



2013 INPRS UPDATE

Pension Management Oversight Commission

August 27, 2013

Steve Russo
Executive Director

Agenda

- General Update
- COLAs & Thirteenth Checks
- 401(h) Program Update
- Optional ASA Only Plan for State Employees Update
- PERF & TRF ASA Annuities
- National Trends

Overview – Plans & Funds

- Seven Retirement Plans

- PERF
- TRF
- '77 Police and Fire
- Judges
- Excise Police, Gaming Agents and Conservation Officers
- Prosecuting Attorneys
- Legislators

- Three Non-Retirement Funds

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

FY2013 Actual Change In Net Position

INPRS' Net Assets increased 6% from July 1, 2012 to June 30, 2013

Net Assets – June 30, 2012		\$25.6B
Investment Income	+ \$1.5B	
Contributions	+ \$2.5B	
Payments	- \$2.5B	
Net Assets – June 30, 2013		\$27.1B

Estimated Funded Status as of June 30, 2013

Funded status is improving!

\$ in Millions

Defined Benefit Retirement Plans	Actuarial Valuation as of June 30, 2013 (Estimate)				Actuarial Valuation as of June 30, 2012			
	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	\$ 16,381.9	\$ 12,952.5	\$ 3,429.4	79.1%	\$ 15,784.2	\$ 12,088.2	\$ 3,696.0	76.6%
TRF 1996 Account	4,739.4	4,453.5	285.9	94.0%	4,338.3	3,936.4	401.9	90.7%
1977 Fund	4,426.9	4,181.2	245.7	94.4%	4,122.4	3,786.6	335.8	91.9%
Judges	463.2	381.1	82.1	82.3%	437.9	260.1	177.8	59.4%
EG&C Plan	119.8	98.5	21.3	82.2%	113.3	76.0	37.3	67.1%
PARF	60.6	48.7	11.9	80.4%	56.1	27.5	28.6	49.0%
LEDB	4.5	3.4	1.1	75.6%	4.5	3.4	1.1	75.0%
Aggregate Pre-Funded Plans	\$ 26,196.3	\$ 22,118.9	\$ 4,077.4	84.4%	\$ 24,856.7	\$ 20,178.2	\$ 4,678.5	81.2%
TRF Pre-1996 Account (Pay-As-You-Go)	16,413.8	5,206.7	11,207.1	31.7%	16,522.0	4,978.1	11,543.9	30.1%
Aggregate All INPRS Plans	\$ 42,610.1	\$ 27,325.6	\$ 15,284.5	64.1%	\$ 41,378.7	\$ 25,156.3	\$ 16,222.4	60.8%
<i>Memo:</i>								
Total Teachers' Retirement Fund	\$ 21,153.2	\$ 9,660.2	11,493.0	45.7%	\$ 20,860.3	\$ 8,914.5	11,945.8	42.7%

GASB Rule Changes

- GASB has issued changes to its accounting standards related to pensions
 - Defines the method for calculating and reporting Net Pension Liability and Pension Expense
 - Requires state and local units of government to report their share of Net Pension Liability and Pension Expense in their financial statements
 - Defines how certain actuarial methods and assumptions are to be used for calculating Net Pension Liability and Pension Expense
 - Changes the discount rate used to project total pension liability
 - Funded liabilities will continue to use the fund's expected long-term rate of return (6.75%)
 - Unfunded liabilities will use a 20-year municipal bond index rate
 - Effective date for INPRS is FY2014; for state & local government is FY2015
- INPRS working with Auditor of State, local units of government, and actuaries to determine impact prior to implementation of standards

GASB rule changes DO NOT change how pensions are funded

Where does the money come from?

Indiana Pension Receipts 1993 - 2009

Employers: 51%

Investment Earnings: 36%

Employees:
13%



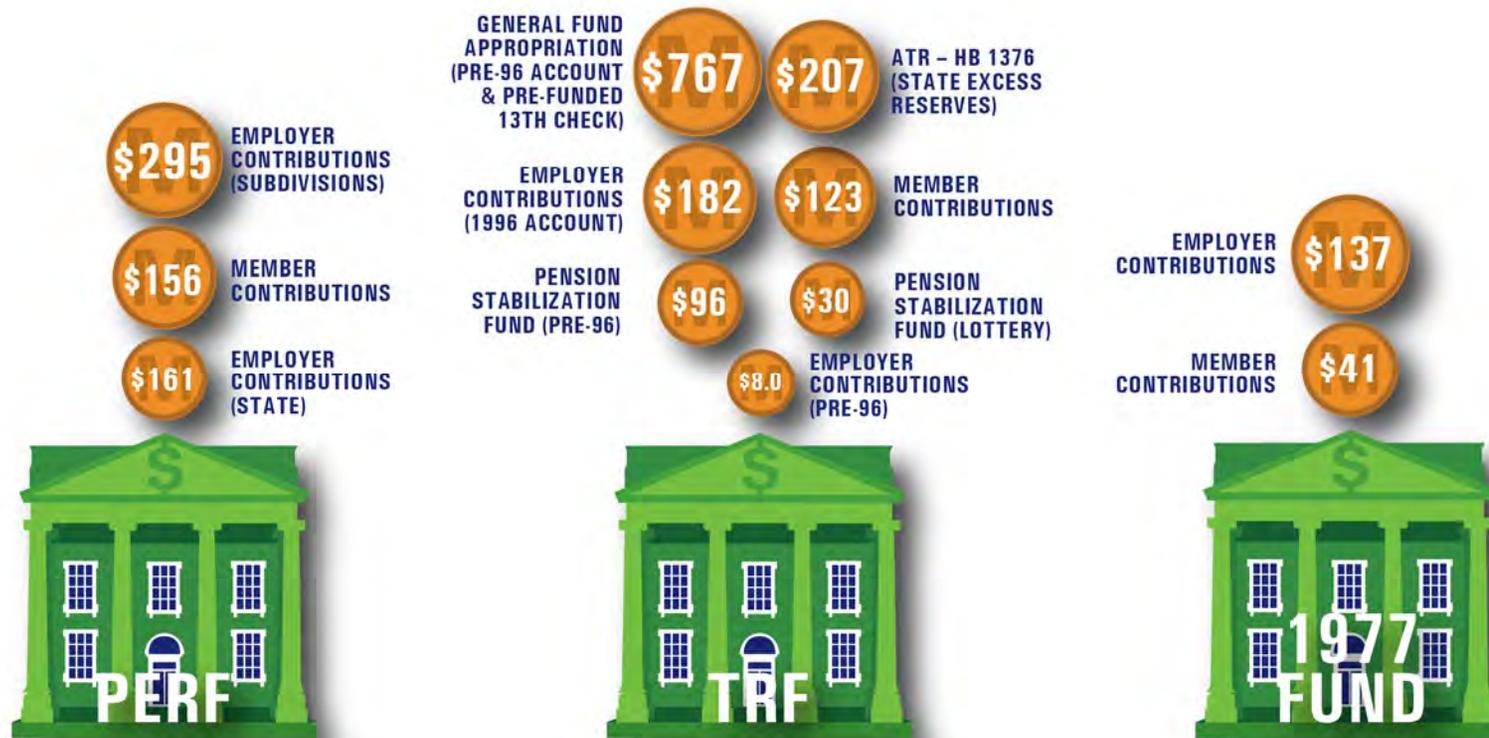
Source: National Institute On Retirement Security - Pensionomics 2012

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INPRS' Funding Sources – FY 2013

115% of Actuarial Required Contributions (ARC) Paid in FY13*



* Estimates pending final actuarial analysis

INPRS' Funding Sources – FY 2013



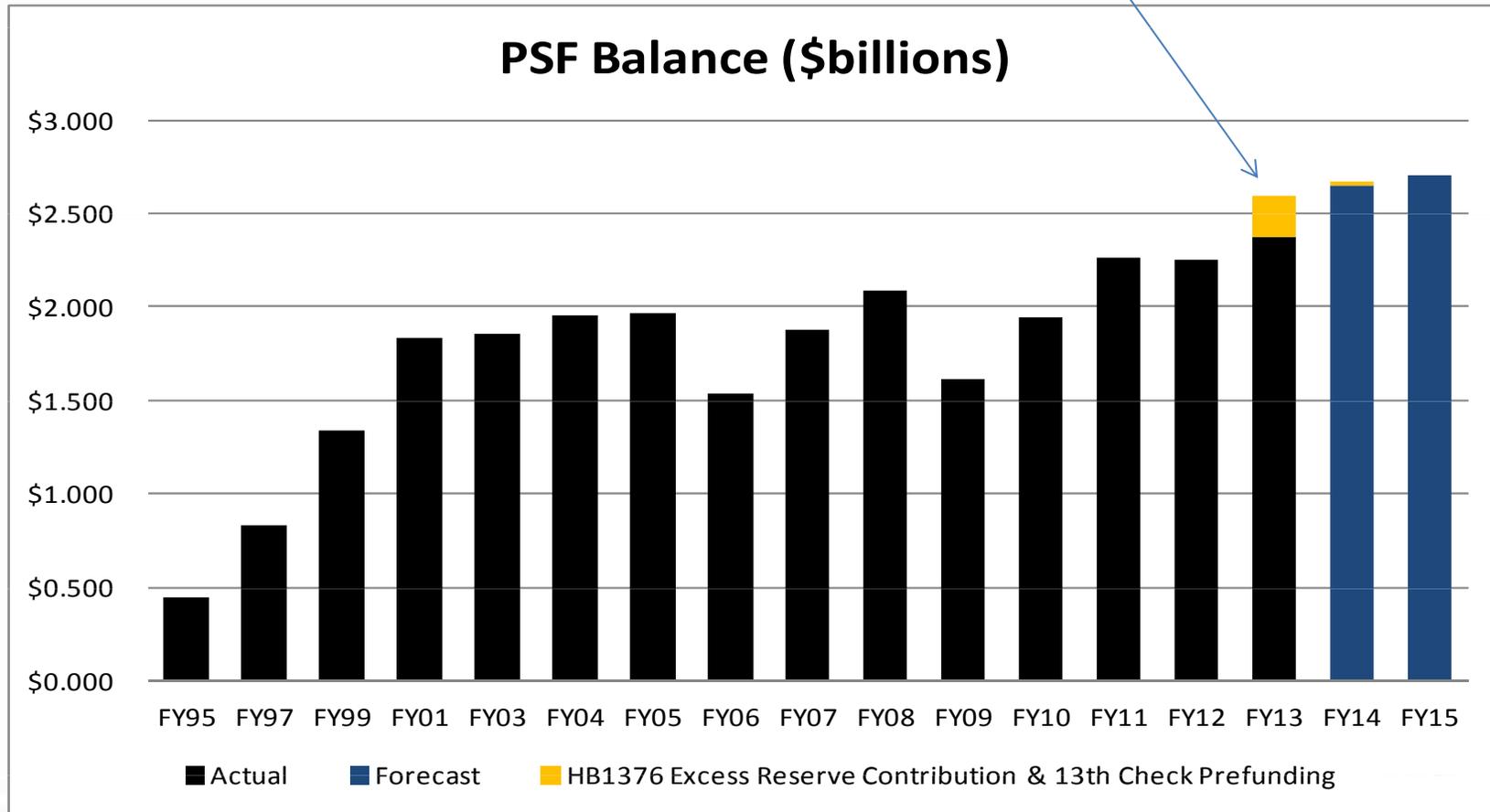
Teachers' Retirement Fund (TRF) Pre-1996 Account Budget Impacts

- 3% year-over-year appropriations growth for FY2013 – FY2015

<i>\$ Millions</i>	Actual <u>FY09</u>	Actual <u>FY10</u>	Actual <u>FY11</u>	Actual <u>FY12</u>	Actual <u>FY13</u>	Forecast <u>FY14</u>	Forecast <u>FY15</u>
Total:							
Benefit Payments	(\$661.4)	(\$714.1)	(\$769.4)	(\$823.9)	(\$873.4)	(\$885.0)	(\$929.9)
General Fund Appropriations	\$662.6	\$687.3	\$704.3	\$725.4	\$747.2	\$769.6	\$792.7
Amount Withdrawn from PSF	\$1.2	(\$26.8)	(\$65.1)	(\$98.5)	(\$126.2)	(\$115.4)	(\$137.2)
Lottery Transfer	\$30.0	\$30.0	\$35.0	\$30.0	\$30.0	\$30.0	\$30.0
Other Income	\$9.5	\$13.1	\$7.5	\$11.8	\$13.6	\$12.5	\$11.4
Investment Gains / (Losses)	(\$510.8)	\$312.3	\$343.1	\$43.7	\$142.5	\$128.4	\$131.1
13th Check Prefunding	-	-	-	-	\$19.6	\$19.3	-
State Excess Reserve Income	-	-	-	-	\$206.8	-	-
Transfer COLA Reserve Account	-	-	-	-	\$58.7	-	-
PSF Balance	\$1,614.4	\$1,943.0	\$2,263.5	\$2,250.5	\$2,595.5	\$2,670.3	\$2,705.6

TRF Pre-1996 Pension Stabilization Fund

Balance as of June 30, 2013 = \$2.6B

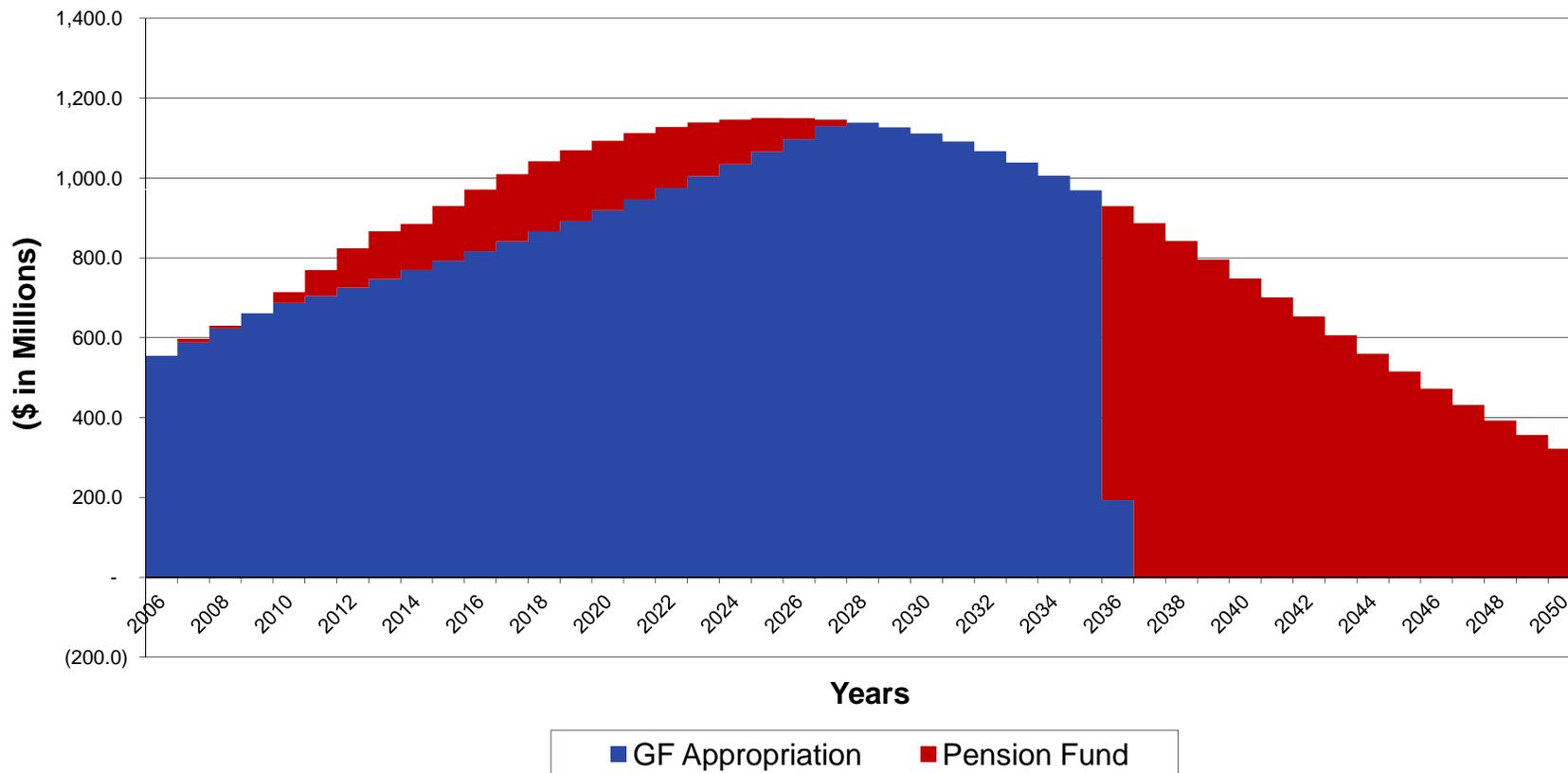


Long Term TRF Pre-96 Funding Options

- 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

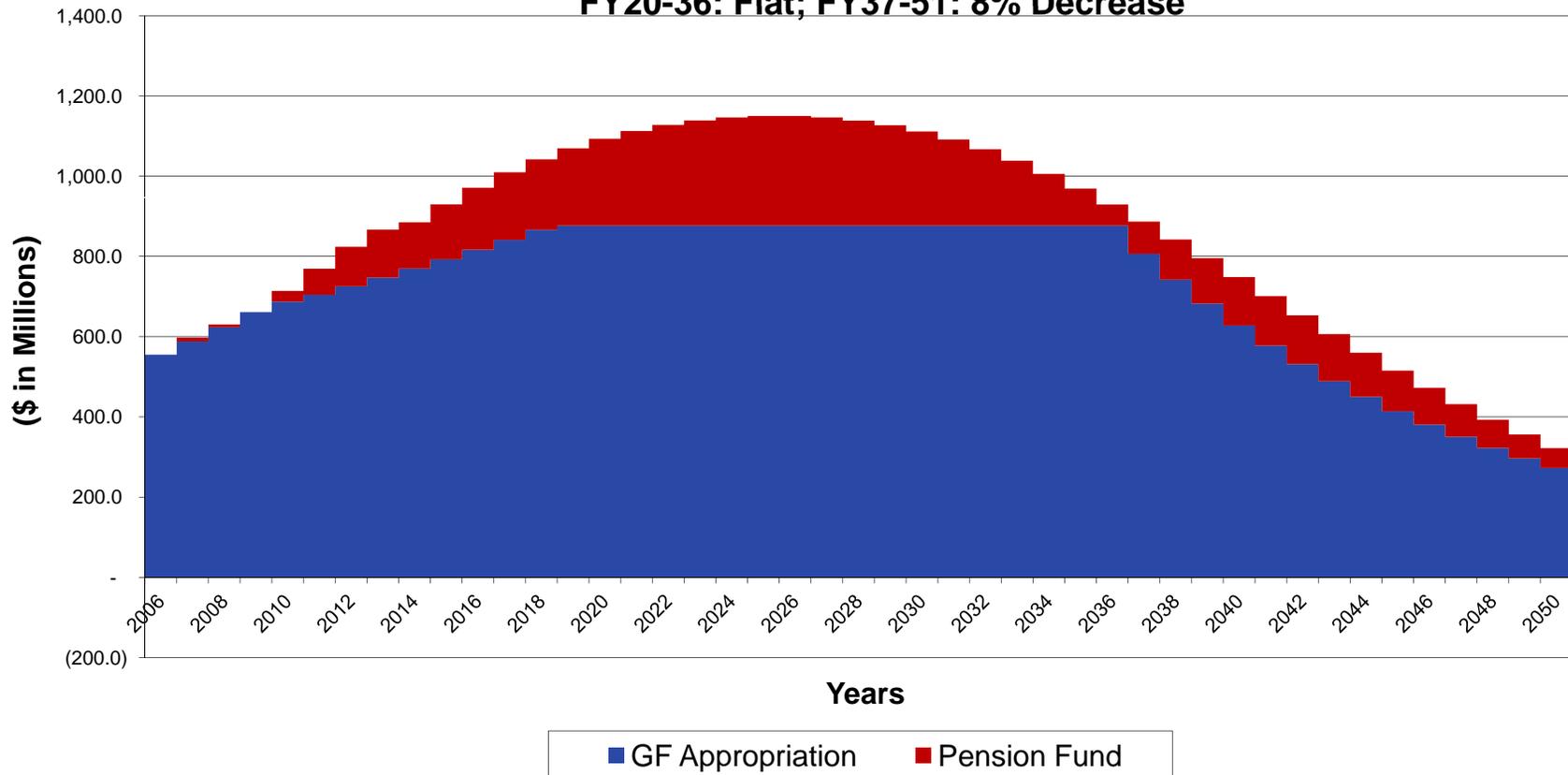
Teachers' Retirement Fund (TRF) Pre-1996 Account Forecast – Option A

Pre-96 Account DB Benefit Payment Forecast
assumes 3% per yr. state appropriations growth until 100% funded



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

Pre-96 Account DB Benefit Payment Forecast
 FY13: \$747M; FY14-18: 3% Increase; FY19: 1.2% Increase;
 FY20-36: Flat; FY37-51: 8% Decrease



Pension Relief

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

\$ in millions

	FY2009 Balance	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Forecast	FY2015 Forecast
<u>Additions</u>							
General Fund Appropriation (State)		\$ 136.0	\$ 112.0	\$ 131.0	\$ 180.0	\$ 145.0	\$ 175.0
Lottery (State)		30.0	35.0	30.0	30.0	30.0	30.0
Cigarette Tax (State)		25.8	25.6	24.3	24.7	21.6	21.5
Alcohol Tax (State)		3.2	3.1	3.3	3.4	3.0	3.0
Public Deposit Insurance Fund (PDIF)		8.3	1.2	1.4	0.5	0.3	0.3
Investment Income		11.9	0.2	0.1	0.1	0.1	0.1
Total Additions		\$ 215.2	\$ 177.1	\$ 190.1	\$ 238.7	\$ 200.0	\$ 229.9
<u>Deductions</u>							
Pension Relief Distributions		\$ 213.0	\$ 219.4	\$ 224.2	\$ 219.8	\$ 221.4	\$ 222.9
Death Benefits		0.5	0.5	0.1	0.3	0.5	0.5
Public Deposit Insurance Fund (PDIF)		8.3	-	-	-	-	-
Other (Local Unit Withdrawals & Admin. Expenses)		0.1	3.0	0.3	0.4	1.8	0.1
Total Deductions		\$ 221.9	\$ 222.9	\$ 224.6	\$ 220.5	\$ 223.7	\$ 223.5
Pension Relief Fund Balance	\$ 105.4	\$ 98.7	\$ 52.9	\$ 18.4	\$ 36.6	\$ 12.9	\$ 19.3
Memo: Local Unit Balances		\$ 7.7	\$ 4.8	\$ 4.5	\$ 4.2	\$ 2.5	\$ 2.5

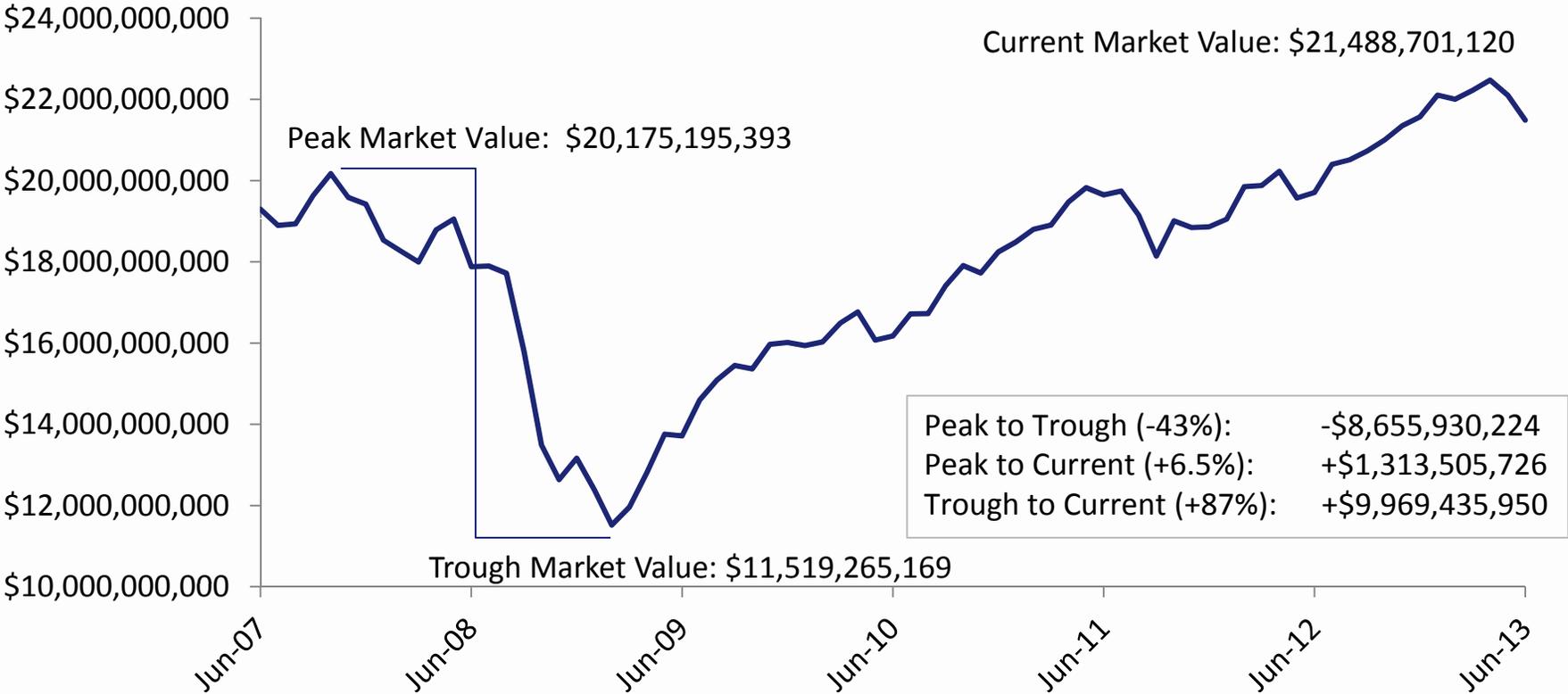
Investments - A Year in Review

- New all-time high for INPRS assets of \$28.3 billion hit in FY2013
- First 10 months of FY13 unusually calm, while last 2 months rocked by remarks from the Federal Reserve
- All asset classes within target asset allocation ranges
- Leveraging combined PERF/TRF assets continues to reduce fees

One-time Savings:	\$14.7M
Ongoing Annual Savings:	\$21.3M/yr.
<hr/>	
Total NPV:	\$330.7M

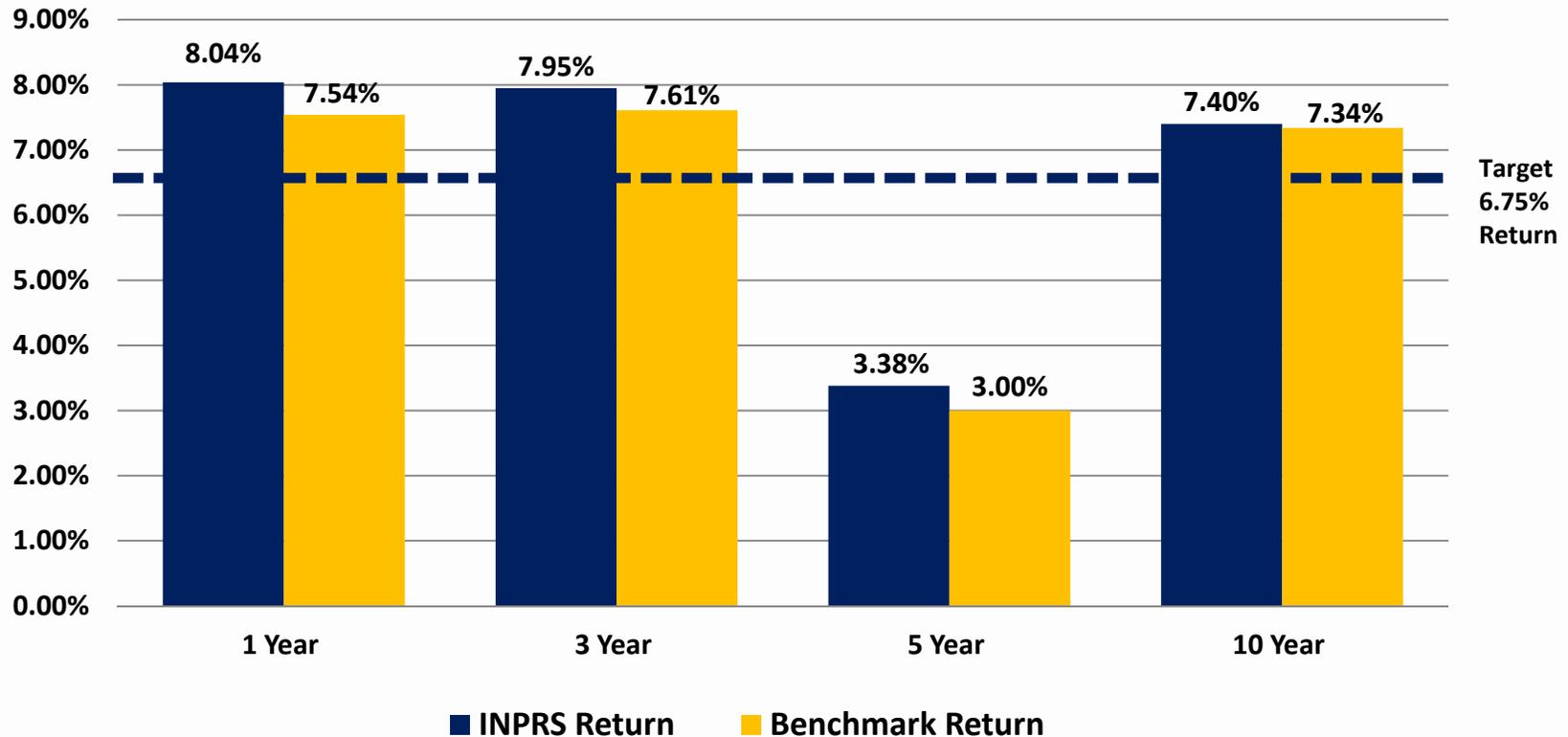
Defined Benefit Investments Performance

INPRS DB Market Value (As of 6/30/2013)



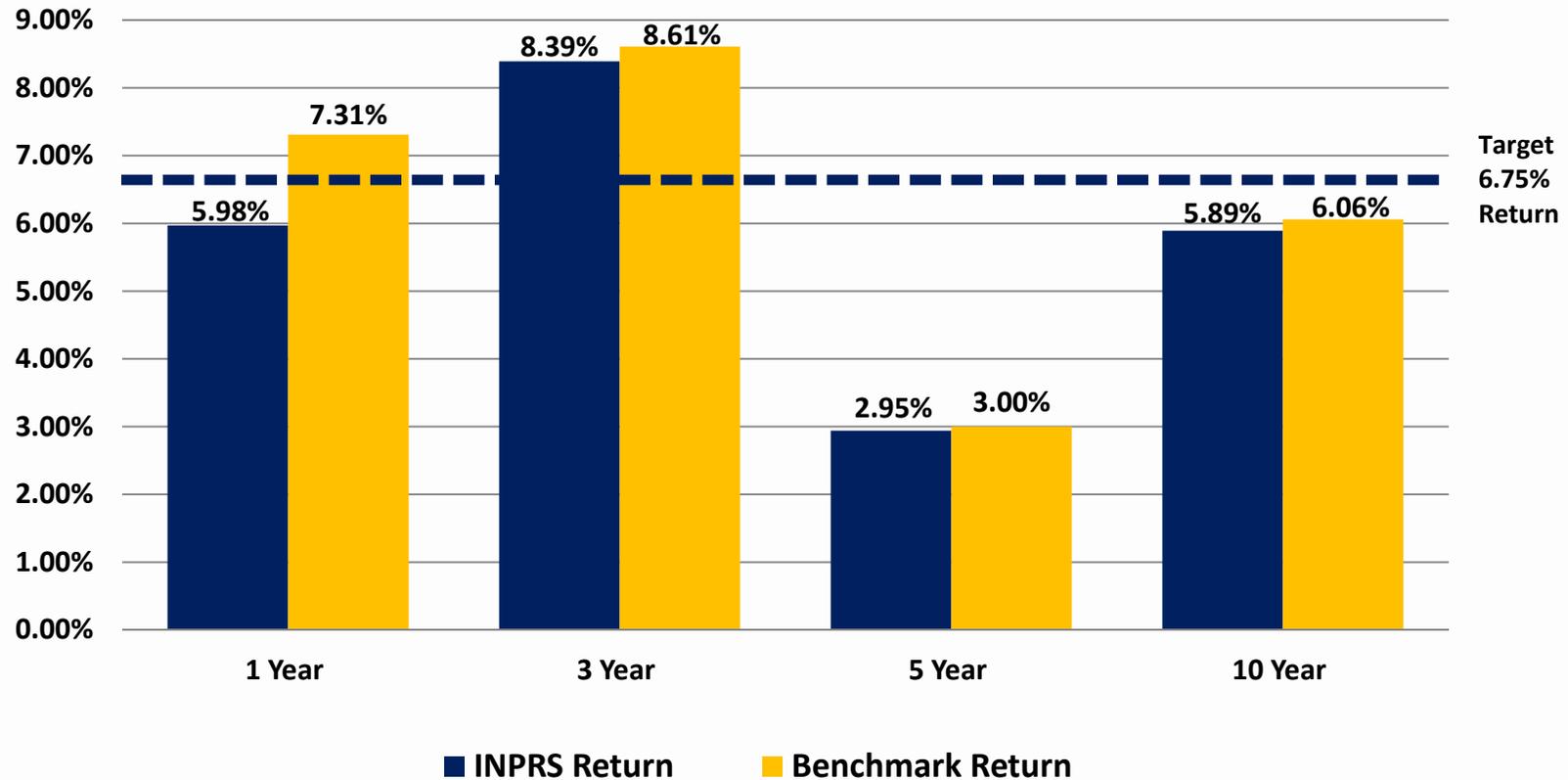
Investments Performance

Annualized Net of Fee Returns as of 3/31/13



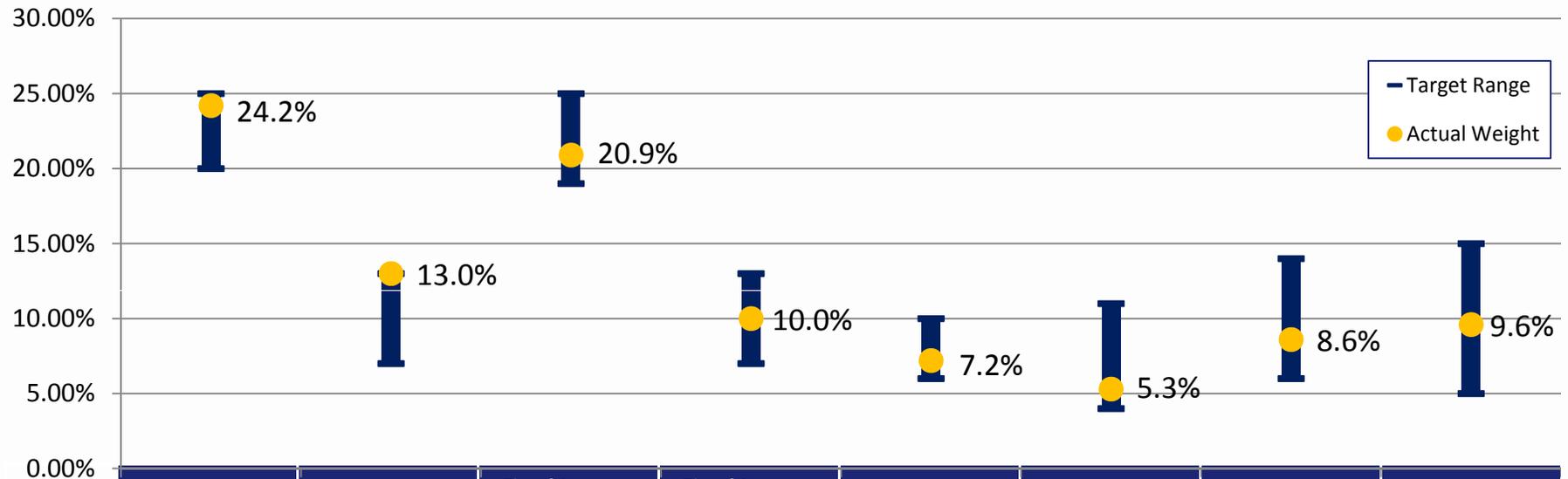
Investments Performance

Annualized Net of Fee Returns as of 6/30/13



Asset Allocation & Performance

As of 6/30/13



	Public Equity	Private Equity	Fixed Income (Ex Inflation-Linked)	Fixed Income (Inflation-Linked)	Commodities	Real Estate	Absolute Return	Risk Parity
1 Year Return	18.17%	11.71%	0.52%	-3.59%	-4.41%	13.77%	6.92%	-0.43%
3 Year Return	13.49%	14.09%	4.54%	5.30%	2.84%	13.81%	4.89%	
5 Year Return	4.30%	6.80%	6.12%	4.65%		2.58%	1.57%	
10 Year Return		10.61%	6.25%	5.38%				

Sudan and Terror State Divestment Update 2013

- ✓ 21 publically traded companies, representing less than 0.3% 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

Operational Performance

- Recognized leader in customer service by a global pension system benchmarking firm
- Recognized by peers as a leader in enterprise risk management
- Certificates of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA)
- Public Pension Standards Awards for Funding and Administration from the Public Pensions Coordinating Council (PPCC)

System & Process Modernization Update

- Modernization Nearing Completion
 - ✓ Benefit Payment Processing – Completed 2009
 - ✓ Modern Financial System – Completed 2010
 - ✓ ASA Modernization – Completed 2011
 - ✓ New Employer Reporting System – Completed 2012
- New Benefits Administration System – Go-live Fall 2013

FY14 INPRS Initiatives

INPRS Three Year Strategic Plan available on the INPRS website

www.in.gov/inprs under Publications

Top Five FY14 Strategic Priorities

- Leverage new systems to increase member/employer satisfaction and self service
- Assess member engagement and education alternatives
- Assess internal asset management
- Seek plan sponsor input on ASA structure
- Enhance risk management, build vendor management, establish quality management

Top Five FY14 Tactical Priorities

- Implement new defined benefit administration system
- Implement updated actuarial factors and market based ASA annuities
- Restructure of IT and Operations functions to a post modernization environment
- Prepare for new GASB financial reporting requirements
- Develop an investments crisis contingency plan

COLAs & Thirteenth Checks

25

- COLAs are not free! (1% PERF + TRF COLA = \$143M)
- “Thirteenth Checks” aren’t free either, but are cheaper than COLAs (\$46M)
- Actuaries factor in ad-hoc COLAs based upon historical experience (1%)
- For all but the TRF Pre-96 account, COLAs are funded by the employer as part of their contribution rate
- For the TRF Pre-96 account, COLAs and thirteenth checks are funded directly from the state general fund (1% COLA = \$81.6M, 13th Check = \$19.3M)

401(h) Accounts Update

- Plan established in Indiana Code for state employees that transfers unpaid vacation \$'s upon retirement into a tax free account for payment of eligible medical expenses
- Implementation was pending IRS approval, which did occur in August 2012
- Implementation planning identified issues that drove a need to delay implementation
 - Who is eligible to participate? - 2012 SEA499 clarified membership
 - Who & how are administrative fees paid? – Accounts will be charged \$3/month fee + \$1.50 per mailed statement
 - What is the definition of “upon retirement”? - Now defined as “a submitted retirement application on or before their last payroll date”
- 2012 HEA1001 delayed implementation to July 1, 2014

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 4.7%)
 - The amount not credited to the member is applied to the PERF DB unfunded liability (currently 6.5%)
- IRS approval received in October 2012 and plan went live on March 1, 2013
- Between March 1, 2013 and July 31, 2013
 - 14% were not eligible to enroll
 - 63% defaulted to the hybrid plan
 - 14% proactively enrolled in the hybrid plan
 - 9% enrolled in the ASA Only Plan

PERF & TRF ASA Annuities

- PERF & TRF members can elect to annuitize all or part of their ASA balance upon or after retirement
- Prior practice was to calculate the annuity using a 7.5% interest rate and outdated mortality tables
- INPRS board reviewed current market practices
- After a thorough review of all options, the INPRS board adopted a resolution to provide members ASA annuities at market based rates through a 3rd party annuity provider effective July 1, 2014

National Public Pension Trends

- Funding ratios continue to decline and are expected to bottom out in FY13
- Ratio of active employees to annuitants continues to decline
- While private sector employment is growing, public sector employment continues to decline
- Private sector wages are increasing 1.5%-2.0% annually while public sector wages are increasing at 1%
- Employer contribution rates continue to rise while employee contribution rates have remained flat
- % of plans receiving >90% of actuarial required contributions remains flat at 55%
- Bond rating agencies are revising their pension measurement methodologies
- According to the GAO, state and local governments face long-term structural deficits primarily due to Medicaid and retiree health care costs

Key Features of Well Funded Plans*

- Pay the ARC
- Employee Contributions
- Funded Benefit Improvements
- Responsible COLAs
- Anti – Spiking Measures
- Reasonable Actuarial Assumptions

Indiana



* National Institute on Retirement Security Study – June 2011

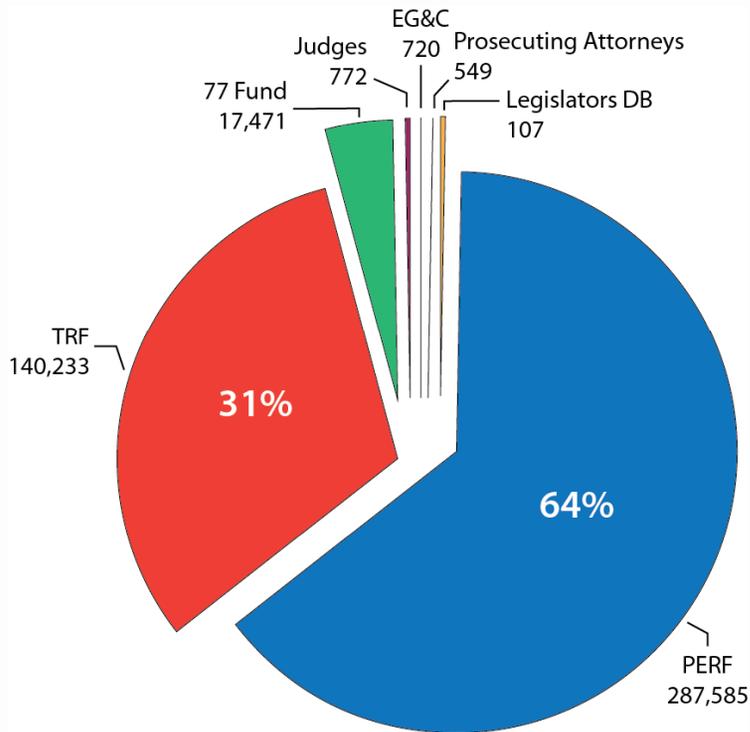
APPENDIX

Overview – Member Demographics

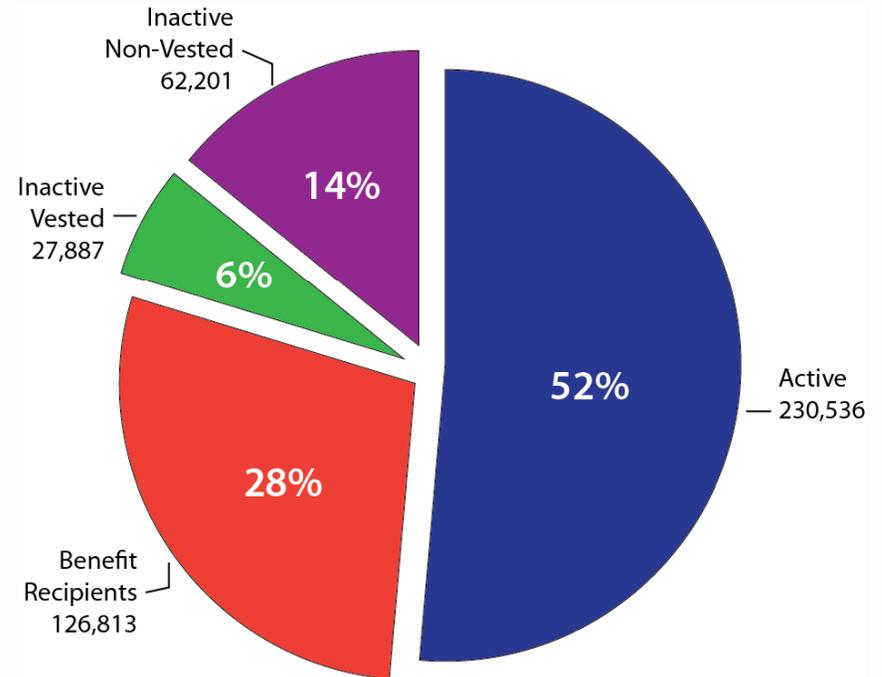
(as of June 30, 2012)

447,000 + Members

Members By Fund



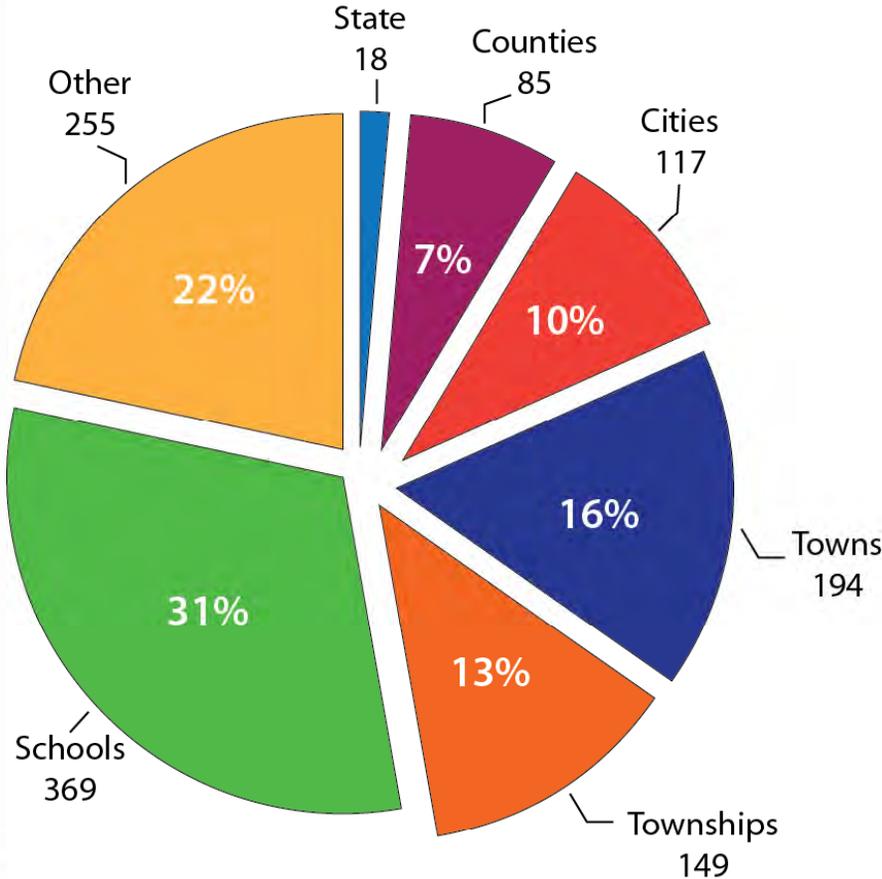
Members By Status



Overview – Employer Demographics

(as of June 30, 2012)

1,100 + Employers



Pension Funding Sources

FY2013 – FY2015

\$ in Millions

Fund	FY2013 Actual			FY2014 Forecast		FY2015 Forecast	
	General Fund Appropriation	ATR (HB 1376) State Excess Reserves	Other ¹	General Fund Appropriation	Other ¹	General Fund Appropriation	Other ¹
PERF	-	-	612.1	-	691.0	-	732.0
TRF	747.2	206.8	439.3	769.6	470.1	792.7	514.3
- Pre-Funded 13th Check	19.6	-	-	19.3	-	-	-
1977 Fund	-	-	177.9	-	184.0	-	189.0
JRS	14.1	90.2	9.8	13.7	10.0	13.9	10.0
EG&C Plan	-	14.6	6.1	-	6.6	-	6.7
PARF	2.0	17.4	1.3	1.2	1.4	1.1	1.4
LEDB & LEDC	0.2	-	1.5	0.1	1.6	0.1	1.6
Pension Relief	180.0	-	58.7	145.0	78.7	175.0	54.9
Total	963.1	329.0	1,306.7	948.9	1,443.4	982.8	1,509.9

¹ Other includes member contributions, employer contributions, Pension Stabilization Fund drawdown, lottery proceeds, docket & court fees, cigarette & alcohol taxes, and Pension Relief Fund drawdown

Estimated FY13 INPRS Actuarial Required Contributions (ARC)

\$ in Thousands

Defined Benefit Retirement Plans	FY2013 (Preliminary)				Memo: Excluding Excess State Reserves of \$329.0 Mil.	FY2012 Actual		
	Annual Required Contribution	Actual Employer Contribution	Percentage Contributed			Annual Required Contribution	Actual Employer Contribution	Percentage Contributed
PERF	\$ 501,208	\$ 455,658	90.9%	90.9%	\$ 509,724	\$ 397,843	78.1%	
TRF 1996 Account	188,916	181,638	96.1%	96.1%	173,651	181,067	104.3%	
1977 Fund	90,789	137,111	151.0%	151.0%	141,988	135,605	95.5%	
Judges	25,458	111,418	437.7%	83.4%	19,664	18,896	96.1%	
EG&C Plan	4,908	19,740	402.2%	104.3%	5,532	5,054	91.4%	
PARF	2,542	19,443	764.9%	81.8%	2,037	1,839	90.3%	
LEDB	140	150	107.1%	107.1%	113	112	99.1%	
Aggregate Pre-Funded Plans	\$ 813,961	\$ 925,158	113.7%	98.7%	\$ 852,709	\$ 740,416	86.8%	
TRF Pre-1996 Account (Pay-As-You-Go)	873,751	1,012,156	115.8%	92.2%	866,207	764,423	88.2%	
Aggregate All INPRS Plans	\$ 1,687,712	\$ 1,937,314	114.8%	95.3%	\$ 1,718,916	\$ 1,504,839	87.5%	
<i>Memo:</i>								
Total Teachers' Retirement Fund	\$ 1,062,667	\$ 1,193,794	112.3%	92.9%	\$ 1,039,858	\$ 945,490	90.9%	

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 2013

HEA 1067 (Sudan Divestment)

Companies New to List as of 1/1/2013 - Need to be 50% divested by October 20, 2013 and 100% divested by April 20, 2014

<u>Asset Description</u>	<u>Market Value</u>	<u>% of INPRS Total Market Value</u>
Schneider Electric SA	\$ 7,771,577	0.04%

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

<u>Asset Description</u>	<u>Market Value</u>	<u>% of INPRS Total Market Value</u>
Etablissements Maurel et Prom	\$ 29,018	0.00%
Royal Dutch Shell PLC	\$ 10,910,418	0.05%
Sasol Ltd	\$ 384,974	0.00%
Total SA	\$ 19,165,772	0.09%

Companies Still on List from 2012 - Need to be 50% divested by April 15, 2015, 75% divested by April 15, 2016, and 100% divested by April 15, 2017

<u>Asset Description</u>	<u>Market Value</u>	<u>% of INPRS Total Market Value</u>
Mazda Motor Corp	\$ 295,213	0.00%
Repsol SA	\$ 500,805	0.00%
Russian Federation	\$ 1,115,299	0.01%
Statoil ASA	\$ 689,883	0.00%

Companies New to List as of 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

<u>Asset Description</u>	<u>Market Value</u>	<u>% of INPRS Total Market Value</u>
BP PLC	\$ 17,460,543	0.08%
Cosmo Oil Co Ltd	\$ 182,383	0.00%
Dundee Corp	\$ 23,731	0.00%
Eni SpA	\$ 6,795,750	0.03%
Essar Global Ltd	\$ 19,068	0.00%
Isuzu Motors Ltd	\$ 772,406	0.00%
JX Holdings Inc	\$ 324,718	0.00%
Mitsubishi Corp	\$ 6,436,650	0.03%
MTN Group Ltd	\$ 2,511,669	0.01%
Showa Shell Sekiyu KK	\$ 318,728	0.00%

INPRS Return Expectations

	INPRS Target Weight	Expected Long-Term Returns* (May 2013)
U.S. Inflation		2.4%
U.S. Large Cap Stock	9.1%	7.7%
U.S. Small Cap Stock	1.0%	8.0%
Int'l Developed Mkt Stock	9.7%	8.0%
Emerging Mkt Stock	2.7%	8.5%
Private Equity	10.0%	10.2%
Fixed Income	22.0%	3.7%
Inflation-Linked Bonds (TIPS)	10.0%	2.2%
Commodities	8.0%	4.0%
Real Estate	7.5%	6.2%
Hedge Funds	10.0%	4.9%
Risk Parity	10.0%	6.5%
INPRS Long-Term Expected Return		6.60%

Source: SIS

*Annualized. Due to the macro environment's low interest rates and slow global growth, expectations have been lowered.

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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
1.2%	2.9%	1.8%	3.0%	3.0%	2.4%	3.0%	0.0%	2.4%	2.1%	2.8%	1.7%

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

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
0.0%	0.0%	1.72%-2.2%	1/1-0.5%	2.0%	7/1-4.0%	3.25%	0.0%	0.0%	1.3%	2.2%	3.1%
			7/1-15.0%-22.0%		12/2-1.50%						

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

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	0.0%	1.3%	2.2%	3.1%

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

COLA & One-time Check Cost Impacts

TRF	
1% COLA	\$87.3M
13th Check	\$20.4M
Combined	\$107.7M

PERF	State	Political Subdivision
1% COLA	\$20.4M	\$35.1M
13th Check	\$8.4M	\$16.7M
Combined	\$28.8M	\$51.8M

C&E	
1% COLA	\$442K
13th Check	\$65K
Combined	\$507K

Public Employees' Retirement Fund (PERF) Fund Overview

As of June 30, 2013 (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: *79.1% (Estimate)*

UNFUNDED LIABILITY: *\$3,429 M (Estimate)*

BENEFITS

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 (2012): *\$7,901 (ASA Annuitized)*

Actual	Projected Benefit Payments	
	FY13	FY15
\$643 M	\$684 M	\$731 M

FUNDING SOURCES

Employee Contribution: *3% salary to member ASA*

Employer Contribution (State): *Actuarially Calculated Contribution Rate (FY13 = 9.7%; FY14 = 11.2%)*

Employer Contribution (Subdivisions): *Actuarially Calculated Contribution Rate (FY13 = 9.7%; FY14 = 11.2%)*

Actual	Projected Contributions	
	FY13	FY15
\$156 M	\$151 M	\$155 M
\$161 M	\$190 M	\$194 M
\$295 M	\$350 M	\$383 M
\$612 M	\$691 M	\$732 M

Teachers' Retirement Fund (TRF)

Fund Overview

As of June 30, 2013 (Estimate)

MEMBERSHIP: *Teachers of K12 public schools and certain state universities*
Consists of two accounts (Pre-1996 and 1996)

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

FUNDED RATIO: *45.7% (Pre 1996 - 31.7%, 1996 - 94.0%) (Estimate)*

UNFUNDED LIABILITY: *\$11,493 M (Estimate)*

BENEFITS

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 (2012): *\$19,081 (ASA Annuitized)*

Actual	Projected Benefit Payments	
	FY13	FY14
\$1,054 M	\$1,075 M	\$1,136 M

FUNDING SOURCES

Employee 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: *Pre-96 Pay-as-you-go benefit obligation*

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

ATR (HB 1376): *State Excess Reserves (To PSF)*

Employer Contribution: *1996 Account Actuarially Calculated Contribution Rate (FY13 & FY14 = 7.5%)*

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

Actual	Projected Contributions	
	FY13	FY14
\$123 M	\$131 M	\$134 M
\$747 M	\$770 M	\$793 M
\$ 20 M	\$ 19 M	-
\$ 96 M	\$ 85 M	\$107 M
\$ 30 M	\$ 30 M	\$ 30 M
\$207 M	-	-
\$182 M	\$214 M	\$233 M
\$ 8 M	\$ 10 M	\$ 10 M
\$1,413 M	\$1,259 M	\$1,307 M

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

As of June 30, 2013 (Estimate)

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

TYPE: *Defined Benefit*

FUNDED RATIO: *94.4% (Estimate)*

UNFUNDED LIABILITY: *\$246 M (Estimate)*

BENEFITS

Benefit Formula: *50% of first class officer salary*

Vesting: *20 years*

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

Avg. Overall Annual Retiree Benefit (2012): *\$23,977*

Actual	Projected Benefit Payments	
	FY13	FY15
\$ 97 M	\$104 M	\$118 M

FUNDING SOURCES

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

Employer Contribution: *Actuarially Calculated Contribution Rate (FY13 & FY14 = 19.7%)*

Actual	Projected Contributions	
	FY13	FY15
\$ 41 M	\$ 42 M	\$ 43 M
\$137 M	\$142 M	\$146 M
\$178 M	\$184 M	\$189 M

Judges' Retirement System Fund Overview

As of June 30, 2013 (Estimate)

MEMBERSHIP: *Judges of the Indiana Supreme Court, Indiana Circuit Court, Indiana Tax Court, County and Municipal Courts*

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

FUNDED RATIO: *82.3% (Estimate)*

UNFUNDED LIABILITY: *\$82 M (Estimate)*

BENEFITS

Benefit Formula: *Final Salary x percent factor established in IAC (24% - 60%)*

Vesting: *8 years*

Full Retirement Age: *65 with at least 8 years service, 55 - rule of 85*

Avg. Overall Annual Retiree Benefit (2012): *\$54,751*

Actual	Projected Benefit Payments	
	FY14	FY15
FY13	FY14	FY15
\$17.5 M	\$19.2 M	\$20.5 M

FUNDING SOURCES

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

General Fund Appropriation: *Actuarially Calculated*

Other: *Certain docket and court fees*

ATR (HB 1376): *State Excess Reserves*

Actual	Projected Contributions	
	FY14	FY15
FY13	FY14	FY15
\$ 2.6 M	\$ 2.8 M	\$ 2.9 M
\$14.1 M	\$13.7 M	\$13.9 M
\$ 7.2 M	\$ 7.2 M	\$ 7.2 M
\$90.2 M	-	-
\$114.1 M	\$23.7 M	\$23.9 M

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

As of June 30, 2013 (Estimate)

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

TYPE: *Defined Benefit*

FUNDED RATIO: *82.2% (Estimate)*

UNFUNDED LIABILITY: *\$21 M (Estimate)*

BENEFITS

Benefit Formula: *(Average high five salary x 25%) + (1.67% x yrs service beyond 10 years)*

Vesting: *10 years*

Full Retirement Age: *60 if hired before age 50, mandatory at 65*

Avg. Overall Annual Retiree Benefit (2012): *\$23,810*

Actual FY13	Projected Benefit Payments	
	FY14	FY15
\$ 4.8 M	\$ 5.1 M	\$ 5.5 M

FUNDING SOURCES

Employee Contribution: *Pre '77 hires - 3% of first \$8,500, Post '77 hires - 4% of total salary*

Employer Contribution: *Actuarially Calculated Contribution Rate (FY13 & FY14 = 20.75%)*

ATR (HB 1376): *State Excess Reserves*

Actual FY13	Projected Contributions	
	FY14	FY15
\$ 1.0 M	\$ 1.1 M	\$ 1.1 M
\$ 5.1 M	\$ 5.5 M	\$ 5.6 M
\$14.6 M	-	-
\$ 20.7 M	\$ 6.6 M	\$ 6.7 M

Prosecuting Attorneys' Retirement Fund (PARF) Fund Overview

As of June 30, 2013 (Estimate)

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

TYPE: *Defined Benefit*

FUNDED RATIO: *80.4% (Estimate)*

UNFUNDED LIABILITY: *\$12 M (Estimate)*

BENEFITS

Benefit Formula: *High Salary x percent factor established in IAC (24% - 60%)*

Vesting: *8 years*

Full Retirement Age: *65 with at least 8 years service, 55 - rule of 85*

Avg. Overall Annual Retiree Benefit (2012): *\$21,853*

Actual	Projected Benefit Payments	
	FY13	FY15
\$ 2.0 M	\$ 2.7 M	\$ 3.0 M

FUNDING SOURCES

Employee Contribution: *6% salary*

General Fund Appropriation: *Actuarially Calculated*

ATR (HB 1376): *State Excess Reserves*

Actual	Projected Contributions	
	FY13	FY15
\$ 1.3 M	\$ 1.4 M	\$ 1.4 M
\$ 2.0 M	\$ 1.2 M	\$ 1.1 M
\$17.4 M	-	-
\$20.7 M	\$ 2.6 M	\$ 2.5 M

Legislators' Retirement System Fund Overview

As of June 30, 2013 (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: *75.6% (Estimate)*

UNFUNDED LIABILITY: *\$ 1.1 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 - rule of 85, 60 w/ 15 yrs service*

Avg. Overall Annual Retiree Benefit (2012): *\$5,536 (DB Plan Only)*

Actual	Projected Benefit Payments	
	FY13	FY15
\$ 0.4 M	\$ 0.4 M	\$ 0.4 M

FUNDING SOURCES

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

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

Actual	Projected Contributions	
	FY13	FY15
\$ 1.5 M	\$ 1.6 M	\$ 1.6 M
\$ 0.2 M	\$ 0.1 M	\$ 0.1 M
\$ 1.7 M	\$ 1.7 M	\$ 1.7 M