www.pwc.com

The State of Indiana Public Employees' Retirement Fund

Legislators' Retirement System Defined Benefit Plan

Actuarial Valuation as of
June 30, 2010

pwc

April 20, 2011

Board of Trustees
The State of Indiana Public Employees' Retirement Fund
1 North Capitol, Suite 001
Indianapolis, IN 46204

Re: Certification of the Actuarial Valuations of the State of Indiana Public Employees' Retirement Fund as of June 30, 2010

Dear Board of Trustees:

Actuarial valuations are performed annually for the State of Indiana Public Employees' Retirement Fund ("Indiana PERF") defined benefit pension plans ("Plans"). The results of the latest actuarial valuations, which were prepared as of June 30, 2010, are presented in individual valuation reports for each fund and were prepared pursuant to the engagement letter between Indiana PERF and PricewaterhouseCoopers LLP ("PwC"), dated June 7, 2010. The reports are intended to provide the Board of Trustees ("Board") with information on the funded status of the Plans, development of the contribution rates, and certain financial statement disclosure information.

Under Indiana statutes, employer contribution rates are adopted annually for each Plan by the Board. These rates are actuarially determined based on the Board's funding policy and adopted actuarial assumptions. Contribution rates determined by the actuarial valuation become effective either twelve or eighteen months after the valuation date, depending on the applicable employer. For example, the rates determined by the June 30, 2010 actuarial valuation and adopted by the Board will become effective on either July 1, 2011 or January 1, 2012. If new legislation is enacted between the valuation date and the date the contribution rates become effective, the Board may adjust the recommended rates before adopting them, in order to reflect this new legislation. Such adjustments are based on information supplied by the actuary.

Financing Objectives and Funding Policy
In setting the contribution rates, the Board's principal objectives have been:

- To set contribution rates such that the unfunded actuarial accrued liability ("UAAL") will be amortized over a 30-year period.
- To set contribution rates such that they remain relatively level over time.

To accomplish this, the Board's funding policy requires that the employer contribution rate be equal to the sum of the employer normal cost rate (which pays the current year cost) and an amortization rate which results in the amortization of the UAAL in equal installments.

In addition , the Board has adopted contribution rate smoothing rules for the Public Employees' Retirement Fund, the State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan, the 1977 Police Officers' and Firefighters' Pension and Disability Fund, and the Prosecuting Attorneys' Retirement Fund. The contribution rate smoothing rules vary based on the size of the employer and are periodically revised via Board Resolutions. The contribution rate smoothing rules reduce annual volatility in the contribution rates, by phasing in the effects of gains and losses over time.

For 2008, an additional smoothing rule was adopted which stated that any employer contribution amount or rate developed based on the 2008 valuation could not be less than the employer contribution amount or rate based on the prior year valuation. This smoothing rule was adopted in anticipation of the recent economic downturn. This additional smoothing rule was continued for the 2009 and 2010 valuations, but will be reconsidered in future years.

No membership growth is anticipated in setting the contribution rate. This is consistent with GASB #25, which prohibits anticipating membership growth in determining the minimum Annual Required Contribution ("ARC").

Progress Toward Realization of Financing Objectives
The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a Plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. The combined funded ratio for all Plans decreased by 7.4% from the preceding year due to experience losses when compared to that anticipated by the actuarial assumptions.

Benefit Provisions
The benefit provisions reflected in the valuation reports are those which were in effect at June 30, 2010, as set forth in the related Indiana statutes. None of the Plans had any material changes in benefit provisions since the 2009 valuation.

Assets and Member Data
The valuations were based on asset values of the trust funds and member census data as of June 30, 2010. All asset and member data was provided by Indiana PERF. While certain checks for reasonableness were performed, the data was used unaudited. The accuracy of the results presented in the reports is dependent upon the accuracy and completeness of the underlying asset and census information.

Actuarial Assumptions and Methods
The actuarial assumptions and methods used in the valuations have been selected and approved by the Board. In our opinion, the assumptions and methods are reasonable for the purposes of the valuation reports and comply with the parameters set forth in Statements No. 25 and No. 27 of the Governmental Accounting Standards Board ("GASB"). Different assumptions and methods may be reasonable for other purposes. As such, the results presented in the valuation reports should only be relied upon for the intended purpose.

Certification
We certify that the information presented herein is accurate and fairly portrays the actuarial position of each Plan administered by PERF as of June 30, 2010.

This report contains the required accounting information to be included in the Comprehensive Annual Financial Report. This information has been prepared in accordance with our understanding of Governmental Accounting Standards No. 25 and No. 27 (as amended by No. 50).

To the best of our knowledge this actuarial statement is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Indiana state law. The undersigned actuaries are members of the Society of Actuaries and other professional organizations, including the American Academy of Actuaries, and meet the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States relating to pension plans. There is no relationship between PwC and Indiana PERF that may impair our objectivity.

This document was not intended or written to be used, and it cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. This includes penalties that may apply if the transaction that is the subject of this document is found to lack economic substance or fails to satisfy any other similar rule of law. This document has been prepared pursuant to an engagement letter between Indiana PERF and PwC, and is intended solely for the use and benefits of Indiana PERF and not for reliance by any other person.

Respectfully submitted,

Cindy Fraterrigo | Sheldon A. Gamzon | Brandon A. Robertson

Ms. Cindy Fraterrigo
Member, American Academy of Actuaries
Fellow of the Society of Actuaries
Enrolled Actuary (No. 11-06229)

Mr. Sheldon Gamzon
Member, American Academy of Actuaries
Fellow of the Society of Actuaries
Enrolled Actuary (No. 11-03238)

Mr. Brandon Robertson
Member, American Academy of Actuaries
Associate of the Society of Actuaries
Enrolled Actuary (No. 11-07568)

TABLE OF CONTENTS

HIGHLIGHTS OF THE ACTUARY'S REPORT

This report presents the results of the actuarial valuation of the Legislators' Retirement System Defined Benefit Plan (the "LEDB Fund") and has been prepared to present the current funded status of the Plan, contribution requirements for fiscal year 2012 (July 1, 2011 through June 30, 2012), and certain financial statement disclosure information. The valuation was performed using census data for plan members as of June 30, 2010 provided by Indiana PERF, asset information as of June 30, 2010 provided by Indiana PERF, the actuarial assumptions and methods approved by the Board and summarized in Section V, and the plan provisions effective June 30, 2010 as summarized in Section VI.

Contributions

The LEDB Fund is a state appropriated fund. All employer contributions are made by the State of Indiana. The annual cost for the State has increased from $63,407 for fiscal 2011 to $113,099 for fiscal 2012. This increase is a result of asset losses which result in a higher amortization of the unfunded actuarial accrued liability, changes to the actuarial assumptions, and greater assumed expenses. Expenses are assumed to be equal to the administrative expenses incurred during the year prior to the valuation date.

Funded Status

The funded status of the LEDB Fund is measured by the funded ratio, which is the ratio of the assets available for benefits to a benefit liability measure for the LEDB. While there are several such measures that could be appropriately used, the benefit liability measure that ties most closely to your funding strategy is the Actuarial Accrued Liability ("AAL").

Using the Actuarial Value of Assets ("AVA"), an asset value that smoothes the market gains and losses over four (4) years, the LEDB Fund AAL funded ratio decreased from 93.0% at June 30, 2009 to 83.0% at June 30, 2010. The decrease is primarily due to a decrease in the AVA due to the smoothing of losses that occurred in 2008 and 2009, as well as the net effect of changes to the discount rate, cost-of-living, and mortality assumptions, which increased the AAL.

Investment Experience

On a Market Value basis, from June 30, 2009 to June 30, 2010, the LEDB Fund experienced an approximate investment return of 12.0%. However, on an Actuarial Value basis over the same time period, the LEDB Fund experienced an approximate investment return of (6.6%). The negative investment return on the AVA can be attributed to the smoothing of prior losses that more than offset the gain on Market Value from June 30, 2009 to June 30, 2010, as well as the AVA being restricted by the high-end of the corridor (120% of the Market Value of Assets).

Cost-of-Living Adjustment

Cost-of-living increases for retired members have historically been granted on an "ad hoc" basis. No increase in monthly benefits was provided to retired members, disabled members, or beneficiaries as of July 1, 2010.

HIGHLIGHTS OF THE ACTUARY'S REPORT (CONTINUED)

Changes in Actuarial Assumptions

For the June 30, 2010 valuation, the Board approved the following assumption changes:

- The interest rate (net of administrative and investment expenses) was lowered from 7.25% to 7.0%.
- The cost-of-living increase assumption changed from 1.5% compounded annually to 1.0% compounded annually.
- The mortality assumption was changed from rates based on PERF experience from 1995-2000 to the IRS 2008 Static Mortality Table projected forward five (5) years with Scale AA.

Changes in Plan Provisions

There have been no changes in the plan provisions since the June 30, 2009 valuation.

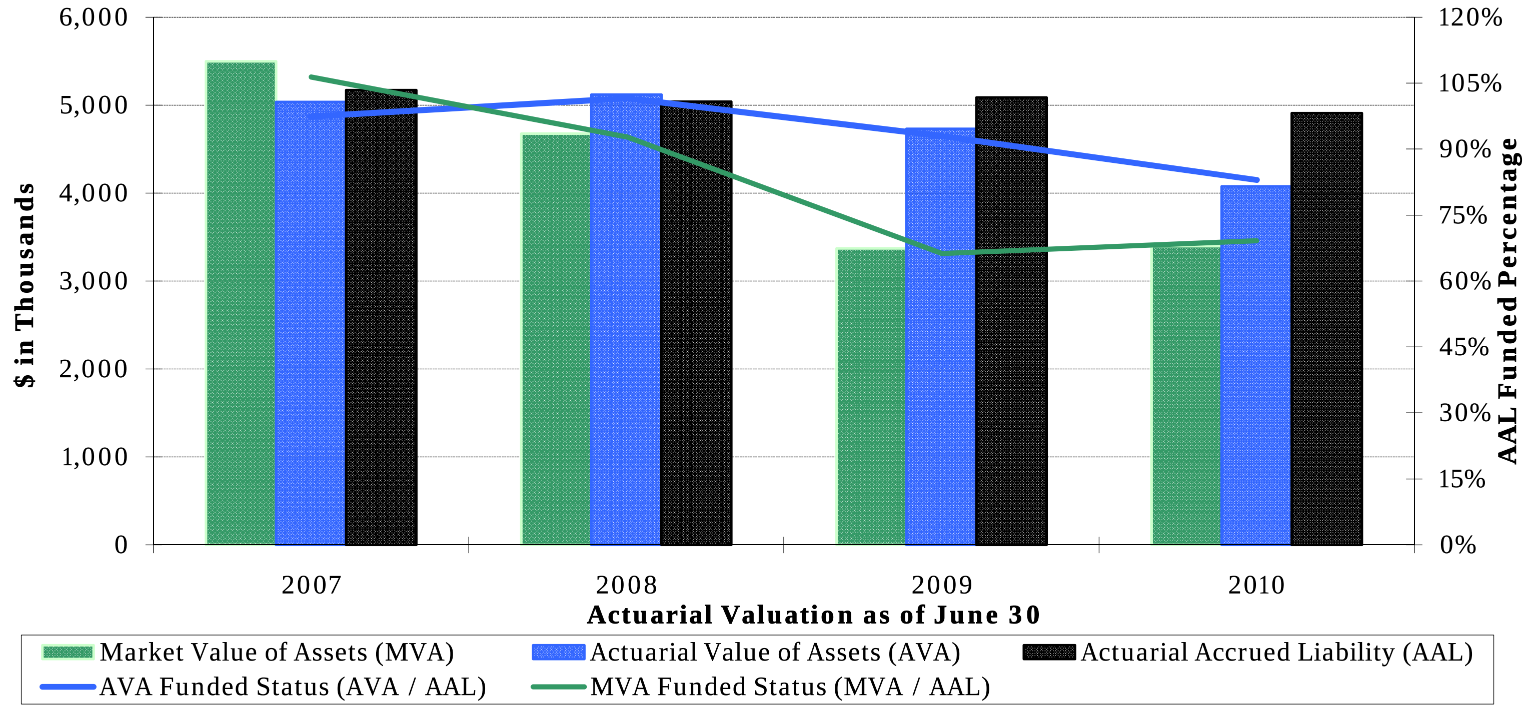
Changes in Actuarial Methods

For the June 30, 2010 valuation, the Board approved the following method changes:

- The method of amortizing gains and losses was changed from a level dollar, fresh start method with a decreasing amortization period starting at 30 years on June 30, 1992, to a 30-year level dollar, closed ended method under which a new base is established each year beginning June 30, 2010.
- The AVA was updated to include a 20% corridor, where the AVA cannot be more than 120% or less than 80% of the Market Value of Assets ("MVA") after the four-year smoothing of gains and losses is applied.

HISTORICAL SUMMARY

LEDB Fund – 4 Year History of Funded Status [1]



Actuarial Valuation as of June 30:	2007	2008	2009	2010
Actuarial Accrued Liability (AAL)	$5,169	$5,039	$5,087	$4,909
Actuarial Value of Assets (AVA)	5,035	5,120	4,730	4,075
Market Value of Assets (MVA)	5,499	4,674	3,369	3,395
Unfunded Liability (AAL - AVA)	134	(81)	357	834
AVA Funded Status (AVA / AAL)	97.4%	101.6%	93.0%	83.0%
MVA Funded Status (MVA / AAL)	106.4%	92.8%	66.2%	69.2%

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

HISTORICAL SUMMARY (CONTINUED)

Summary of Valuation Results [1]

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Employer Contributions				
Normal Cost (Beginning of Year)	$ -	$ -	$ -	$ -
Amortization of Unfunded Actuarial Accrued Liability	13,938	(8,751)	40,390	77,195
Provision for Expenses [2]	49,775	51,803	20,799	35,904
Interest Adjustment [3]	2,310	1,561	2,218	-
Total Contribution Amount	$ 66,023	$ 44,613	$ 63,407	$ 113,099

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

[2] Set equal to the administrative expenses incurred in the prior year.

[3] Valuation results prior to June 30, 2010 included an interest adjustment to the middle of the year.

HISTORICAL SUMMARY (CONTINUED)

Summary of Valuation Results (Continued) [1]

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Census Information				
Active				
Number	43	34	33	20
Average Age	66.8	66.4	67.3	67.6
Average Years of Service [2]				7.9
Inactive				
Number	27	35	19	34
Average Age				65.8
Average Years of Service				7.3
Retiree/Beneficiary/Disabled				
Number	45	44	59	61
Average Age				74.2
Annual Benefits Payable	$ 283,447	$ 273,827	$ 370,598	$ 346,781

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

[2] Average based on the service before November 8, 1989.

HISTORICAL SUMMARY (CONTINUED)

Summary of Valuation Results (Continued) [1]

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Actuarial Accrued Liability (AAL)				
Retiree/Beneficiary/Disabled	$ 2,432,422	$ 2,258,011	$ 3,147,287	$ 3,017,015
Active and Inactive	2,736,730	2,781,083	1,940,105	1,891,620
Total	$ 5,169,152	$ 5,039,094	$ 5,087,392	$ 4,908,635
Actuarial Value of Assets (AVA)				
Retiree/Beneficiary/Disabled	$ 2,432,422	$ 2,258,011	$ 3,147,287	$ 3,017,015
Active and Inactive	2,602,700	2,861,950	1,583,143	1,057,574
Total	$ 5,035,122	$ 5,119,961	$ 4,730,430	$ 4,074,589
Market Value of Assets (MVA)				
Retiree/Beneficiary/Disabled	$ 2,432,422	$ 2,258,011	$ 3,147,287	$ 3,017,015
Active and Inactive	3,066,158	2,416,460	221,665	378,476
Total	$ 5,498,580	$ 4,674,471	$ 3,368,952	$ 3,395,491
Unfunded Actuarial Accrued Liability: AAL - AVA				
Retiree/Beneficiary/Disabled	$ -	$ -	$ -	$ -
Active and Inactive	134,030	(80,867)	356,962	834,046
Total	$ 134,030	$ (80,867)	$ 356,962	$ 834,046
Funded Percentage				
Retiree/Beneficiary/Disabled	100.0%	100.0%	100.0%	100.0%
Active and Inactive	95.1%	102.9%	81.6%	55.9%
Total	97.4%	101.6%	93.0%	83.0%
Summary of Assumptions				
Valuation Interest Rate	7.25%	7.25%	7.25%	7.0%
Salary Scale	3.0%	3.0%	3.0%	3.0%
Cost-of-Living Assumption	1.5%	1.5%	1.5%	1.0%

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

FUNDING

SECTION II - FUNDING

A. Development of Funded Status [1]

		June 30, 2009	June 30, 2010
1.	Actuarial Accrued Liability		
a.	Retirees, Beneficiaries, and Disabled	$ 3,147,287	$ 3,017,015
b.	Active and Inactive	1,940,105	1,891,620
c.	Total: (1)(a) + (1)(b)	$ 5,087,392	$ 4,908,635
2.	Actuarial Value of Assets		
a.	Retirees, Beneficiaries, and Disabled	$ 3,147,287	$ 3,017,015
b.	Active and Inactive	1,583,143	1,057,574
c.	Total: (2)(a) + (2)(b)	$ 4,730,430	$ 4,074,589
3.	Unfunded Actuarial Accrued Liability		
a.	Retirees, Beneficiaries, and Disabled	$ -	$ -
b.	Active and Inactive	356,962	834,046
c.	Total: (1)(c) - (2)(c)	$ 356,962	$ 834,046
4.	Funded Status		
a.	Retirees, Beneficiaries, and Disabled	100.0%	100.0%
b.	Active and Inactive	81.6%	55.9%
c.	Total: (2)(c) / (1)(c)	93.0%	83.0%

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

B. Unfunded Actuarial Accrued Liability Reconciliation [1]

		June 30, 2009		June 30, 2010
1.	Unfunded Actuarial Accrued Liability, Prior Year	$	(80,867)	$	356,962
2.	Changes in Unfunded Actuarial Accrued Liability				
a.	Actuarial Value of Assets Experience (Gain)/Loss	$	467,046	$	672,576
b.	Actuarial Accrued Liability Experience (Gain)/Loss		(32,740)		(286,216)
c.	Additional Liability Due to Transition from Prior Actuary		-		(71)
d.	Additional Liability Due to Changes in Actuarial Assumptions		-		108,234
e.	Additional Liability Due to Changes in Plan Provisions		-		-
f.	Total New Amortization Bases (2)(a) + (2)(b) + (2)(c) + 2(d) + (2)(e)		N/A	$	494,523
g.	Amortization of Existing Bases		3,523		(17,439)
h.	Change in Unfunded Actuarial Accrued Liability: (2)(f) + (2)(g)	$	437,829	$	477,084
3.	Unfunded Actuarial Accrued Liability, Current Year: (1) + (2)(h)	$	356,962	$	834,046

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

C. Actuarial Accrued Liability Reconciliation

1.	June 30, 2009 Actuarial Accrued Liability [1]	$	5,087,392	
2.	Normal Cost [1]		-	
3.	Actual Benefit Payments		356,613	
4.	Interest of 7.25% on (1) + (2) - (3)/2		355,909	
5.	Expected June 30, 2010 Actuarial Accrued Liability: (1) + (2) - (3) + (4)	$	5,086,688	
			Dollar Change in Liability	Percent Change in Liability
6.	(Gain)/Loss Components			
	a. Transition from Prior Actuary	$	(71)	(0.0%)
	b. Census		(286,216)	(5.6%)
	c. Mortality Assumption Change		189,126	3.7%
	d. Cost-of-living Assumption (COLA) Change		(170,139)	(3.3%)
	e. Discount Rate Assumption Change		89,247	1.7%
	f. Total: (6)(a) + (6)(b) + (6)(c) + (6)(d) + (6)(e)	$	(178,053)	(3.5%)
7.	Actual June 30, 2010 Actuarial Accrued Liability: (5) + (6)(f)	**$**	**4,908,635**	

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

D. Reconciliation of Market Value of Assets

		June 30, 2009	June 30, 2010
1.	Market Value of Assets, Prior June 30	$ 4,674,471	$ 3,368,952
2.	Receipts		
	a. Employer Contributions	$ 100,000	$ -
	b. Employee Contributions	-	-
	c. Investment Income and Dividends Net of Fees	(1,022,110)	416,624
	d. Security Lending Income Net of Fees	-	2,432
	e. Net Transfers In	-	-
	f. Miscellaneous Income	-	-
	g. Total Receipts:	$ (922,110)	$ 419,056
3.	Disbursements		
	a. Benefits Paid During the Year	$ 362,610	$ 356,613
	b. Refund of Contributions and Interest	-	-
	c. Administrative Expenses	20,799	35,904
	d. Net Transfers Out	-	-
	e. Miscellaneous Disbursements	-	-
	f. Total Disbursements:	$ 383,409	$ 392,517
4.	Market Value of Assets, Current June 30: (1) + (2)(g) - (3)(f)	**$ 3,368,952**	**$ 3,395,491**
5.	Market Value of Assets Approximate Annual Rate of Investment Return	(22.5%)	12.0%

E. Reconciliation of Actuarial Value of Assets

1.	Market Value of Assets, June 30, 2009			$	3,368,952
2.	Market Value of Assets, June 30, 2010				3,395,491
3.	Expected Earnings/Expenses				
	a. Expected Investment Earnings at 7.25% on June 30, 2009 Market Value				244,249
	b. Expected Receipts and Investment Earnings at 7.25%				-
	c. Expected Disbursements and Investment Expenses at 7.25%				369,540
4.	Expected Assets, June 30, 2010: (1) + (3)(a) + (3)(b) - (3)(c)			$	3,243,661
5.	2009-2010 Gain/(Loss): (2) - (4)				151,830
6.	Smoothing of Gain/(Loss)				
	Year	Gain/(Loss)	% Unrecognized		
	a. 2009-2010	$ 151,830	75%		113,873
	b. 2008-2009	(1,350,736)	50%		(675,368)
	c. 2007-2008	(915,286)	25%		(228,822)
7.	Preliminary Actuarial Value of Assets, June 30, 2010: (2) - (6)(a) - (6)(b) - (6)(c)			$	4,185,808
8.	Corridor				
	a. 120% of Market Value				4,074,589
	b. 80% of Market Value				2,716,393
9.	Actuarial Value of Assets, June 30, 2010			**$**	**4,074,589**
10.	Actuarial Value of Assets as a Percent of Market Value: (9) / (2)				120.0%
11.	Actuarial Value of Assets Approximate Annual Rate of Investment Return				(6.6%)

F. Employer Contributions

		June 30, 2010
1.	Normal Cost (Beginning of Year)	$ -
2.	Unfunded Actuarial Accrued Liability (UAAL) Amortizations	
	a. UAAL Balance	834,046
	b. Annual Amortization	77,195
3.	Provision for Expenses [1]	35,904
4.	Employer Contributions: (1) + (2)(b) + (3)	**113,099** [2]

[1] Set equal to the administrative expenses incurred in the prior year.

[2] The LEDB Fund is a State appropriated fund. The Employer Contribution amount is expected to be paid by the State of Indiana during fiscal 2012.

G. Unfunded Actuarial Accrued Liability Amortization Schedule [1]

	Date Base Established	Reason	Remaining Unfunded	Remaining Period	Amortization Amount
1.	6/30/2009	Actuarial Experience Loss	$ 339,523	12	$ 39,950
2.	6/30/2010	Actuarial Experience Gain and Change in Actuarial Assumptions	494,523	30	37,245
3.	Total		$ 834,046		$ 77,195

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

H. Historical Investment Experience

1.	2.	3.	4.
	Approximate Annual Rate of Investment Return		Actuarial Assumed
Year Ending June 30	Actuarial Basis	Market Basis	Interest Rate
2001	6.4%	(2.1%)	
2002	(0.9%)	(8.3%)	
2003	(2.4%)	3.3%	
2004	2.1%	15.9%	
2005	5.6%	8.5%	
2006	15.5%	9.1%	
2007	16.2%	16.1%	7.25%
2008	7.8%	(9.9%)	7.25%
2009	(2.1%)	(22.5%)	7.25%
2010	(6.6%)	12.0%	7.25%

ACCOUNTING

SECTION III - ACCOUNTING

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #25 AND #27

A. Assumptions and Methods Under GASB #25 and #27

Under the Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 27, certain information about the plan is required to be disclosed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2010
Actuarial Cost Method	Traditional Unit Credit
Amortization Method	Level Dollar
Amortization Period	30 Years
Actuarial Value of Assets	4-Year Smoothed Market Value with 20% Corridor
Actuarial Assumptions:	
Investment Rate of Return	7.0% (changed from 7.25% as of June 30, 2009)
Future Salary Increases	3.0%
Cost-of-Living Increases	1.0% compounded annually (changed from 1.5% as of June 30, 2009)

B. Membership Data

The plan consisted of the following membership as of June 30, 2010, the date of the latest actuarial valuation:

Retired members, beneficiaries and disabled members receiving benefits:	61
Terminated plan members entitled to but not yet receiving benefits:	34
Active Plan Members:	20
Total membership:	115

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #25 AND #27 (CONTINUED)

C. Statement of Plan Net Assets

1.	Assets			
	a.	Cash and Cash Equivalents	$	319,416
	b.	Securities Lending Collateral		627,511
	c.	Receivables		
		i. Contributions Receivable	$	-
		ii. Accrued Investment Income		11,411
		iii. Receivables for Investment Securities		258,354
		iv. Member Loans		-
		v. Miscellaneous Receivables		40
		vi. Due From Other Governmental Plans		-
		vii. Due From Other Funds		38,416
		viii. Total Receivables	$	308,221
	d.	Investments		
		i. Debt Securities	$	1,020,497
		ii. Equity Securities		1,225,853
		iii. Mutual Funds		191,046
		iv. Other Investments		668,308
		v. Total Investments	$	3,105,704
	e.	Capital Assets		-
	f.	Total Assets: (1)(a) + (1)(b) + (1)(c) + (1)(d) + (1)(e)	$	4,360,852
2.	Liabilities			
	a.	Accounts Payable	$	4,188
	b.	Salaries and Benefits Payable		-
	c.	Investments Payable		296,089
	d.	Securities Lending Collateral		627,512
	e.	Due To Other Governmental Plans		-
	f.	Due To Other Funds		37,572
	g.	Total Current Liabilities	$	965,361
	h.	Compensated Absences - Long Term		-
	i.	Total Liabilities: (2)(a) + (2)(b) + (2)(c) + (2)(d) + (2)(e) + (2)(f) + (2)(g) + (2)(h)	$	965,361
3.	Net Assets Held in Trust for Pension Benefits: (1)(f) - (2)(i)		**$**	**3,395,491**

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #25 AND #27 (CONTINUED)

D. Statement of Changes in Plan Net Assets

1.	Net Assets as of June 30, 2009			$	3,368,952
2.	Revenue (Additions)				
	a.	Contributions			
		i.	Member Contributions	$	-
		ii.	Employer Contributions		-
		iii.	Other Contributions		-
		iv.	Total Contributions	$	-
	b.	Investment Income/Loss			
		i.	Investment Income/Loss	$	466,488
		ii.	Securities Lending Income		3,487
		iii.	Securities Lending Expenses		(1,055)
		iv.	Other Investment Expenses		(49,864)
		v.	Net Investment Income	$	419,056
	c.	Other Additions			
		i.	Intergovernmental Transfers	$	-
		ii.	Miscellaneous Income		-
		iii.	Total Other Additions	$	-
	d.	Total Revenue (Additions): (2)(a)(iv) + (2)(b)(v) + (2)(c)(iii)		$	419,056
3.	Expenses (Deductions)				
	a.	Pension and Disability Benefits		$	356,613
	b.	Death, Survivor, and Funeral Benefits			-
	c.	Distributions of Contributions and Interest			-
	d.	Intergovernmental Transfers			-
	e.	Pensions Relief Distributions			-
	f.	Local Unit Withdrawals			-
	g.	Administrative Expenses			35,904
	h.	Total Expenses (Deductions): (3)(a) + (3)(b) + (3)(c) + (3)(d) + (3)(e) + (3)(f) + (3)(g)		$	392,517
4.	Changes in Net Assets Held in Trust for Pension Benefits: (2)(d) - (3)(h)			$	26,539
5.	Net Assets as of June 30, 2010: (1) + (4)			**$**	**3,395,491**

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #25 AND #27 (CONTINUED)

E. Schedule of Funding Progress [1]

($ in Thousands)

1. Actuarial Valuation Date June 30	2. Actuarial Value of Assets	3. Actuarial Accrued Liability (AAL)	4. Unfunded Actuarial Accrued Liability (UAAL)	5. AAL Funded Ratio	6. Number of Active Participants	7. UAAL per Covered Participant
			(3) - (2)	(2) / (3)		(4) / (6)
2005	$ 4,339	$ 4,999	$ 660	86.8%	48	$ 14
2006	4,721	5,232	511	90.2%	46	11
2007	5,035	5,169	134	97.4%	43	3
2008	5,120	5,039	(81)	101.6%	34	(2)
2009	4,730	5,087	357	93.0%	33	11
2010	4,075	4,909	834	83.0%	20	42

F. Schedule of Employer Contributions [1]

($ in Thousands)

1. Plan Year Ending June 30	2. Annual Required Contribution (ARC)	3. Actual Employer Contribution	4. % of ARC
			(3) / (2)
2005	$ 89	$ 206	231.0%
2006	91	100	110.1%
2007	120	100	83.3%
2008	66	100	151.5%
2009	45	100	224.1%
2010	63	-	0.0%

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #25 AND #27 (CONTINUED)

G. Development of Net Pension Obligation (NPO) [1]

($ in Thousands)

1. Plan Year Ending June 30	2. Annual Required Contribution (ARC)	3. Interest on NPO at Discount Rate	4. ARC Adjustment	5. Amortization Factor	6. Net Pension Cost (NPC)	7. Actual Employer Contribution	8. Change in NPO	9. NPO at Beginning of Year	10. NPO at End of Year
			(9) / (5)		(2) + (3) - (4)		(6) - (7)		(8) + (9)
2008	$ 66	$ (11)	$ (17)	8.9658	$ 72	$ 100	$ (28)	$ (152)	$ (180)
2009	45	(13)	(21)	8.6158	52	100	(48)	(180)	(227)
2010	63	(16)	(28)	8.2405	75	-	75	(227)	(152)

H. Three-Year Trend Information [1]

($ in Thousands)

1. Plan Year Ending June 30	2. Net Pension Cost (NPC)	3. Actual Employer Contribution	4. % of NPC
			(3) / (2)
2008	$ 72	$ 100	139.0%
2009	52	100	190.7%
2010	75	-	0.0%

[1] Results were calculated by the prior actuary.

I. Solvency Test [1]

Portion of Actuarial Liability Provided by Assets
($ in Thousands)

1. As of June 30	2. ASA Balances	3. Retired and Beneficiaries	4. Non-Retired Members (Employer Financed Portion)	5. Total Actuarial Accrued Liabilities	6. Actuarial Value of Assets
2005	$ -	$ 2,121	$ 2,878	$ 4,999	$ 4,339
	N/A	100.0%	77.0%	86.8%	
2006	-	2,270	2,962	5,232	4,721
	N/A	100.0%	82.8%	90.2%	
2007	-	2,432	2,737	5,169	5,035
	N/A	100.0%	95.1%	97.4%	
2008	-	2,258	2,781	5,039	5,120
	N/A	100.0%	100.0%	101.6%	
2009	-	3,147	1,940	5,087	4,730
	N/A	100.0%	81.6%	93.0%	
2010	-	3,017	1,892	4,909	4,075
	N/A	100.0%	55.9%	83.0%	

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

CENSUS DATA

A. Reconciliation of Participant Data

	Actives	Inactive Vested	Disabled	Retired	Beneficiary	Total
Total as of June 30, 2009	33	19	-	47	12	111
New Entrants	-	-	-	-	-	-
Rehires	7	(7)	-	-	-	-
Non-Vested Terminations	-	-	-	-	-	-
Vested Terminations	(19)	19	-	-	-	-
Retirements	(1)	(2)	-	3	-	-
Disablements	-	-	-	-	-	-
Death with Beneficiary	-	(1)	-	-	1	-
Death without Beneficiary	-	(1)	-	(2)	-	(3)
Refunds	-	(1)	-	-	-	(1)
Data Adjustments [1]	-	8	-	(1)	1	8
Total as of June 30, 2010	20	34	-	47	14	115

[1] Most data adjustments are member records that were not included in the June 30, 2009 valuation date file provided by the prior actuary, but were included in the June 30, 2010 data received from Indiana PERF.

B. Census Information [1]

		June 30, 2009	June 30, 2010
1.	Active		
	a. Number	33	20
	b. Average Age	67.3	67.6
	c. Average Years of Service [2]		7.9
2.	Inactive		
	a. Number	19	34
	b Average Age		65.8
	c. Average Years of Service [2]		7.3
3.	Retiree/Beneficiary/Disabled		
	a. Number	59	61
	b. Average Age		74.2
	c. Annual Benefits Payable	$ 370,598	$ 346,781

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

[2] Creditable service as of November 8, 1989.

C. Schedule of Active Member Valuation Data[1]

1. As of June 30	2. Active Members
2005	48
2006	46
2007	43
2008	34
2009	33
2010	20

D. Schedule of Retirees, Beneficiaries, and Disabled Members[1]

1.	2.	3.	4.	5.	6.	7.	8.	9.
	Added		Removed		End of Year[2]			
Year Beginning June 30	Number	Annual Allowances ($ in Thousands)	Number	Annual Allowances ($ in Thousands)	Number	Annual Allowances ($ in Thousands)	% Increase in Annual Allowances	Average Annual Allowances
2004	-	$ -	-	$ -	39	$ 244	(0.5%)	$ 6,268
2005	2	12	2	9	39	260	6.2%	6,658
2006	6	31	-	-	45	283	9.1%	6,298
2007	1	-	2	10	44	274	(3.4%)	6,223
2008	17	88	2	2	59	371	35.3%	6,281
2009	5	9	3	27	61	347	(6.5%)	5,685

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

[2] End of year annual allowances are not equal to the prior end of year allowances plus additions and less removals because of data changes.

E. Distribution of Active Members by Age and Service[1]

Attained Age	Distribution of Active Members by Age and Service as of June 30, 2010										
	Under 1 year	1 to 4 years	5 to 9 years	10 to 14 years	15 to 19 years	20 to 24 years	25 to 29 years	30 to 34 years	35 to 39 years	Over 40 years	Total
<25											
25-29											
30-34											
35-39											
40-44											
45-49											
50-54		2									2
55-59		2									2
60-64		1	1	1							3
65-69		2			1						3
70&Above			5	3	2						10
Total		7	6	4	3						20

[1] Creditable service as of November 8, 1989.

F. Distribution of Inactive Vested Members by Age and Service [1]

Attained Age	Distribution of Inactive Vested Members by Age and Service as of June 30, 2010							
	Under 5 years	5 to 9 years	10 to 14 years	15 to 19 years	20 to 24 years	25 to 29 years	Over 30 years	Total
<25								
25-29								
30-34								
35-39								
40-44								
45-49								
50-54		2	1					3
55-59	1	1						2
60-64	3	3	1	2				9
65-69	7	2	1	3				13
70&Above	3	1	1	2				7
Total	14	9	4	7				34

[1] Creditable service as of November 8, 1989.

G. Distribution of Retired Members, Beneficiaries, and Disabled Members by Age and Number of Years Retired

Attained Age	Distribution of Retired Members, Beneficiaries, and Disabled Members by Age and Number of Years Retired as of June 30, 2010							
	Under 5 years	5 to 9 years	10 to 14 years	15 to 19 years	20 to 24 years	25 to 29 years	Over 30 years	Total
<40								
40-44								
45-49								
50-54								
55-59	2							2
60-64	2	1						3
65-69	5	5	2					12
70-74	2	5	1	5				13
75-79	5	1	7	1				14
80-84		5	4	3				12
85-89				2	3			5
90&Above								
Total	16	17	14	11	3			61

ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

The assumptions used in the valuation were selected and approved by the Indiana PERF Board of Trustees. The demographic assumptions are reviewed every five years through a study of actual experience. In this way, the actuary provides guidance to the Board in selecting the assumptions. The actuary and other economic and investment professionals also provide advice to the Board for selecting the economic assumptions. In our opinion, the assumptions are reasonable for purposes of this valuation.

Interest Rate / Investment Return	7.0% (net of administrative and investment expenses)
Future Salary Increases	3.0% per year
Inflation	3.0% per year
Cost of Living Increases	1.0% per year in retirement.
Mortality (Healthy and Disabled)	2008 IRS Static Mortality projected five (5) years with Scale AA
Disability	75% of 1964 OASDI Tables. Illustrative rates shown below:

Age	Rate
20	0.045%
25	0.064%
30	0.083%
35	0.111%
40	0.165%
45	0.270%
50	0.454%
55	0.757%
60	1.220%
65+	0.000%

A. Actuarial Assumptions (continued)

Termination

Sarason T-2 Tables. Illustrative rates shown below:

Age	Rate
20	5.4384%
25	5.2917%
30	5.0672%
35	4.6984%
40	3.5035%
45	1.7686%
50	0.4048%
55+	0.0000%

Retirement

Retirement rates based on actual experience of current retirees. Illustrative rates shown below:

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

Decrement Timing

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

Spouse/Beneficiary

90% of members are assumed to be married or to have a dependent beneficiary. Males are assumed to be three (3) years older than females.

Administrative Expense

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

A. Actuarial Assumptions (continued)

Missing Data Assumptions	Actives and inactives with no gender are assumed to be male. Spouse gender is assumed to be the opposite gender of the member. Retirees and disabled members that are not married and do not have a retirement option listed are assumed to elect a single life annuity. Retirees and disabled members that are married and do not have a retirement option listed are assumed to be receiving a 50% joint and survivor annuity. Beneficiaries that do not have a retirement option listed are assumed to receive monthly payments for life.
Changes in Assumptions	For the June 30, 2010 valuation, the Board approved the following assumption changes: - The interest rate (net of administrative and investment expenses) was lowered from 7.25% to 7.0%. - The cost-of-living increase assumption changed from 1.5% compounded annually to 1.0% compounded annually. - The mortality assumption was changed from rates based on PERF experience from 1995-2000 to the IRS 2008 Static Mortality Table projected forward five (5) years with Scale AA.

B. Actuarial Methods

The actuarial methods used in this valuation were selected and approved by the Board. In general, the methods provide orderly funding of all benefits being accrued, as well as unfunded past-service benefit liabilities, over a period of thirty years. However, the smoothing methods employed in determining the Actuarial Value of Assets may accelerate or lengthen the effective funding period, depending on whether gains or losses are experienced. In our opinion, the actuarial methods are reasonable for the purposes of this valuation.

1. Actuarial Cost Method

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.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-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 30-year period. 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.

2. Asset Valuation Method

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

3. Changes in Actuarial Methods

For the June 30, 2010 valuation, the Board approved the following method changes:

- The method of amortizing gains and losses was changed from a level dollar, fresh start method with a decreasing amortization period starting at 30 years on June 30, 1992, to a 30-year level dollar, closed ended method under which a new base is established each year beginning June 30, 2010.

- The AVA was updated to include a 20% corridor, where the AVA cannot be more than 120% or less than 80% of the Market Value of Assets after the four-year smoothing of gains and losses is applied.

SUMMARY OF PLAN PROVISIONS

A. Summary of Plan Provisions

The benefit provisions for LEDB are set forth in IC 2-3.5-4. A summary of those defined pension benefit provisions is presented below:

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).

Eligibility for Defined Pension Benefits

a.	Normal Retirement	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
b.	Early Retirement	Age 55 with 10 or more years of creditable service
c.	Late Retirement	Subject to continued employment after normal retirement
d.	Disability Retirement	5 or more years of creditable service and qualified for Social Security disability benefits
e.	Termination	10 or more years of creditable service and no longer active (i.e. vested inactive)
f.	Pre-Retirement Death	10 or more years of creditable service

A. Summary of Plan Provisions (continued)

Amount of Benefits

a.	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[1].
b.	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.
c.	Late Retirement	The late retirement benefit is calculated in the same manner as the normal retirement benefit.
d.	Disability Retirement	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.
e.	Termination	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.

[1] 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.

A. Summary of Plan Provisions (continued)

Amount of Benefits (continued)

f. 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 have historically been granted on an "ad hoc" basis. No increase in monthly benefits was provided to retired members, disabled members, or beneficiaries as of July 1, 2010.
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.
Withdrawal from Fund	If a member's employment is terminated prior to eligibility for a retirement annuity, the member may withdraw their contributions from the Fund.
Changes in Provisions	No changes since prior valuation.

DEFINITIONS OF TECHNICAL TERMS

A. Definitions of Technical Terms

Actual Rate	The contribution rate expressed as a percentage of covered payroll on an annual basis (not less than 0.0%) that is the result of applying applicable smoothing rules to the prior year Actual Rate and current year True Rate.
Actuarial Accrued Liability (AAL)	That portion, as determined by a particular Actuarial Cost Method, of the Present Value of Future Benefits (PVFB) and expenses which is not provided for by future Normal Costs. Generally this means the portion of the PVFB attributable to past service.
Actuarial Assumptions	Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided pension benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.
Actuarial Cost Method	A procedure for determining an actuarially equivalent allocation of the Present Value of Future Benefits to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.
Actuarially Equivalent	A method of making the actuarial present value of two series of payments equal as of a given date using the same assumptions.
Actuarial Gain/(Loss)	The difference between actual unfunded Actuarial Accrued Liability and anticipated unfunded Actuarial Accrued Liability — during the period between two valuation dates. It is a measurement of the difference between actual and expected experience.
Actuarial Present Value	The single amount now that is equal to 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.
Actuarial Valuation	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

A. Definitions of Technical Terms (continued)

Actuarial Valuation Date	The date as of which an actuarial valuation is performed.
Amortization	The payment of a present value financial obligation on an installment basis over a future number of years.
Annual Required Contribution of the Employer (ARC)	The employer's periodic required contributions to a defined benefit pension plan, calculated in accordance with the plan provisions, actuarial assumptions, actuarial cost method and other actuarial method prescribed by Governmental Accounting Standards No. 25 and No. 27.
Creditable Service	Service credited under the system that was rendered before the date of the actuarial valuation.
Funding Policy	The program for the amounts and timing of contributions to be made by plan members, employer, and other contributing entities (for example, state government contributions to a local government plan) to provide the benefits specified by a pension plan.
Level Dollar Amortization Method	The amount to be amortized is divided into equal dollar amounts to be paid over a given number of years; part of each payment is interest and part is principal (similar to a mortgage payment on a building). Because payroll can be expected to increase as a result of inflation, level dollar payments generally represent a decreasing percentage of payroll; in dollars adjusted for inflation, the payments can be expected to decrease over time.
Normal Cost (NC)	That portion of the present value of future benefits which is allocated to a valuation year by the Actuarial Cost Method. The normal cost is specific to the cost method used.
Plan Assets	Resources, usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, or equivalent arrangement, in which (a) employer contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer(s) or plan administrator, for the payment of benefits in accordance with the terms of the plan.

A. Definitions of Technical Terms (continued)

Plan Members	The individuals covered by the terms of a pension plan. The plan membership generally includes employees in active service, terminated employees who have accumulated benefits but are not yet receiving them, and retired employees and beneficiaries currently receiving benefits.
Present Value of Future Benefits (PVFB)	Projected benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members upon retirement) as a result of their service through the valuation date and their expected future service. The actuarial present value of projected future benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment (taking into account mortality, turnover, probability of participating in plan retirement, etc.). Alternatively, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay the projected benefits when due.
True Rate	The precise actuarial contribution rate (not less than 0.0%) determined by summing the Normal Cost and amortization of unfunded Actuarial Accrued Liability and dividing by anticipated payroll.