on the valuation date, increased with the actual pay adjustment as of the valuation date. The proportion of pay attributable to active members with more than 22 years of service is presumed constant.

4. Employer Contribution Rate

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

Changes in Methods since the Prior Year – None.



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

ACTUARIAL ASSUMPTIONS

Valuation Date June 30, 2020

Economic Assumptions

- 1. Investment return 6.75% per year, compounded annually (net of administrative and investment expenses)
2. Inflation 2.25% per year
3. Salary increase 2.75% per year
4. Interest on member balances 3.50% per year
5. Cost-of-Living Adjustment (COLA) None

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

Table with 3 columns: Age, Male, Female. Rows show sample rates for ages 20, 25, 30, 35, 40, 45, 50, and 55+.



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

3. Retirement

Age	Eligible for Reduced Benefit	Eligible for Unreduced Benefit
55-61	N/A	40%
62-64	20%	40%
65-69	N/A	50%
70+	N/A	100%

Inactive vested members are assumed to commence their retirement benefit at their earliest unreduced eligible retirement date (age 62, or current age if greater).

4. Termination

10% per year for all members prior to retirement eligibility.

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 participants are assumed either 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. PERF benefit commencement timing

For active and inactive vested members, 75% are assumed to commence their benefit at earliest PERF eligibility and 25% are assumed to commence at the assumed PARF commencement.

Elected officials can commence their PERF benefit while active in PARF. Non-elected officials need to terminate their employment prior to commence their PERF benefit.

Changes in Assumptions since the Prior Year

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



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Data Adjustments

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

The member total payroll and the asset information for this valuation were furnished as of June 30, 2020. 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.

Spouse gender is assumed to be the opposite gender of the member. Additionally, payroll for new hires is annualized.

Other Technical Valuation Procedures

Salary increases are assumed to apply to annual amounts.

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

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



APPENDIX D – GLOSSARY OF ACTUARIAL TERMS

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