



# 2015 INPRS UPDATE

Pension Management Oversight Committee

August 26, 2015

*Steve Russo*

*Executive Director*

# About INPRS

**With approximately \$30B in assets, INPRS serves the retirement needs of approximately 450,000 members and more than 1,100 public employers**

- **Nine Retirement Funds**

- PERF
- TRF Pre-'96
- TRF '96
- '77 Police and Fire
- Judges
- Excise Police, Gaming Agents and Conservation Officers
- Prosecuting Attorneys
- Legislators Defined Benefit
- Legislators Defined Contribution

- **Three Non-Retirement Funds**

- Pension Relief
- Public Safety Officers' Special Death Benefit Fund
- State Employees' Death Benefit Fund

# Agenda

- General Update
  - Employer/Employee Contributions
  - Investments
  - Liabilities
  - Operations
- Teacher Pre-'96 Plan & Local Public Safety Pension Relief
- COLAs & Thirteenth Checks
- National Trends
- 2015 General Assembly Enrolled Act Implementation
- INPRS Requests For PMOC Consideration

# INPRS – FY15 in Review

**Despite short term market underperformance and updated mortality experience, INPRS' managed pension plans remain well funded with no expected increase in 2017 employer contribution rates**

- Employers paid 104.5% of the Actuarial Determined Contribution (ADC)
- 1-year Defined Benefit investment returns were 0.2% versus a 30-year average assumed rate of return of 6.75%
- Members living longer a major driver of a 5.9% increase in accrued liabilities
- Aggregate funded status of the pre-funded plans is 86%
- No contribution rate increases expected in 2017, '77 Fund rate likely to decrease
- Continued progress towards exemplary customer service and operational excellence

# FY2015 Actual Change In Net Position\*

INPRS' Net Assets decreased 1% from July 1, 2014 to June 30, 2015

<b>Net Assets – June 30, 2014</b>	<b>\$30.2B</b>
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Contributions	+ \$2.1B
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Investment Income	+ \$0.1B
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Payments	- \$2.5B
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<b>Net Assets – June 30, 2015</b>	<b>\$29.9B</b>
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\* Preliminary unaudited results – Excludes Pension Relief

# Contributions - A Year in Review

- **INPRS' Funding Policy establishes adequate contribution rates that seek appropriate levels of stability**
  1. At least the amount of the Actuarial Determined Contribution (ADC)
  2. Not less than the prior year's rate until 100% funded
  
- **Collected \$2.1B in pension plan contributions**
  - \$ 896M Employer contributions paid as a % of actual payroll
  - \$ 828M General Fund Appropriations
  - \$ 345M Member (ASA)
  - \$ 45M Other
  
- **Employers paid 104.5% of the Actuarial Determined Contribution (ADC)**
  
- **2015 HEA 1001 appropriates all monies requested by INPRS plus \$20.3M to pay the estimated cost of the 2016 13<sup>th</sup> check for Teacher Pre-'96 retirees**
  
- **Contributions are forecasted to remain relatively flat in FY16 – FY18**

# Pension Funding Sources

## FY2015 – FY2018

\$ in Millions

Fund	FY2015 Actual		FY2016 Forecast <sup>2</sup>		FY2017 Forecast <sup>2</sup>		FY2018 Forecast <sup>2</sup>	
	General Fund Appropriation	Other <sup>1</sup>						
PERF		\$704.3		\$734.3		\$747.3		\$759.7
TRF - Pre-1996 Account - Pre-Funded 13th Check	\$792.8 \$20.3	\$80.1	\$816.5 \$20.3	\$68.4	\$841.0	\$63.8	\$866.2	\$64.8
TRF - 1996 Account		\$292.2		\$338.8		\$335.0		\$332.0
1977 Fund		\$190.0		\$192.2		\$197.8		\$173.8
JRS	\$13.9	\$10.0	\$9.7	\$10.1	\$9.6	\$10.1	\$9.4	\$10.2
EG&C Plan		\$6.2		\$6.7		\$6.9		\$7.0
PARF	\$1.1	\$1.2	\$1.4	\$1.3	\$1.5	\$1.3	\$1.4	\$1.4
LEDB & LEDC Sub-Total	<u>\$0.1</u> \$828.2	<u>\$1.7</u> \$1,285.7	<u>\$0.1</u> \$848.0	<u>\$1.7</u> \$1,353.5	<u>\$0.1</u> \$852.2	<u>\$1.7</u> \$1,363.9	<u>\$0.1</u> \$877.1	<u>\$1.7</u> \$1,350.6
Pension Relief	\$175.0	\$59.6	\$155.0	\$57.3	\$160.0	\$57.3	\$150.0	\$57.3
Total	\$1,003.2	\$1,345.3	\$1,003.0	\$1,410.8	\$1,012.2	\$1,421.2	\$1,027.1	\$1,407.9

<sup>1</sup>Other includes member contributions, employer contributions, lottery proceeds, docket & court fees, cigarette & alcohol taxes.

<sup>2</sup> Based on the 6/30/2014 Actuarial Valuation. The General Fund Appropriation forecast for FY2018, or Other forecast for FY2017 and FY2018 could change.

# Estimated FY15 INPRS Actuarial Determined Contributions (ADC)

## Indiana Public Retirement System (INPRS) INPRS ADC (Actuarial Determined Contribution) Summary FY2015 and FY2014

\$ in Thousands

Defined Benefit Retirement Plans	FY2015 (Actual Payroll Based Adj)			FY2014 (Actual Payroll Based Adj)		
	Actuarial Determined Contribution (ADC) Adj for Actual Payroll	GF Appropriation/ Employer/ Other Contributions <sup>1</sup>	Percentage Contributed	Actuarial Determined Contribution (ADC) Adj for Actual Payroll	GF Appropriation/ Employer/ Other Contributions <sup>1</sup>	Percentage Contributed
PERF	\$ 517,717	\$ 536,203	103.6%	\$ 528,562	\$ 519,576	98.3%
TRF 1996 Account	\$ 178,260	\$ 205,526	115.3%	\$ 177,711	\$ 194,751	109.6%
1977 Fund	\$ 118,852	\$ 146,384	123.2%	\$ 103,425	\$ 140,119	135.5%
Judges	\$ 18,865	\$ 21,020	111.4%	\$ 27,648	\$ 20,895	75.6%
EG&C Plan	\$ 4,815	\$ 5,215	108.3%	\$ 5,341	\$ 5,359	100.3%
PARF	\$ 1,419	\$ 1,063	74.9%	\$ 2,345	\$ 1,174	50.1%
LEDB	\$ 131	\$ 131	100.0%	\$ 138	\$ 138	100.0%
<b>Aggregate Pre-Funded Plans</b>	<b>\$ 840,059</b>	<b>\$ 915,542</b>	<b>109.0%</b>	<b>\$ 845,170</b>	<b>\$ 882,012</b>	<b>104.4%</b>
TRF Pre-1996 Account (Pay-As-You-Go)	\$ 851,427 <sup>2</sup>	\$ 851,427	100.0%	\$ 831,942 <sup>2</sup>	\$ 831,942	100.0%
<b>Aggregate All INPRS Plans</b>	<b>\$ 1,691,486</b>	<b>\$ 1,766,969</b>	<b>104.5%</b>	<b>\$ 1,677,112</b>	<b>\$ 1,713,954</b>	<b>102.2%</b>

<sup>1</sup> Excludes member ASA contributions

<sup>2</sup> TRF Pre-1996 Appropriation is determined by State Statute & is therefore shown in lieu of ADC.

# 2016 Board Approved Contribution Rates vs. the Actuarial Determined Contribution

\$ In Thousands

<u>Defined Benefit Retirement Plans</u>	<u>2016 Actuarially Determined Contribution (ADC) Rates</u>	<u>Board Approved Contribution Rates</u>
<b>PERF</b>		
State <sup>1</sup>	9.80%	11.20%
Political Subdivision <sup>2</sup>	9.96%	11.20%
<b>TRF 1996 Account<sup>1</sup></b>	6.26%	7.50%
<b>1977 Fund<sup>2</sup></b>	14.01%	19.70%
<b>EG&amp;C Plan<sup>2</sup></b>	15.48%	20.75%
<b>Judges<sup>1</sup> - Appropriation</b>	\$16,946	\$16,946
<b>PARF<sup>1</sup> - Appropriation</b>	\$1,440	\$1,440
<b>LEDB<sup>1</sup> - Appropriation</b>	\$138	\$138
<b>TRF Pre-1996 Account<sup>1</sup> - Appropriation</b>	\$836,800	\$836,800

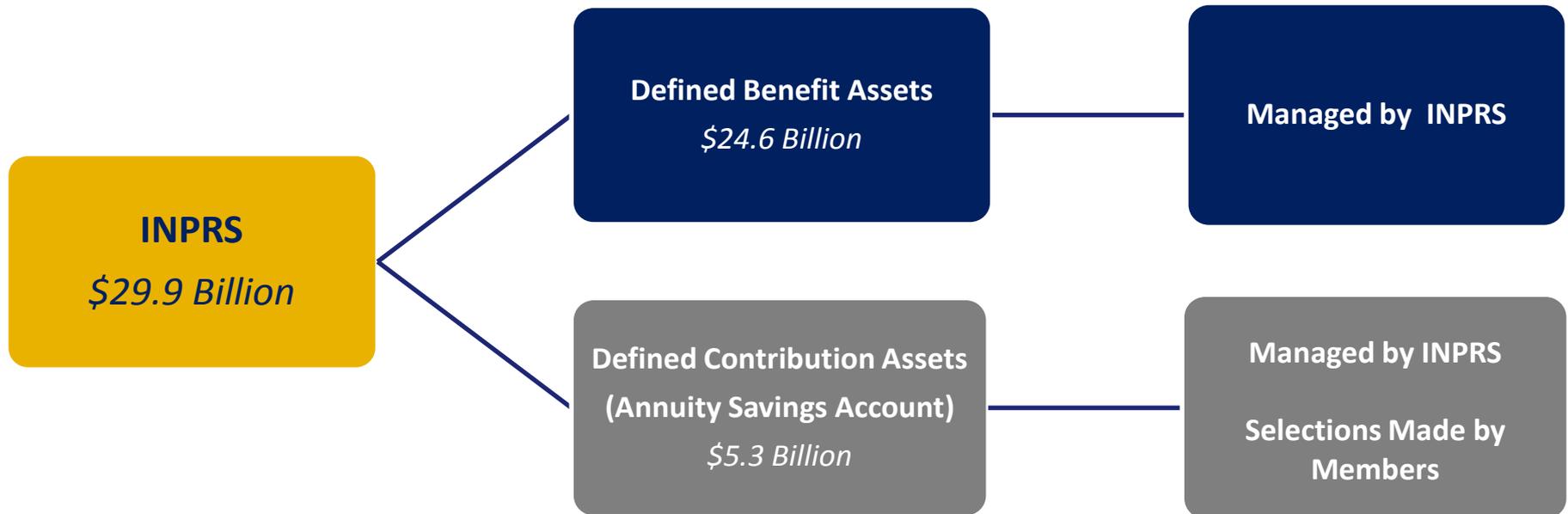
<sup>1</sup> Approved Funding Rates become effective July 1st, 2015

<sup>2</sup> Approved Funding Rates become effective January 1st, 2016

# Investments - A Year in Review

- INPRS' total assets = \$30 billion
- After a 13%+ return last year, FY15 was a flat year with low returns across all public asset classes
- Completed a new asset-liability study in June 2015 that resulted in minimal changes to the asset allocation
- Board reaffirmed 6.75% long-term rate of return assumption; most realistic among state plans
- Synergies of combined PERF/TRF assets continue to reduce fees: Net Present Value Savings = \$357.5M

# INPRS Assets Are a Mix of Defined Benefit and Defined Contribution Monies

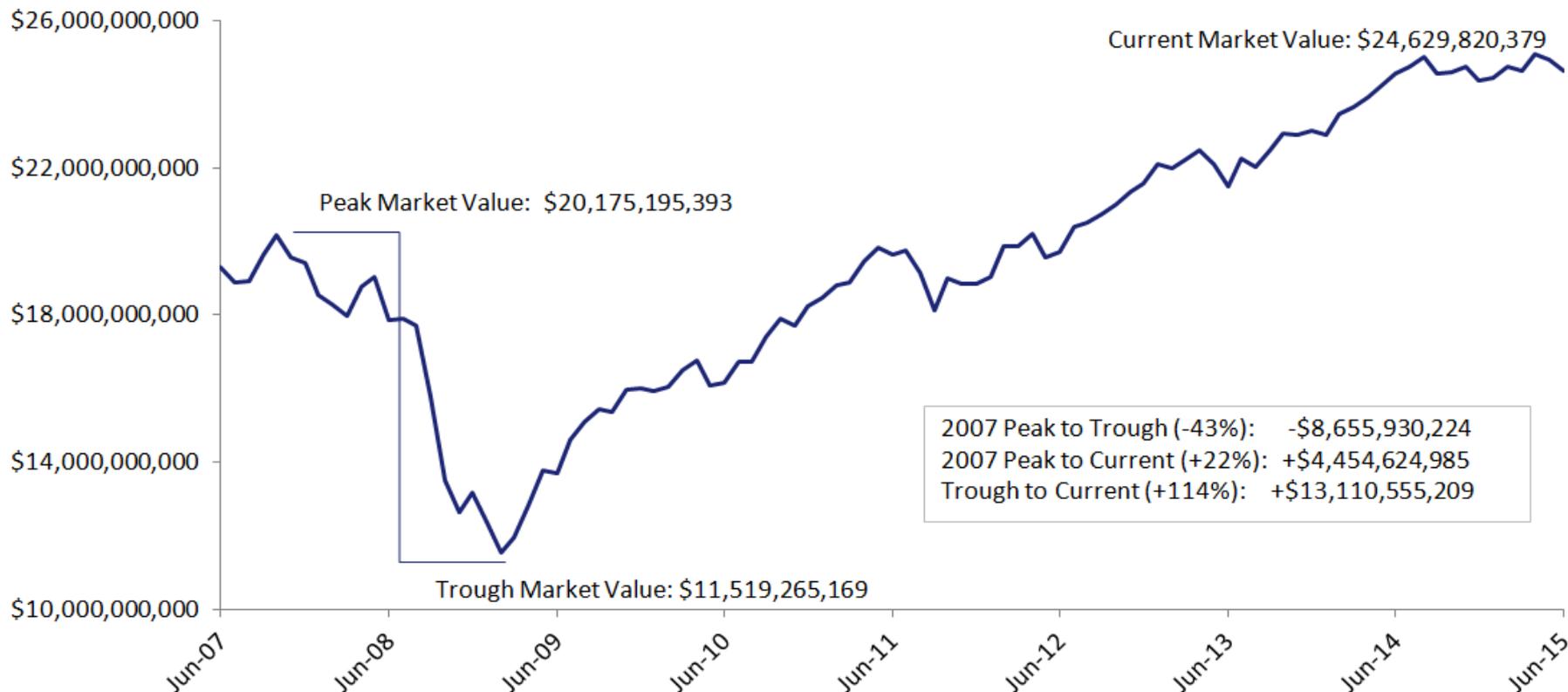


# INPRS' Defined Benefit Investment Objectives

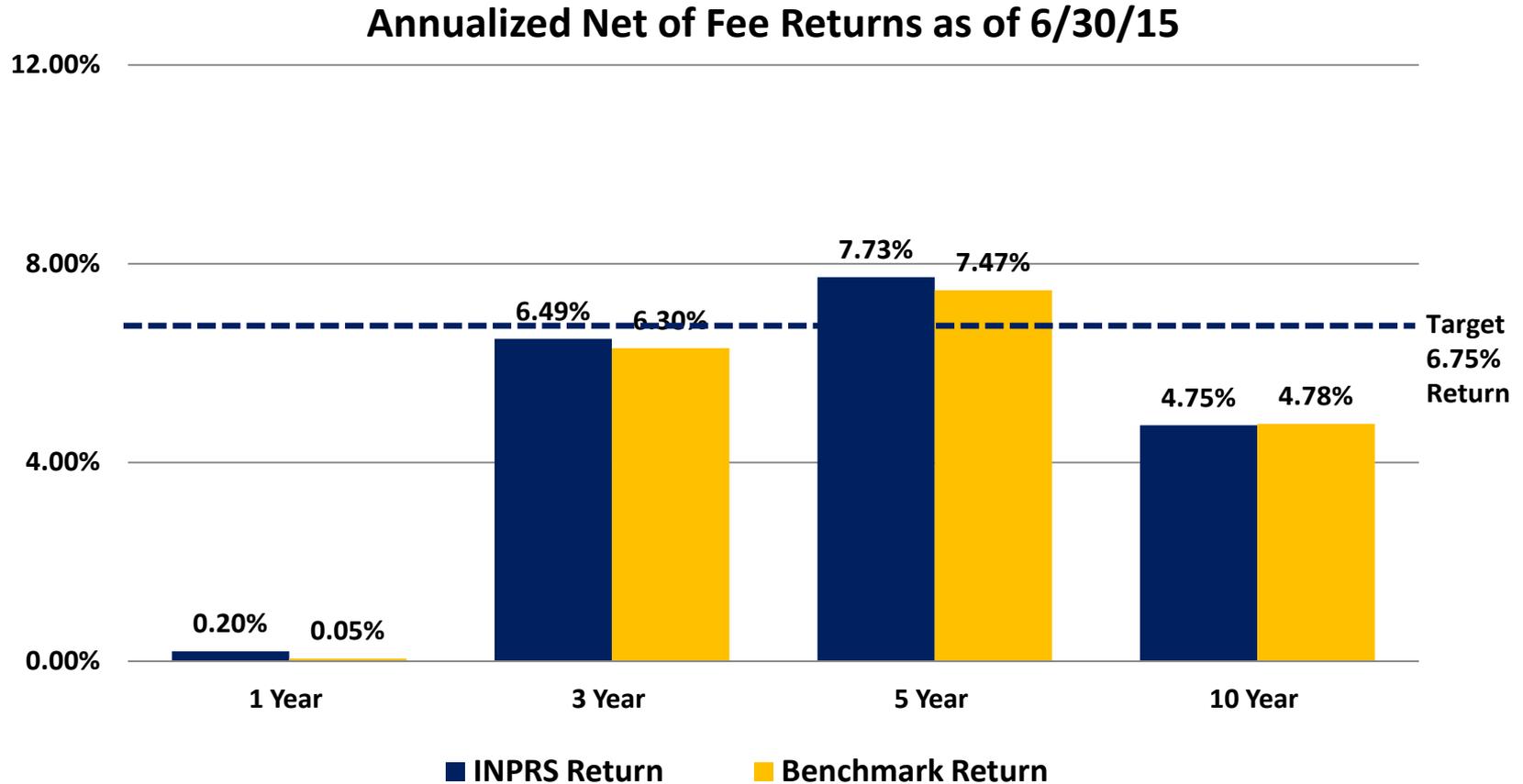
- Achieve a 6.75% return over the long-term
- Achieve the return as efficiently & effectively as possible
- Always have enough cash on hand to pay benefits

# Defined Benefit Balance Through Time

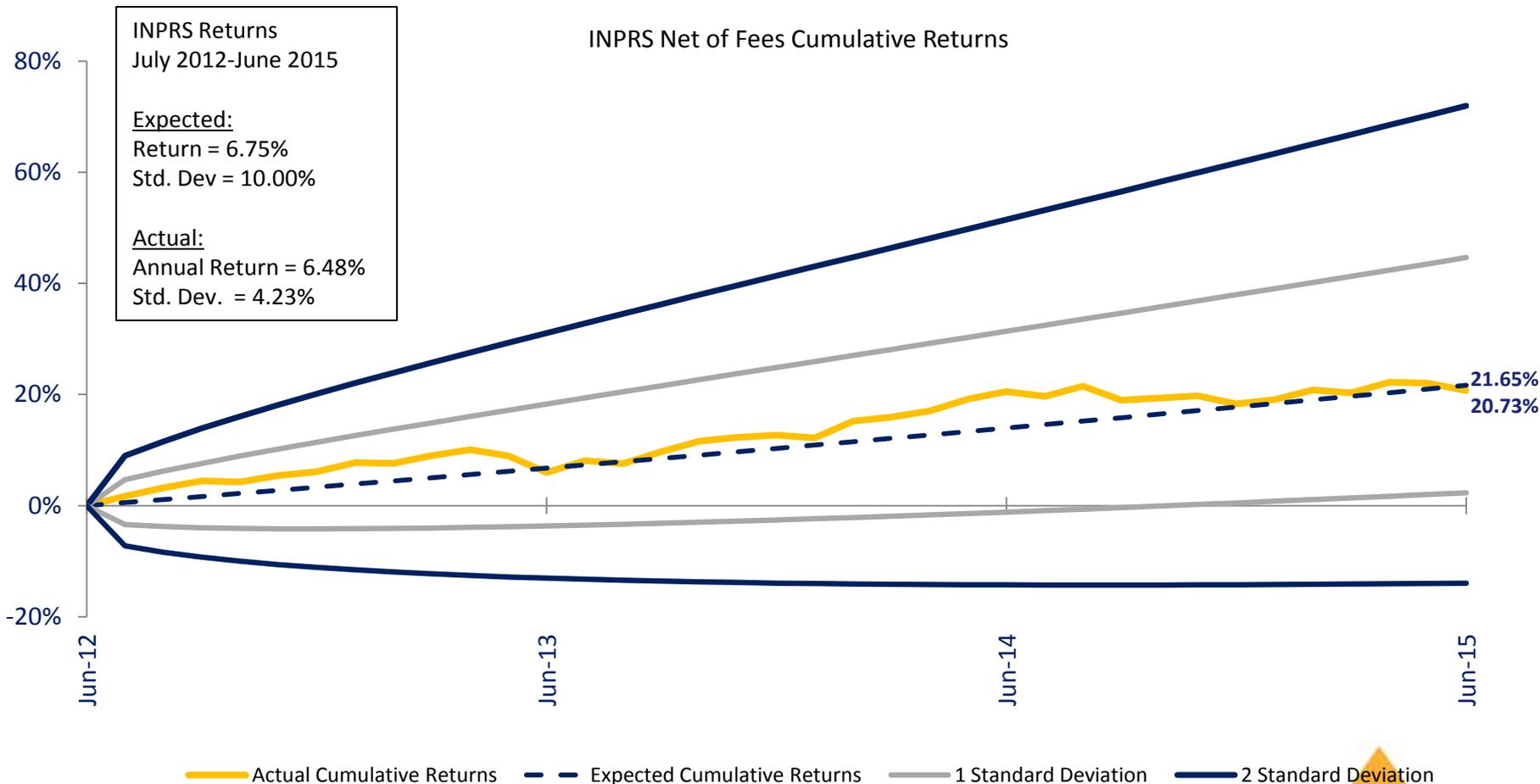
**INPRS DB Market Value** (As of 6/30/2015)



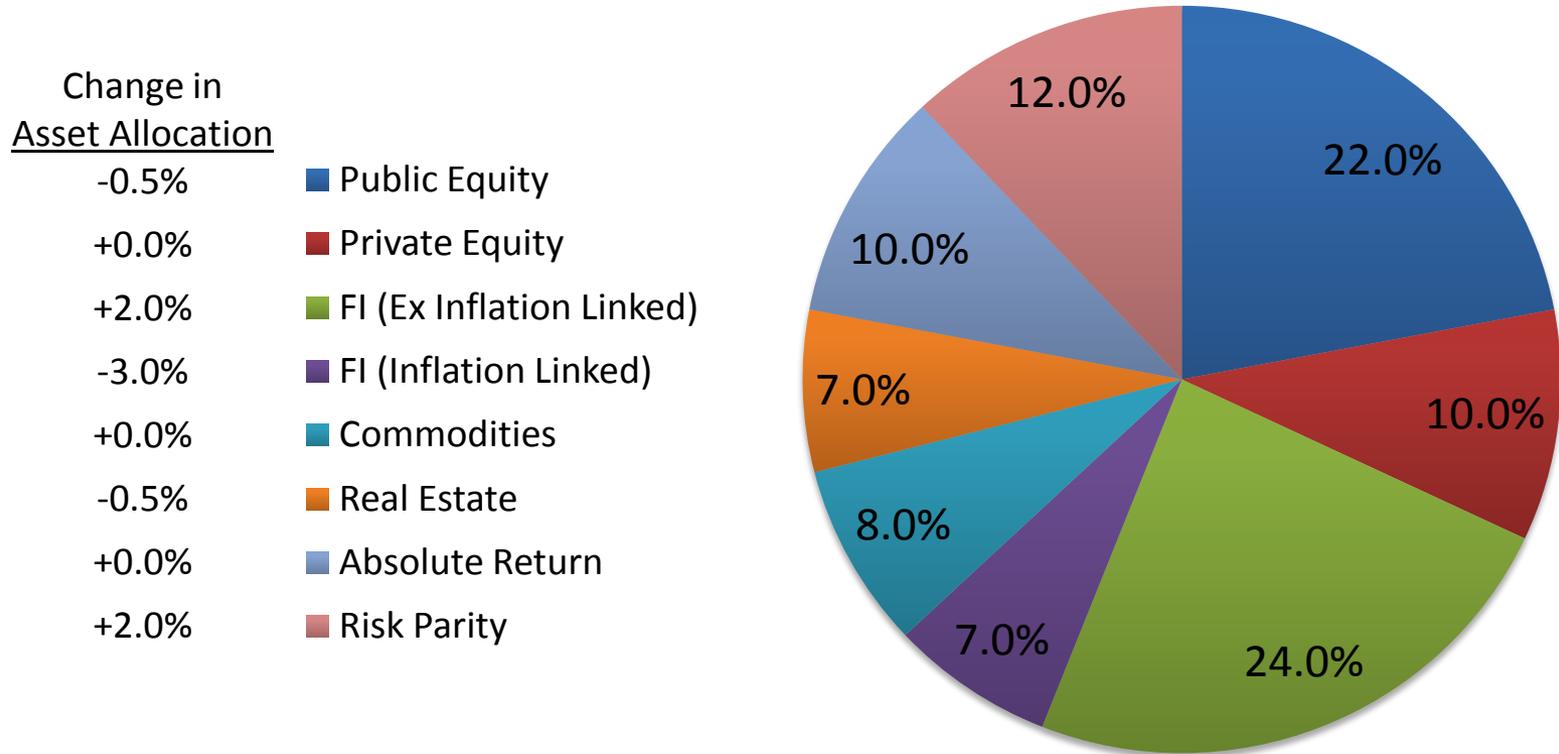
# Defined Benefit Performance vs. Benchmarks



# Defined Benefit Performance vs. 6.75% Objective



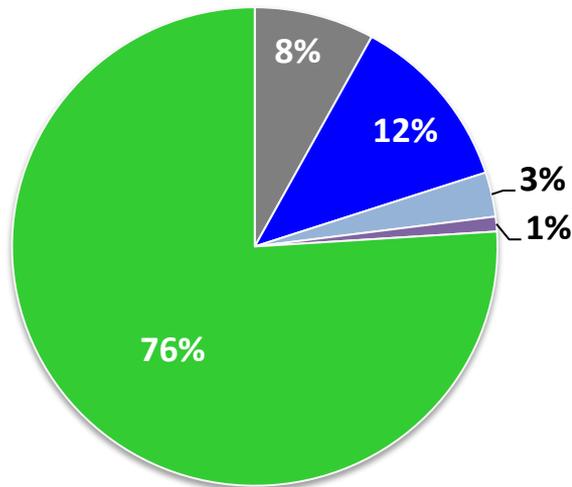
# FY2015 Asset-Liability Study: Minimal Asset Allocation Changes



# Annuity Savings Account (ASA) Fund Allocation

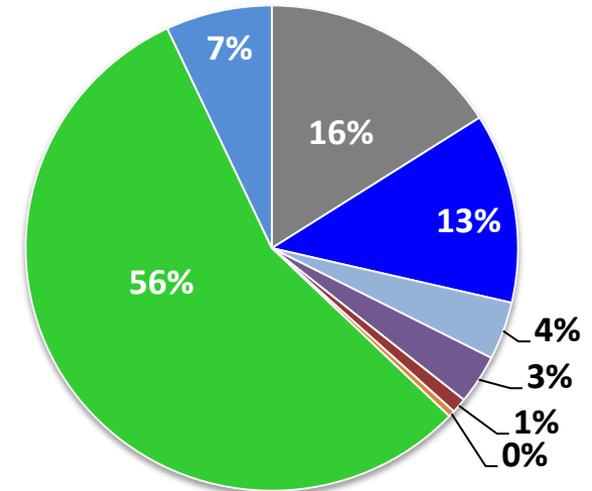
2007

- Large Cap Equity Fund
- Small Cap Equity Fund
- Int'l Equity Fund
- Fixed Income Ex-Inflation Linked
- Guaranteed Fund



2015

- Large Cap Equity Fund
- Small Cap Equity Fund
- Int'l Equity Fund
- Fixed Income Inflation-Linked
- Guaranteed Fund
- Fixed Income Ex-Inflation Linked
- Money Market Fund
- Target Date



# Sudan and Terror States Divestment Update 2015

- ✓ 15 publically traded companies, representing less than 0.06% of INPRS' assets are on-track for divestment per legislative mandate

*INPRS continues to be in full compliance with the Sudan and Terror States Divestment legislation*

# Liabilities - A Year in Review

- INPRS completed an Actuarial Experience Study during FY15
- Experience Studies are typically completed every 4-5 years
- What is an Actuarial Experience Study?
  - Compares most recent actual experience to assumed experience
  - Results are used to determine if a change in actuarial assumptions is warranted

## Major Economic Assumptions

- Inflation
- Expected Asset Rate of Return
- Cost of Living Increases

## Major Demographic Assumptions

- Salary Growth
- Mortality
- Retirement
- Withdrawal
- Disability
- Marriage
- Beneficiary Age

# Major Economic Assumptions

- Long Term Rate of Return Assumption maintained at 6.75%
- Assumed inflation was reduced from 3% to 2.25%
  - In recent years, inflation has averaged 2.00 – 2.25%
  - Bond markets have priced in a 2% inflation expectation
  - Fed monetary policy targets 2% inflation
  - 6.75% Asset Rate of Return Assumption built upon a core inflation assumption of 2.1%
- PERF and TRF COLA assumption maintained at 1%

# Mortality

- In October 2014, the Society of Actuaries (SOA) released new “RP-2014” tables, however their data excluded public employees
  - Validated that mortality patterns vary by gender and occupation
  - Established that people were living about 2 years longer
  - SOA also published estimates of future mortality improvements
- INPRS examined actual mortality experience for PERF and TRF
  - Validated that PERF mortality closely matches RP-2014 Total Data Set
  - Validated that TRF mortality closely matches RP-2014 White Collar Data Set

<u>Assumed Life Expectancy</u>	Female		Male	
	60 Year Old		60 Year Old	
	Before	After	Before	After
Teacher	85.4	88.2	83.8	86.9
Public Employee	85.4	87.1	83.8	85.3
Public Safety	85.4	86.5	83.8	84.2

# Changes in INPRS Unfunded Liability 6/30/15 vs. 6/30/14

## \$ In Millions

<b>INPRS Unfunded Liability- 6/30/14</b>	<b>\$14,295.5</b>
Impact of 2015 Experience Study:	
<i>Increased Mortality</i>	1,910.0
<i>Lower Inflation Assumption/Other</i>	(457.9)
13th Check vs. COLA - PERF & TRF	(109.7)
Low Investment Return	367.3
All Other	(60.1) <sup>1</sup>
<b>INPRS Unfunded Liability- 6/30/15</b>	<b>\$15,945.1</b>

<sup>1</sup> Includes demographic gains/losses, lower COLA in the Judges & 1977 Fund, and contributions toward the unfunded liability.

# Estimated Funded Status as of June 30, 2015

\$ in Millions

Defined Benefit Retirement Plans	Actuarial Value of Assets Funded Status as of June 30, 2015				Actuarial Value of Assets Funded Status as of June 30, 2014			
	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Status	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Status
PERF	\$ 17,980.7	\$ 14,132.5	\$ 3,848.2	78.6%	\$ 16,732.2	\$ 13,791.3	\$ 2,940.9	82.4%
TRF 1996 Account	5,905.0	5,460.6	444.4	92.5%	5,237.0	5,035.2	\$ 201.8	96.1%
1977 Fund	4,680.4	4,939.2	(258.8)	105.5%	4,707.0	4,625.5	\$ 81.5	98.3%
Judges	468.9	447.5	21.4	95.4%	464.9	419.6	\$ 45.3	90.3%
EG&C Plan	132.8	112.8	20.0	84.9%	123.6	107.6	\$ 16.0	87.0%
PARF	77.9	54.8	23.1	70.3%	65.3	52.9	\$ 12.4	81.0%
LEDB Plan	4.3	3.3	1.0	76.7%	4.2	3.5	\$ 0.7	83.1%
<b>Aggregate Pre-Funded Plans</b>	<b>\$ 29,250.0</b>	<b>\$ 25,150.7</b>	<b>\$ 4,099.3</b>	<b>86.0%</b>	<b>\$ 27,334.2</b>	<b>\$ 24,035.6</b>	<b>\$ 3,298.6</b>	<b>87.9%</b>
TRF Pre-1996 Account (Pay-As-You-Go)	17,017.3	5,171.1	11,846.2	30.4%	16,355.2	5,358.3	10,996.9	32.8%
<b>Aggregate All INPRS Plans</b>	<b>\$ 46,267.3</b>	<b>\$ 30,321.8</b>	<b>\$ 15,945.5</b>	<b>65.5%</b>	<b>\$ 43,689.4</b>	<b>\$ 29,393.9</b>	<b>\$ 14,295.5</b>	<b>67.3%</b>

# FY15 Performance Scorecard

## Portfolio Performance

DB - Defined Benefit Rate of Return		
DB - Sharpe Ratio		
ASA - Rate of Return		

## Financial Health

Funded Status -- Prefunded plans		
Actuarial Determined Contribution (ADC)		
Employer Contributions		
Liquidity		
Cost per Member		
Performance to Budget		

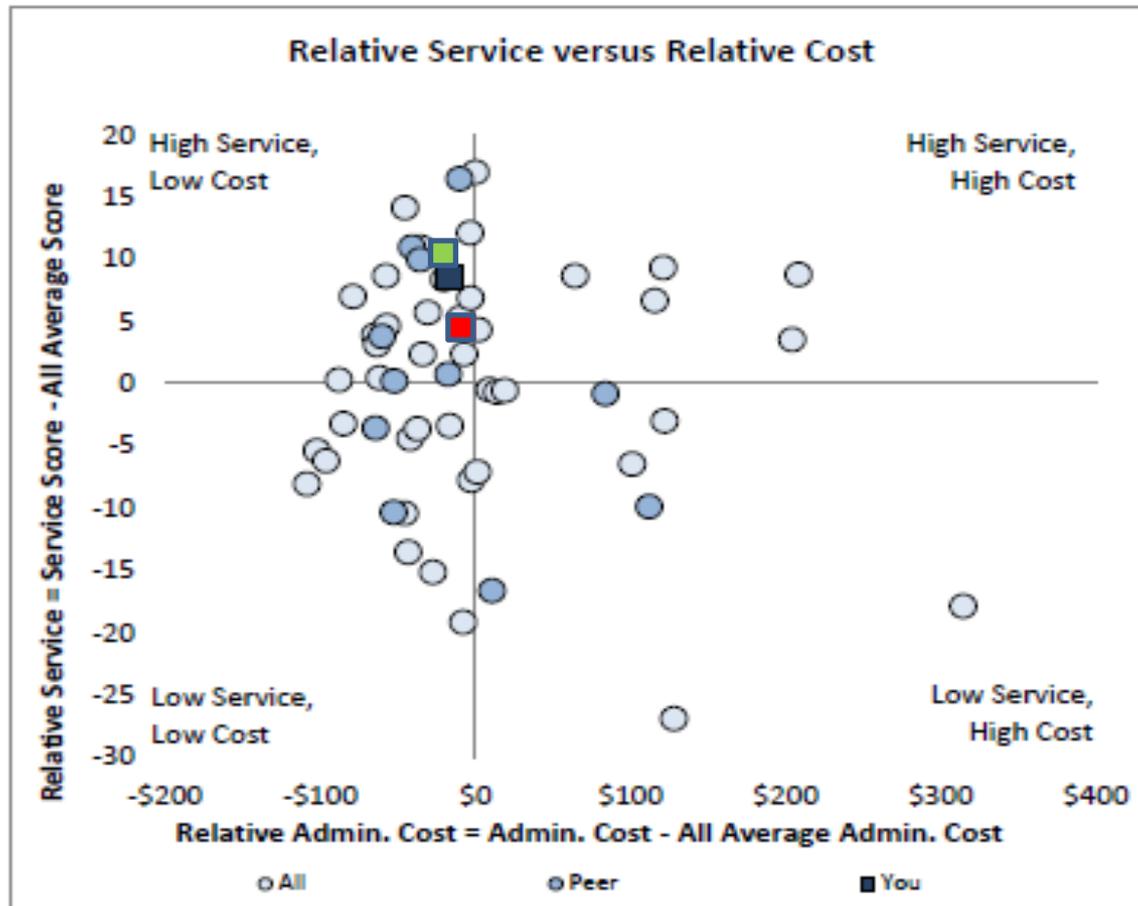
## Customer Service

Member and Employer Satisfaction		
Member and Employer Dissatisfaction		
Benchmark Service Score		
Cash Distributions on Time		
Customer Complaints		

## Operational Excellence

System Availability		
Strategic Plan Implementation Status		
Overall Plan Compliance		
Employee Engagement		

# INPRS Is Higher In Service / Lower In Cost Relative To Other Public Pension Plans



- Est. FY15
- FY14
- FY13

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# FY15 Strategic Plan Accomplishments

INPRS Three-Year Strategic Plan available on the INPRS website

[www.in.gov/inprs](http://www.in.gov/inprs) under Publications

- Completed 100% of our 67 annual key operational requirements
  - Maintained or improved service levels while absorbing a 30% increase in retirements
- Completed or on track with 87% of 38 long-term strategic objectives
  - Improved Call Center performance
  - Implemented a Quality Management program
  - Issued RFP for recordkeeping and ASA annuities
  - Updated defined benefit asset allocation
  - Completed Actuarial Experience Study

# FY16 – FY18 INPRS Initiatives

## Top FY16 Tactical Priorities

- Implement legislative changes
- Improve website satisfaction
- Complete ASA recordkeeping and annuity RFP
- Enhance data integrity and security
- Implement asset allocation changes resulting from most recent asset liability study

## Top FY16 – FY18 Strategic Priorities

- Optimize member and employer service delivery model  
(Custodian - Benefit Payroll - ASA Record Keeping - ASA Annuity – Call Center – Website)
- Assess internal investment management
- Increase online self-service capabilities

# Optional ASA Only Plan Update

- 2011 SEA524 created an optional ASA Only plan for first time newly hired State of Indiana PERF eligible employees
  - Employee contributes 3% (same as PERF Hybrid plan & by statute, state picks up the contribution)
  - State contributes the same as the PERF DB contribution rate (currently 11.2%)
    - Employee receives at least 3% and not greater than the actuarial normal cost of the PERF DB plan (currently 4.6%)
    - The amount not credited to the member is applied to the PERF DB unfunded liability (currently 6.6%)
- IRS approval received in October, 2012 and plan went live on March 1, 2013
- Between March 1, 2013 and June 30, 2015 (9,043 eligible new hires)
  - 81% (7,296) defaulted to the hybrid plan
  - 11% (988) proactively enrolled in the hybrid plan
  - 8% (759) proactively enrolled in the ASA Only Plan

# Teachers' Retirement Fund (TRF)

## Pre-1996 Account Update

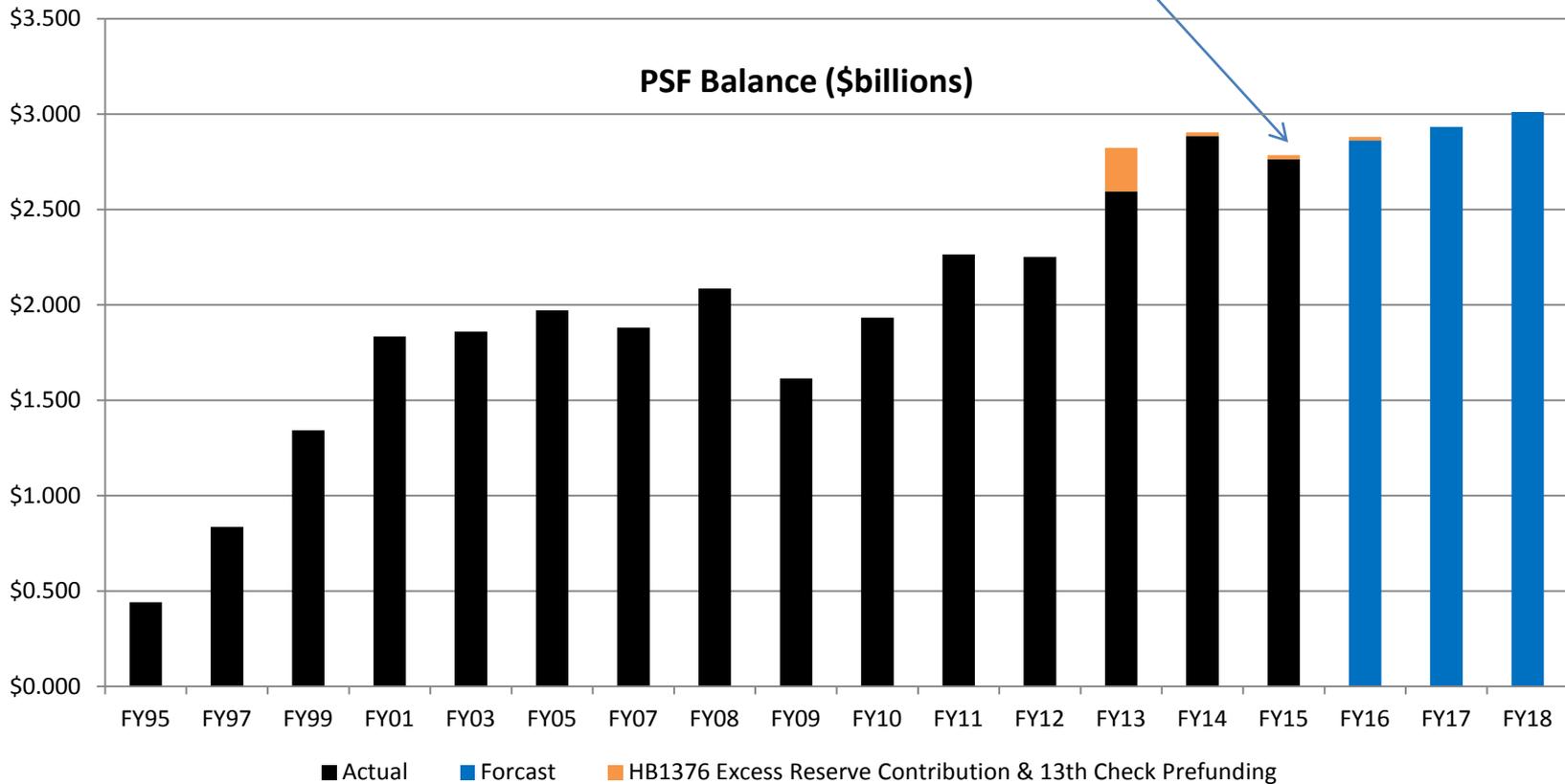
- 3% year-over-year appropriations growth for FY2016 – FY2018

<i>\$ Millions</i>	<b>Actual FY12</b>	<b>Actual FY13</b>	<b>Actual FY14</b>	<b>Actual FY15</b>	<b>Forecast<sup>1</sup> FY16</b>	<b>Forecast<sup>1</sup> FY17</b>	<b>Forecast<sup>1</sup> FY18</b>
<b>Total:</b>							
Benefit Payments	(\$823.9)	(\$873.4)	(\$916.7)	(\$972.8)	(\$960.1)	(\$993.2)	(\$1,023.4)
General Fund Appropriations	\$725.4	\$747.2	\$776.3	\$792.8	\$816.5	\$841.0	\$866.2
Amount Withdrawn from PSF	(\$98.5)	(\$126.2)	(\$140.4)	(\$180.0)	(\$143.6)	(\$152.2)	(\$157.2)
Lottery Transfer	\$30.0	\$30.0	\$30.0	\$32.5	\$30.0	\$30.0	\$30.0
Other Income	\$11.8	\$13.6	\$3.2	\$5.8	\$2.7	\$2.4	\$6.3
Investment Gains / (Losses)	\$43.7	\$142.5	\$376.8	\$0.8	\$186.6	\$193.0	\$198.0
13th Check Prefunding	-	\$19.6	\$19.3	\$20.3	\$20.3	-	-
State Excess Reserve Income	-	\$206.8	-	-	-	-	-
Closeout: COLA Reserve Account	-	\$58.7	-	-	-	-	-
PSF Balance	\$2,250.5	\$2,595.5	\$2,884.4	\$2,763.8	\$2,859.8	\$2,933.0	\$3,010.1

<sup>1</sup> Based on the 6/30/2014 Actuarial Valuation. FY16, FY17 and FY18 forecast benefit payments could change.

# TRF Pre-1996 Pension Stabilization Fund

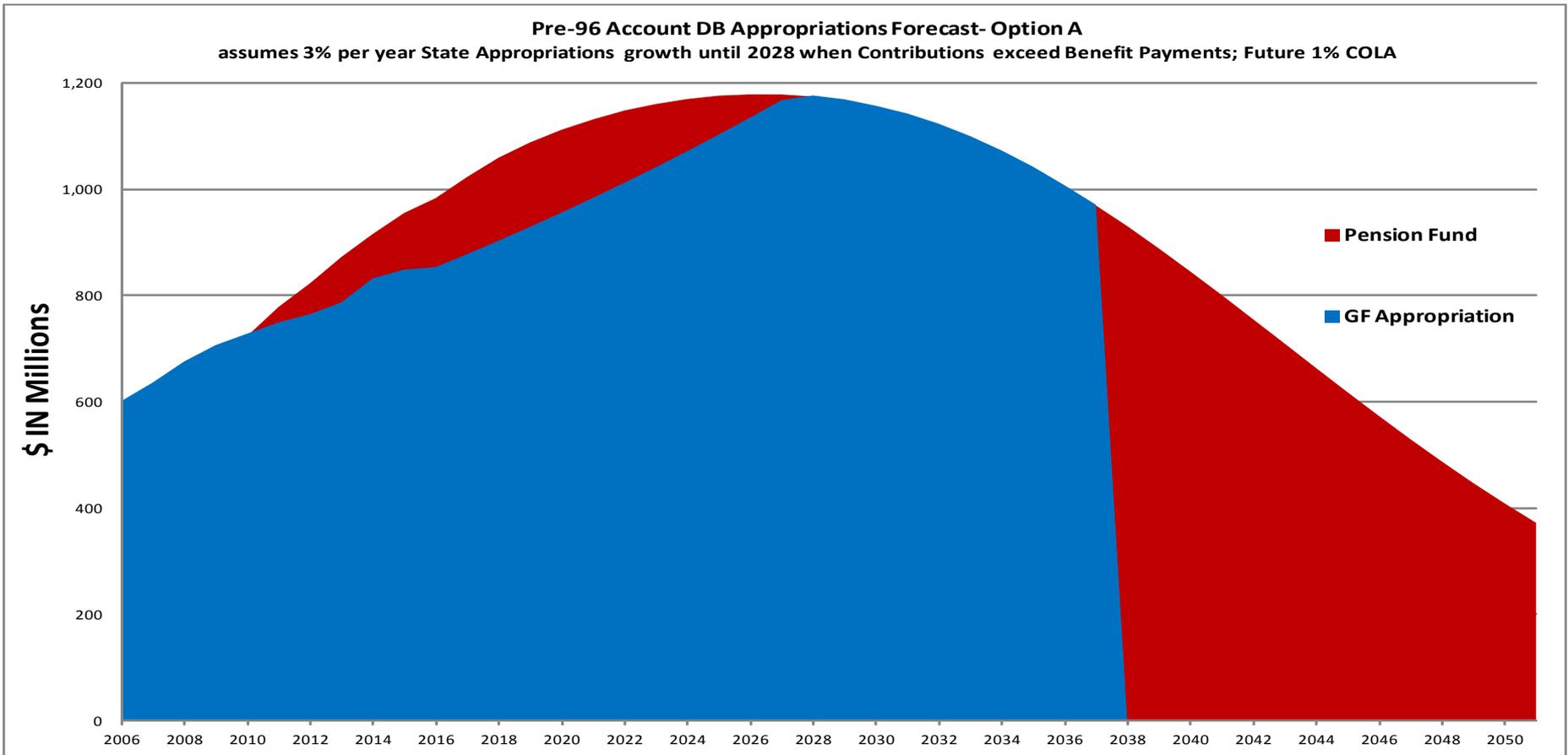
Balance as of June 30, 2015 = \$2.8B



# Long Term TRF Pre-'96 Funding Options

- While near term GF appropriations should maintain 3% growth, the legislature will have options in the future
  - Option A – Maintain 3% appropriations growth until 100% funded
  - Option B – Manage appropriations to maintain positive PSF balance

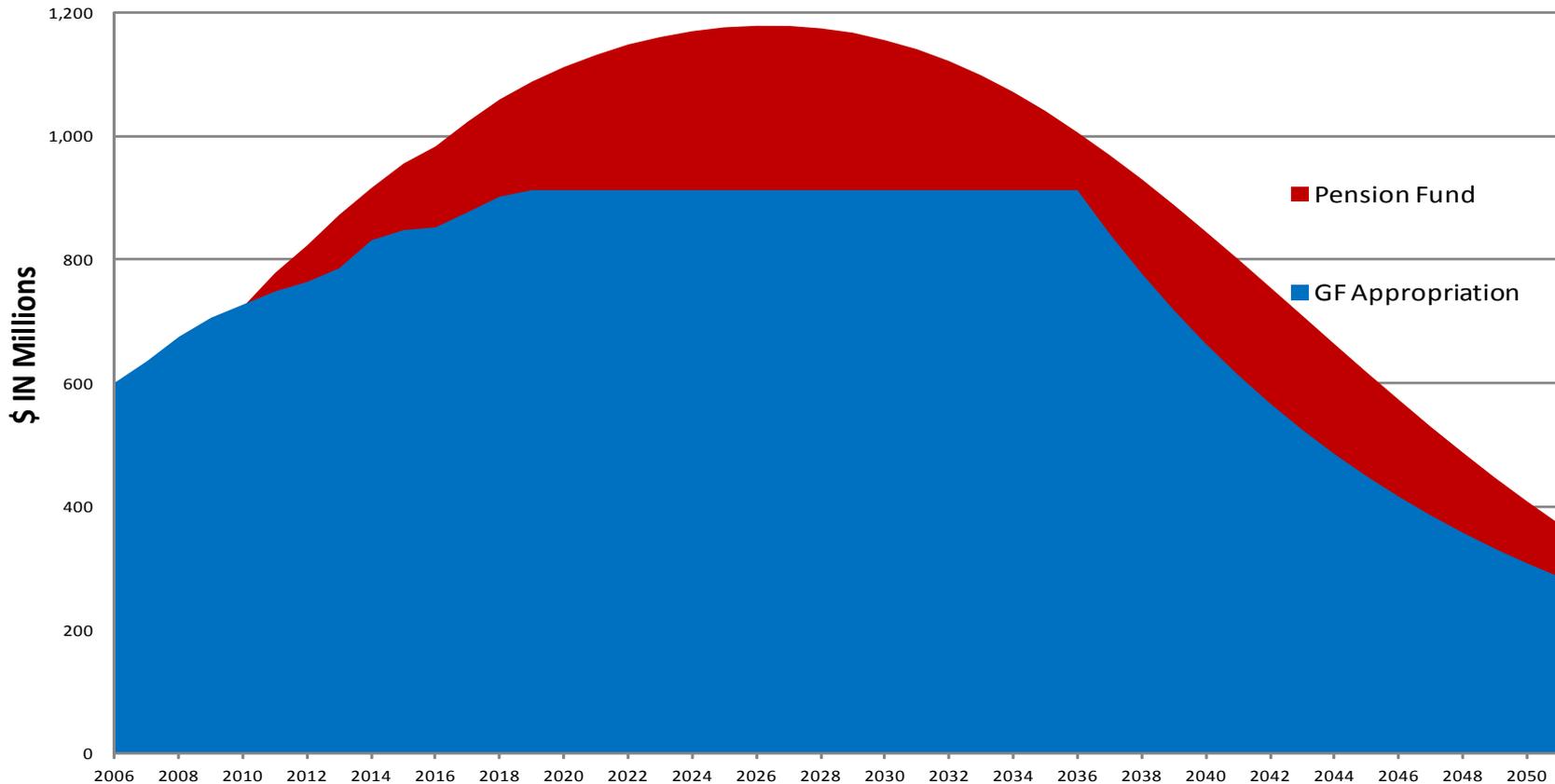
# Teachers' Retirement Fund (TRF) Pre-1996 Account Forecast\* – Option A



\* Based on the 6/30/2014 Actuarial Valuation adjusted for the impact of the experience study.

# Teachers' Retirement Fund (TRF) Pre-1996 Account Forecast\* – Option B

Pre-96 Account DB Appropriations Forecast- Option B  
 FY15-18: 3% Increase; FY19: 1.2% Increase; FY20-36: Flat; FY37-51: 8% Decrease; Future 1% COLA



\* Based on the 6/30/2014 Actuarial Valuation adjusted for the impact of the experience study.

# Pension Relief

Established in 1977 to help cities and towns with the costs of legacy police and firefighter retirement plans

*\$ in millions*

	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Forecast	FY2017 Forecast	FY2018 Forecast
<b><i>Additions</i></b>								
General Fund Appropriation (State)		\$ 131.0	\$ 180.0	\$ 145.0	\$ 175.0	\$ 155.0	\$ 160.0	\$ 150.0
Lottery (State)		30.0	30.0	30.0	32.5	30.0	30.0	30.0
Cigarette Tax (State)		24.3	24.7	23.8	23.4	23.5	23.5	23.5
Alcohol Tax (State)		3.3	3.4	3.4	3.6	3.7	3.7	3.7
Public Deposit Insurance Fund (PDIF)		1.4	0.5	0.2	0.0	0.0	0.0	0.0
Investment Income		0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>Total Additions</b>		<b>\$ 190.1</b>	<b>\$ 238.7</b>	<b>\$ 202.5</b>	<b>\$ 234.6</b>	<b>\$ 212.3</b>	<b>\$ 217.3</b>	<b>\$ 207.3</b>
<b><i>Deductions</i></b>								
Pension Relief Distributions		\$ 224.2	\$ 219.8	\$ 219.4	\$ 217.7	\$ 215.6	\$ 214.9	\$ 213.7
Death Benefits		0.1	0.3	0.3	0.6	0.3	0.3	0.3
Other (Local Unit Withdrawals & Admin. Expenses)		0.3	0.4	2.2	0.5	0.2	0.2	0.2
<b>Total Deductions</b>		<b>\$ 224.6</b>	<b>\$ 220.5</b>	<b>\$ 221.9</b>	<b>\$ 218.8</b>	<b>\$ 216.1</b>	<b>\$ 215.4</b>	<b>\$ 214.2</b>
<b>Pension Relief Fund Balance</b>	<b>\$ 52.9</b>	<b>\$ 18.4</b>	<b>\$ 36.6</b>	<b>\$ 17.2</b>	<b>\$ 33.0</b>	<b>\$ 29.2</b>	<b>\$ 31.1</b>	<b>\$ 24.2</b>
Memo: Local Unit Balances	\$ 4.8	\$ 4.5	\$ 4.2	\$ 2.1	\$ 1.6	\$ 1.5	\$ 1.5	\$ 1.5

# PERF / TRF COLAs & Thirteenth Checks

- COLAs are not free! (a one-time 1% PERF & TRF COLA = \$162M)
- “Thirteenth Checks” aren’t free either, but are cheaper than COLAs (\$52M)
- Actuaries factor in ad-hoc COLAs based upon historical experience. The actuaries currently assume a 1% annual COLA. Each 1% of COLA equals
  - Approximately \$2.4B of PERF/TRF liabilities
  - 3.8 percentage point change in funding ratio
  - 1.92 and 1.36 percentage points of the PERF and TRF contribution rates respectively
- When the General Assembly grants a COLA / 13<sup>th</sup> Check, there is a cost to both state and local units of government including schools
  - For all but the TRF Pre-96 account, COLAs are funded by the employer as part of their contribution rate (1% COLA = \$69.3M, 13<sup>th</sup> Check = \$31.2M)
  - For the TRF Pre-96 account, COLAs and thirteenth checks are funded directly from the state general fund (1% COLA = \$92.3M, 13<sup>th</sup> Check = \$20.7M)

# National Trends

- Funding levels are generally improving, but experience varies among plans
- Liability growth rates remain low due to tepid hiring and salary growth
- Assumptions for inflation and investment returns have decreased
- Costs have risen and will remain high for some plans, however state and local government spending for pensions has stabilized at 3.9% expenditures
- Plans in IL, NJ, and PA remain in search of reform
- The pace of pension reforms has slowed considerably
- Much of the action has shifted from the statehouses to the courthouses

# 2015 General Assembly Summary

## INPRS implementation on track

Three bills requested by INPRS

- HB1109 – Payment of Monthly Pension Benefits
- HB1150 – '77 Fund Technical Corrections
- SB283 – Amortization of Unfunded Liabilities

Six other bills

- HB1001 – State Biennial Budget
- HB1080 – EMS Provider Death Benefits
- HB1104 – State Board of Account Examinations
- HB1466 – Various Pension Matters
  - Soft Freeze employers very collaborative and cooperative with INPRS
  - ASA Only expansion to PERF local units is complex, but on-track
- SJR19 – Balanced Budget Amendment
- SB265 – Purchase of '77 Fund Service Credit

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# INPRS Requests For PMOC Consideration

# HEA 1466 PERF ASA Only Expansion Clean-Up

- HEA1466 does not completely address what happens when a member terminates from one PERF political subdivision and is subsequently rehired by another PERF political subdivision
- INPRS board will be adopting Indiana Administrative Code (IAC) to fill in the gaps
- INPRS requests PMOC review of IAC changes at a future PMOC meeting

# Guaranteed Fund Review

- There are alternatives to the Guaranteed Fund that may provide better risk adjusted returns to the member while mitigating risk to the PERF and TRF DB plans

PERF/TRF Guaranteed Fund

FY15 Crediting Rate = 0.46%

Stable Value Funds

Market 1-yr trailing returns in the 1.75% - 2.00% range

Money Market Fund

INPRS 1-yr trailing return = 0.09%

- 2008 financial crisis created a shortage of Stable Value Fund capacity, however capacity is slowly returning to the market. The market still may not be able to absorb a one-time conversion of all Guaranteed Fund monies (\$2.9B)
- The existence of the Guaranteed Fund has implications to how ASA administrative expenses are charged to member accounts and to how the IRS classifies the ASA accounts
- INPRS requests legislative review of the Guaranteed Fund

# Inactive Non-vested PERF/TRF ASA Accounts

- IC 5-10.2-3-5 establishes that inactive non-vested members of PERF and TRF suspend membership after 5 years of continuous inactive service or after 2 years if their ASA balance is less than \$1,000
- IC 5-10.2-3-6 establishes that if the member does not claim their ASA money within 5 years after suspension, the monies shall be credited to the retirement fund. The fund retains the monies until the member claims them, with no interest after the monies are credited to the fund
- In FY15, 2,715 accounts totaling \$7.9M were credited to the retirement fund
- Administering these provisions is burdensome and is not consistent with Defined Contribution industry standard practices
- INPRS requests legislative review of these provisions

# Special Death Benefit – Technical Change

## 2015 HEA1080

- Provides a public safety officer special death benefit to an emergency service provider who after June 30, 2015 dies as a direct result from the provider's performance of duties under contract to the provider's employer, if the employer purchases coverage at \$100 per year, payable quarterly to INPRS.
- INPRS requests that the "payable quarterly" be changed to "payable annually".

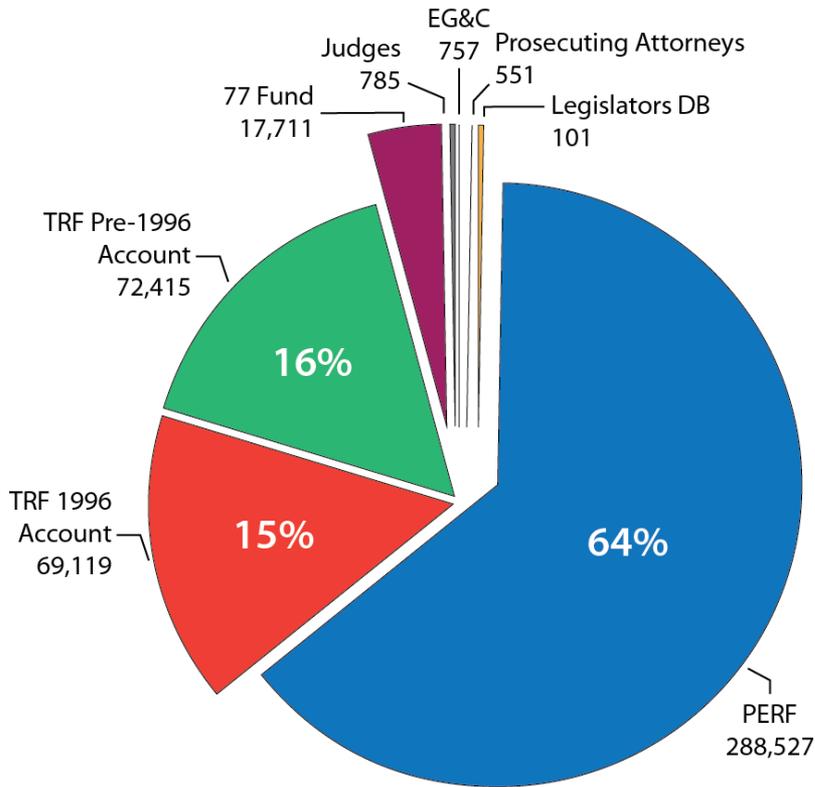
# APPENDIX

# Overview – Member Demographics

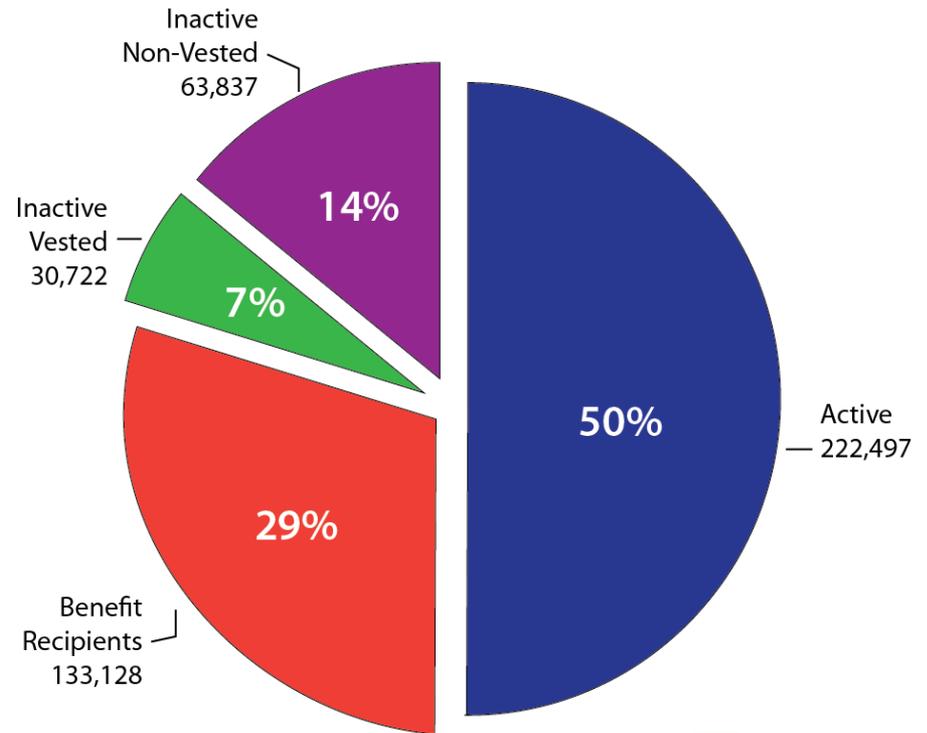
(as of June 30, 2014)

## 450,000 + Members

### Members By Fund



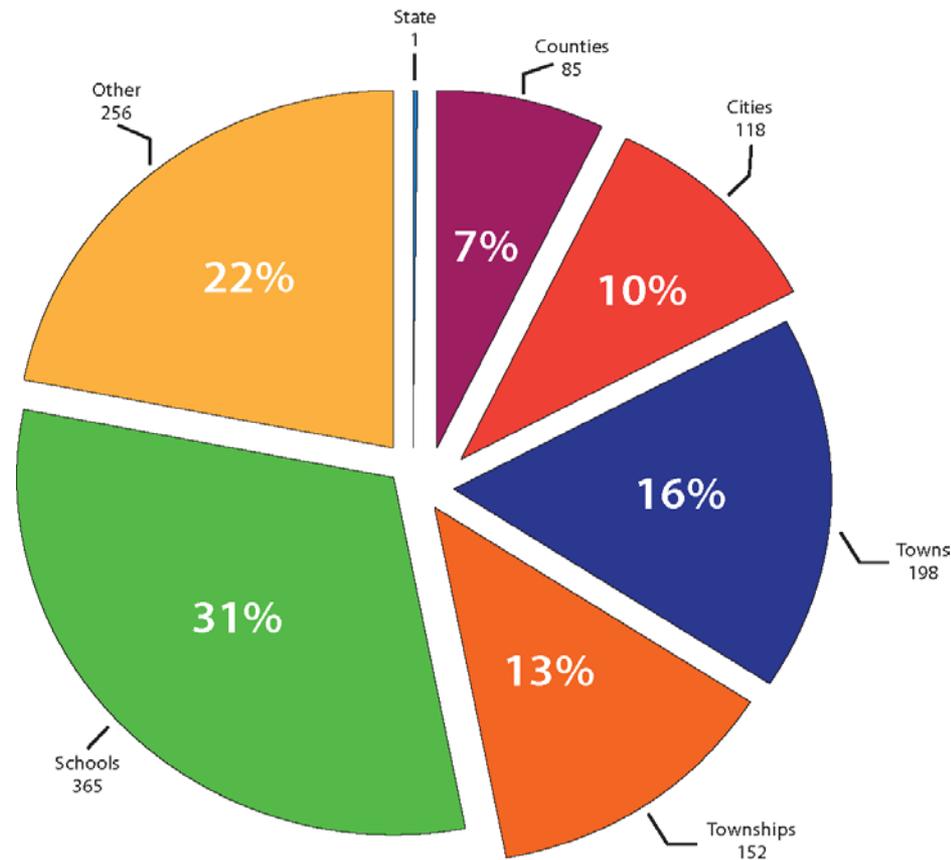
### Members By Status



# Overview – Employer Demographics

(as of June 30, 2014)

## 1,100+ Employers



# Where does the money come from?

## Indiana Pension Receipts 1993 - 2012

Employers: 48%

Investment Earnings: 35%

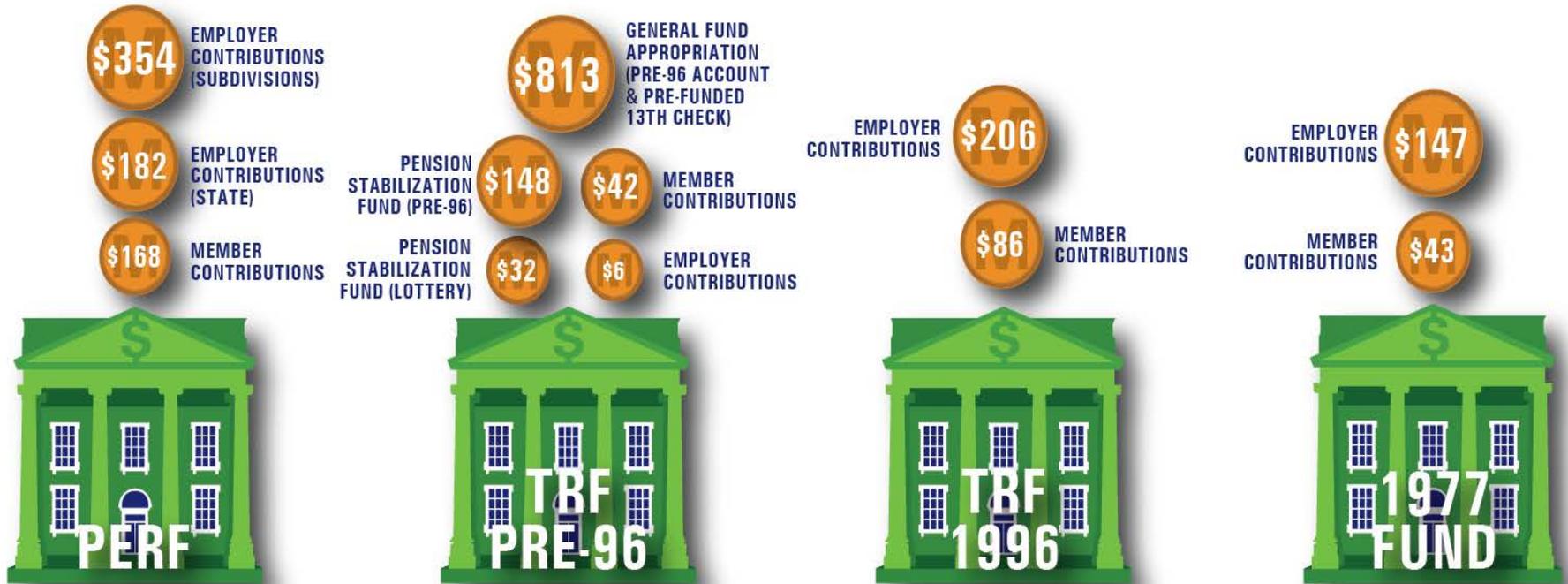
Employees:  
17%



Source: National Institute On Retirement Security - Pensionomics 2014

# INPRS' Contribution Sources – FY 2015

104.5% of Actuarial Determined Contributions (ADC) Paid in FY15\*



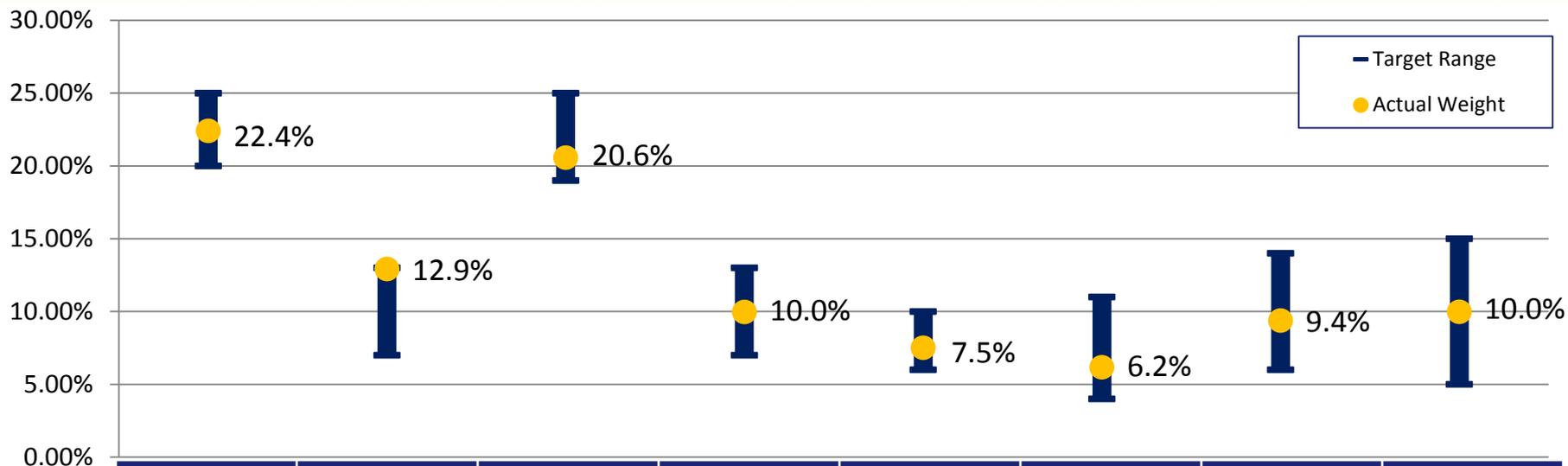
\* Estimate pending final actuarial analysis

# INPRS' Contribution Sources – FY 2015



# Asset Allocation & Performance

## As of 6/30/15



	Public Equity	Private Equity	Fixed Income (Ex Inflation-Linked)	Fixed Income (Inflation-Linked)	Commodities	Real Estate	Absolute Return	Risk Parity
1 Year Return	2.39%	12.55%	1.54%	-0.09%	-30.33%	11.46%	3.82%	-3.14%
3 Year Return	14.01%	14.58%	3.00%	0.49%	-9.10%	11.81%	6.99%	4.02%
5 Year Return	12.89%	14.86%	4.43%	4.21%	-3.09%	12.62%	5.74%	
10 Year Return		11.24%	5.21%	4.59%				

# INPRS' Return Projections

	INPRS' Target Weight <sup>1</sup>	Projected 10-yr Returns <sup>2</sup> (June 30, 2015)
U.S. Inflation		2.1%
U.S. Large Cap Stock	10.3%	5.7%
U.S. Small Cap Stock	0.9%	4.7%
Int'l Developed Mkt Stock	8.4%	9.5%
Emerging Mkt Stock	2.4%	11.5%
Private Equity	10.0%	7.7%
Fixed Income	24.0%	4.2%
Inflation-Linked Bonds (TIPS)	7.0%	2.6%
Commodities	8.0%	4.1%
Real Estate	7.0%	5.1%
Hedge Funds	10.0%	6.0%
Risk Parity	12.0%	7.1%
<b>10-yr Projected Return</b>		<b>6.44%</b>
<b>30-yr Projected Return</b>		<b>6.57 – 6.87%</b>

<sup>1</sup>Approved at the June 2015 INPRS Board meeting.

<sup>2</sup>Source: Verus. Annualized, geometric returns. Due to the historically low interest rates and slow growth across the globe, expectations have been lowered.

# ASA Performance (Net of Fees)

## As of June 30, 2015

	Market Value (\$ million)	% of ASA	1 Year	3 Year	5 Year <sup>1</sup>
<b>Large Cap Equity Index Fund</b> <i>S&amp;P 500 Index</i>	844	15.9	7.39 <i>7.42</i>	17.30 <i>17.31</i>	17.36 <i>17.34</i>
<b>Small/Mid Cap Equity Fund</b> <i>Russell Small Cap Completeness Index</i>	671	12.7	4.82 <i>6.09</i>	18.22 <i>19.20</i>	17.53 <i>18.03</i>
<b>International Equity Fund</b> <i>MSCI ACWI ex US</i>	209	3.9	-3.25 <i>-5.26</i>	10.57 <i>9.44</i>	8.65 <i>7.76</i>
<b>Fixed Income Fund</b> <i>Barclays Aggregate</i>	171	3.2	1.33 <i>1.86</i>	2.30 <i>1.83</i>	3.87 <i>3.35</i>
<b>Inflation Linked Fixed Income Fund</b> <i>Barclays US TIPS Index</i>	33	0.6	-1.76 <i>-1.73</i>	-0.54 <i>-0.76</i>	3.17 <i>3.29</i>
<b>Stable Value Fund<sup>2</sup></b> <i>Citi 3 Month T-Bill Index</i>	1	0.0	1.34 <i>0.02</i>	2.67 <i>0.05</i>	2.90 <i>0.06</i>
<b>Money Market Fund</b> <i>Citi 3 Month T-Bill Index</i>	23	0.4	0.09 <i>0.02</i>	0.10 <i>0.05</i>	0.16 <i>0.06</i>
<b>Guaranteed Fund<sup>3</sup></b>	2,991	56.4	0.32	0.28	0.89
<b>Defined Benefit Pool<sup>4</sup></b> <i>Combined PERF TRF BM</i>	9	0.2	0.20 <i>0.05</i>	6.49 <i>6.30</i>	7.73 <i>7.47</i>
<b>Target Date Funds<sup>5</sup></b>	348	6.6			
<b>TOTAL ASA ASSETS<sup>6</sup></b>	<b>5,301</b>	<b>100.0</b>			

<sup>1</sup>All returns are hypothetical composite returns, with the exception of the Stable Value Fund and Defined Benefit, which are actual. <sup>2</sup>Not available as a stand-alone option in the PERF & TRF ASA, but is a component of the target date funds. <sup>3</sup>Guaranteed Fund assets are invested in short duration fixed income. <sup>4</sup>Not available as a stand-alone option in the PERF & TRF ASA. <sup>5</sup>Returns and indices are on the Target Date Funds Performance slide. <sup>6</sup>Total assets in the PERF, TRF and LE plans.

# Target Date Funds Performance (Net of Fees) As of June 30, 2015<sup>1</sup>

	Market Value (\$ million)	% of Target Date Funds	1 Year	3 Year	5 Year
<b>2060 Fund</b> <i>2060 Fund Index</i>	<b>0</b>	<b>0.0</b>	<b>1.17</b> <i>0.66</i>	<b>10.24</b> <i>9.62</i>	<b>10.33</b> <i>9.61</i>
<b>2055 Fund</b> <i>2055 Fund Index</i>	<b>35</b>	<b>10.0</b>	<b>1.25</b> <i>0.66</i>	<b>10.10</b> <i>9.57</i>	<b>10.01</b> <i>9.52</i>
<b>2050 Fund</b> <i>2050 Fund Index</i>	<b>43</b>	<b>12.5</b>	<b>1.25</b> <i>0.66</i>	<b>10.11</b> <i>9.57</i>	<b>10.02</b> <i>9.52</i>
<b>2045 Fund</b> <i>2045 Fund Index</i>	<b>30</b>	<b>8.6</b>	<b>1.25</b> <i>0.66</i>	<b>10.11</b> <i>9.57</i>	<b>10.03</b> <i>9.52</i>
<b>2040 Fund</b> <i>2040 Fund Index</i>	<b>31</b>	<b>8.8</b>	<b>1.25</b> <i>0.66</i>	<b>10.11</b> <i>9.57</i>	<b>10.02</b> <i>9.52</i>
<b>2035 Fund</b> <i>2035 Fund Index</i>	<b>37</b>	<b>10.7</b>	<b>1.31</b> <i>0.82</i>	<b>9.93</b> <i>9.44</i>	<b>9.92</b> <i>9.45</i>
<b>2030 Fund</b> <i>2030 Fund Index</i>	<b>39</b>	<b>11.2</b>	<b>1.07</b> <i>0.82</i>	<b>8.58</b> <i>8.11</i>	<b>9.10</b> <i>8.65</i>
<b>2025 Fund</b> <i>2025 Fund Index</i>	<b>48</b>	<b>13.8</b>	<b>1.02</b> <i>0.85</i>	<b>6.41</b> <i>5.86</i>	<b>7.52</b> <i>6.99</i>
<b>2020 Fund</b> <i>2020 Fund Index</i>	<b>57</b>	<b>16.4</b>	<b>0.83</b> <i>0.63</i>	<b>4.79</b> <i>4.10</i>	<b>6.21</b> <i>5.52</i>
<b>Retirement Fund</b> <i>Retirement Fund Index</i>	<b>28</b>	<b>8.0</b>	<b>0.51</b> <i>0.26</i>	<b>2.71</b> <i>1.75</i>	<b>4.41</b> <i>3.40</i>
<b>TOTAL TARGET DATE FUNDS</b>	<b>348</b>	<b>100.0</b>			

<sup>1</sup>The assets in the PERF, TRF and LE plans were merged on 4/1/2013. Prior to 4/1/2013, all data presented is calculated from manager composite performance.

# Sudan and Terror States Divestment

## HEA 1067 (Sudan Divestment)

If a company continues to have scrutinized active business operations 90 days after the Fund first sends written notice to the company, the Fund shall sell, redeem, divest, or withdraw all publicly traded securities of the company that are held by the Fund, as follows:

- At least 50% in 9 months
- 100% in 15 months.

## HEA 1547 (Terror States Divestment)

If a company continues to have scrutinized active business operations 180 days after the Fund first sends written notice to the company, the Fund shall sell, redeem, divest, or withdraw all publicly traded securities of the company that are held by the Fund, as follows:

- At least 50% in 3 years
- At least 75% in 4 years
- 100% in 5 years

# Sudan and Terror States Divestment Update 2015

## HEA 1067 (Sudan Divestment)

INPRS holds no securities on the Sudan Restricted List.

## HEA 1547 (Terror States Divestment)

Companies Still on List from 2011 - Need to be 50% divested by May 16, 2014, 75% divested by May 16, 2015 and 100% divested by May 16, 2016		
Asset Description	Market Value	% of INPRS Total Market Value
ETABLISSEMENTS MAUREL ET PROM	\$ 3,149	0.00%
ROYAL DUTCH SHELL PLC	\$ 474,517	0.00%
Companies Still on List from 1/1/2013 - Need to be 50% divested by April, 15 2016, 75% divested by April 15, 2017 and 100% divested by April 15, 2018 Total		
Asset Description	Market Value	% of INPRS Total Market Value
MITSUBISHI CORP	\$ 4,772,894	0.02%
MITSUBISHI CORP	\$ 218,848	0.00%
BP PLC	\$ 3,026,677	0.01%
COSMO OIL CO LTD	\$ 32,447	0.00%
DUNDEE CORPORATION	\$ 9,985	0.00%
ENI SPA	\$ 1,198,807	0.00%
JX HOLDINGS INC	\$ 248,802	0.00%
MITSUBISHI CORP	\$ 785,067	0.00%
SHOWA SHELL SEKIYU KK	\$ 43,254	0.00%
Companies New to List as of 1/1/2014 - Need to be 50% divested by April, 15 2017, 75% divested by April 15, 2018 and 100% divested by April 15, 2019 Total		
Asset Description	Market Value	% of INPRS Total Market Value
TELEFONAKTIEBOLAGET LM ERICSSO	\$ 2,733,568	0.01%
OUTOTEC OYJ	\$ 23,524	0.00%
TELEFONAKTIEBOLAGET LM ERICSSO	\$ 870,227	0.00%
Companies New to List as of 1/1/2015 - Need to be 50% divested by April, 15 2018, 75% divested by April 15, 2019 and 100% divested by April 15, 2020 Total		
Asset Description	Market Value	% of INPRS Total Market Value
NOKIA OYJ	\$ 707,719	0.00%

# COLAs

	<u>Ad-Hoc</u>	<u>Auto</u>
PERF	✓	
TRF	✓	
'77 Police & Fire		✓
Judges		✓
Excise, Gaming & Conservation Officers	✓	
Prosecuting Attorneys	✓	
Legislators DB	✓	
Legislators DC		N/A

# Auto COLA History

## 1977 Police and Fire (CPI, Max. 3%)

<u>7/1/2005</u>	<u>7/1/2006</u>	<u>7/1/2007</u>	<u>7/1/2008</u>	<u>7/1/2009</u>	<u>7/1/2010</u>	<u>7/1/2011</u>	<u>7/1/2012</u>	<u>7/1/2013</u>	<u>7/1/2014</u>	<u>7/1/2015</u>
3.0%	3.0%	2.4%	3.0%	0.0%	2.4%	2.1%	2.8%	1.7%	1.4%	0.0%

## Judges '77 System (Whenever salary of the position changes)

<u>7/1/2005</u>	<u>7/1/2006</u>	<u>7/1/2007</u>	<u>7/1/2008</u>	<u>7/1/2009</u>	<u>7/1/2010</u>	<u>7/1/2011</u>	<u>7/1/2012</u>	<u>7/1/2013</u>	<u>7/1/2014</u>	<u>7/1/2015</u>
1/1-0.5%	2.00%	7/1-4.0%	3.25%	0.0%	0.0%	1.3%	2.2%	3.1%	0.0%	2.2%
7/1-15.0%-22.0%		12/2-1.5%								

## Judges '85 System (Ad-Hoc before 2011, same as '77 system after 2010\*)

<u>7/1/2005</u>	<u>7/1/2006</u>	<u>7/1/2007</u>	<u>7/1/2008</u>	<u>7/1/2009</u>	<u>7/1/2010</u>	<u>7/1/2011</u>	<u>7/1/2012</u>	<u>7/1/2013</u>	<u>7/1/2014</u>	<u>7/1/2015</u>
0.0%	0.0%	0.0%	2.0%	2.0%	0.0%	1.3%	2.2%	3.1%	0.0%	2.2%

\*Only for members who retired after 12/31/09

# Public Employees' Retirement Fund (PERF)

## Fund Overview

As of June 30, 2015 (Estimate)

**MEMBERSHIP:** *Full-time employees of the state and political subdivisions that elect to participate*

**TYPE:** *Defined Benefit - Hybrid (Defined Benefit + Annuity Savings Account)*

**FUNDED RATIO:** *78.6% (Estimate)*

**UNFUNDED LIABILITY:** *\$3,848 M (Estimate)*

### BENEFITS<sup>1</sup>

Benefit Formula: *1.1% x Avg. High 5 Yr. Salary x Yrs. Service (plus ASA)*

Vesting: *DB - 10 years, ASA - Immediate*

Full Retirement Age: *65 w/ 10 years service, 60 w/ 15 years service, 55 - rule of 85*

Avg. Overall Annual Retiree Benefit (2014): *\$8,137 (ASA Annuitized)*

Actual	Projected Benefit Payments <sup>2</sup>			
	FY15	FY16	FY17	FY18
\$752M	\$771 M	\$825 M	\$872M	

### FUNDING SOURCES

Member Contribution: *3% salary to member ASA*

Employer Contribution (State): *Board Approved Rate (FY15 = 11.2%; FY16 = 11.2%)*

Employer Contribution (Subdivisions): *Board Approved Rate (FY15 = 11.1%; FY16 = 11.2%)*

Actual	Projected Contributions <sup>2</sup>			
	FY15	FY16	FY17	FY18
\$168 M	\$155 M	\$158 M	\$161 M	
\$182 M	\$194 M	\$197 M	\$201 M	
<u>\$354 M</u>	<u>\$385 M</u>	<u>\$392 M</u>	<u>\$398 M</u>	
<b>\$704 M</b>	<b>\$734 M</b>	<b>\$747 M</b>	<b>\$760 M</b>	

<sup>1</sup> Actual and Projected Benefit Payments include ASA Annuity payments

<sup>2</sup> Based on the 6/30/2014 Actuarial Valuation. FY16, FY17 and FY18 projected benefit payments as well as FY17 and FY18 projected contributions could change.

# Teachers' Retirement Fund (TRF) – Pre 1996 Account Fund Overview

As of June 30, 2015 (Estimate)

**MEMBERSHIP:** *Teachers of K12 public schools and certain state universities hired prior to July 1, 1995*

**TYPE:** *Defined Benefit - Hybrid (Defined Benefit + Annuity Savings Account)*

**FUNDED RATIO:** *30.4% (Estimate)*

**UNFUNDED LIABILITY:** *\$11,846 M (Estimate)*

## BENEFITS<sup>1</sup>

Benefit Formula: *1.1% x Avg. High 5 Yr. Salary x Yrs. Service (plus ASA)*

Vesting: *DB - 10 years, ASA - Immediate*

Full Retirement Age: *65 w/ 10 years service, 60 w/ 15 years service, or 55 with the Rule of 85*

Avg. Overall Annual Retiree Benefit (2014): *\$19,731 (ASA Annuitized)*

Actual FY15	Projected Benefit Payments <sup>2</sup>		
	FY16	FY17	FY18
\$1,100 M	\$1,082 M	\$1,112 M	\$1,138 M

## FUNDING SOURCES

Member Contribution: *3% salary to member ASA*

General Fund Appropriation: *Pre-96 Pay-as-you-go benefit obligation*

General Fund Appropriation: *Pre-Funded 13th Check*

Pension Stabilization Fund: *Lottery (Pre-96)*

Other: *Pre-96 Employer Contribution (AOS, FSP, HEP)*

Actual FY15	Projected Contributions <sup>2</sup>		
	FY16	FY17	FY18
\$ 42 M	\$ 35 M	\$ 32 M	\$ 29 M
\$793 M	\$817 M	\$841 M	\$866 M
\$ 20 M	\$ 20 M	-	-
\$ 32 M	\$ 30 M	\$ 30 M	\$ 30 M
<u>\$ 6 M</u>	<u>\$ 3 M</u>	<u>\$ 2 M</u>	<u>\$ 6 M</u>
<b>\$ 893 M</b>	<b>\$ 905 M</b>	<b>\$ 905 M</b>	<b>\$ 931 M</b>

<sup>1</sup> Actual and Projected Benefit Payments include ASA Annuity payments

<sup>2</sup> Based on the 6/30/2014 Actuarial Valuation. FY16, FY17 and FY18 projected benefit payments could change.

# Teachers' Retirement Fund (TRF) – 1996 Account Fund Overview

As of June 30, 2015 (Estimate)

**MEMBERSHIP:** *Teachers of K12 public schools and certain state universities hired after June 30, 1995*

**TYPE:** *Defined Benefit - Hybrid (Defined Benefit + Annuity Savings Account)*

**FUNDED RATIO:** *92.5%(Estimate)*

**UNFUNDED LIABILITY:** *\$444 M (Estimate)*

## BENEFITS<sup>1</sup>

Benefit Formula: *1.1% x Avg. High 5 Yr. Salary x Yrs. Service (plus ASA)*

Vesting: *DB - 10 years, ASA - Immediate*

Full Retirement Age: *65 w/ 10 years service, 60 w/ 15 years service, or 55 with the Rule of 85*

Avg. Overall Annual Retiree Benefit (2014): *\$18,327 (ASA Annuitized)*

Actual	Projected Benefit Payments <sup>2</sup>			
	FY15	FY16	FY17	FY18
\$ 90 M	\$ 102 M	\$ 114 M	\$ 126 M	

## FUNDING SOURCES

Member Contribution: *3% salary to member ASA*

Employer Contribution: *1996 Account Board Approved Rate (FY15 & FY16 = 7.5%)*

Actual	Projected Contributions <sup>2</sup>			
	FY15	FY16	FY17	FY18
\$ 86 M	\$ 97 M	\$ 104 M	\$ 110 M	
<u>\$ 206 M</u>	<u>\$ 242 M</u>	<u>\$ 231 M</u>	<u>\$ 222 M</u>	
<b>\$ 292 M</b>	<b>\$ 339 M</b>	<b>\$ 335 M</b>	<b>\$ 332 M</b>	

<sup>1</sup> Actual and Projected Benefit Payments include ASA Annuity payments

<sup>2</sup> Based on the 6/30/2014 Actuarial Valuation. FY16, FY17 and FY18 projected benefit payments as well as FY17 and FY18 projected contributions could change.

# 1977 Police Officers' and Firefighters' Pension and Disability Fund (1977 Fund) Fund Overview

As of June 30, 2015 (Estimate)

**MEMBERSHIP:** *Local full-time police and firefighters hired after April 30, 1977*

**TYPE:** *Defined Benefit*

**FUNDED RATIO:** *105.5% (Estimate)*

**UNFUNDED LIABILITY:** *\$0M, overfunded by \$259M (Estimate)*

## BENEFITS

Benefit Formula: *50% of first class officer salary plus 1% for each 6 months after 20 years, capped at 12%.*

Vesting: *20 years*

Full Retirement Age: *52 with at least 20 years service*

Avg. Overall Annual Retiree Benefit (2014): *\$25,008*

Actual	Projected Benefit Payments <sup>1</sup>			
	FY15	FY16	FY17	FY18
\$112 M	\$155 M	\$168 M	\$178 M	

## FUNDING SOURCES

Member Contribution: *6% of first class officer salary (max. 32 years)*

Employer Contribution: *1996 Account Board Approved Rate (FY15 & FY16 = 19.70%)*

Actual	Projected Contributions <sup>1</sup>			
	FY15	FY16	FY17	FY18
\$ 43 M	\$43 M	\$45 M	\$46 M	
<u>\$147 M</u>	<u>\$149 M</u>	<u>\$153 M</u>	<u>\$128 M</u>	
<b>\$190 M</b>	<b>\$192 M</b>	<b>\$198 M</b>	<b>\$174 M</b>	

<sup>1</sup> Based on the 6/30/2014 Actuarial Valuation. FY16, FY17 and FY18 projected benefit payments as well as FY17 and FY18 projected contributions could change.

# Judges' Retirement System Fund Overview

As of June 30, 2015 (Estimate)

**MEMBERSHIP:** *Judges and Magistrates of the Supreme Court of the State of Indiana, Court of Appeals, Indiana Tax Court, Circuit Court or County Courts.*

**TYPE:** *Defined Benefit - Consists of two plans: 1977 System and the 1985 System*

**FUNDED RATIO:** *95.4% (Estimate)*

**UNFUNDED LIABILITY:** *\$21.4 M (Estimate)*

## BENEFITS

Benefit Formula: *Final Salary x percent factor established in IAC (24% - 60%) based on years of service*

Vesting: *8 years*

Full Retirement Age: *65 with at least 8 years service, or age 55 under the Rule of 85*

Avg. Overall Annual Retiree Benefit (2014): *\$57,551*

Actual FY15	Projected Benefit Payments <sup>1</sup>		
	FY16	FY17	FY18
\$19.4 M	\$24.9 M	\$26.9 M	\$29.0 M

## FUNDING SOURCES

Member Contribution: *6% salary (max. 22 years)*

General Fund Appropriation: *Actuarially Calculated*

Other: *Certain docket and court fees*

Actual FY15	Projected Contributions <sup>1</sup>		
	FY16	FY17	FY18
\$ 2.9 M	\$2.9 M	\$2.9 M	\$3.0 M
\$13.9 M	\$ 9.7 M	\$ 9.6 M	\$ 9.4 M
<u>\$ 7.1 M</u>	<u>\$ 7.2 M</u>	<u>\$ 7.2 M</u>	<u>\$ 7.2 M</u>
<b>\$23.9 M</b>	<b>\$ 19.8 M</b>	<b>\$ 19.7 M</b>	<b>\$ 19.6 M</b>

<sup>1</sup> Based on the 6/30/2014 Actuarial Valuation. FY16, FY17 and FY18 projected benefit payments, as well as the FY18 projected General Fund Appropriation could change.

# State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan Fund Overview

As of June 30, 2015 (Estimate)

**MEMBERSHIP:** *State Excise Police, Gaming Agents, Gaming Control Officers, and Conservation Enforcement Officers*

**TYPE:** *Defined Benefit*

**FUNDED RATIO:** *84.9% (Estimate)*

**UNFUNDED LIABILITY:** *\$20 M (Estimate)*

## BENEFITS

Benefit Formula: *[(Average high five salary x 25%) + (1.67% x yrs service beyond 10 years)]; capped at 75%*

Vesting: *15 years*

Full Retirement Age: *Mandatory @ age 65, at age 55 the Rule of 85 applies, & age 50 with 25 years of service*

Avg. Overall Annual Retiree Benefit (2014): *\$24,177*

Actual	Projected Benefit Payments <sup>1</sup>		
FY15	FY16	FY17	FY18
\$ 6.5 M	\$ 6.8 M	\$ 6.5 M	\$ 6.8 M

## FUNDING SOURCES

Member Contribution: *4% of total salary*

Employer Contribution: *Board Approved Rate (FY15 & FY16 = 20.75%)*

Actual	Projected Contributions <sup>1</sup>		
FY15	FY16	FY17	FY18
\$ 1.0 M	\$ 1.1 M	\$ 1.1 M	\$ 1.1 M
\$ 5.2 M	\$ 5.6 M	\$ 5.8 M	\$ 5.9 M
\$ 6.2 M	\$ 6.7 M	\$ 6.9 M	\$ 7.0 M

<sup>1</sup> Based on the 6/30/2014 Actuarial Valuation. FY16, FY17 and FY18 projected benefit payments as well as FY17 and FY18 projected contributions could change.

# Prosecuting Attorneys' Retirement Fund (PARF) Fund Overview

As of June 30, 2015 (Estimate)

**MEMBERSHIP:** Prosecutors or chief deputy prosecutors serving after December 31, 1989, Executive Director or Assistant Executive Director of the Prosecutors Council, or state paid deputy prosecuting attorney hired after June 30, 1995.

**TYPE:** Defined Benefit

**FUNDED RATIO:** 70.3% (Estimate)

**UNFUNDED LIABILITY:** \$23.1 M (Estimate)

## BENEFITS

Benefit Formula: High Salary x percent factor established in IAC (24% - 60%) based on years of service

Vesting: 8 years

Full Retirement Age: 65 with at least 8 years service, or 55 with the Rule of 85

Avg. Overall Annual Retiree Benefit (2014): \$22,118

Actual FY15	Projected Benefit Payments <sup>1</sup>		
	FY16	FY17	FY18
\$ 3.0 M	\$ 3.3 M	\$ 3.6 M	\$ 3.9 M

## FUNDING SOURCES

Member Contribution: 6% salary

General Fund Appropriation: Actuarially Calculated

Actual FY15	Projected Contributions <sup>1</sup>		
	FY16	FY17	FY18
\$ 1.2 M	\$ 1.3 M	\$ 1.3 M	\$ 1.4 M
\$ 1.1 M	\$ 1.4 M	\$ 1.5 M	\$ 1.4 M
\$ 2.3 M	\$ 2.7 M	\$ 2.8 M	\$ 2.8 M

<sup>1</sup> Based on the 6/30/2014 Actuarial Valuation. FY16, FY17 and FY18 projected benefit payments, as well as the FY18 projected General Fund Appropriation could change.

# Legislators' Retirement System Fund Overview

As of June 30, 2015 (Estimate)

**MEMBERSHIP:** *Members of the Indiana General Assembly*

**TYPE:** *Defined Benefit - Members serving on April 30, 1989 who elected to participate*  
*Defined Contribution - Members serving on or after April 30, 1989 who elect to participate*

**FUNDING RATIO:** *76.7% (Estimate)*

**UNFUNDED LIABILITY:** *\$ 1.0 M (Estimate)*

## BENEFITS

Benefit Formula: *Lesser of \$480 x yrs service before '89 or high consecutive three year salary*

Vesting: *10 years*

Full Retirement Age: *65 with at least 10 years service, 55 with the Rule of 85, or 60 w/ 15 yrs service*

Avg. Overall Annual Retiree Benefit (2014): *\$5,362 (DB Plan Only)*

Actual	Projected Benefit Payments <sup>1</sup>			
	FY15	FY16	FY17	FY18
\$ 0.4 M	\$ 0.4 M	\$ 0.4 M	\$ 0.4 M	\$ 0.4 M

## FUNDING SOURCES

Employer Contribution: *State rate for PERF plus 3% of salary for the DC plan*

General Fund Appropriation: *Actuarially Calculated Contribution for the DB plan*

Actual	Projected Contributions <sup>1</sup>			
	FY15	FY16	FY17	FY18
\$ 1.7 M	\$ 1.7 M	\$ 1.7 M	\$ 1.7 M	\$ 1.7 M
\$ 0.1 M	\$ 0.1 M	\$ 0.1 M	\$ 0.1 M	\$ 0.1 M
\$ 1.8 M	\$ 1.8 M	\$ 1.8 M	\$ 1.8 M	\$ 1.8 M

<sup>1</sup> Based on the 6/30/2014 Actuarial Valuation. FY16, FY17 and FY18 projected benefit payments, as well as the FY18 projected General Fund Appropriation could change.