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The State of Indiana Public Employees' Retirement Fund

Executive Summary

Actuarial Valuations as of
June 30, 2010

EXECUTIVE SUMMARY

SUMMARY OF VALUATION RESULTS

| | <u>State</u> | <u>PERF PSDs</u> | <u>Total</u> | <u>1977 Fund</u> |
|--|----------------------|----------------------|--------------------------|-------------------------|
| Valuation Summary: | | | | |
| Actuarial Accrued Liability (AAL) | | | | |
| ASA Account Balance | | | \$ 2,780,570,388 | \$ 634,864,721 |
| ASA Annuities - Retiree/Beneficiary/Disabled | | | 710,683,223 | |
| Pension - Retiree/Beneficiary/Disabled | | | 4,220,908,907 | 859,626,595 |
| Pension - Active and Inactive | 2,678,030,588 | 4,115,859,095 | 6,793,889,683 | 2,145,177,957 |
| Total | 2,678,030,588 | 4,115,859,095 | \$ 14,506,052,201 | \$ 3,639,669,273 |
| Actuarial Value of Assets (AVA) ¹ | | | | |
| ASA Account Balance | | | \$ 2,780,570,388 | \$ 634,864,721 |
| ASA Annuities - Retiree/Beneficiary/Disabled | | | 710,683,223 | |
| Pension - Retiree/Beneficiary/Disabled | | | 4,220,908,907 | 859,626,595 |
| Pension - Active and Inactive | 1,803,664,020 | 2,841,372,476 | 4,645,036,496 | 1,879,946,523 |
| Total | 1,803,664,020 | 2,841,372,476 | \$ 12,357,199,014 | \$ 3,374,437,839 |
| Market Value of Assets (MVA) | | | | |
| ASA Account Balance | | | \$ 2,780,570,388 | \$ 634,864,721 |
| ASA Annuities - Retiree/Beneficiary/Disabled | | | 710,683,223 | |
| Pension - Retiree/Beneficiary/Disabled | | | 4,220,908,907 | 859,626,595 |
| Pension - Active and Inactive | 1,114,091,367 | 1,755,065,528 | 2,869,156,895 | 1,538,793,947 |
| Total | 1,114,091,367 | 1,755,065,528 | \$ 10,581,319,413 | \$ 3,033,285,263 |
| Unfunded Actuarial Accrued Liability: AAL - AVA | | | | |
| ASA Account Balance | | | \$ - | \$ - |
| ASA Annuities - Retiree/Beneficiary/Disabled | | | - | |
| Pension - Retiree/Beneficiary/Disabled | | | - | - |
| Pension - Active and Inactive | 874,366,568 | 1,274,486,619 | 2,148,853,187 | 265,231,434 |
| Total | 874,366,568 | 1,274,486,619 | \$ 2,148,853,187 | \$ 265,231,434 |
| Funded Percentage: AVA / AAL | | | | |
| ASA Account Balance | | | 100.0% | 100.0% |
| ASA Annuities - Retiree/Beneficiary/Disabled | | | 100.0% | |
| Pension - Retiree/Beneficiary/Disabled | | | 100.0% | 100.0% |
| Pension - Active and Inactive | 67.4% | 69.0% | 68.4% | 87.6% |
| Total | 67.4% | 69.0% | 85.2% | 92.7% |

¹ AVA is based on four-year smoothing of gains and losses on the MVA, with a 20% corridor.

EXECUTIVE SUMMARY

SUMMARY OF VALUATION RESULTS

| | <u>JRS</u> | <u>C&E Fund</u> | <u>PARF</u> | <u>LEDB Fund</u> |
|---|-----------------------|----------------------|----------------------|---------------------|
| Valuation Summary: | | | | |
| Actuarial Accrued Liability (AAL) | | | | |
| ASA Account Balance | \$ 23,137,615 | \$ 6,219,590 | \$ 20,999,431 | |
| ASA Annuities - Retiree/Beneficiary/Disabled | | | | |
| Pension - Retiree/Beneficiary/Disabled | 182,023,263 | 36,043,925 | 12,556,716 | 3,017,015 |
| Pension - Active and Inactive | 158,961,853 | 55,598,169 | 15,617,531 | 1,891,620 |
| Total | <u>\$ 364,122,731</u> | <u>\$ 97,861,684</u> | <u>\$ 49,173,678</u> | <u>\$ 4,908,635</u> |
| Actuarial Value of Assets (AVA) ¹ | | | | |
| ASA Account Balance | \$ 23,137,615 | \$ 6,219,590 | \$ 20,999,431 | |
| ASA Annuities - Retiree/Beneficiary/Disabled | | | | |
| Pension - Retiree/Beneficiary/Disabled | 182,023,263 | 36,043,925 | 5,166,895 | 3,017,015 |
| Pension - Active and Inactive | 36,981,965 | 28,063,267 | - | 1,057,574 |
| Total | <u>\$ 242,142,843</u> | <u>\$ 70,326,782</u> | <u>\$ 26,166,326</u> | <u>\$ 4,074,589</u> |
| Market Value of Assets (MVA) | | | | |
| ASA Account Balance | \$ 23,137,615 | \$ 6,219,590 | \$ 20,999,431 | |
| ASA Annuities - Retiree/Beneficiary/Disabled | | | | |
| Pension - Retiree/Beneficiary/Disabled | 182,023,263 | 36,043,925 | 1,431,529 | 3,017,015 |
| Pension - Active and Inactive | 3,234,360 | 18,910,969 | - | 378,476 |
| Total | <u>\$ 208,395,238</u> | <u>\$ 61,174,484</u> | <u>\$ 22,430,960</u> | <u>\$ 3,395,491</u> |
| Unfunded Actuarial Accrued Liability: AAL - AVA | | | | |
| ASA Account Balance | \$ - | \$ - | \$ - | |
| ASA Annuities - Retiree/Beneficiary/Disabled | | | | |
| Pension - Retiree/Beneficiary/Disabled | - | - | 7,389,821 | - |
| Pension - Active and Inactive | 121,979,888 | 27,534,902 | 15,617,531 | 834,046 |
| Total | <u>\$ 121,979,888</u> | <u>\$ 27,534,902</u> | <u>\$ 23,007,352</u> | <u>\$ 834,046</u> |
| Funded Percentage: AVA / AAL | | | | |
| ASA Account Balance | 100.0% | 100.0% | 100.0% | |
| ASA Annuities - Retiree/Beneficiary/Disabled | | | | |
| Pension - Retiree/Beneficiary/Disabled | 100.0% | 100.0% | 41.1% | 100.0% |
| Pension - Active and Inactive | 23.3% | 50.5% | 0.0% | 55.9% |
| Total | <u>66.5%</u> | <u>71.9%</u> | <u>53.2%</u> | <u>83.0%</u> |

¹ AVA is based on four-year smoothing of gains and losses on the MVA, with a 20% corridor.

EXECUTIVE SUMMARY

SUMMARY OF VALUATION RESULTS

| | PERF | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | State | PSDs | Total | 1977 Fund |
| Employer Contributions: | | | | |
| Effective Date | 7/1/2011 | 1/1/2012 | | 1/1/2012 |
| Anticipated Payroll | \$ 1,730,479,696 | \$ 3,165,532,884 | \$ 4,896,012,580 | \$ 675,797,434 |
| Employer Contributions - Before Smoothing | | | | |
| Normal Cost (Beginning of Year) | \$ 110,142,867 | \$ 210,381,322 | \$ 320,524,189 | \$ 154,421,923 |
| Amortization of Unfunded Actuarial Accrued Liability | 66,147,093 | 97,171,196 | 163,318,289 | 20,029,260 |
| Provision for Expenses | | | | |
| Employee Contributions | | | | (40,547,846) |
| Total Contribution Amount | \$ 176,289,960 ¹ | \$ 307,552,518 ¹ | \$ 483,842,478 ¹ | \$ 133,903,337 ¹ |
| Contribution Rate | 10.2% | 9.7% | 9.9% | 19.8% |
| Employer Contributions - After Smoothing | | | | |
| Contribution Amount | \$ 148,821,254 ¹ | \$ 279,265,043 ¹ | \$ 428,086,298 ¹ | \$ 133,132,094 ¹ |
| Contribution Rate | 8.6% | 8.8% | 8.7% | 19.7% |
| Employee Contribution Rate | 3.0% | 3.0% | 3.0% | 6.0% ² |
| Assumptions: | | | | |
| Valuation Interest Rate | 7.0% | 7.0% | 7.0% | 7.0% |
| Salary Scale | 4.0% | 4.0% | 4.0% | 4.0% |
| Cost-of-Living Assumption | 1.0% | 1.0% | 1.0% | 2.25% |

¹ The Employer Contributions Amounts are based on the anticipated payroll as of June 30, 2010. Since the contribution rates determined by the June 30, 2010 valuation become effective July 1, 2011 for the State rate and January 1, 2012 for the Political Subdivisions' rate, the actual dollar amount of employer cost will depend on the actual payroll during fiscal year 2012 for the State and calendar 2012 for the Political Subdivisions. The amount shown is meant to illustrate the impact of contribution rate smoothing.

² Only members with less than 32 years of service contribute to the Fund.

EXECUTIVE SUMMARY

SUMMARY OF VALUATION RESULTS

| | <u>JRS</u> | <u>C&E Fund</u> | <u>PARF</u> | <u>LEDB Fund</u> |
|--|----------------------------|---------------------------|---------------------------|-------------------------|
| Employer Contributions: | | | | |
| Effective Date | 7/1/2011 | 1/1/2012 | 7/1/2011 | 7/1/2011 |
| Anticipated Payroll | \$ 36,721,919 | \$ 26,709,051 | \$ 21,016,094 | |
| Employer Contributions - Before Smoothing | | | | |
| Normal Cost (Beginning of Year) | \$ 11,567,716 | \$ 4,118,442 | \$ 1,440,080 | \$ - |
| Amortization of Unfunded Actuarial Accrued Liability | 9,515,365 | 2,129,167 | 1,780,415 | 77,195 |
| Provision for Expenses | | | | 35,904 |
| Employee Contributions | (2,173,160) | (1,068,362) | (1,260,966) | |
| Total Contribution Amount | \$ 18,909,921 ¹ | \$ 5,179,247 ² | \$ 1,959,529 | \$ 113,099 ¹ |
| Contribution Rate | 51.5% | 19.4% | 9.3% | |
| Employer Contributions - After Smoothing | | | | |
| Contribution Amount | | \$ 5,542,128 ² | \$ 1,838,908 ¹ | |
| Contribution Rate | | 20.8% | 8.8% | |
| Employee Contribution Rate | 6.0% ³ | 4.0% | 6.0% | |
| Assumptions: | | | | |
| Valuation Interest Rate | 7.0% | 7.0% | 7.0% | 7.0% |
| Salary Scale | 4.0% | 4.5% | 4.0% | 3.0% |
| Cost-of-Living Assumption | 4.0% | 1.0% | | 1.0% |

¹ Contribution amount is appropriated by the State.

² The Employer Contributions Amounts are based on the anticipated payroll as of June 30, 2010. Since the contribution rate determined by the June 30, 2010 valuation becomes effective on January 1, 2012, the actual dollar amount of employer cost will depend on the actual payroll during calendar 2012. The amount shown is meant to illustrate the impact of contribution rate smoothing.

³ Only members with less than 22 years of service contribute to the Fund.

EXECUTIVE SUMMARY

SUMMARY OF VALUATION RESULTS

| | State | PERF PSDs | Total | 1977 Fund |
|-------------------------------------|------------------|----------------------|------------------|------------------|
| Membership Statistics: | | | | |
| Active | | | | |
| Number | 48,220 | 101,657 | 149,877 | 13,362 |
| Average Age | | | 47.5 | 40.6 |
| Average Years of Service | | | 11.2 | 13.1 |
| Covered Payroll of Actives | \$ 1,730,479,696 | \$ 3,165,532,884 | \$ 4,896,012,580 | \$ 675,797,434 |
| Inactive - Vested | | | | |
| Number | | | 14,759 | 111 |
| Average Age | | | 53.9 | 49.8 |
| Average Years of Service | | | 15.1 | 22.3 |
| Inactive - Non-Vested | | | | |
| Number | | | 88,234 | 771 |
| Retiree/Beneficiary/Disabled | | | | |
| Number | | | 67,166 | 2,782 |
| Average Age | | | 72.6 | 61.3 |
| Annual Benefits Payable | | | \$ 498,199,312 | \$ 60,220,091 |
| Total Membership | | | 320,036 | 17,026 |

EXECUTIVE SUMMARY

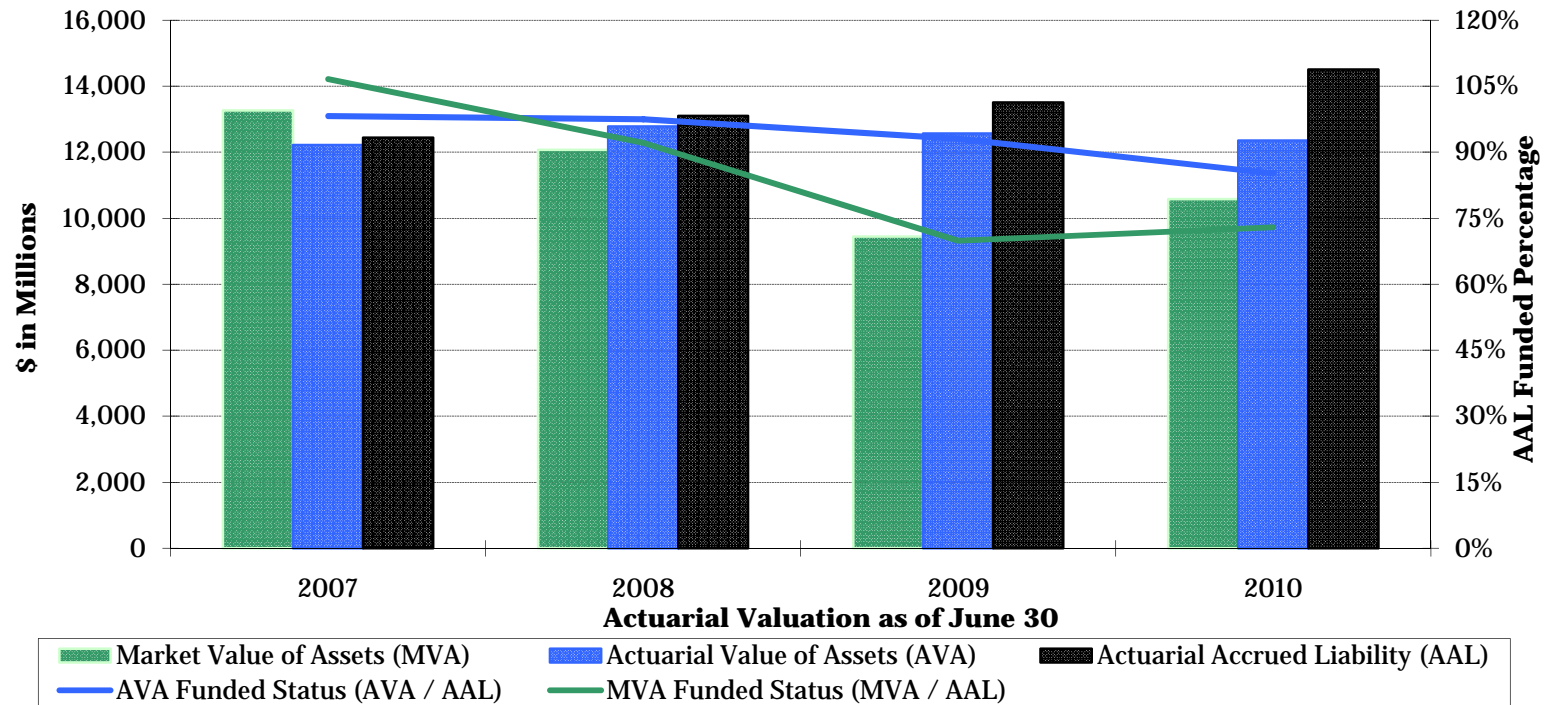
SUMMARY OF VALUATION RESULTS

| | <u>JRS</u> | <u>C&E Fund</u> | <u>PARF</u> | <u>LEDB Fund</u> |
|-------------------------------|---------------|---------------------|---------------|------------------|
| Membership Statistics: | | | | |
| Active | | | | |
| Number | 291 | 471 | 217 | 20 |
| Average Age | 55.0 | 41.3 | 48.4 | 67.6 |
| Average Years of Service | 9.5 | 11.0 | 9.7 | 7.9 |
| Covered Payroll of Actives | \$ 36,721,919 | \$ 26,709,051 | \$ 21,016,094 | |
| Inactive - Vested | | | | |
| Number | 73 | 4 | 72 | 34 |
| Average Age | 60.7 | 49.7 | 56.4 | 65.8 |
| Average Years of Service | 18.4 | 19.8 | 12.0 | 7.3 |
| Inactive - Non-Vested | | | | |
| Number | 31 | 52 | 179 | |
| Retiree/Beneficiary/Disabled | | | | |
| Number | 298 | 157 | 58 | 61 |
| Average Age | 75.3 | 69.1 | 69.2 | 74.2 |
| Annual Benefits Payable | \$ 15,389,828 | \$ 3,134,088 | \$ 1,201,488 | \$ 346,781 |
| Total Membership | 693 | 684 | 526 | 115 |

EXECUTIVE SUMMARY

HISTORICAL SUMMARY

Total PERF – 4 Year History of Funded Status ¹



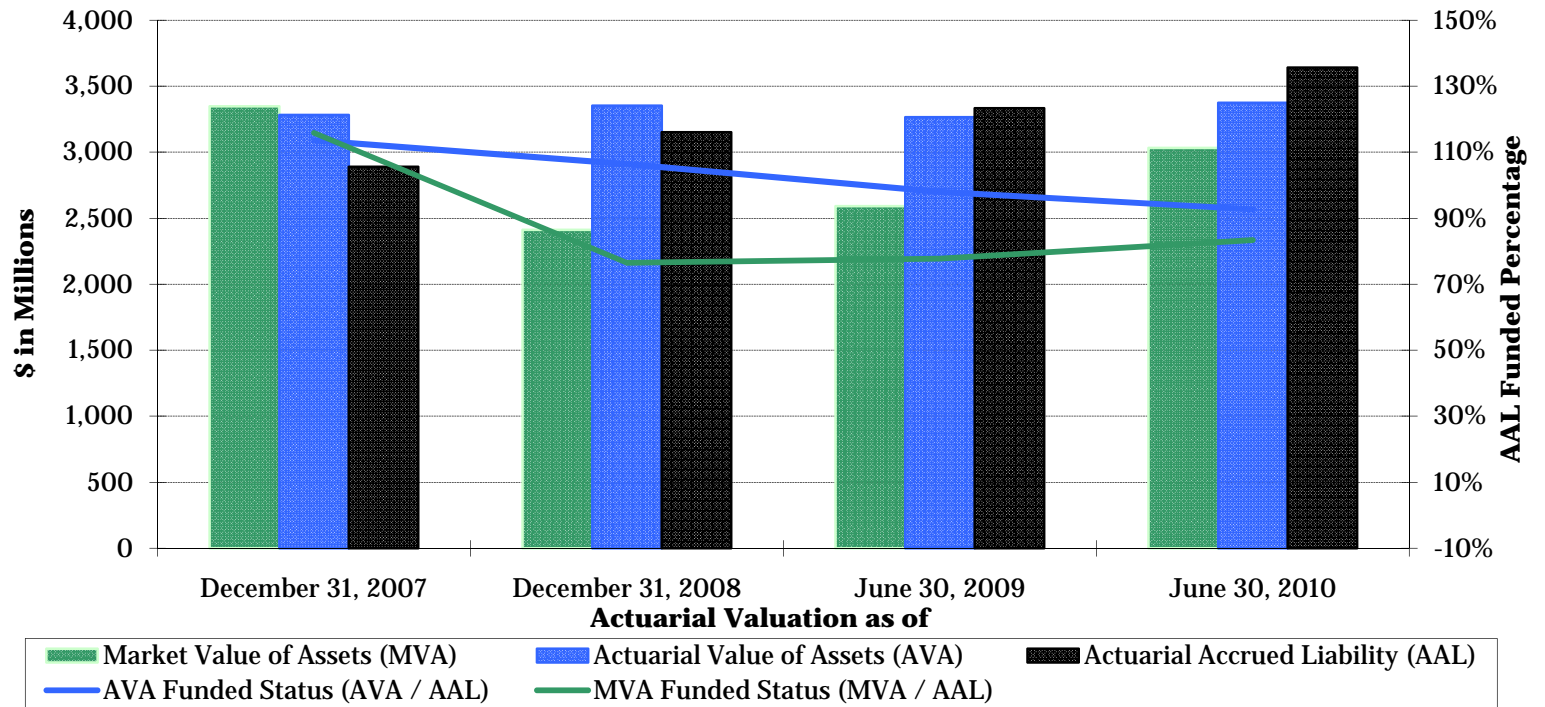
| <u>Actuarial Valuation as of June 30:</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|--|--------------------|--------------------|--------------------|--------------------|
| Actuarial Accrued Liability (AAL) | \$12,439.8 | \$13,103.2 | \$13,506.3 | \$14,506.1 |
| Actuarial Value of Assets (AVA) | 12,220.9 | 12,780.1 | 12,569.3 | 12,357.2 |
| Market Value of Assets (MVA) | 13,262.4 | 12,073.5 | 9,442.3 | 10,581.3 |
| Unfunded Liability (AAL - AVA) | 218.9 | 323.1 | 937.0 | 2,148.9 |
| AVA Funded Status (AVA / AAL) | 98.2% | 97.5% | 93.1% | 85.2% |
| MVA Funded Status (MVA / AAL) | 106.6% | 92.1% | 69.9% | 72.9% |

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

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HISTORICAL SUMMARY

1977 Fund – 4 Year History of Funded Status¹



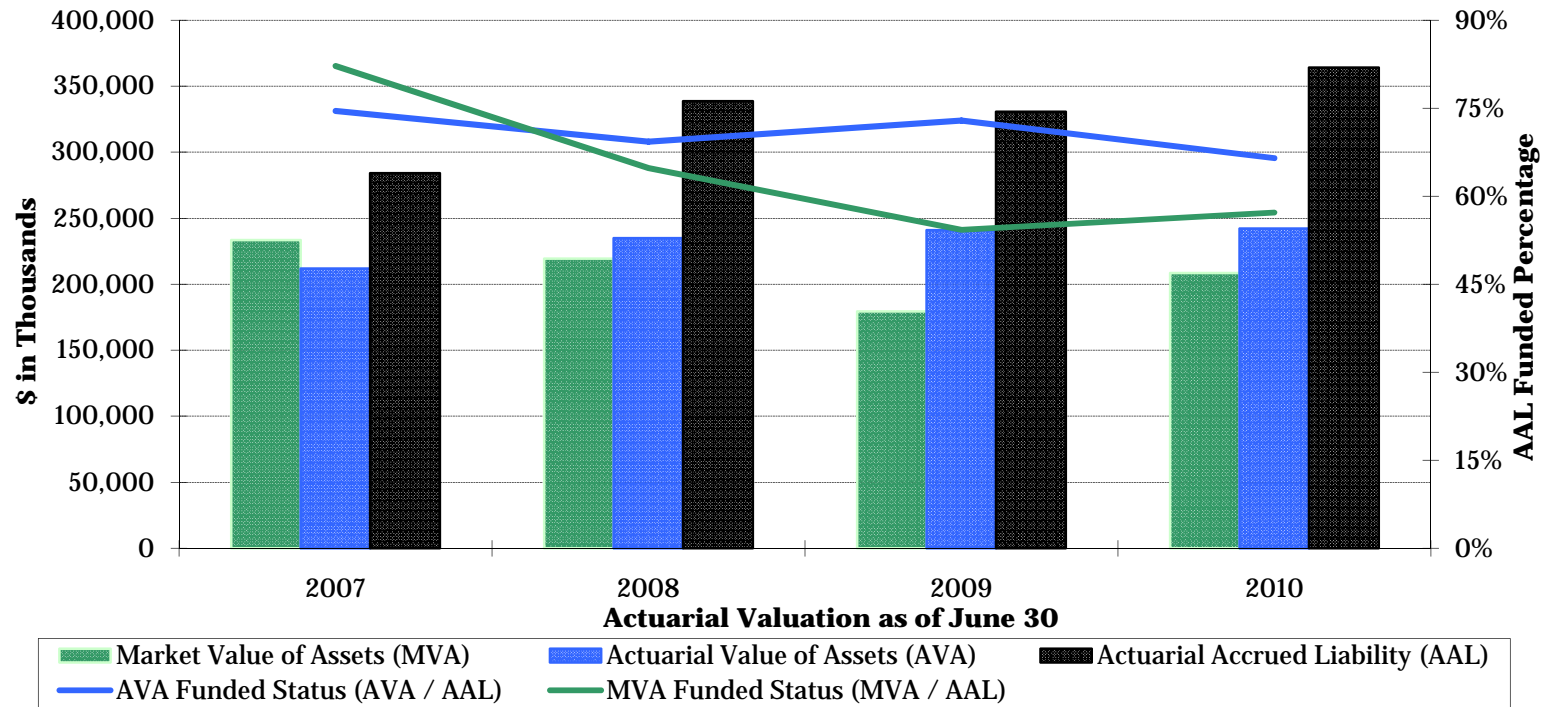
| <u>Actuarial Valuation as of:</u> | <u>December 31, 2007</u> | <u>December 31, 2008</u> | <u>June 30, 2009</u> | <u>June 30, 2010</u> |
|--|---------------------------------|---------------------------------|-----------------------------|-----------------------------|
| Actuarial Accrued Liability (AAL) | \$2,889.3 | \$3,150.8 | \$3,332.7 | \$3,639.7 |
| Actuarial Value of Assets (AVA) | 3,281.5 | 3,352.7 | 3,265.6 | 3,374.4 |
| Market Value of Assets (MVA) | 3,347.7 | 2,410.8 | 2,591.7 | 3,033.3 |
| Unfunded Liability (AAL - AVA) | (392.2) | (201.9) | 67.1 | 265.3 |
| AVA Funded Status (AVA / AAL) | 113.6% | 106.4% | 98.0% | 92.7% |
| MVA Funded Status (MVA / AAL) | 115.9% | 76.5% | 77.8% | 83.3% |

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

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HISTORICAL SUMMARY

JRS – 4 Year History of Funded Status ¹



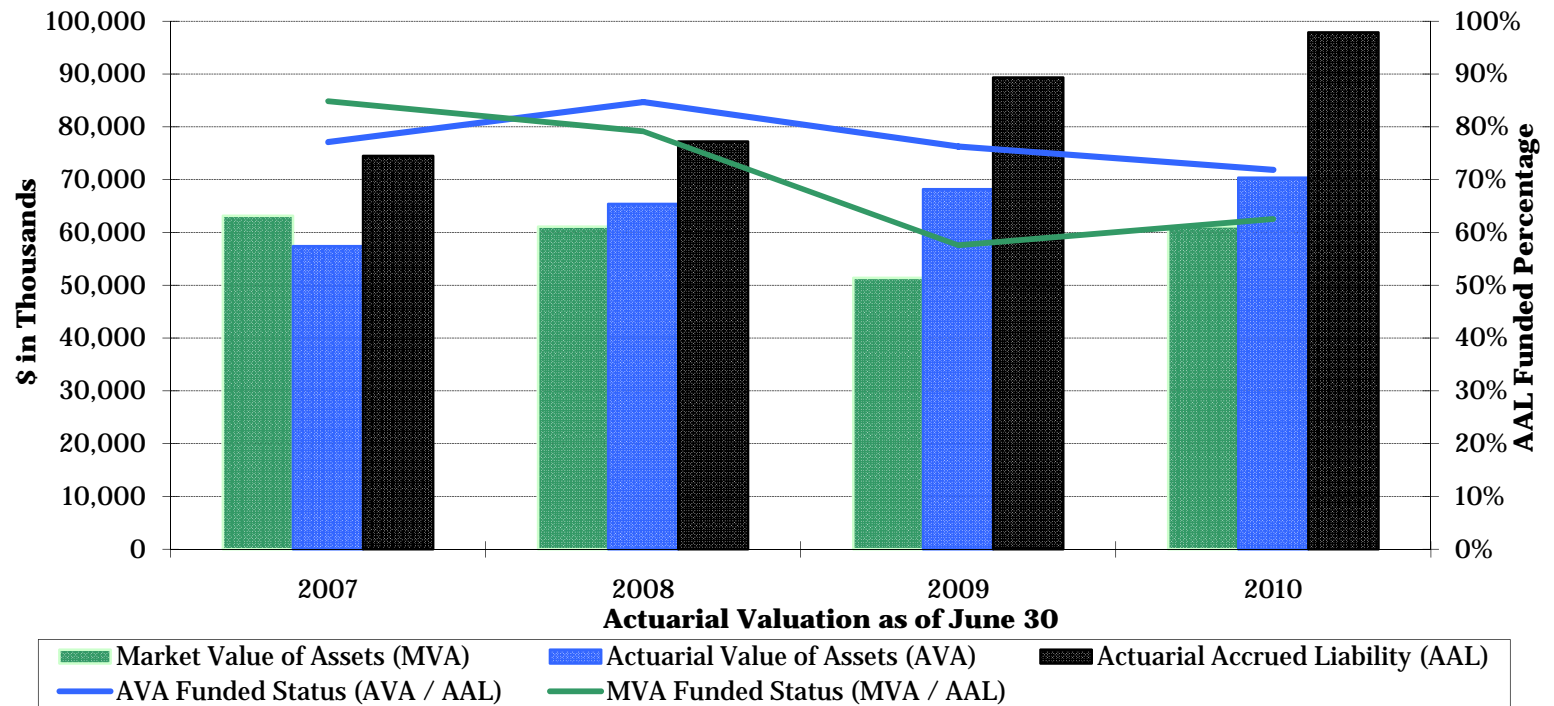
| Actuarial Valuation as of June 30: | 2007 | 2008 | 2009 | 2010 |
|---|-------------|-------------|-------------|-------------|
| Actuarial Accrued Liability (AAL) | \$283,995.2 | \$338,749.0 | \$330,551.2 | \$364,122.7 |
| Actuarial Value of Assets (AVA) | 211,746.5 | 234,880.5 | 240,953.9 | 242,142.8 |
| Market Value of Assets (MVA) | 233,385.4 | 219,425.5 | 179,428.1 | 208,395.2 |
| Unfunded Liability (AAL - AVA) | 72,248.7 | 103,868.5 | 89,597.3 | 121,979.9 |
| AVA Funded Status (AVA / AAL) | 74.6% | 69.3% | 72.9% | 66.5% |
| MVA Funded Status (MVA / AAL) | 82.2% | 64.8% | 54.3% | 57.2% |

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

EXECUTIVE SUMMARY

HISTORICAL SUMMARY

C&E Fund – 4 Year History of Funded Status ¹



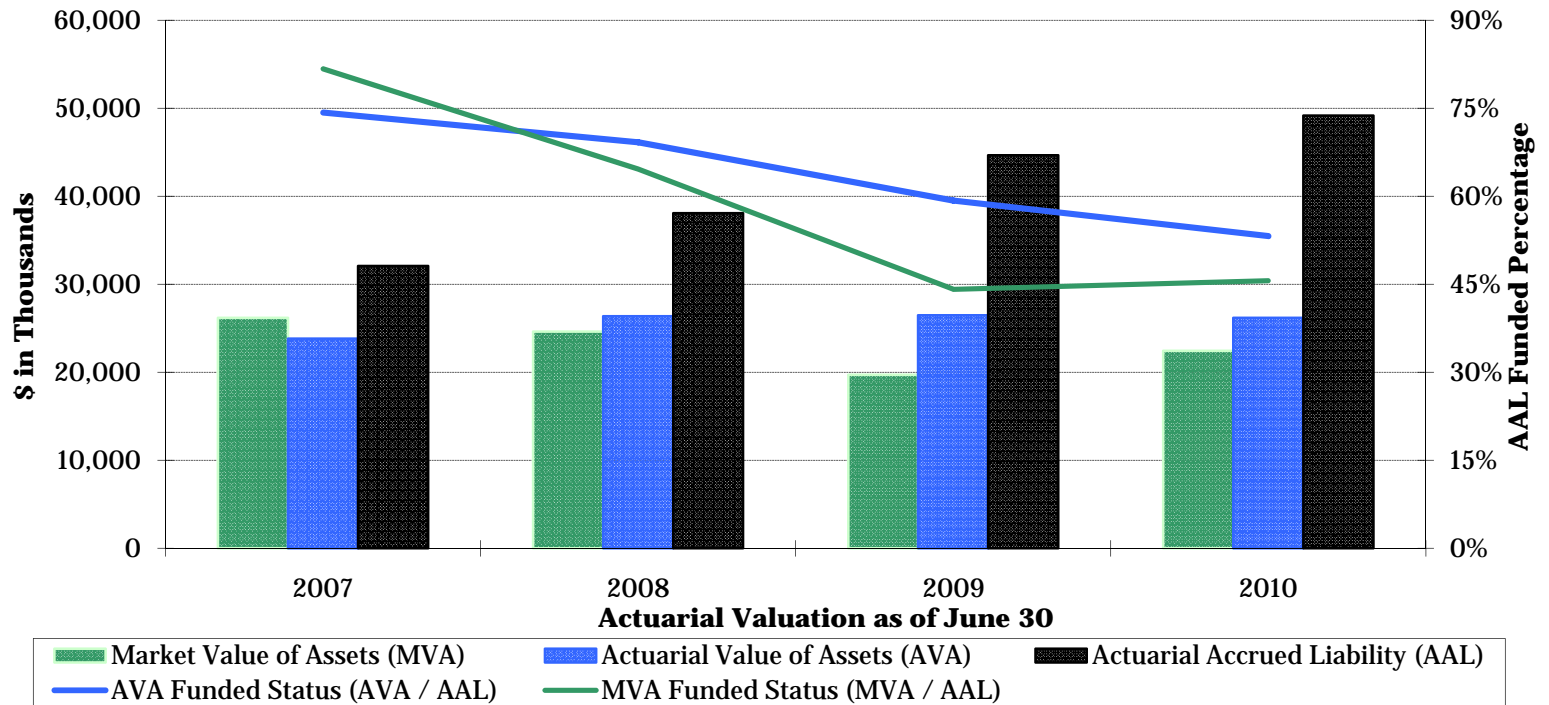
| <u>Actuarial Valuation as of June 30:</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|--|--------------------|--------------------|--------------------|--------------------|
| Actuarial Accrued Liability (AAL) | \$74,451.1 | \$77,176.7 | \$89,295.6 | \$97,861.6 |
| Actuarial Value of Assets (AVA) | 57,414.3 | 65,375.1 | 68,169.9 | 70,326.8 |
| Market Value of Assets (MVA) | 63,172.2 | 61,075.5 | 51,404.2 | 61,174.5 |
| Unfunded Liability (AAL - AVA) | 17,036.8 | 11,801.5 | 21,125.7 | 27,534.8 |
| AVA Funded Status (AVA / AAL) | 77.1% | 84.7% | 76.3% | 71.9% |
| MVA Funded Status (MVA / AAL) | 84.9% | 79.1% | 57.6% | 62.5% |

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

EXECUTIVE SUMMARY

HISTORICAL SUMMARY

PARF – 4 Year History of Funded Status ¹



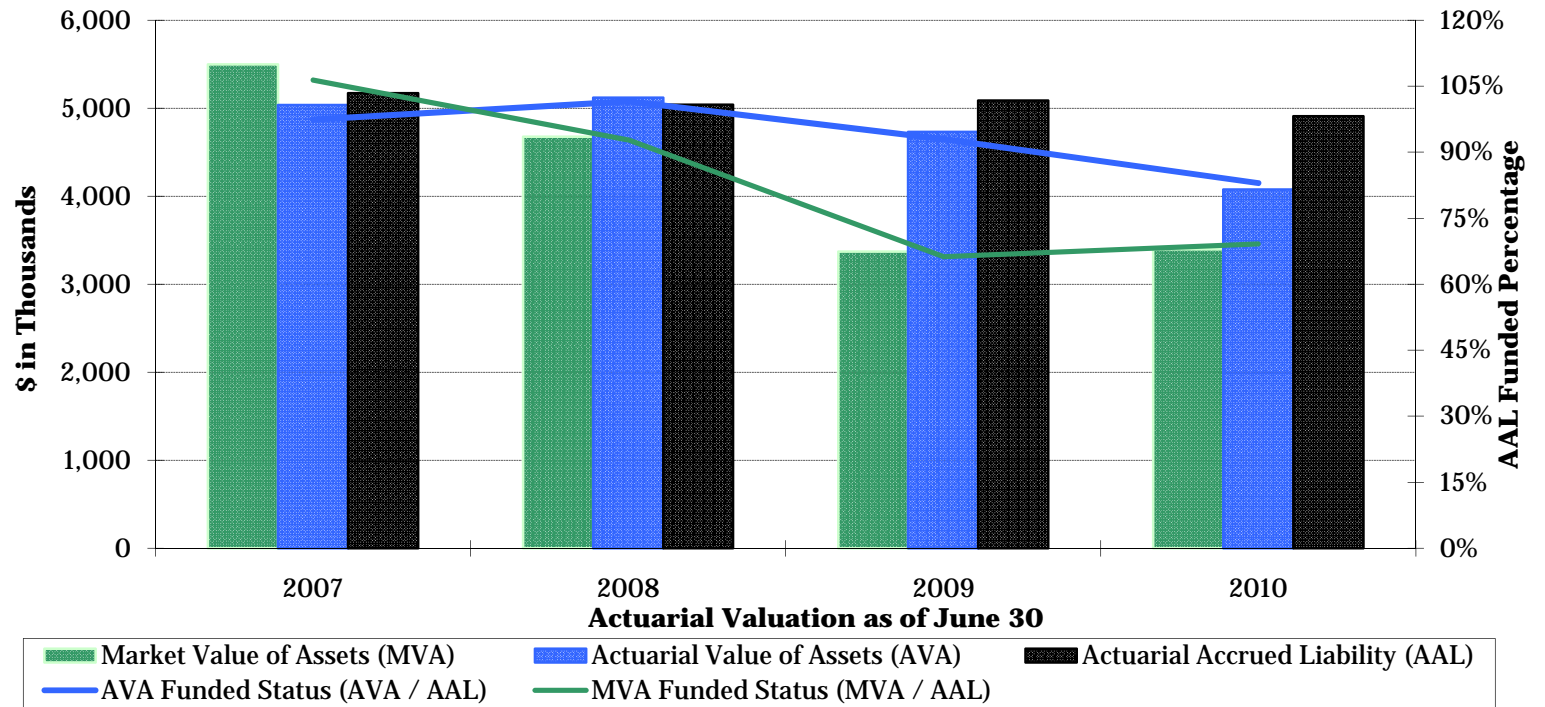
| <u>Actuarial Valuation as of June 30:</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|--|--------------------|--------------------|--------------------|--------------------|
| Actuarial Accrued Liability (AAL) | \$32,052.0 | \$38,069.0 | \$44,632.2 | \$49,173.7 |
| Actuarial Value of Assets (AVA) | 23,815.0 | 26,350.5 | 26,466.7 | 26,166.3 |
| Market Value of Assets (MVA) | 26,189.4 | 24,613.0 | 19,695.8 | 22,431.0 |
| Unfunded Liability (AAL - AVA) | 8,237.0 | 11,718.5 | 18,165.5 | 23,007.4 |
| AVA Funded Status (AVA / AAL) | 74.3% | 69.2% | 59.3% | 53.2% |
| MVA Funded Status (MVA / AAL) | 81.7% | 64.7% | 44.1% | 45.6% |

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

EXECUTIVE SUMMARY

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.