

**THE STATE OF INDIANA PUBLIC EMPLOYEE  
DEFERRED COMPENSATION PLAN**

Indianapolis, Indiana

**FINANCIAL STATEMENTS**

December 31, 2020

THE STATE OF INDIANA PUBLIC EMPLOYEE  
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## INDEPENDENT AUDITOR'S REPORT

To the Deferred Compensation Committee  
State of Indiana Public Employee Deferred Compensation Plan  
Indianapolis, Indiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of the State of Indiana Public Employee Deferred Compensation Plan (Plan), which comprise the statement of net position available for benefits as of December 31, 2020, the statement of changes in net position available for benefits for the year then ended, and related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position available for benefits of the Plan as of December 31, 2020, and the changes in net position available for benefits for the year ended December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
November 18, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

STATE OF INDIANA PUBLIC EMPLOYEE DEFERRED COMPENSATION PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended December 31, 2020

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As management of the State of Indiana Public Employee Deferred Compensation Plan (the "Plan"), we offer the following discussion and analysis as insight into the financial performance of the Plan for the fiscal year ended December 31, 2020. The Plan's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Plan's financial activity, and (c) identify changes in the Plan's financial position.

Because the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the financial statements, and the notes to the financial statements.

The State of Indiana Public Employee Deferred Compensation Plan (the Plan), doing business as (d/b/a) Hoosier S.T.A.R.T. is a defined contribution multiple-employer pension plan for all State Employees as well as the employees of participating local political subdivisions. The Plan is governed by the Deferred Compensation Committee which was created through I.C. 5-10-1.1-4 and consists of five members appointed by the State Board of Finance. The Committee serves as the Trustee of the Plan and is responsible for prudent administration of the Plan which includes design of the Plans' investment platform, establishing investment policy objectives and guidelines, prudent selection of Investment Managers, and ongoing monitoring.

#### **FINANCIAL HIGHLIGHTS**

- Plan's assets exceeded its liabilities and deferred inflows of resources at December 31, 2020 by \$1.68 billion (net position).
- Total additions to the plan for 2020 increased by \$6.0 million or 2% compared to the prior year.
- Participant contributions to the Plan for 2020 increased 10% from that of the prior year.
- Employer contributions to the Plan for 2020 increased 5% compared to the prior year
- Total deductions including benefit payments decreased by \$4.8 million or 5% from the prior year.
- Net position increased approximately \$244.5 million, or 17%.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report essentially consists of three parts: management's discussion and analysis (this section), the financial statements, and the notes to the financial statements. The discussion and analysis is intended to serve as an introduction to the Plan's financial statements, which is comprised of the financial statements and the notes to the financial statements.

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(Continued)

STATE OF INDIANA PUBLIC EMPLOYEE DEFERRED COMPENSATION PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended December 31, 2020

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The Plan's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to deferred compensation plans. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of the Plan are included in the statement of net position.

The financial statements provide both long and short-term information about the Plan's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**Financial statements.** The financial statements are designed to provide readers with a broad overview of the Plan's finances, in a manner similar to a private-sector business.

- **Statement of net position available for benefits.** The statement of net position available for benefits presents information on all of the Plan's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Plan is improving or deteriorating. Net position increases when additions exceed deductions. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial position.
- **Statement of changes in net position available for benefits.** The statement of changes in net position available for benefits presents information showing how the Plan's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, additions and deductions are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., contribution receivables and accounts payable). Deductions are subtracted from additions to get the change in net position.

**Notes to the financial statements.** The notes are a required part of the financial statements that provide necessary information for the understanding of the Plan's financial report. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

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(Continued)

STATE OF INDIANA PUBLIC EMPLOYEE DEFERRED COMPENSATION PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended December 31, 2020

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**FINANCIAL ANALYSIS**

**Net position.** Net position may serve, over time, as a useful indicator of a plan's financial position. At December 31, 2020, the Plan's total assets increased by \$244.5 million to \$1.69 billion or approximately 17% from the prior year as a result of positive investment returns and contributions to the Plan outpacing benefit payments made during the year.

**TABLE 1 - NET POSITION**

|  | <u>2020</u>             | <u>2019</u>             | Percentage<br>Change<br><u>2020 vs. 2019</u> |
|--|-------------------------|-------------------------|--|
| <b>Assets:</b>                         |                         |                         |  |
| Mutual funds                           | \$ 528,627,339          | \$ 440,639,209          | 20 %   |
| Collective trust funds and other       | 795,613,851             | 661,197,213             | 20 %   |
| Guaranteed investment contracts        | <u>357,056,120</u>      | <u>336,034,588</u>      | <u>6 %</u>                                   |
| Total participant-directed investments | <u>1,681,297,310</u>    | <u>1,437,871,010</u>    | <u>17 %</u>                                  |
| Forfeiture assets                      | 264,610                 | 248,010                 | 7 %  |
| Participant contributions receivable   | 3,739,502               | 2,740,068               | 36 %   |
| Employer contributions receivable      | <u>506,660</u>          | <u>476,703</u>          | <u>6 %</u>                                   |
| Total assets                           | <u>1,685,808,082</u>    | <u>1,441,335,791</u>    | <u>17 %</u>                                  |
| <b>Liabilities:</b>                    |                         |                         |  |
| Accounts payable                       | <u>36,775</u>           | <u>32,826</u>           | <u>12 %</u>                                  |
| Total liabilities                      | <u>36,775</u>           | <u>32,826</u>           | <u>12 %</u>                                  |
| <b>Net position:</b>                   |                         |                         |  |
| Net position available for benefits    | <u>\$ 1,685,771,307</u> | <u>\$ 1,441,302,965</u> | <u>17 %</u>                                  |

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(Continued)



STATE OF INDIANA PUBLIC EMPLOYEE DEFERRED COMPENSATION PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended December 31, 2020

**Changes in net position.** The change in net position at December 31, 2020, was an increase of \$244.5 million. The Plan's total additions increased by \$6.0 million or approximately 2% as a result of increases in participant contributions. Total deductions decreased by \$4.8 million or approximately 5% which is mostly attributed to decreases in benefit payments in 2020 compared to 2019. The changes in net position are detailed in Table 2.

**TABLE 2 - CHANGES IN NET POSITION**

|  | <u>2020</u>             | <u>2019</u>             | <u>Percentage<br/>Change<br/>2020 vs. 2019</u> |
|--|-------------------------|-------------------------|--|
| <b>Additions:</b>                                |                         |                         |  |
| Contributions                                    |                         |                         |  |
| Participant contributions                        | \$ 84,156,003           | \$ 76,424,198           | 10 %   |
| Employer contributions                           | 12,917,812              | 12,273,305              | 5 %  |
| Additional deposits                              | <u>14,106,445</u>       | <u>15,784,480</u>       | <u>(11) %</u>                                  |
| Total contributions                              | <u>111,180,260</u>      | <u>104,481,983</u>      | <u>6 %</u>                                     |
| Investment income                                |                         |                         |  |
| Interest and dividends, net of fees              | \$ 20,991,138           | \$ 15,075,884           | 39 %   |
| Net appreciation in fair value<br>of investments | <u>196,474,856</u>      | <u>203,077,880</u>      | <u>(3) %</u>                                   |
| Net investment income                            | <u>217,465,994</u>      | <u>218,153,764</u>      | <u>0 %</u>                                     |
| Total additions                                  | <u>328,646,254</u>      | <u>322,635,747</u>      | <u>2 %</u>                                     |
| <b>Deductions:</b>                               |                         |                         |  |
| Benefits paid to participants                    | 81,058,210              | 85,972,364              | (6) %  |
| Administrative expenses                          | <u>3,119,702</u>        | <u>3,055,903</u>        | <u>2 %</u>                                     |
| Total deductions                                 | <u>84,177,912</u>       | <u>89,028,267</u>       | <u>(5) %</u>                                   |
| <b>Change in net position</b>                    | 244,468,342             | 233,607,480             | 5 %  |
| Net position, beginning of year                  | <u>1,441,302,965</u>    | <u>1,207,695,485</u>    | <u>19 %</u>                                    |
| <b>Net position, end of year</b>                 | <u>\$ 1,685,771,307</u> | <u>\$ 1,441,302,965</u> | <u>17 %</u>                                    |

**CURRENTLY KNOWN FACTS**

Other than the uncertainty of general economic indicators on the Plan, there are no significant facts, decisions or conditions that are expected that management believes will have a significant impact on the financial position or results of operations.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Hoosier S.T.A.R.T's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor of State, 200 W. Washington Street, 240 State House, Indianapolis, Indiana 46204.

STATE OF INDIANA PUBLIC EMPLOYEE DEFERRED COMPENSATION PLAN  
STATEMENT OF NET POSITION AVAILABLE FOR BENEFITS  
December 31, 2020

|   | State of<br>Indiana 457<br>Retirement<br>Plan (01) | State of<br>Indiana 401(a)<br>Retirement<br>Plan (02) | State of<br>Indiana 457<br>Retirement<br>Plan (03) –<br>Local<br>Political<br>Subdivisions | State of<br>Indiana 401(a)<br>Retirement<br>Plan (04) –<br>Local<br>Political<br>Subdivisions | Total                   |
|---|--|---|--|---|-------------------------|
| <b>Assets</b>                                     |  |   |  |   |                         |
| Participant-directed investments:                 |  |   |  |   |                         |
| Mutual funds                                      | \$ 383,793,896                                     | \$ 50,497,444   | \$ 88,817,971  | \$ 5,518,028  | \$ 528,627,339          |
| Collective trust funds and other                  | 576,558,550  | 103,906,293   | 108,196,790  | 6,952,218   | 795,613,851             |
| Guaranteed investment contracts at contract value | <u>266,486,188</u>                                 | <u>32,283,996</u>                                     | <u>56,016,922</u>  | <u>2,269,014</u>  | <u>357,056,120</u>      |
| Total participant-directed investments            | 1,226,838,634                                      | 186,687,733   | 253,031,683  | 14,739,260  | 1,681,297,310           |
| Forfeiture assets                                 | 264,521  | -   | 89   | -   | 264,610                 |
| Participant contributions receivable              | 3,169,998  | -   | 569,504  | -   | 3,739,502               |
| Employer contributions receivable                 | <u>-</u>   | <u>447,540</u>  | <u>-</u>   | <u>59,120</u>   | <u>506,660</u>          |
| Total assets                                      | <u>1,230,273,153</u>                               | <u>187,135,273</u>                                    | <u>253,601,276</u>   | <u>14,795,380</u>   | <u>1,685,808,082</u>    |
| <b>Liabilities</b>                                |  |   |  |   |                         |
| Accounts payable                                  | <u>36,775</u>                                      | <u>-</u>  | <u>-</u>   | <u>-</u>  | <u>36,775</u>           |
| Total liabilities                                 | <u>36,775</u>                                      | <u>-</u>  | <u>-</u>   | <u>-</u>  | <u>36,775</u>           |
| <b>Net position available for benefits</b>        | <u>\$ 1,230,236,378</u>                            | <u>\$ 187,135,273</u>                                 | <u>\$ 253,601,276</u>  | <u>\$ 14,795,380</u>  | <u>\$ 1,685,771,307</u> |

See accompanying notes to financial statements.

STATE OF INDIANA PUBLIC EMPLOYEE DEFERRED COMPENSATION PLAN  
STATEMENT OF CHANGES IN NET POSITION AVAILABLE FOR BENEFITS  
Year Ended December 31, 2020

|   | State of<br>Indiana 457<br>Retirement<br>Plan (01) | State of<br>Indiana 401(a)<br>Retirement<br>Plan (02) | State of<br>Indiana 457<br>Retirement<br>Plan (03) –<br>Local<br>Political<br>Subdivisions | State of<br>Indiana 401(a)<br>Retirement<br>Plan (04)–<br>Local<br>Political<br>Subdivisions | Total                   |
|---|--|---|--|--|-------------------------|
| <b>Additions</b>  |  |   |  |  |                         |
| Contributions   |  |   |  |  |                         |
| Participant contributions                                     | \$ 70,239,025                                      | \$ -  | \$ 13,916,978  | \$ -   | \$ 84,156,003           |
| Employer contributions  | -  | 11,426,685  | -  | 1,491,127  | 12,917,812              |
| Additional deposits   | <u>11,216,375</u>                                  | <u>113,911</u>  | <u>2,697,434</u>   | <u>78,725</u>  | <u>14,106,445</u>       |
| Total contributions   | 81,455,400   | 11,540,596  | 16,614,412   | 1,569,852  | 111,180,260             |
| Investment income   |  |   |  |  |                         |
| Interest and dividends, net of investment fees                | 15,392,778   | 1,913,712   | 3,517,095  | 167,553  | 20,991,138              |
| Net appreciation in fair value of investments                 | <u>142,264,276</u>                                 | <u>23,984,735</u>                                     | <u>28,391,567</u>  | <u>1,834,278</u>   | <u>196,474,856</u>      |
| Net investment income   | <u>157,657,054</u>                                 | <u>25,898,447</u>                                     | <u>31,908,662</u>  | <u>2,001,831</u>   | <u>217,465,994</u>      |
| Total additions   | 239,112,454  | 37,439,043  | 48,523,074   | 3,571,683  | 328,646,254             |
| <b>Deductions</b>   |  |   |  |  |                         |
| Benefits paid to participants                                 | 58,654,477   | 7,120,014   | 14,738,333   | 545,386  | 81,058,210              |
| Administrative expenses                                       | <u>1,856,496</u>                                   | <u>890,804</u>  | <u>336,752</u>   | <u>35,650</u>  | <u>3,119,702</u>        |
| Total deductions  | <u>60,510,973</u>                                  | <u>8,010,818</u>                                      | <u>15,075,085</u>  | <u>581,036</u>   | <u>84,177,912</u>       |
| Change in net position  | 178,601,481  | 29,428,225  | 33,447,989   | 2,990,647  | 244,468,342             |
| <b>Net position available for benefits, beginning of year</b> | <u>1,051,634,897</u>                               | <u>157,707,048</u>                                    | <u>220,153,287</u>   | <u>11,807,733</u>  | <u>1,441,302,965</u>    |
| <b>Net position available for benefits, end of year</b>       | <u>\$ 1,230,236,378</u>                            | <u>\$ 187,135,273</u>                                 | <u>\$ 253,601,276</u>  | <u>\$ 14,798,380</u>   | <u>\$ 1,685,771,307</u> |

See accompanying notes to financial statements.

STATE OF INDIANA PUBLIC EMPLOYEE DEFERRED COMPENSATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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**NOTE 1 - DESCRIPTION OF THE PLAN**

The State of Indiana Public Employee Deferred Compensation Plan (the Plan), doing business as (d/b/a) Hoosier S.T.A.R.T. is a defined contribution multiple-employer pension plan for all State Employees as well as the employees of participating local political subdivisions. The Plan is governed by the Deferred Compensation Committee which was created through I.C. 5-10-1.1-4 and consists of five members appointed by the State Board of Finance. The Committee serves as the Trustee of the Plan and is responsible for prudent administration of the Plan which includes design of the Plans' investment platform, establishing investment policy objectives and guidelines, prudent selection of Investment Managers, and ongoing monitoring. The Indiana Auditor of State serves as administrator of the Plan and is responsible for all services involved in the administration of the Plan providing oversight and administration of the Plan. Effective May 1, 2013, the Plan entered into contract with Empower Retirement to serve as the third-party, plan administrator providing recordkeeping and administrative services to the Plan.

The following description of the Plan provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions which are publicly available at <https://www.in.gov/auditor/hoosierstart/>.

General: The Plan is comprised of two legally separate retirement plans - the State of Indiana Deferred Compensation Plan (the "457 Plan") for State employees and local political subdivisions and the State of Indiana Deferred Compensation Matching Plan (the "401a Plan") for State employees and local political subdivisions. The Plan further tracks the activities with four identifiers for participant accounts as listed below:

- The State of Indiana Public Deferred Compensation Plan (457) (Plan 01)
- The State of Indiana Deferred Compensation Matching Plan (401(a)) (Plan 02)
- The State of Indiana Public Employee Deferred Compensation (457)– Local Subdivisions (Plan 03)
- The State of Indiana Deferred Compensation Matching Plan (401(a)) – Local Subdivisions (Plan 04)

The 457 Plan is a participatory defined contribution pension plan designed to meet the requirements of the Internal Revenue Code. The 401(a) Plan is a tax-qualified multiple-employer retirement plan designed to meet the requirements of Section 401(a) of the Internal Revenue Code.

Participant Accounts: The Plan Administrator maintains one account for each participant's employee contributions. For participants eligible for a matching contribution, a second account is maintained by the Plan Administrator for employer matching contributions received each pay period. The balance of these accounts is adjusted daily to reflect any distributions to participants and all interest, dividends, account charges and changes in market value of investments.

Plan Participation: Any employee of the State, with the exception of those employees excluded in plan documents, is eligible for voluntary participation in the Plan. State employees are automatically enrolled in Plan 01 and Plan 02 upon employment. There are approximately 240 local political subdivisions offering participation in the plan to employees upon employment. Approximately 35 of these local political subdivisions have also adopted a matching plan. Employee contributions from local political subdivisions are tracked through accounts in Plan 03. Participating local political subdivisions who have adopted an employer matching plan are tracked in Plan 04.

|   | <u>Plan 01</u>    | <u>Plan 02</u>    | <u>Plan 03</u>   | <u>Plan 04</u>   | <u>Total</u>       |
|---|-------------------|-------------------|------------------|------------------|--------------------|
| Active employees                            | 29,252            | 29,151            | 5,264            | 1,536            | 65,203             |
| Inactive employees                          | 23,420            | 23,396            | 1,514            | 401              | 48,731             |
| Participants with no ending account balance | <u>2,188</u>      | <u>2,203</u>      | <u>305</u>       | <u>75</u>        | <u>4,771</u>       |
| <br>Total accounts                          | <br><u>54,860</u> | <br><u>54,750</u> | <br><u>7,083</u> | <br><u>2,012</u> | <br><u>118,705</u> |

(Continued)

STATE OF INDIANA PUBLIC EMPLOYEE DEFERRED COMPENSATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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**NOTE 1 - DESCRIPTION OF THE PLAN (Continued)**

Contributions: Employees may contribute a maximum of 100% of includible compensation, not to exceed \$19,500. Eligible employees have a minimum contribution amount of 0.5% of includible compensation, or at least \$15 per biweekly paycheck for eligible state employees. If an employee is within the three calendar years that end prior to the calendar year of their normal retirement age, they may be eligible to use the special catch-up provision, which allows them to save up to an additional \$19,500. This amounts to a total possible contribution of up to \$39,000. If an employee is age 50 or older during 2020 calendar year, the employee may take advantage of the age 50+ catch-up provision, which allows an employee to contribution up to an additional \$6,500 in 2020.

State employees receive a \$15-per-paycheck matching contribution. Employees of local political subdivisions may be eligible to receive a matching contribution if the employer has adopted a matching plan.

Additional Deposits: Additional deposits include transfers in, rollovers, and conversions.

Forfeiture assets: Forfeiture assets totaled \$264,610 as of December 31, 2020. These accounts are to be used to offset future employer contributions and pay administrative expenses of the Plan.

Vesting: Participants are 100% vested in their accounts and rollover accounts at all times.

Payments of Benefits: Benefits are paid following a participant's separation from service, death, disability or an unforeseeable emergency as outlined in the plan documents. Benefits payable shall be based on the value of the accounts. Upon separation from service or a disability, a participant may elect to have benefits commence on a date no later than age 70 and one half. Upon death, the value of the participant's account will be paid to the beneficiary. The Plan permits payout options in the form of lump sums, periodic payments of a fixed amount or duration, or life contingent annuities.

Administrative Expenses: The Plan waives its administrative fee for the six-month period immediately following enrollment. Following that period, quarterly administrative fees are \$14.45. Investment management fees vary by investment option. The Plan also offers advisory services. Annual advisory services fees are based on a percentage of total assets under management.

| <u>Assets Under Management</u> | <u>Annual Service Fee</u> |
|--------------------------------|---------------------------|
| Up to \$100,000                | 0.45%                     |
| Next \$150,000                 | 0.35%                     |
| Next \$150,000                 | 0.25%                     |
| More than \$400,000            | 0.15%                     |

Tax Status: The 457 Plan is intended to satisfy the requirements of Section 457(b) of the Internal Revenue Code (IRC), and the assets of the 457 Plan held in trust are therefore exempt from federal income taxes. The 401(a) Plan is intended to be qualified under Section 401(a) of the Internal Revenue Code, the State and each political subdivision participating in the 401(a) Plan received a favorable determination letter from the Internal Revenue Service dated January 11, 2017 to the effect the 401(a) Plan is so qualified and, therefore, is exempt from federal income taxes. The plan administrators believe that the Plan is currently designed and being operated in compliance with applicable rules and regulations of the IRC, that the Plan is qualified, and that the related trust continues to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Plan Termination: Although it has not expressed any intention to do so, the State and participating local political subdivisions have the right to terminate the Plan subject to the provisions set forth in the Plan agreements.

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(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity: As defined by accounting principles generally accepted in the United States of America established by the Government Accounting Standards Board (GASB), the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- (1) Appointment of a voting majority of the component unit's board and that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (2) Fiscal dependency on the primary government.

Based upon these criteria, the Plan reports as a governmental entity although it has no component units and the Plan is not a component unit of any other entity as of December 31, 2020.

Basis of Presentation: The Plan prepares its financial statements using the accrual basis of accounting. The financial statements of the Plan have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following are the significant accounting policies used in preparing the accompanying financial statements of the Plan.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the measurement of assets and liabilities and additions and deductions, and the disclosures of contingent assets and liabilities during the reported period. Actual results could differ from those estimates.

Contributions: The Plan recognizes participant contributions as revenues in the month that participant earnings are earned in accordance with the Plan's provisions. Contributions receivable are measured based on cash receipts after year end that generally relate to December payroll periods.

Benefits Paid to Participants: Distributions are recognized as expenses when paid. Expenses are paid from the Plan and are recorded when the corresponding liabilities are incurred regardless of when payment is made.

Investment Valuation and Income Recognition: Mutual funds are reported at fair value based on quoted market prices. The guaranteed investment contract is a contract-based investment. Guaranteed investment contracts are not transferable and observable prices for identical or similar investments do not exist. Purchases and sales of mutual fund shares are recorded on a trade-date basis. Interest income is recorded on the accrual basis of accounting. Dividends are recorded on the ex-dividend date.

Administrative and Investment Management Expenses: The Plan's administrative fees are paid through a quarterly, fixed fee charged to participant accounts and are reflected in the financial statements as administrative expenses of the Plan. Investment management fees are charged to the participant accounts and presented as net of interest and dividends.

Risks and Uncertainties: The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, liquidity and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of plan net position.

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(Continued)

STATE OF INDIANA PUBLIC EMPLOYEE DEFERRED COMPENSATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Adoption of New Accounting Pronouncements: For the year ended December 31, 2020, the Plan adopted the following accounting pronouncements. There was no impact on the financial statements upon adoption of these pronouncements.

- GASB Statement No. 83, *Certain Asset Retirement Obligations*
- GASB Statement No. 84, *Fiduciary Activities*
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- GASB Statement No. 90, *Majority Equity Interests*
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (paragraphs 4-5)

Business Disruption: In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a global pandemic. COVID-19 has impacted economic activity and financial markets globally. The operations and business results of the Plan could be materially adversely affected. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others. In March 2020, the CARES Act was signed into law which including provisions waiving the required minimum distribution for 2020 and allowing coronavirus-related withdrawals up to \$100,000 per participant.

**NOTE 3 – VALUATION OF INVESTMENTS**

Investment oversight and policy oversight of plan assets is the fiduciary responsibility of the Deferred Compensation Committee (Committee). Accordingly, the Committee must sufficiently diversify the portfolio to minimize the risk of large losses unless, under the circumstances, it is clearly prudent not to do so. Primary risk measures are volatility in the Plan's assets, funded status and contribution rates. Indiana law permits the Board to establish investment guidelines and limits on all types of investments and take other actions necessary to fulfill its duty as a fiduciary for all assets under its control.

Fair value is defined as the price that would be received by the Plan for an asset or paid by the Plan to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date in the Plan's principal or most advantageous market for the asset or liability. There has been established a fair value hierarchy which requires the Plan to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and gives the lowest priority to unobservable inputs (Level 3 measurements). The three levels of inputs within the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Plan has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Plan's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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(Continued)

STATE OF INDIANA PUBLIC EMPLOYEE DEFERRED COMPENSATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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**NOTE 3 – VALUATION OF INVESTMENTS** (Continued)

In some cases, a valuation technique used to measure fair value may include inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The following descriptions of the valuation methods and assumptions used by the Plan to estimate the fair value of investments apply to investments held directly by the Plan:

*Mutual funds:* The fair values of mutual fund investments are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). Mutual funds include U.S. equity funds, U.S. fixed income funds, and international equity funds.

For other investments for which there is no active market, the Plan uses the net asset value (NAV) as such investments have significant unobservable valuation inputs and are excluded from the valuation hierarchy.

*Collective trust funds:* This investment type includes multiple funds. Share prices/NAV reported on plan summary reports are generally obtained directly from the fund house or other investment provider. The collective trust funds include a variety of investment choices that are diversified across a range of risk levels, assets classes, and investment strategies in order to accommodate the varying levels of needs and risk tolerance of plan participants in constructing portfolios to meet their financial goals. The Plan has adopted an investment option structure that provides target date options, core investment options, and specialty/legal options.

*Stable value fund:* The Stable Value Fund consists holds guaranteed investment contracts (GICs) with insurance companies and wrapped managed fixed income portfolios measured at contract value. The Stable Value Fund is an investment option that seeks to provide safety of principal and a stable credited rate of interest, while generating competitive returns over time compared to other comparable investments. Share prices reported on plan summary reports are generally obtained directly from the fund house or other investment provider.

*Guaranteed Investment Contracts (GICs):* The Stable Value Fund consists of fully benefit-responsive synthetic guaranteed investment contracts (GICs). The Stable Value Fund is an investment option that seeks to provide safety of principal and a stable credited rate of interest, while generating competitive returns over time compared to other comparable investments. As of December 31, 2020, the Stable Value Fund portfolio consists of a money market fund, a managed income fund, and a stable value wrap with a fair value of \$368.3 million, which was \$12.8 million greater than the fair value protected by the wrap contract.

Additionally, there were no unfunded commitments or redemption notice periods for investments measured at net asset value.

In 2020, the Plan added one new fund option for participants, the State Street Target Retirement 2065 Fund Class V fund.

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(Continued)



STATE OF INDIANA PUBLIC EMPLOYEE DEFERRED COMPENSATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3 – VALUATION OF INVESTMENTS (Continued)**

***State of Indiana 457 Retirement Plan***

|  | Assets at Fair Value<br>as of December 31, 2020 |                       |             |             |                       |
|--|---|-----------------------|-------------|-------------|-----------------------|
|  | Total   | Level 1               | Level 2     | Level 3     | NAV                   |
| Mutual funds                           | \$ 383,793,896                                  | \$ 383,793,896        | \$ -        | \$ -        | \$ -                  |
| Collective trust funds                 | <u>576,558,550</u>                              | <u>-</u>              | <u>-</u>    | <u>-</u>    | <u>576,558,550</u>    |
| Investments at fair value              | \$ 960,352,446                                  | <u>\$ 383,793,896</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 576,558,550</u> |
| Investments Not Subject to Fair Value: |   |                       |             |             |                       |
| GICs at contract value                 | <u>\$ 266,486,188</u>                           |                       |             |             |                       |
| Total investments                      | <u>\$1,266,838,634</u>                          |                       |             |             |                       |

***State of Indiana 401(a) Retirement Plan***

|  | Assets at Fair Value<br>as of December 31, 2020 |                      |             |             |                       |
|--|---|----------------------|-------------|-------------|-----------------------|
|  | Total   | Level 1              | Level 2     | Level 3     | NAV                   |
| Mutual funds                           | \$ 50,497,444                                   | \$ 50,497,444        | \$ -        | \$ -        | \$ -                  |
| Collective trust funds                 | <u>103,906,293</u>                              | <u>-</u>             | <u>-</u>    | <u>-</u>    | <u>103,906,293</u>    |
| Investments at fair value              | \$ 154,403,737                                  | <u>\$ 50,497,444</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 103,906,293</u> |
| Investments Not Subject to Fair Value: |   |                      |             |             |                       |
| GICs at contract value                 | <u>\$ 32,283,996</u>                            |                      |             |             |                       |
| Total investments                      | <u>\$ 186,687,733</u>                           |                      |             |             |                       |

***State of Indiana 457 Retirement Plan – Local Political Subdivisions***

|  | Assets at Fair Value<br>as of December 31, 2020 |                      |             |             |                       |
|--|---|----------------------|-------------|-------------|-----------------------|
|  | Total   | Level 1              | Level 2     | Level 3     | NAV                   |
| Mutual funds                           | \$ 88,817,971                                   | \$ 88,817,971        | \$ -        | \$ -        | \$ -                  |
| Collective trust funds                 | <u>108,196,790</u>                              | <u>-</u>             | <u>-</u>    | <u>-</u>    | <u>108,196,790</u>    |
| Investments at fair value              | \$ 197,017,761                                  | <u>\$ 88,817,971</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 108,196,970</u> |
| Investments Not Subject to Fair Value: |   |                      |             |             |                       |
| GICs at contract value                 | <u>\$ 56,016,922</u>                            |                      |             |             |                       |
| Total investments                      | <u>\$ 253,031,683</u>                           |                      |             |             |                       |

(Continued)

STATE OF INDIANA PUBLIC EMPLOYEE DEFERRED COMPENSATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3 – VALUATION OF INVESTMENTS (Continued)**

**State of Indiana 401(a) Retirement Plan – Local Political Subdivisions**

|   | Assets at Fair Value<br>as of December 31, 2020 |                     |             |             | NAV                 |
|---|---|---------------------|-------------|-------------|---------------------|
|   | Total   | Level 1             | Level 2     | Level 3     |                     |
| Mutual funds                                  | \$ 5,518,028                                    | \$ 5,518,028        | \$ -        | \$ -        | \$ -                |
| Collective trust funds                        | <u>6,952,218</u>                                | <u>-</u>            | <u>-</u>    | <u>-</u>    | <u>6,952,218</u>    |
| Investments at fair value                     | \$ 12,470,246                                   | <u>\$ 5,518,028</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,952,218</u> |
| <i>Investments Not Subject to Fair Value:</i> |   |                     |             |             |                     |
| GICs at contract value                        | <u>\$ 2,269,014</u>                             |                     |             |             |                     |
| Total investments                             | <u>\$ 14,739,260</u>                            |                     |             |             |                     |

Following is a listing of the Plan's investment holdings as of December 31, 2020:

**State of Indiana 457 Retirement Plan**

Mutual funds, at fair value:

|  |                   |
|--|-------------------|
| American Funds EuroPacific Growth Fund Class R-6     | \$ 43,690,211     |
| Fidelity Diversified International Fund              | 63,826,459        |
| Fidelity Low-Priced Stock Fund                       | 15,395,174        |
| Indiana Flexible Bond Fund                           | 3,229,418         |
| MFS Mid Cap Value Fund Class R3                      | 33,630,1089       |
| PIMCO Total Return A                                 | 67,730,690        |
| Vanguard Capital Opportunity Fund Admiral Shares     | 114,296,502       |
| Vanguard FTSE Social Index Fund Institutional Shares | <u>41,995,331</u> |
|  | 383,793,896       |

Collective trust funds, at net asset value:

|  |                   |
|--|-------------------|
| BNY Mellon NSL US Dynamic Large Cap Value                          | 70,591,616        |
| State of Indiana Inflation – Linked Bond                           | 38,743,203        |
| State Street Russell Small/Mid Index Securities Lending Class II   | 55,879,246        |
| State Street S&P 500 Index Securities Lending Series Fund Class II | 103,993,716       |
| State Street Target Retirement 2020 Fund Class V                   | 11,692,184        |
| State Street Target Retirement 2025 Fund Class V                   | 38,114,428        |
| State Street Target Retirement 2030 Fund Class V                   | 16,793,494        |
| State Street Target Retirement 2035 Fund Class V                   | 30,153,848        |
| State Street Target Retirement 2040 Fund Class V                   | 14,029,674        |
| State Street Target Retirement 2045 Fund Class V                   | 32,201,499        |
| State Street Target Retirement 2050 Fund Class V                   | 23,143,813        |
| State Street Target Retirement 2055 Fund Class V                   | 9,429,130         |
| State Street Target Retirement 2060 Fund Class V                   | 12,907,419        |
| State Street Target Retirement 2065 Fund Class V                   | 101,583           |
| State Street Target Retirement Income Fund Class V                 | 25,505,899        |
| T. Rowe Price Blue Chip Growth Tr-T2                               | <u>93,277,798</u> |
|  | 576,558,550       |

Stable value funds, at contract value:

|                           |                         |
|---------------------------|-------------------------|
| Indiana Stable Value Fund | <u>266,486,188</u>      |
| Total investments         | <u>\$ 1,266,838,634</u> |

(Continued)

STATE OF INDIANA PUBLIC EMPLOYEE DEFERRED COMPENSATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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**NOTE 3 - VALUATION OF INVESTMENTS (Continued)**

***State of Indiana 401(a) Retirement Plan***

Mutual funds, at fair value:

|  |                   |
|--|-------------------|
| American Funds EuroPacific Growth Fund Class R-6     | \$ 6,505,173      |
| Fidelity Diversified International K6 Fund           | 9,501,062         |
| Fidelity Low-Priced Stock Fund                       | 1,399,684         |
| Indiana Flexible Bond Fund                           | 248,776           |
| MFS Mid Cap Value Fund Class R3                      | 4,653,412         |
| PIMCO Total Return A                                 | 6,816,011         |
| Vanguard Capital Opportunity Fund Admiral Shares     | 16,291,511        |
| Vanguard FTSE Social Index Fund Institutional Shares | 5,081,815         |
|  | <u>50,497,444</u> |

Collective trust funds, at net asset value:

|  |                    |
|--|--------------------|
| BNY Mellon NSL US Dynamic Large Cap Value                          | 9,677,890          |
| State of Indiana Inflation – Linked Bond                           | 3,704,332          |
| State Street Russell Small/Mid Index Securities Lending Class II   | 8,347,024          |
| State Street S&P 500 Index Securities Lending Series Fund Class II | 9,967,928          |
| State Street Target Retirement 2020 Fund Class V                   | 1,639,478          |
| State Street Target Retirement 2025 Fund Class V                   | 7,694,675          |
| State Street Target Retirement 2030 Fund Class V                   | 3,266,314          |
| State Street Target Retirement 2035 Fund Class V                   | 9,321,805          |
| State Street Target Retirement 2040 Fund Class V                   | 3,779,100          |
| State Street Target Retirement 2045 Fund Class V                   | 11,203,318         |
| State Street Target Retirement 2050 Fund Class V                   | 8,518,519          |
| State Street Target Retirement 2055 Fund Class V                   | 3,195,410          |
| State Street Target Retirement 2060 Fund Class V                   | 5,067,522          |
| State Street Target Retirement 2065 Fund Class V                   | 49,882             |
| State Street Target Retirement Income Fund Class V                 | 3,142,946          |
| T. Rowe Price Blue Chip Growth Tr-T2                               | 15,330,150         |
|  | <u>103,906,293</u> |

Stable value fund, at contract value:

|                           |                   |
|---------------------------|-------------------|
| Indiana Stable Value Fund | <u>32,283,996</u> |
|---------------------------|-------------------|

|                   |                       |
|-------------------|-----------------------|
| Total investments | <u>\$ 186,687,733</u> |
|-------------------|-----------------------|

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(Continued)

STATE OF INDIANA PUBLIC EMPLOYEE DEFERRED COMPENSATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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**NOTE 3 - VALUATION OF INVESTMENTS (Continued)**

***State of Indiana 457 Retirement Plan – Local Political Subdivisions***

Mutual funds, at fair value:

|  |               |
|--|---------------|
| American Funds EuroPacific Growth Fund Class R-6     | \$ 10,789,871 |
| Fidelity Diversified International Fund              | 14,994,668    |
| Fidelity Low-Priced Stock Fund                       | 3,289,825     |
| Indiana Flexible Bond Fund                           | 598,798       |
| MFS Mid Cap Value Fund Class R3                      | 7,546,403     |
| PIMCO Total Return A                                 | 15,078,620    |
| Vanguard Capital Opportunity Fund Admiral Shares     | 27,389,681    |
| Vanguard FTSE Social Index Fund Institutional Shares | 9,130,105     |
|  | <hr/>         |
|  | 88,817,971    |

Collective trust funds, at net asset value:

|  |             |
|--|-------------|
| BNY Mellon NSL US Dynamic Large Cap Value                          | 16,079,530  |
| State of Indiana Inflation – Linked Bond                           | 9,208,671   |
| State Street Russell Small/Mid Index Securities Lending Class II   | 12,822,005  |
| State Street S&P 500 Index Securities Lending Series Fund Class II | 22,262,261  |
| State Street Target Retirement 2020 Fund Class V                   | 1,091,627   |
| State Street Target Retirement 2025 Fund Class V                   | 7,907,784   |
| State Street Target Retirement 2030 Fund Class V                   | 2,860,866   |
| State Street Target Retirement 2035 Fund Class V                   | 5,756,303   |
| State Street Target Retirement 2040 Fund Class V                   | 1,750,087   |
| State Street Target Retirement 2045 Fund Class V                   | 2,886,555   |
| State Street Target Retirement 2050 Fund Class V                   | 1,387,858   |
| State Street Target Retirement 2055 Fund Class V                   | 733,094     |
| State Street Target Retirement 2060 Fund Class V                   | 310,066     |
| State Street Target Retirement 2065 Fund Class V                   | 3,803       |
| State Street Target Retirement Income Fund Class V                 | 5,011,731   |
| Thomas Rowe Price Blue Chip Growth Tr-T2                           | 18,124,549  |
|  | <hr/>       |
|  | 108,196,790 |

Stable value fund, at contract value:

|                           |            |
|---------------------------|------------|
| Indiana Stable Value Fund | <hr/>      |
|                           | 56,016,922 |

|                   |                                   |
|-------------------|-----------------------------------|
| Total investments | <hr/> <b>\$ 253,031,683</b> <hr/> |
|-------------------|-----------------------------------|

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(Continued)

STATE OF INDIANA PUBLIC EMPLOYEE DEFERRED COMPENSATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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**NOTE 3 - VALUATION OF INVESTMENTS (Continued)**

***State of Indiana 401(a) Retirement Plan – Local Political Subdivisions***

Mutual funds, at fair value:

|  |                  |
|--|------------------|
| American Funds Euro-Pacific Growth Fund Class R-6    | \$ 909,194       |
| Fidelity Diversified International Fund              | 1,166,917        |
| Fidelity Low-Priced Stock Fund                       | 97,141           |
| Indiana Flexible Bond Fund                           | 5,886            |
| MFS Mid Cap Value Fund Class R3                      | 529,404          |
| PIMCO Total Return A                                 | 924,116          |
| Vanguard Capital Opportunity Fund Admiral Shares     | 1,288,316        |
| Vanguard FTSE Social Index Fund Institutional Shares | 597,054          |
|  | <u>5,518,028</u> |

Collective trust funds, at net asset value:

|  |                  |
|--|------------------|
| BNY Mellon NSL US Dynamic Large Cap Value                          | 865,052          |
| State of Indiana Inflation – Linked Bond                           | 527,603          |
| State Street Russell Small/Mid Index Securities Lending Class II   | 848,636          |
| State Street S&P 500 Index Securities Lending Series Fund Class II | 1,050,499        |
| State Street Target Retirement 2020 Fund Class V                   | 64,638           |
| State Street Target Retirement 2025 Fund Class V                   | 775,829          |
| State Street Target Retirement 2030 Fund Class V                   | 130,849          |
| State Street Target Retirement 2035 Fund Class V                   | 633,327          |
| State Street Target Retirement 2040 Fund Class V                   | 209,268          |
| State Street Target Retirement 2045 Fund Class V                   | 419,582          |
| State Street Target Retirement 2050 Fund Class V                   | 88,348           |
| State Street Target Retirement 2055 Fund Class V                   | 141,593          |
| State Street Target Retirement 2060 Fund Class V                   | 75,106           |
| State Street Target Retirement 2065 Fund Class V                   | 1,242            |
| State Street Target Retirement Income Fund Class V                 | 517,550          |
| Thomas Rowe Price Blue Chip Growth Tr-T2                           | 603,096          |
|  | <u>6,952,218</u> |

Stable value fund, at contract value:

|                           |                  |
|---------------------------|------------------|
| Indiana Stable Value Fund | <u>2,269,014</u> |
|---------------------------|------------------|

|                   |                      |
|-------------------|----------------------|
| Total investments | <u>\$ 14,739,260</u> |
|-------------------|----------------------|

Custodial Credit Risk for Investments

Custodial credit risk for investments is a risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent, but not in the name of Plan. Investment managers are not allowed, under any circumstances, to take possession, custody, title, or ownership of any managed assets.

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(Continued)

STATE OF INDIANA PUBLIC EMPLOYEE DEFERRED COMPENSATION PLAN  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2020

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**NOTE 3 - VALUATION OF INVESTMENTS** (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a plan's investment in a single issuer. Following is a listing of the Plan's investments with single issuers in excess of 5 percent of fiduciary net position and 5 percent of total investments as of December 31, 2020:

*State of Indiana 457 Retirement Plan*

| <u>Issuer</u>             | <u>Amount</u> |
|---------------------------|---------------|
| Fidelity                  | \$ 79,221,633 |
| Vanguard                  | 156,291,833   |
| Bank of New York          | 70,591,616    |
| State Street              | 373,945,933   |
| T. Rowe Price             | 93,227,798    |
| Indiana Stable Value Fund | 266,486,188   |

*State of Indiana 401(a) Retirement Plan*

| <u>Issuer</u>             | <u>Amount</u> |
|---------------------------|---------------|
| Fidelity                  | \$ 10,900,746 |
| Vanguard                  | 21,373,326    |
| State Street              | 75,193,921    |
| T. Rowe Price             | 15,330,150    |
| Indiana Stable Value Fund | 32,283,996    |

*State of Indiana 457 Retirement Plan – Local Political Subdivisions*

| <u>Issuer</u>             | <u>Amount</u> |
|---------------------------|---------------|
| Fidelity                  | \$ 18,284,493 |
| PIMCO                     | 15,078,620    |
| Vanguard                  | 36,519,786    |
| Bank of New York          | 16,079,530    |
| State Street              | 64,784,040    |
| T. Rowe Price             | 18,124,549    |
| Indiana Stable Value Fund | 56,016,922    |

*State of Indiana 401(a) Retirement Plan – Local Political Subdivisions*

| <u>Issuer</u>             | <u>Amount</u> |
|---------------------------|---------------|
| American Funds            | \$ 909,194    |
| Fidelity                  | 1,264,058     |
| PIMCO                     | 924,116       |
| Vanguard                  | 1,885,370     |
| Bank of New York          | 865,052       |
| State Street              | 4,956,467     |
| Indiana Stable Value Fund | 2,269,014     |

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(Continued)

**NOTE 3 - VALUATION OF INVESTMENTS** (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan invests in multiple equity funds which hold underlying investments in mostly large issuers in developed countries with liquid markets.