

2017

*For the Fiscal Year Ended
June 30, 2017*



COMPREHENSIVE ANNUAL FINANCIAL REPORT

*The Indiana Public Retirement System is a
pension trust fund of the State of Indiana.*





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Public Employees' Retirement Fund | Teachers' Retirement Fund: *Pre-1996 Account and 1996 Account* | 1977 Police Officers' and Firefighters' Retirement Fund | Judges' Retirement System | Excise, Gaming and Conservation Officers' Retirement Fund | Prosecuting Attorneys' Retirement Fund | Legislators' Retirement System: *Defined Benefit Fund and Defined Contribution Fund* | State Employees' Death Benefit Fund | Public Safety Officers' Special Death Benefit Fund | Local Public Safety Pension Relief Fund

INPRS | One North Capitol, Suite 001 | Indianapolis, IN 46204
Toll-free: (888) 526-1687 | www.inprs.in.gov | questions@inprs.in.gov

INPRS is a trust and an independent body, corporate and politic. The fund is not a department or agency of the State of Indiana, but is an independent instrumentality exercising essential governmental functions. (Indiana Code Section 5-10.5-2-3).

Table of Contents

2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017

INTRODUCTORY SECTION

- 7 Letter of Transmittal
- 12 Government Finance Officers Association – Certificate of Achievement
- 13 Public Pension Coordinating Council – Public Pension Standards Award
- 14 Administrative Organization
- 16 Summary of Key Data as of June 30, 2017

Fund Highlights

- 17 Public Employees' Retirement Fund
- 18 Teachers' Retirement Fund
- 19 1977 Police Officers' and Firefighters' Retirement Fund
- 20 Judges' Retirement System
- 21 Excise, Gaming and Conservation Officers' Retirement Fund
- 22 Prosecuting Attorneys' Retirement Fund
- 23 Legislators' Retirement System – Defined Benefit Fund

FINANCIAL SECTION

- 26 Independent Auditor's Report
- 28 Management's Discussion and Analysis (Unaudited)

Financial Statements

- 36 Statement of Fiduciary Net Position
- 38 Statement of Changes in Fiduciary Net Position
- 40 Notes to the Financial Statements

Required Supplementary Information (Unaudited)

- 92 Introduction to Required Supplementary Information (Unaudited) and Other Supplementary Schedules
- 93 Schedules of Changes in Net Pension Liability and Net Pension Liability
- 101 Schedule of Contributions
- 103 Schedule of Investment Returns
- 104 Schedule of Notes to Required Supplementary Information

Other Supplementary Schedules

- 105 Local Public Safety Pension Relief Fund Statement of Changes in Assets and Liabilities

- 106 Schedule of Administrative Expenses
- 107 Schedule of Administrative Expenses – Contractual and Professional Services
- 108 Schedule of Investment Expenses

INVESTMENT SECTION

- 111 Report on Investment Activities
- 114 Report from the Chief Investment Officer
- 124 Outline of Investment Policies
- 126 Investment Summary

Investment Results – Consolidated Defined Benefit Assets

- 127 Assets by Retirement Plan
- 128 Asset Allocation Summary: June 30, 2017 Actual vs. June 30, 2016 Actual
- 129 Asset Allocation Summary: June 30, 2017 Actual vs. Target
- 130 Annualized Time-Weighted Rate of Return by Asset Class vs. Benchmark Returns
- 131 Asset Class Summaries
- 139 Historical Comparative Investment Results
- 140 Ten-Year Time-Weighted Investment Rates of Return
- 141 Statistical Performance

Investment Results – Annuity Savings Accounts, My Choice and Legislators' Defined Contribution Fund

- 142 Assets by Investment Option
- 143 Historical Annualized Time-Weighted Rate of Return by Investment Option vs. Benchmark Returns
- 144 Historical Annual Interest Crediting Rates

Investment Information

- 145 Top Ten Equity Holdings by Fair Value
- 145 Top Ten Fixed Income Holdings by Fair Value
- 146 Top Ten Brokers' Commission Fees
- 146 Investment Management Fees
- 147 Investment Professionals

ACTUARIAL SECTION

Indiana Public Retirement System

- 153 Introduction
- 154 Actuaries' Certification Letters
- 160 Summary of Funded Status
- 161 Analysis of Financial Experience
- 162 Ten-Year Schedule of Participating Employers

Public Employees' Retirement Fund

- 163 Historical Summary of Actuarial Valuation Results
- 164 Summary of Actuarial Assumptions, Actuarial Methods and Plan Provisions
- 169 Analysis of Financial Experience and Solvency Test
- 170 Schedule of Active Members Valuation Data
- 171 Schedule of Retirants and Beneficiaries

Teachers' Pre-1996 Account

- 172 Historical Summary of Actuarial Valuation Results
- 173 Summary of Actuarial Assumptions, Actuarial Methods and Plan Provisions
- 177 Analysis of Financial Experience and Solvency Test
- 178 Schedule of Active Members Valuation Data
- 179 Schedule of Retirants and Beneficiaries

Teachers' 1996 Account

- 180 Historical Summary of Actuarial Valuation Results
- 181 Summary of Actuarial Assumptions, Actuarial Methods and Plan Provisions
- 185 Analysis of Financial Experience and Solvency Test
- 186 Schedule of Active Members Valuation Data
- 187 Schedule of Retirants and Beneficiaries

1977 Police Officers' and Firefighters' Retirement Fund

- 188 Historical Summary of Actuarial Valuation Results
- 189 Summary of Actuarial Assumptions, Actuarial Methods and Plan Provisions
- 192 Analysis of Financial Experience and Solvency Test
- 193 Schedule of Active Members Valuation Data
- 194 Schedule of Retirants and Beneficiaries

Judges' Retirement System

- 195 Historical Summary of Actuarial Valuation Results
- 196 Summary of Actuarial Assumptions, Actuarial Methods and Plan Provisions
- 199 Analysis of Financial Experience and Solvency Test
- 200 Schedule of Active Members Valuation Data
- 201 Schedule of Retirants and Beneficiaries

Excise, Gaming and Conservation Officers' Retirement Fund

- 202 Historical Summary of Actuarial Valuation Results
- 203 Summary of Actuarial Assumptions, Actuarial Methods and Plan Provisions
- 206 Analysis of Financial Experience and Solvency Test
- 207 Schedule of Active Members Valuation Data
- 208 Schedule of Retirants and Beneficiaries

Prosecuting Attorneys' Retirement Fund

- 209 Historical Summary of Actuarial Valuation Results
- 210 Summary of Actuarial Assumptions, Actuarial Methods and Plan Provisions
- 213 Analysis of Financial Experience and Solvency Test
- 214 Schedule of Active Members Valuation Data
- 215 Schedule of Retirants and Beneficiaries

Legislators' Defined Benefit Fund

- 216 Historical Summary of Actuarial Valuation Results
- 217 Summary of Actuarial Assumptions, Actuarial Methods and Plan Provisions
- 220 Analysis of Financial Experience and Solvency Test
- 221 Schedule of Active Members Valuation Data
- 222 Schedule of Retirants and Beneficiaries

STATISTICAL SECTION

Indiana Public Retirement System

- 225 Summary of Statistical Section
- 226 Schedule of Changes and Growth in Fiduciary Net Position
- 227 Summary of Income Sources for a Ten-Year Period
- 228 Summary of Participating Employers
- 229 Membership Data Summary
- 233 Ratio of Active Members to Annuitants
- 234 Pension Benefits by Indiana County
- 235 Retirees by Geographical Location
- 236 Summary of Defined Benefit Retirement Benefits

Public Employees' Retirement Fund

- 237 Schedule of Changes and Growth in Fiduciary Net Position
- 238 Schedule of Historical Contribution Rates
- 239 Ratio of Active Members to Annuitants
- 240 Schedule of Benefit Recipients by Type of Benefit Option
- 241 Schedule of Average Benefit Payments
- 242 Schedule of Participating Employers: Top 10

Teachers' Pre-1996 Account

- 243 Schedule of Changes and Growth in Fiduciary Net Position
- 244 Ratio of Active Members to Annuitants
- 245 Schedule of Benefit Recipients by Type of Benefit Option
- 246 Schedule of Average Benefit Payments
- 247 Schedule of Participating Employers: Top 10

Teachers' 1996 Account

- 248 Schedule of Changes and Growth in Fiduciary Net Position
- 249 Schedule of Historical Contribution Rates
- 250 Ratio of Active Members to Annuitants
- 251 Schedule of Benefit Recipients by Type of Benefit Option
- 252 Schedule of Average Benefit Payments
- 253 Schedule of Participating Employers: Top 10

1977 Police Officers' and Firefighters' Retirement Fund

- 254 Schedule of Changes and Growth in Fiduciary Net Position
- 255 Schedule of Historical Contribution Rates
- 256 Ratio of Active Members to Annuitants
- 257 Schedule of Benefit Recipients by Type of Benefit Option
- 258 Schedule of Average Benefit Payments
- 259 Schedule of Participating Employers: Top 10

Judges' Retirement System

- 260 Schedule of Changes and Growth in Fiduciary Net Position
- 261 Ratio of Active Members to Annuitants
- 262 Schedule of Benefit Recipients by Type of Benefit Option
- 263 Schedule of Average Benefit Payments

Excise, Gaming and Conservation Officers' Retirement Fund

- 264 Schedule of Changes and Growth in Fiduciary Net Position
- 265 Schedule of Historical Contribution Rates
- 266 Ratio of Active Members to Annuitants
- 267 Schedule of Benefit Recipients by Type of Benefit Option
- 268 Schedule of Average Benefit Payments

Prosecuting Attorneys' Retirement Fund

- 269 Schedule of Changes and Growth in Fiduciary Net Position
- 270 Ratio of Active Members to Annuitants
- 271 Schedule of Benefit Recipients by Type of Benefit Option
- 272 Schedule of Average Benefit Payments

Legislators' Defined Benefit Fund

- 273 Schedule of Changes and Growth in Fiduciary Net Position
- 274 Ratio of Active Members to Annuitants
- 275 Schedule of Benefit Recipients by Type of Benefit Option
- 276 Schedule of Average Benefit Payments

Legislators' Defined Contribution Fund

- 277 Schedule of Changes and Growth in Fiduciary Net Position
- 278 Schedule of Historical Contribution Rates

State Employees' Death Benefit Fund

- 279 Schedule of Changes and Growth in Fiduciary Net Position
- 280 Schedule of Average Death Benefit Payments

Public Safety Officers' Special Death Benefit Fund

- 281 Schedule of Changes and Growth in Fiduciary Net Position
- 282 Schedule of Average Death Benefit Payments

Local Public Safety Pension Relief Fund

- 283 Schedule of Average Death Benefit Payments

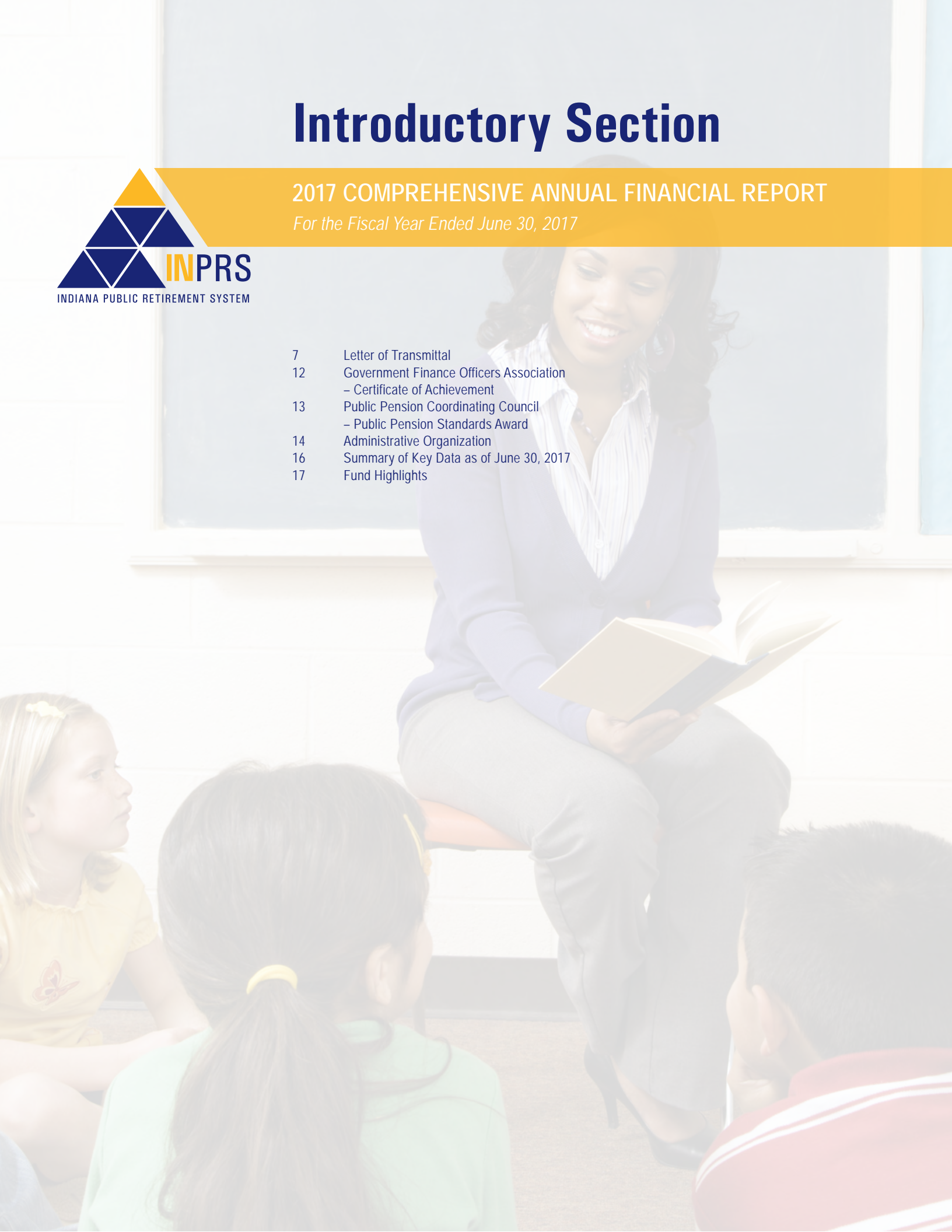
Introductory Section



2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017

| | |
|----|---|
| 7 | Letter of Transmittal |
| 12 | Government Finance Officers Association – Certificate of Achievement |
| 13 | Public Pension Coordinating Council – Public Pension Standards Award |
| 14 | Administrative Organization |
| 16 | Summary of Key Data as of June 30, 2017 |
| 17 | Fund Highlights |



Letter of Transmittal



November 17, 2017

Dear Board Members:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Indiana Public Retirement System (INPRS) for the year ended June 30, 2017.

About the System

As of June 30, 2017, INPRS was responsible for the investment of approximately \$31.8 billion in net position. For the year, INPRS paid approximately \$2.5 billion in retirement, disability and survivor benefits to 149,323 benefit recipients. INPRS received contributions of approximately \$2.2 billion from 220,933 members actively employed in public service and 1,234 participating employers statewide, and a nonemployer contributing entity (State of Indiana). INPRS also maintains accounts for 102,519 inactive members for a total membership of 472,775. Details about INPRS' members and employers are in the Statistical Section of this report.

This report provides detailed information on the performance of nine retirement plans administered by INPRS, including:

- Public Employees' Retirement Fund (PERF)
- Teachers' Retirement Fund (TRF)
 - Teachers' Pre-1996 Account (TRF Pre-'96)
 - Teachers' 1996 Account (TRF '96)
- 1977 Police Officers' and Firefighters' Retirement Fund ('77 Fund)
- Judges' Retirement System (JRS)
- Excise, Gaming and Conservation Officers' Retirement Fund (EG&C)
- Prosecuting Attorneys' Retirement Fund (PARF)
- Legislators' Defined Benefit Fund (LE DB)
- Legislators' Defined Contribution Fund (LE DC)

INPRS administers two other postemployment benefit funds. Both are special death benefit funds for public safety officers and state employees who die in the line of duty. In addition, INPRS manages an agency fund. The agency fund is the Pension Relief Fund, which was created by the Indiana General Assembly to address the unfunded pension obligations of the police officers' and firefighters' pension systems of Indiana's cities and towns. INPRS is not responsible for the administration of those local pension funds, which have been closed to new membership since the creation of the 1977 Police Officers' and Firefighters' Retirement Fund. However, INPRS makes disbursements from funds provided by the General Assembly to the local police and firefighter plans that are still obligated to pay benefits.

Letter of Transmittal, continued

Since their establishment, the laws governing the administration of INPRS-administered funds have changed and expanded in response to the needs of our members, employers, and citizens.

In 1955, the Annuity Savings Account (ASA) was established as a supplemental benefit to members of the PERF and TRF defined benefit plans. With this change, these plans became among the first in the nation to adopt a hybrid design. Employers pay the necessary contributions to fund the defined benefit, while employees are required to contribute to the member-managed account. Members are immediately vested in their ASAs. Upon retirement, PERF and TRF members can withdraw their ASA balance in a lump sum, roll it over, or convert to an annuitized amount. Non-vested inactive members (i.e., members who have not met the requirements for a defined pension benefit) may elect to withdraw their ASA balances upon termination of employment.

The 1995 legislative session brought several significant changes to TRF. Legislation was passed that closed the pay-as-you-go plan – the Teachers' Pre-1996 Account (TRF Pre-'96) – to newly hired members and created a new 1996 Account. All teachers hired after June 30, 1995, are members of the Teachers' 1996 Account (TRF '96). TRF '96 is actuarially pre-funded, requiring school corporations to set aside a fixed percentage of payrolls for teacher retirement benefits. Also in 1995, the General Assembly passed legislation creating the Pension Stabilization Fund (PSF), designed to partially fund the unfunded liability of TRF Pre-'96. Initially, the PSF was funded from \$425 million of employer reserves from TRF Pre-'96. Since that time, the PSF has received contributions from the Indiana State General Fund, the Indiana State Lottery and interest earned from the investment of PSF assets. As of June 30, 2017, the PSF had a balance of \$2.9 billion.

A public referendum held in 1996 approved an amendment to the Indiana Constitution allowing the funds to invest in equities. Since that time, INPRS has been able to diversify its investment asset classes and grow its asset base.

In 2000, legislation established that the fund's administrative bodies would no longer be state agencies, but each would be an "independent body corporate and politic." This means INPRS is not a department or agency of the State but is an independent instrument exercising essential government functions. Under Indiana law, INPRS is under the jurisdiction of the State Ethics Commission.

Effective July 1, 2011, the administration of the Indiana State Teachers' Retirement Fund (TRF), established in 1921, and the funds previously administered by the Indiana Public Employees' Retirement Fund (PERF), established in 1945, were consolidated as the Indiana Public Retirement System (INPRS).

Benefit Plan and Other Legislative Changes during Fiscal Year 2017

Major changes passed in the fiscal year 2016 that became effective in the fiscal year 2017:

- Legislation provided a one-time check (a.k.a. 13th check) to certain benefit recipients of PERF, TRF and the EG&C Plan in various amounts based on years of service. In addition, benefit recipients of the 1977 Fund and JRS are to receive a COLA increase.
- Legislation that allowed the My Choice plan to be offered by political subdivisions to their employees, in lieu of the PERF Hybrid plan, removes the requirement that prior service would be used to dictate whether a PERF member would go into the PERF Hybrid plan or the My Choice plan. This occurs when the employer gives new hires the option to choose between the PERF Hybrid plan and the My Choice plan. This also allows members that retire from the PERF Hybrid plan to begin or continue receiving contributions into their My Choice plan.
- Legislation allowed ASA accounts inactive for five years to become suspended. Accounts less than \$1,000 are to be disbursed to the member. Accounts greater than \$1,000 will continue to be invested as the member selected and may be charged an administrative fee.

Letter of Transmittal, continued

- Legislation eliminated the life-event requirement in order to change the beneficiary after receiving retirement benefits, except for when the spouse is named as a beneficiary.
- Legislation replaced the Guaranteed Fund with a Stable Value Fund on January 1, 2017 and also defaulted all existing funds in the Guaranteed Fund to a Stable Value Fund by December 31, 2016.
- Legislation required the public retirement system to divest from businesses that engage in action or inaction to boycott, divest from, or sanction Israel.

Major changes passed in the fiscal year 2017 that become effective in the fiscal year 2018:

- Legislation provided a one-time check (a.k.a. 13th check) to certain benefit recipients of PERF, TRF, and EG&C in various amounts based on years of service. In addition, benefit recipients of the '77 Fund and JRS are to receive a COLA increase.
- TRF members who are newly hired will have a My Choice Retirement Savings Plan option.
- Legislation provided a town police reserve officer special death benefit to law enforcement officers, who after June 30, 2017, die in the line of duty. Town police reserve officers work less than 1,000 hours and cannot participate in police pension plans.
- Legislation allows a '77 Fund member to receive, after July 1, 2017, for the remainder of his or her life a disability equal to the monthly salary of a first-class patrolman or fire fighter based on certain guidelines.
- A special death benefit fund to pay death claims to the beneficiaries of public safety officers or other state public employees who die in the line of duty. Effective July 1, 2017, SE and PSO, and the portion of the special death benefit component for LPSPR will be consolidated into one fund.
- For a '77 Fund member who retires after January 1, 2015, because of disability at least 12 months after the member enters the DROP (Deferred Retirement Option Plan) to use a different DROP date. The member's retirement benefit will be calculated using the DROP entry date, not the DROP retirement date.
- Legislation provides a public safety officer special death benefit to an emergency medical services employee, who after June 30, 2017, dies as a direct result of personal injury or illness while performing duties as an air ambulance services provider. To receive this benefit, the air ambulance services employer, maintained by a health care system affiliated with a state educational institution, must purchase coverage at \$100 per year through INPRS for their employees.
- Legislation provides that the PARF benefit is offset by the actual PERF retirement benefit if a member is receiving a PERF retirement benefit when retiring from PARF. In other words, if there is an actual PERF retirement, that PERF benefit is used as an offset. If there is not an actual PERF retirement, a hypothetical PERF retirement benefit is used as an offset until there is an actual PERF retirement.

Management's Responsibility for Financial Reporting

INPRS management has the fiduciary responsibility to safeguard the system and is responsible for the contents of this report. INPRS management is also responsible for establishing and maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization. INPRS management is responsible for ensuring that an adequate internal control structure is in place to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized user disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires management to make estimates and judgments. The internal control structure is subject to periodic evaluation by management and the internal audit staff to ensure compliance with applicable laws and regulations.

Letter of Transmittal, continued

INPRS' unmodified opinion, as expressed in the independent auditor's report regarding the fair presentation of the financial statements, is in the Financial Section. In addition, the Financial Section contains the Management's Discussion and Analysis, which provides in depth discussion and analysis of the fiduciary net position, additions and deductions to net position and funding progress.

Economic Condition

The economic condition of INPRS is based primarily upon investment results and contributions from members, employers and nonemployer contributing entities. Verus, the general investment management consultant for INPRS, and INPRS' Chief Investment Officer (CIO) evaluated the impact of economic conditions on the investments of INPRS. The Verus Report on Investment Activities and the CIO Report are in the Investment Section of this report. In aggregate, the fiscal year 2017 contributions from members, employers, and nonemployer contributing entities to all of the INPRS administered plans were 109.1 percent of the Actuarial Determined Contribution.

Investments

In the fiscal year 2017, INPRS Consolidated Defined Benefit Assets time-weighted rate of return was 8.0 percent, net of fees, outperformed the actuarial assumed rate of return of 6.75 percent and the target asset allocation benchmark of 6.5 percent. Both the tactical asset allocation and manager selection decisions made by the team this year added value to the plan. The three-year return rate of 3.0 percent, the five-year rate of return of 5.7 percent and the 10-year rate of return of 2.9 percent are below the long term actuarial assumed rate of 6.75 percent. INPRS implemented a risk-based asset allocation beginning in 2011. Since that time, the portfolio has performed as expected given U.S. and global market conditions. As with any long-term, forward-looking asset allocation, the true test will be time as the portfolio weathers ever-changing economic environments.

The foundation of any successful investment program is the commitment to, and execution of, disciplined decision-making policies and processes conducted by competent investment professionals. The INPRS Investment Policy Statement is an essential element of our commitment to investments excellence. Detailed investment policies and results are in the Investment Section of this report.

Funding

An actuarial analysis of all INPRS-administered retirement plans is performed on an annual basis. An assumption experience study is performed every three to five years. PricewaterhouseCoopers (PwC) completed an experience study for all DB retirement plans except TRF and Nyhart completed an experience study for both TRF Pre-'96 and TRF '96 during the fiscal year 2015.

One purpose of the annual actuarial analysis is to measure the funding status, typically referred to as the funded percentage. The percentage is computed by dividing the actuarial value of assets by the actuarial accrued liability. This ratio indicates the funding status of the plan. Generally, the greater this percentage, the stronger the plan.

As discussed earlier in this letter, INPRS administers eight separate DB retirement plans. The aggregate funded status percentage for all of the pre-funded plans in FY 2017 is 86.3 percent compared to 86.1 percent in FY 2016. The TRF Pre-'96 pay-as-you-go account, designed in 1921 for a zero funded status, has a funded status of 29.6 percent thanks to the underpinning of the Pension Stabilization Fund and member ASA account balances. Actuarial standards consider a funded percentage of 80 percent or better as being healthy. We are pleased with our overall funded status and continue to work to achieve 100 percent funding.

Letter of Transmittal, continued

Details of the actuarial analysis are in the Actuarial Section of this report. The supporting statistics are in the Statistical Section. In the Statement of Changes in Fiduciary Net Position the accumulated balance of funds derived from the excess of additions over deductions is the net position restricted for pension benefits. This is in the Financial Section of this report. The actuarial accrued liability is not disclosed in the Statement of Fiduciary Net Position but is in the Summary of INPRS' Funded Status in the Actuarial Section.

Accomplishments in 2017

The INPRS strategic plan provides the foundation from which INPRS moves towards its vision to be a 100 percent funded public retirement system trusted and valued by stakeholders. A copy of the INPRS strategic plan that includes details of accomplishments in the fiscal year 2017 can be found on the INPRS website, www.inprs.in.gov.

Acknowledgements

The compilation of this report reflects the combined efforts of INPRS staff and advisors. It is intended to demonstrate the spirit of full disclosure and to provide information for use as the basis for making management decisions, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of the assets contributed by our members and employers.

If, after reviewing this report, you would like more information, please feel free to contact us at questions@inprs.in.gov.

We express our gratitude to the staff, advisors, and all who have contributed to the preparation of this report. The INPRS staff also wishes to express our appreciation to Indiana Governor Eric Holcomb, the Indiana General Assembly, members of the Indiana Committee on Pension Management Oversight, and the INPRS Board of Trustees who provided INPRS staff the privilege of serving the needs of our members and employers.

Sincerely,



Steve Russo
Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Indiana Public Retirement System

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

A handwritten signature in black ink, reading "Jeffrey R. Egan".

Executive Director/CEO



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2017***

Presented to

Indiana Public Retirement System

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink that reads "Alan H. Winkle". The signature is written in a cursive style.

Alan H. Winkle
Program Administrator

Indiana Public Retirement System

Administrative Organization¹

Board of Trustees²



Brian Abbott



Ken Cochran



Tera Klutz



Kelly Mitchell



Micah Vincent



Michael Pinkham



Bret Swanson

Executive Team



Steve Russo
Executive Director



Steven Barley
*Chief Operations
Officer and
Deputy Director*



Scott Davis
*Chief Investment
Officer*



Tom Farrer
*Director of
Strategic
Initiatives*



Tony Green
*Chief Legal
and Compliance
Officer*



Donna Grotz
*Chief Finance and
Administration Officer*



Mike Hinline
*Chief Information
and Technology
Officer*



Jeffrey Hutson
*Chief
Communication
Officer*



Teresa Snedigar
*Chief Audit and
Risk Officer*

¹As of June 30, 2017.

²There are currently two vacancies.

VISION:

To be a 100 percent funded public retirement system trusted and valued by stakeholders.

MISSION:

Efficiently collect contributions, effectively engage members, and prudently invest stakeholder assets to pay earned benefits.

PRINCIPLES:

INTEGRITY. We hold ourselves accountable to the highest standards of ethical and professional behavior.

STEWARDSHIP. We prudently manage assets held in trust for current and future retirees. We are value oriented. We rigorously identify, measure, and manage risk.

SERVICE. We exist to serve our stakeholders with attentiveness to high quality, respectful customer service.

TRUST. We are our stakeholders' trusted source of reliable information.

COLLABORATION. We seek out stakeholder input when establishing goals and setting priorities.

Eric Holcomb
Governor

Suzanne Crouch
Lt. Governor

Executive Team¹

Steve Russo
Executive Director

Steven Barley
Chief Operations Officer
and Deputy Director

Scott Davis
Chief Investment Officer

Tom Farrer
Director of Strategic Initiatives

Tony Green
Chief Legal and
Compliance Officer

Donna Grotz
Chief Finance and
Administration Officer

Mike Hineline
Chief Information and
Technology Officer

Jeffrey Hutson
Chief Communication Officer

Teresa Snedigar
Chief Audit and Risk Officer

Professional Consultants²

Groom Law Group
1701 Pennsylvania Ave., N.W.
Washington, DC 20006-5811

Ice Miller LLP
One American Square, Suite 2900
Indianapolis, IN 46282

Krieg DeVault LLP
One Indiana Square, Suite 2800
Indianapolis, IN 46204

Nyhart
8415 Allison Pointe Blvd., Suite 300
Indianapolis, IN 46250

PricewaterhouseCoopers LLP
One North Wacker Drive
Chicago, IL 60606

Verus
999 Third Avenue, Suite 4200
Seattle, WA 98104

¹As of June 30, 2017.

²A complete list of investment professionals that have provided services to INPRS can be found at the end of the Investment Section.

Indiana Public Retirement System

Summary of Key Data as of June 30, 2017

- PERF = Public Employees' Retirement Fund
- TRF Pre-'96 = Teachers' Pre-1996 Account
- TRF '96 = Teachers' 1996 Account
- '77 Fund = 1977 Police Officers' and Firefighters' Retirement Fund
- JRS = Judges' Retirement System
- EG&C = Excise, Gaming and Conservation Officers' Retirement Fund
- PARF = Prosecuting Attorneys' Retirement Fund
- LE DB = Legislators' Defined Benefit Fund
- LE DC = Legislators' Defined Contribution Fund

(dollars in millions)

| Fund | Number of Employers ¹ | Total Number of Members | Fiduciary Net Position | Actuarial Valuation | | | |
|--------------------|----------------------------------|-------------------------|------------------------|---------------------------------|-----------------------------------|---------------------|---------------------------|
| | | | | Actuarial Value of Assets (AVA) | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Status (AVA/AAL) |
| PERF | 1,183 | 301,167 | \$14,644 | \$15,099 | \$19,106 | \$4,007 | 79.0 % |
| TRF Pre-'96 | 341 | 69,272 | 4,818 | 4,951 | 16,737 | 11,786 | 29.6 |
| TRF '96 | 368 | 80,639 | 6,252 | 6,414 | 6,914 | 500 | 92.8 |
| '77 Fund | 167 | 19,161 | 5,401 | 5,588 | 5,386 | (202) | 103.7 |
| JRS | 1 | 858 | 475 | 492 | 524 | 32 | 93.9 |
| EG&C | 1 | 789 | 120 | 124 | 142 | 18 | 87.3 |
| PARF | 1 | 572 | 56 | 58 | 97 | 39 | 60.0 |
| LE DB | 1 | 95 | 3 | 3 | 4 | 1 | 81.9 |
| LE DC | 1 | 222 | 31 | - | - | - | - |
| Other ² | - | - | 15 | - | - | - | - |
| Total | 1,234 | 472,775 | \$31,815 | \$32,729 | \$48,910 | \$16,181 | 86.3 %³ |

¹Sum of individual employers by retirement plan does not equal total employers, since one employer may participate in multiple retirement funds.

²Includes State Employees' Death Benefit Fund and Public Safety Officers' Special Death Benefit Fund.

³Total INPRS, excluding TRF Pre-'96 Account (Pay-As-You-Go).

Fund Highlights

Hybrid Plan

The membership of the Public Employees' Retirement Fund (PERF) Hybrid plan includes eligible state and local government entities.

Eligibility for Pension Benefit Payment¹

- Early retirement with reduced benefits between ages 50-59 with 15 years of service
- At age 55 if age and creditable service total at least 85 ("Rule of 85")
- Age 60 with 15 years of service
- Age 65 with 10 years of service
- Age 65 with 8 years of service²
- Age 70 with 20 years of service³

Contribution Rates

- Employer contribution rates for the Defined Benefit (pension) are determined annually by the INPRS Board based on recommendations by the INPRS actuary.
- Members are required to contribute three percent of gross wages to their Annuity Savings Account. Employers have the option of making all or part of this contribution on behalf of the member. Members may also make voluntary contributions to the Annuity Savings Account up to an additional 10 percent of their gross wages, under certain limitations.

Benefit Formula

Lifetime Annual Benefit = (Years of Creditable Service
x Average Highest 20 Quarters of Salary
x .011) + Annuity Savings Account⁴

Cost of Living Allowance (COLA)

Cost of living adjustments are granted by the Indiana General Assembly on an ad hoc basis.

My Choice Plan

Established on March 1, 2013, the membership of the Public Employees' Retirement Fund (PERF) My Choice plan includes eligible full-time employees of the State of Indiana and quasi agencies.

Eligibility for Plan Payment

- Members are fully vested in the three percent employee share (Annuity Savings Account) upon hire
- The member's share of the employer contribution is based on full years of participation:

1 year = 20 percent
2 years = 40 percent
3 years = 60 percent
4 years = 80 percent
5 years = 100 percent

Contribution Rates

- Mandatory three percent employee share of gross wages paid by employer, employee, or is shared by the employer and employee.
- The employer share is also paid by the employer, but the member must meet vesting requirements.⁵

Benefit Formula

Not applicable

Cost of Living Allowance (COLA)

Not applicable

¹A member is eligible for withdrawal of the PERF Hybrid Plan Annuity Savings Account (ASA) benefit once he/she separates from service for 30 days. Certain restrictions may apply if the member is vested in a pension benefit.

²A member who has at least eight years of PERF Plan service as a county clerk, county auditor, county recorder, county treasurer, county sheriff or county coroner is eligible for normal retirement after reaching age 65. This change in the law applies only to members retiring after June 30, 2002. Public Law 73-2002 also provides that a member serving as state auditor, state treasurer or secretary of state, and whose term commences after the November 5, 2002 election, be vested with at least eight years of creditable service.

³Actively employed members who have completed at least 20 years of service may apply for retirement benefits at age 70, remain actively employed in a PERF covered position without a separation from service, and receive monthly benefits.

⁴Members can elect at retirement to receive their Annuity Savings Account as a monthly supplement to their defined pension benefit or in a total distribution.

⁵Contribution amounts covering unfunded pension liability are not made to member My Choice accounts.

Fund Highlights, continued

The membership of the Indiana State Teachers' Retirement Fund (TRF Pre-1996 and 1996 Accounts) includes eligible educators and administrators.

Eligibility for Pension Benefit Payment¹

- Early retirement with reduced benefits between ages 50-59 with 15 years of service.
- At age 55 if age and creditable service total at least 85 ("Rule of 85").
- Age 60 with 15 years of service.
- Age 65 with 10 years of service.
- Age 70 with 20 years of service.²

Contribution Rates

- The Pre-1996 Account is funded primarily by State General Fund appropriations and state lottery proceeds.
- Employer contribution rates for the 1996 Account are determined annually by the INPRS Board based on recommendations by the INPRS actuary.
- Members are required to contribute three percent of gross wages to their Annuity Savings Account. Employers have the option of making all or part of this contribution on behalf of the member. Members may also make voluntary contributions to the Annuity Savings Account up to an additional 10 percent of their wages, under certain limitations.

Benefit Formula

Lifetime Annual Benefit =
(Years of Creditable Service
x Average Highest Five-Year Annual Salary
x .011) + Annuity Savings Account³

Cost of Living Allowance (COLA)

Cost of living adjustments are granted by the Indiana General Assembly on an ad-hoc basis.

¹A member is eligible for withdrawal of the Annuity Savings Account (ASA) benefit once he/she separates from service for 30 days. Certain restrictions may apply if the member is vested in a pension benefit.

²Actively employed members who have completed at least 20 years of service may apply for retirement benefits at age 70, remain actively employed in a TRF covered position without a separation from service, and receive monthly benefits.

³Members can elect at retirement to receive their Annuity Savings Account as a monthly supplement to their defined pension benefit or in a total distribution.

Fund Highlights, continued

1977 Police Officers' and Firefighters' Retirement Fund provides coverage to full-time sworn officers of a police force of an Indiana city or town and full-time firefighters employed by an Indiana city, town or township.

Eligibility for Pension Benefit Payment

- Early retirement with reduced benefits at age 50.
- Age 52 with 20 years of service.
- Deferred Retirement Option Plan (DROP) available to members who are eligible for an unreduced retirement – members continue to work and earn a salary while accumulating a DROP benefit.

Contribution Rates

- Employer contribution rate is adopted by the INPRS Board of Trustees based on recommendations by the INPRS actuary.
- Member must also contribute six percent of first-class salary for the term of the member's employment up to 32 years.
- Employers have the option of making all or part of this contribution on behalf of the member.

Benefit Formula

Annual Benefit = 50 percent of first-class salary for 20 years of service.¹

Cost of Living Allowance (COLA)

Cost of living adjustment is a percentage determined by statute equal to the change in the Consumer Price Index but not in excess of a three percent increase.

¹This percentage is increased by one percent for each six months of active service accumulated after 20 years of service (to a maximum of 32 years, or 74 percent).

Judges' Retirement System

Fund Highlights, continued

The Judges' Retirement System includes any person who has served, is serving or shall serve as a regular judge or justice of the Supreme Court of the state of Indiana, Court of Appeals, Indiana Tax Court, Circuit Court of a Judicial Court, or County Courts including: Superior, Criminal, Probate, Juvenile, Municipal and County Courts. Beginning Jan. 1, 2011, full-time magistrates who are serving on July 1, 2010, may elect to be members of the 1985 System. The 1985 System is mandatory for all new judges and beginning Jan. 1, 2011, all new full-time magistrates.

Eligibility for Pension Benefit Payment

- Early retirement with reduced benefits at age 62 and at least eight years of service credit.
- At age 55 if age and creditable service total at least 85 ("Rule of 85").
- Age 65 with at least eight years of service credit.

Contribution Rates

- Employer contributions are actuarially determined appropriations from the state's General Fund and certain court and docket fees.
- A member of either the 1977 or 1985 Judges' Retirement System is required to contribute six percent of the member's salary for a maximum period of 22 years.
- No contributions are due to either retirement system during the time that a member is not employed as a judge or for any period of service as a senior judge.

Benefit Formula

Annual Benefit = Salary at Retirement¹
x Percentage Below

| Years of Service | Percentages | Years of Service | Percentages |
|------------------|-------------|------------------|-------------|
| 8 | 24% | 16 | 54% |
| 9 | 27% | 17 | 55% |
| 10 | 30% | 18 | 56% |
| 11 | 33% | 19 | 57% |
| 12 | 50% | 20 | 58% |
| 13 | 51% | 21 | 59% |
| 14 | 52% | 22 or more | 60% |
| 15 | 53% | | |

Cost of Living Allowance (COLA)

For participants of the 1977 System and the 1985 System (who apply for a benefit after 12/31/09), the cost of living allowance is a percentage increase equal to the increase in the salary of the participant's position from which the participant retired.

¹Benefit calculations for the 1977 System (those who began service as a judge before September 1, 1985) are based on the salary being paid for the office that the participant held at the time of the participant's separation from service. The 1985 System (those who began service as a judge after August 31, 1985) uses the applicable salary determined by statute.

Fund Highlights, continued

Excise, Gaming and Conservation Officers' Retirement Fund includes members engaged exclusively in the performance of law enforcement duties of the (1) Indiana Department of Natural Resources, (2) Indiana Alcohol and Tobacco Commission and (3) any Indiana state excise police officer, Indiana state conservation enforcement officer or gaming agent.

Eligibility for Pension Benefit Payment

- Early retirement with reduced benefits at age 45 with at least 15 years of creditable service.
- Age 50 with 25 years of service.
- At age 55 if age and creditable service total at least 85 ("Rule of 85").
- Deferred Retirement Option Plan (DROP) – continue to work and earn a salary while accumulating a DROP benefit.
- If members were employed by age 50, the mandatory retirement age is 65, and they must have 15 years of creditable service.
- If members were employed after age 50, their retirement must occur the 1st day of the month following their 65th birthday or 1st day of the month following completion of 15 years of creditable service.

Contribution Rates

- Employer contribution rate is adopted by the INPRS Board of Trustees based on recommendations by the INPRS actuary.
- Member is required to contribute four percent of member's annual salary. The contribution is made through payroll deduction and is deposited in member's account.

Benefit Formula

Annual Benefit = 25 percent¹ x Average Annual Salary²

Cost of Living Allowance (COLA)

Cost of living allowance is applied at the same rate as was granted by the Indiana General Assembly for the Public Employees' Retirement Fund.

¹This percentage is increased by 1.66 percent of average annual salary for each completed year of creditable service after 10 years. However, the total percentage may not exceed 75 percent.

²Average Annual Salary is defined as the average annual salary of an officer during the five years of highest annual salary in the 10 years immediately preceding an officer's retirement date.

Prosecuting Attorneys' Retirement Fund

Fund Highlights, continued

The Prosecuting Attorneys' Retirement Fund (PARF) includes prosecuting attorneys, chief deputy prosecuting attorneys and other deputy prosecuting attorneys paid by the state. PARF members are also members of the PERF Plan. According to statute, benefits payable from PARF are reduced by any benefits payable from the PERF Plan.

Eligibility for Pension Benefit Payment

- Early retirement with reduced benefits at age 62 and at least eight years of service credit.
- At age 55 if age and creditable service total at least 85 ("Rule of 85").
- Age 65 with at least eight years of service credit.

Contribution Rates

- Actuarially determined State General Fund appropriations.
- A prosecuting attorney or chief deputy prosecuting attorney must contribute six percent of the state-paid portion of member's salary. The State of Indiana has the option of making this contribution on behalf of the member. This six percent contribution will be withheld by the Auditor of the State.
- Prosecuting attorneys and chief deputy prosecuting attorneys are also PERF members, and the member's mandatory three percent PERF ASA contributions are paid on member's behalf by the state.

Benefit Formula

Annual Benefit = Highest Annual Salary
(state-paid portion only) at Retirement
x Percentage Below

| <u>Years of Service</u> | <u>Percentages</u> | <u>Years of Service</u> | <u>Percentages</u> |
|-------------------------|--------------------|-------------------------|--------------------|
| Less than 8 | 0% | 15 | 53% |
| 8 | 24% | 16 | 54% |
| 9 | 27% | 17 | 55% |
| 10 | 30% | 18 | 56% |
| 11 | 33% | 19 | 57% |
| 12 | 50% | 20 | 58% |
| 13 | 51% | 21 | 59% |
| 14 | 52% | 22 or more | 60% |

Cost of Living Allowance (COLA)

No cost of living allowance is provided.

Fund Highlights, continued

The Legislators' Retirement System Defined Benefit Fund (LE DB) includes only legislators of the state of Indiana who were serving on April 30, 1989, and elected participation. Legislators elected or appointed after April 30, 1989, participate in the Legislators' Defined Contribution Fund (LE DC).

Eligibility for Pension Benefit Payment

- Early retirement at least age 55 with 10 years of creditable service, when member is no longer serving in the General Assembly and is not receiving, nor entitled to receive, compensation from the state for work in any capacity.
- At age 55 if age and creditable service equal at least 85 ("Rule of 85").
- Age 60 with at least 15 years of service as a member of the General Assembly.
- Age 65 with 10 years or more of creditable service as a member of the General Assembly (or meet the requirements for disability benefits under this plan).

Contribution Rates

- The LE DB employer contributions are actuarially determined State General Fund appropriations. There are no member contributions for the defined benefit plan.
- For LE DC, the state contribution is determined by multiplying the member's salary for that year by a percentage determined by the INPRS Board and confirmed by the State Budget Agency not to exceed the total contribution rate paid that year by the state to INPRS for state members. The member must contribute five percent of member's salary for service after June 30, 1989.

Benefit Formula

The lesser of:

- $\$40 \times \text{Years of service before November 8, 1989}$ or
- $\text{Highest consecutive three-year average annual salary at termination} \div 12$

Cost of Living Allowance (COLA)

Cost of living allowance is applied at the same rate as was granted by the Indiana General Assembly for the Public Employees' Retirement Fund.

