

TABLE 3

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
(Base Benefits)

For Plan Year Ending June 30, 2021				
1. Market Value as of June 30, 2020				\$ 2,924,234
2. Receipts				\$ 207,615
3. Expenditures, including Administrative Expenses				\$ (376,153)
4. Expected Return on Assets ¹				\$ 191,698
5. Expected Market Value as of June 30, 2021: (1) + (2) + (3) + (4)				\$ 2,947,394
6. Actual Market Value as of June 30, 2021				\$ 3,484,540
7. Year End 2021 Asset Gain/(Loss): (6) - (5)				\$ 537,146
8. Deferred Investment Gains and Losses				
	Year Ended June 30:	Gain/(Loss)	Factor	Deferred Amount
a.	2018	\$ 76,075	20%	\$ 15,215
b.	2019	14,396	40%	5,758
c.	2020	(120,854)	60%	(72,512)
d.	2021	537,146	80%	429,717
e.	Total			\$ 378,178
9. Initial Actuarial Value as of June 30, 2021: (6) - (8e)				\$ 3,106,362
10. Constraining Values				
a. 80% of Market Value: (6) x 0.8				\$ 2,787,632
b. 120% of Market Value: (6) x 1.2				\$ 4,181,448
11. Actuarial Value as of June 30, 2021				\$ 3,106,362
12. Actuarial Rate of Return ²				9.96%
13. Actuarial Value of Assets as a Percent of Market Value: (11) / (6)				89.1%
14. Actuarial Value of Assets				
a. Base Benefits				\$ 3,106,362
b. Supplemental Benefits				\$ 30,995
c. Total				\$ 3,137,357

¹ Assumes cash flows occur at mid-year and a discount rate of 6.75%.

² Assumes cash flows occur at mid-year.



TABLE 4

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
(Supplemental Benefits)

	For Plan Year Ending June 30, 2021			
1. Market Value, as of June 30, 2020	\$	0		
2. Receipts	\$	30,000		
3. Expenditures, including Administrative Expenses	\$	0		
4. Expected Return on Assets ¹	\$	1,013		
5. Expected Market Value as of June 30, 2021: (1) + (2) + (3) + (4)	\$	31,013		
6. Actual Market Value as of June 30, 2021	\$	30,925		
7. Year end 2021 asset gain/(loss): (6) - (5)	\$	(88)		
8. Deferred Investment Gains and Losses				
	<u>Year Ended June 30:</u>	<u>Gain/(Loss)</u>	<u>Factor</u>	<u>Deferred Amount</u>
a. 2018	\$	0	20%	\$ 0
b. 2019		0	40%	0
c. 2020		0	60%	0
d. 2021		(88)	80%	(70)
e. Total				\$ (70)
9. Initial Actuarial Value as of June 30, 2021: (6) - (8e)	\$	30,995		
10. Constraining Values				
a. 80% of Market Value: (6) x 0.8	\$	24,740		
b. 120% of Market Value: (6) x 1.2	\$	37,110		
11. Actuarial Value as of June 30, 2021	\$	30,995		
12. Actuarial Rate of Return ²		6.63%		
13. Actuarial Value of Assets as a Percent of Market Value: (11) / (6)				100.2%

¹ Assumes cash flows occur at mid-year and a discount rate of 6.75%.

² Assumes cash flows occur at mid-year.



SECTION 4 – PLAN LIABILITIES

In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of assets of the Legislators' Defined Benefit Fund as of the valuation date, June 30, 2021. In this section, the discussion will focus on the commitments (future benefit payments) of the plan, which are referred to as its liabilities.

The liability calculations for the June 30, 2021 Legislators' Defined Benefit Fund valuation are based on census data collected as of June 30, 2020. Standard actuarial techniques are used to adjust these results from June 30, 2020 to June 30, 2021. While these roll-forward techniques are based on all actuarial assumptions being met during the intervening year, there will, of course, be many of the assumptions that will not be met exactly. In general, this does not materially affect the resulting calculations or conclusions in this report. Should there be a year in which events, such as plan changes, occur that would affect the results, adjustments in the roll-forward methods would be made to appropriately reflect the events.

All liabilities reflect the benefit provisions and actuarial assumptions in place as of June 30, 2021.

Actuarial Accrued Liability

A fundamental principle in financing the liabilities of a retirement program is that the cost of its benefits should be related to the period in which benefits are earned, rather than to the period of benefit distribution. An actuarial cost method is a mathematical technique that allocates the present value of future benefits into annual costs. In order to perform this allocation, it is necessary for the funding method to "breakdown" the present value of future benefits into two components:

- (1) that which is attributable to the past and
- (2) that which is attributable to the future.

Actuarial terminology calls the part attributable to the past the "past service liability" or the "actuarial accrued liability." The portion allocated to the future is known as the present value of future normal costs, with the specific piece of it allocated to the current year being called the "normal cost." Because the plan benefits are frozen, this results in all of the liability being attributed to past service. As a result, there is no normal cost for this plan.

Table 5 contains the calculation of actuarial accrued liability for the plan. The Traditional Unit Cost method is used to develop the actuarial accrued liability. This amount is split between the base benefit and the COLA benefit. Granted supplemental benefits are the present value of legislated benefits, whereas future supplemental benefits represent those assumed to occur based on the Plan's COLA assumption.



SECTION 4 – PLAN LIABILITIES

TABLE 5
ACTUARIAL ACCRUED LIABILITY
(Base and Supplemental Benefits)

As of June 30, 2021	Base Benefits	Supplemental Benefits		Total
		Granted	Future	
1. Actuarial Accrued Liability				
a. Active Members	\$ 240,955	\$ 1,883	\$ 5,110	\$ 247,948
b. Inactive Vested Members	223,411	1,922	6,091	231,424
c. In-pay Members	2,481,262	23,216	49,755	2,554,233
d. Total	\$ 2,945,628	\$ 27,021	\$ 60,956	\$ 3,033,605
2. Actuarial Value of Assets	\$ 3,106,362	\$ 27,021	\$ 3,974	\$ 3,137,357
3. Unfunded Actuarial Accrued Liability: (1c) - (2)	\$ (160,734)	\$ 0	\$ 56,982	\$ (103,752)
4. Funded Ratio: (2) / (1d)	105.5%	100.0%	6.5%	103.4%



SECTION 4 – PLAN LIABILITIES

TABLE 6
SOLVENCY TEST
(Base and Supplemental Benefits)

Actuarial Valuation as of June 30	Actuarial Accrued Liabilities (AAL)				Portion of AAL Covered by Assets				
	Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities	Actuarial Value of Assets	Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities
2021	\$0	\$2,554	\$480	\$3,034	\$3,137	N/A	100.0%	121.6%	103.4%
2020	0	2,655	472	3,127	2,986	N/A	100.0	70.1	95.5
2019	0	2,747	616	3,363	3,026	N/A	100.0	45.3	90.0
2018	0	2,783	702	3,485	3,050	N/A	100.0	38.1	87.5
2017	0	3,013	791	3,804	3,114	N/A	100.0	12.8	81.9
2016	0	3,207	809	4,016	3,241	N/A	100.0	4.2	80.7
2015	0	3,213	1,115	4,328	3,336	N/A	100.0	11.0	77.1
2014	0	3,076	1,097	4,173	3,467	N/A	100.0	35.6	83.1
2013	0	3,192	1,103	4,295	3,428	N/A	100.0	21.4	79.8
2012	0	3,031	1,472	4,503	3,377	N/A	100.0	23.5	75.0

Note: Dollar amounts are in thousands of dollars.



TABLE 7

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY
(Base and Supplemental Benefits)

For Year Ending June 30, 2021

	Base	Base and Supplemental
1. Unfunded Actuarial Accrued Liability (UAAL) as of June 30, 2020	\$ 69,860	\$ 141,418
2. Normal Cost and Expenses	37,910	37,910
3. Actuarially Determined Contribution	(182,512)	(201,631)
4. Interest	(5,045)	(1,505)
5. Expected Unfunded Actuarial Accrued Liability as of June 30, 2021	\$ (79,787)	\$ (23,808)
6. Actuarial Value of Asset Changes		
a. Investment Experience (Gain)/Loss	\$ (93,009)	\$ (92,991)
b. Contributions (Above)/Below the Actuarially Determined Contribution and Other (Gain)/Loss	\$ (24,386)	\$ (34,990)
7. Actuarial Accrued Liability Changes		
a. Actuarial Accrued Liability Experience (Gain)/Loss	\$ (49,234)	\$ (48,794)
b. Additional Liability Due to Benefit Changes	0	6,508
c. Additional Liability Due to Assumption Changes	85,682	90,323
8. Total Experience (Gain)/Loss	\$ (80,947)	\$ (79,944)
9. Unfunded Actuarial Accrued Liability as of June 30, 2021: (5) + (8)	\$ (160,734)	\$ (103,752)

**SECTION 4 – PLAN LIABILITIES****TABLE 8****ACTUARIAL GAIN/(LOSS)**
(Base and Supplemental Benefits)

Liabilities	Base	Base and Supplemental
1. Actuarial Accrued Liability as of June 30, 2020	\$ 3,055,883	\$ 3,127,441
2. Normal Cost for Plan Year Ending June 30, 2021	0	0
3. Benefit Payments During Plan Year ¹	(341,451)	(341,451)
4. Service Purchases (employee and employer)	0	0
5. Interest at 6.75%	194,748	199,578
6. Change Due to Benefit Changes	0	6,508
7. Change Due to Assumption Changes	85,682	90,323
8. Expected Actuarial Accrued Liability as of June 30, 2021	\$ 2,994,862	\$ 3,082,399
9. Actuarial Accrued Liability as of June 30, 2021	\$ 2,945,628	\$ 3,033,605
Assets		
10. Actuarial Value of Assets as of June 30, 2020	\$ 2,986,023	\$ 2,986,023
11. Receipts During Plan Year	207,615	237,615
12. Expenditures and Expenses During Plan Year	(376,153)	(376,153)
13. Interest at 6.75%	195,868	196,881
14. Expected Actuarial Value of Assets as of June 30, 2021	\$ 3,013,353	\$ 3,044,366
15. Actuarial Value of Assets as of June 30, 2021	\$ 3,106,362	\$ 3,137,357
Experience Gain / (Loss)		
16. Liability Actuarial Experience Gain/(Loss): (8) - (9)	\$ 49,234	\$ 48,794
17. Asset Actuarial Experience Gain/(Loss): (15) - (14)	93,009	92,991
18. Total Actuarial Experience Gain/(Loss): (16) + (17)	\$ 142,243	\$ 141,785

¹ Does not include miscellaneous expenses or benefit overpayments.



TABLE 9
EXPERIENCE GAIN/(LOSS) ANALYSIS BY SOURCE
(Base Benefits)

Liability Sources (in thousands)	Gain/(Loss)	
Retirement	\$	42
Termination		0
Disability		0
Mortality		(2)
Miscellaneous/COLA		9
Total Liability Experience Gain/(Loss)	\$	49
as a % of AAL		1.7%
Asset Experience Gain/(Loss)	\$	93
Total Actuarial Experience Gain/(Loss)	\$	142



TABLE 10

PROJECTED BENEFIT PAYMENTS
(Base and Supplemental Benefits)

<u>Plan Year Ending June 30</u>	<u>Benefit Amount</u>
2022	\$ 371,327
2023	357,506
2024	340,259
2025	323,014
2026	305,282
2027	287,285
2028	269,233
2029	251,309
2030	233,664
2031	216,420
2032	199,677
2033	183,517
2034	168,079
2035	153,390
2036	139,399
2037	126,143
2038	113,649
2039	101,983
2040	91,140
2041	81,073
2042	71,783
2043	63,264
2044	55,504
2045	48,481
2046	42,166
2047	36,522
2048	31,505
2049	27,069
2050	23,165
2051	19,744

Note: Payouts reflect nominal payouts for current members, assuming that all future assumptions are met.



SECTION 5 – EMPLOYER CONTRIBUTIONS

The previous two sections were devoted to a discussion of the assets and liabilities of the plan. We now turn to considering how the benefits will be funded. The method used to determine the incidence of the contributions in various years is called the actuarial cost method. Under an actuarial cost method, the contributions required to meet the difference between current assets and current liabilities are allocated each year between two elements: (1) the normal cost rate and (2) the unfunded actuarial accrued liability contribution rate.

The term "fully funded" is often applied to a plan in which contributions at the normal cost rate are sufficient to pay for the benefits of existing employees as well as for those of new employees. More often than not, plans are not fully funded, either because of past benefit improvements that have not been completely funded or because of actuarial deficiencies that have occurred because experience has not been as favorable as anticipated by the actuarial assumptions. Under these circumstances, an unfunded actuarial accrued liability (UAAL) exists. Likewise, when the actuarial value of assets is greater than the actuarial accrued liability, a surplus exists.

Description of Contribution Components

The Traditional Unit Credit actuarial cost method is used for the valuation. Because this plan is frozen, there is no normal cost under the plan. In this situation, the present value of future benefits and the actuarial accrued liability are the same. The unfunded actuarial accrued liability/(surplus) represents the difference between the actuarial accrued liability and the actuarial value of assets as of the valuation date. The unfunded actuarial accrued liability is calculated each year and reflects experience gains and losses.

In general, contributions are computed in accordance with a level annual contribution funding objective. Based on the June 30, 2020 actuarial valuation, the Board requested appropriations from the State for fiscal years 2022 and 2023. This June 30, 2021 valuation will not be directly used for determining contributions. Due to the biennial cycle used to set appropriations, the contribution amount for the plan years ending June 30, 2024 and June 30, 2025 will rely on the most up-to-date plan status at that time, which is the June 30, 2022 valuation.

Contribution Summary

In Table 11 the amortization payment related to the unfunded actuarial accrued liability/(surplus), as of June 30, 2021, is developed. The funding needed to fund the assumed COLAs is developed in Table 12. Table 13 develops the actuarial required contribution rate for the plan. The contribution rates shown in this report are based on the actuarial assumptions and cost methods described in Appendix C. Additionally, in Table 14 the contribution amounts under alternative discount rates are provided to illustrate the sensitivity of the contribution requirements relative to the selection of the investment return assumption.



TABLE 11
SCHEDULE OF AMORTIZATION BASES
(Base Benefits)

Amortization Bases	Original Amount	June 30, 2021 Remaining Payments	Date of Last Payment	Outstanding Balance as of June 30, 2021	Annual Contribution
2021 UAAL Base ¹	(160,734)	30	7/1/2051	<u>(160,734)</u>	<u>(11,286)</u>
Total				\$ (160,734)	\$ (11,286)
Total UAAL Amortization Payments					\$ (11,286)
Remaining Amortization Period in Years (Weighted) ²					30.0

¹ The UAAL base reflects the a plan surplus situation, which is amortized over an open, 30-year period.

² The weighted average remaining UAAL amortization period is calculated by weighting the remaining amortization period of each base by the amortization amount of each base.



TABLE 12

DEVELOPMENT OF SURCHARGE RATE
(Supplemental Benefits)

Projected COLAs in Next Biennium Beginning July 1, 2023

First Anticipated COLA

1. Date of COLA commencement		January 1, 2024
2. Rate of COLA		0.4%
3. Value as of July 1, 2023 of COLA	\$	9,352

Second Anticipated COLA

4. Date of COLA commencement		January 1, 2025
5. Rate of COLA		0.4%
6. Value as of July 1, 2023 of COLA		8,137
7. Total COLA Funding Requirement as of July 1, 2023: (3) + (6)	\$	17,489

Funding Sources for Projected COLAs

8. Assets as of June 30, 2021 Available for Future COLAs	\$	3,974
9. Expected Earnings through July 1, 2023		512
10. Projected Available Assets at July 1, 2023	\$	4,486
11. Required Additional Funding for Anticipated COLAs: (7) - (10)	\$	13,003

Surcharge Amount

12. Remaining Payment for FYE 2022 ¹	\$	4,139
13. Annual Payment for FYE 2023 ¹	\$	8,278

¹ Assumes payment on March 31, 2022 and January 1, 2023.



SECTION 5 – EMPLOYER CONTRIBUTIONS

TABLE 13

ACTUARIALLY DETERMINED CONTRIBUTION AMOUNT
(Base and Supplemental Benefits)

	Base Benefits	Supplemental Benefits	Total
1. Normal Cost as of June 30, 2020	\$ 0	\$ 0	\$ 0
2. Amortization of UAAL as of June 30, 2021	(11,286)		
3. Expenses	<u>34,702</u>		
4. Preliminary Actuarially Determined Contribution Amount: (1) + (2) + (3)	\$ 23,416		
5. Supplemental Benefit Funding		4,139	
6. Actuarially Determined Contribution Amount ¹ Subject to Legal Constraints	\$ 23,416	\$ 4,139	
7. Approved Funding Amount for Fiscal Year 2023	\$ 182,512	\$ 0	\$ 182,512
8. Expected Percentage of Contribution: (7) / (6)	779.43%	0.00%	

¹ Due to the biennial appropriations cycle, this will not directly impact the funding of the plan. Next year, this will be used to assist with the determination of the FY 2024 and FY 2025 approved funding amounts.



SECTION 5 – EMPLOYER CONTRIBUTIONS

TABLE 14

INVESTMENT RETURN SENSITIVITY
(Base and Supplemental Benefits)

	1.00% Decrease: (5.25%)	0.75% Decrease: (5.50%)	0.50% Decrease: (5.75%)	0.25% Decrease: (6.00%)	Current Assumption: (6.25%)
Funded Status					
Actuarial Accrued Liability	\$3,231,810	\$3,179,903	\$3,129,613	\$3,080,868	\$3,033,605
Actuarial Value of Assets	<u>3,137,357</u>	<u>3,137,357</u>	<u>3,137,357</u>	<u>3,137,357</u>	<u>3,137,357</u>
Unfunded Actuarial Accrued Liability	\$94,453	\$42,546	(\$7,744)	(\$56,489)	(\$103,752)
Funded Ratio	97.1%	98.7%	100.2%	101.8%	103.4%
Actuarially Determined Contribution Amount					
Normal Cost	0	0	0	0	0
UAAL Amortization	20,871	9,444	(518)	(3,872)	(7,285)
Provision for Expenses	<u>34,702</u>	<u>34,702</u>	<u>34,702</u>	<u>34,702</u>	<u>34,702</u>
Actuarially Determined Contribution Amount	\$55,573	\$44,146	\$34,184	\$30,830	\$27,417
	0.25% Increase: (6.50%)	0.50% Increase: (6.75%)	0.75% Increase: (7.00%)	1.00% Increase: (7.25%)	1.25% Increase: (7.50%)
Funded Status					
Actuarial Accrued Liability	\$2,987,763	\$2,943,282	\$2,900,108	\$2,858,187	\$2,817,469
Actuarial Value of Assets	<u>3,137,357</u>	<u>3,137,357</u>	<u>3,137,357</u>	<u>3,137,357</u>	<u>3,137,357</u>
Unfunded Actuarial Accrued Liability	(\$149,594)	(\$194,075)	(\$237,249)	(\$279,170)	(\$319,888)
Funded Ratio	105.0%	106.6%	108.2%	109.8%	111.4%
Actuarially Determined Contribution Amount					
Normal Cost	0	0	0	0	0
UAAL Amortization	(10,756)	(14,285)	(17,868)	(21,506)	(25,196)
Provision for Expenses	<u>34,702</u>	<u>34,702</u>	<u>34,702</u>	<u>34,702</u>	<u>34,702</u>
Actuarially Determined Contribution Amount	\$23,946	\$20,417	\$16,834	\$13,196	\$9,506

Note: Comparisons are based on funding the COLA in the same method as the base benefit, rather than with COLA funding. Consequently, these results are for comparative purposes only and will not match the actual results under the funding policy.



SECTION 6 – GASB INFORMATION

GASB NO. 67 AND GASB NO. 68

The Governmental Accounting Standards Board issued Statement No. 67 (GASB 67), “Financial Reporting for Pension Plans” and Statement No. 68 (GASB 68), “Accounting and Financial Reporting for Pensions” in June 2012. The effective date for reporting under GASB 67 for the INPRS Plans was the fiscal year ending June 30, 2014. GASB 68’s effective date for employers is the first fiscal year beginning after June 15, 2014.

The sections that follow provide the results of the required actuarial calculations set out in GASB 67 and GASB 68 for note disclosure and Required Supplementary Information (RSI). Some of this information was provided by the INPRS for use in this report.

The discount rate used for these disclosures is the assumed return on assets of 6.25%. We have verified that the current assets in conjunction with future contributions made on behalf of current members (including all contributions to fund any past service liability) will be sufficient to make the anticipated benefit payments to be provided to the current members.

To the best of our knowledge, the information contained in this report is complete and accurate. The calculations were performed by qualified actuaries according to generally accepted actuarial principles and practices, as well as in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. The calculations are based on the current provisions of the plan, and on actuarial assumptions that are internally consistent and individually reasonable based on the actual experience of the plan. In addition, the calculations were completed in compliance with applicable law and, in our opinion, meet the requirements of GASB 67 and GASB 68.



TABLE 15

STATEMENT OF FIDUCIARY NET POSITION

	June 30, 2021
1. Assets	
a. Cash	\$ 0
b. Receivables	
i. Contributions and Miscellaneous Receivables	\$ 0
ii. Investments Receivable	27,231
iii. Foreign Exchange Contracts Receivable	623,867
iv. Interest and Dividends	7,283
v. Receivables Due From Other Funds	0
vi. Total Receivables	<u>\$ 658,381</u>
c. Investments	
i. Short-Term Investments	\$ 0
ii. Pooled Repurchase Agreements	31,059
iii. Pooled Short-Term Investments	218,203
iv. Pooled Fixed Income	1,070,793
v. Pooled Equity	747,854
vi. Pooled Alternative Investments	1,614,226
vii. Pooled Derivatives	9,483
viii. Pooled Investments	0
ix. Securities Lending Collateral	18,335
x. Total Investments	<u>\$ 3,709,953</u>
d. Net Capital Assets	0
e. Other Assets	0
f. Total Assets: a + b(vi) + c(x) + d + e	\$ 4,368,334
2. Liabilities	
a. Administrative Payable	\$ 2,106
b. Retirement Benefits Payable	0
c. Investments Payable	169,830
d. Foreign Exchange Contracts Payable	619,320
e. Securities Lending Obligations	18,335
f. Securities Sold Under Agreement to Repurchase	42,302
g. Due To Other Funds	976
h. Due to Other Governments	0
i. Total Liabilities: a + b + c + d + e + f + g + h	<u>\$ 852,869</u>
3. Fiduciary Net Position Restricted for Pensions: (1)(f) - (2)(i)	\$ 3,515,465



TABLE 16

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION

		For Fiscal Year Ending June 30, 2021
1. Fiduciary Net Position as of June 30, 2020		\$ 2,924,234
2. Additions		
a. Contributions		
i. Member Contributions	\$	0
ii. Employer Contributions		207,615
iii. Service Purchases (Employer and Member)		0
iv. Non-Employer Contributing Entity Contributions		30,000
v. Total Contributions	\$	237,615
b. Investment Income/(Loss)		
i. Net Appreciation/(Depreciation)	\$	714,959
ii. Net Interest and Dividend Income		39,579
iii. Securities Lending Income		192
iv. Other Net Investment Income		202
v. Investment Management Expenses		(23,184)
vi. Direct Investment Expenses		(1,939)
vii. Securities Lending Expenses		(40)
viii. Total Investment Income/(Loss)	\$	729,769
c. Other Additions		
i. Member Reassignments		0
ii. Miscellaneous Receipts		0
iii. Total Other Additions	\$	0
d. Total Revenue (Additions): a(v) + b(viii) + c(iii)	\$	967,384
3. Deductions		
a. Pension, Survivor and Disability Benefits	\$	341,451
b. Death and Funeral Benefits		0
c. Distributions of Contributions and Interest		0
d. Administrative Expenses		34,702
e. Member Reassignments		0
f. Miscellaneous Expenses		0
g. Total Expenses (Deductions)	\$	376,153
4. Net Increase (Decrease) in Fiduciary Net Position: (2)(d) - (3)(g)	\$	591,231
5. Fiduciary Net Position as of June 30, 2021: (1) + (4)	\$	3,515,465



TABLE 17

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	For Fiscal Year Ending June 30, 2021		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
1. Balance at June 30, 2020	\$ 3,126,946	\$ 2,924,234	\$ 202,712
2. Changes for the Year:			
Service Cost (SC) ¹	273		273
Interest Cost	199,563		199,563
Experience (Gains)/Losses	(48,823)		(48,823)
Assumption Changes	90,289		90,289
Plan Amendments	6,508		6,508
Benefit Payments	(341,451)	(341,451)	0
Service Purchases			
Employer Contributions	0	0	0
Employee Contributions	0	0	0
Member Reassignments	0	0	0
Employer Contributions ²		207,615	(207,615)
Non-employer Contributions		30,000	(30,000)
Employee Contributions		0	0
Net Investment Income		729,769	(729,769)
Administrative Expenses		(34,702)	34,702
Other		0	0
Net Changes	\$ (93,641)	\$ 591,231	\$ (684,872)
3. Balance at June 30, 2021	\$ 3,033,305	\$ 3,515,465	\$ (482,160)

¹ Service cost provided as of beginning of year. Interest to end of year is included in the interest cost.

² Includes \$207,615 of state appropriations to the fund.



TABLE 18
DEFERRED OUTFLOWS OF RESOURCES

	June 30, 2020	Remaining Period	Recognition	June 30, 2021
1. Liability Experience				
June 30, 2021 Loss	\$ 0	1.00	\$ 0	\$ 0
June 30, 2020 Loss	0	0.00	0	0
June 30, 2019 Loss	0	0.00	0	0
June 30, 2018 Loss	0	0.00	0	0
June 30, 2017 Loss	0	0.00	0	0
June 30, 2016 Loss	0	0.00	0	0
June 30, 2015 Loss	0	0.00	0	0
June 30, 2014 Loss	0	0.00	0	0
2. Assumption Changes				
June 30, 2021 Loss	\$ 90,289	1.00	\$ 90,289	\$ 0
June 30, 2020 Loss	0	0.00	0	0
June 30, 2019 Loss	0	0.00	0	0
June 30, 2018 Loss	0	0.00	0	0
June 30, 2017 Loss	0	0.00	0	0
June 30, 2016 Loss	0	0.00	0	0
June 30, 2015 Loss	0	0.00	0	0
3. Investment Experience				
June 30, 2021 Loss	\$ 0	5.00	\$ 0	\$ 0
June 30, 2020 Loss	96,683	4.00	24,171	72,512
June 30, 2019 Loss	0	3.00	0	0
June 30, 2018 Loss	0	2.00	0	0
June 30, 2017 Loss	0	1.00	0	0
Total Outflows:				
(1)+(2)+(3)	\$ 186,972		\$ 114,460	\$ 72,512

Information was provided prospectively from June 30, 2013 for GASB No. 68 purposes. Results prior to 2018 were produced by the prior actuary.

In accordance with GASB, the original amortization period for liability experience and assumption changes are amortized over the expected future working lifetime of all members, whereas the investment experience is amortized over five years.



TABLE 19
DEFERRED INFLOWS OF RESOURCES

	June 30, 2020	Remaining Period	Recognition	June 30, 2021
1. Liability Experience				
June 30, 2021 Gain	\$ 48,823	1.00	\$ 48,823	\$ 0
June 30, 2020 Gain	0	0.00	0	0
June 30, 2019 Gain	0	0.00	0	0
June 30, 2018 Gain	0	0.00	0	0
June 30, 2017 Gain	0	0.00	0	0
June 30, 2016 Gain	0	0.00	0	0
June 30, 2015 Gain	0	0.00	0	0
June 30, 2014 Gain	0	0.00	0	0
2. Assumption Changes				
June 30, 2021 Gain	\$ 0	1.00	\$ 0	\$ 0
June 30, 2020 Gain	0	0.00	0	0
June 30, 2019 Gain	0	0.00	0	0
June 30, 2018 Gain	0	0.00	0	0
June 30, 2017 Gain	0	0.00	0	0
June 30, 2016 Gain	0	0.00	0	0
June 30, 2015 Gain	0	0.00	0	0
3. Investment Experience				
June 30, 2021 Gain	\$ 537,059	5.00	\$ 107,412	\$ 429,647
June 30, 2020 Gain	0	4.00	0	0
June 30, 2019 Gain	8,636	3.00	2,880	5,756
June 30, 2018 Gain	30,430	2.00	15,215	15,215
June 30, 2017 Gain	6,351	1.00	6,351	0
Total Inflows:				
(1)+(2)+(3)	\$ 631,299		\$ 180,681	\$ 450,618

Information was provided prospectively from June 30, 2013 for GASB No. 68 purposes. Results prior to 2018 were produced by the prior actuary.

In accordance with GASB, the original amortization period for liability experience and assumption changes are amortized over the expected future working lifetime of all members, whereas the investment experience is amortized over five years.



TABLE 20

DEFERRED INFLOWS / OUTFLOWS TO BE RECOGNIZED IN PENSION EXPENSE

Fiscal Year Ending June 30	Deferred Outflows	Deferred Inflows	Net Deferred Outflows/(Inflows)
Current Year:			
2021	\$ 114,460	\$ 180,681	\$ (66,221)
Future Years:			
2022	\$ 24,171	\$ 125,507	\$ (101,336)
2023	24,171	110,288	(86,117)
2024	24,170	107,412	(83,242)
2025	0	107,411	(107,411)
2026	0	0	0
Thereafter	0	0	0



TABLE 21

PENSION EXPENSE UNDER GASB NO. 68

		For Fiscal Year Ending June 30, 2021
1. Service Cost, beginning of year	\$	273
2. Interest Cost, including interest on service cost		199,563
3. Member Contributions		0
4. Administrative Expenses		34,702
5. Expected Return on Assets ¹		(192,710)
6. Plan Amendments		6,508
7. Recognition of Deferred Inflows / Outflows of Resources Related to:		
a. Liability Experience (Gains) / Losses	(48,823)	
b. Assumption Change (Gains) / Losses	90,289	
c. Investment Experience (Gains) / Losses	<u>(107,687)</u>	
d. Total: (7a)+(7b)+(7c)		(66,221)
8. Miscellaneous (Income) / Expense		0
9. Total Collective Pension Expense: (1)+(2)+(3)+(4)+(5)+(6)+(7d)+(8)		(17,885)
10. Employer Service Purchases		0
Pension Expense / (Income): (9) + (10)	\$	(17,885)

¹ Cash flows assumed to occur mid-year.



SECTION 6 – GASB INFORMATION

**GASB NO. 67 and GASB NO. 68
NOTES TO THE FINANCIAL STATEMENTS**

The material presented herein is a subset of the information requested as Notes to the Financial Statements. Required information not provided herein is to be supplied by the plan.

Type of Plan The Legislators’ Defined Benefit Fund is a single-employer plan for GASB accounting purposes.

Actuarial Assumptions and Inputs

Significant actuarial assumptions and other inputs used to measure the total pension liability:

Measurement Date	June 30, 2021
Valuation Date	
Assets:	June 30, 2021
Liabilities:	June 30, 2020 – The TPL as of June 30, 2021 was determined based on an actuarial valuation prepared as of June 30, 2020 rolled forward one year to June 30, 2021, using the following key actuarial assumptions and other inputs, such as benefit accruals and actual benefit payments during that time period.
Inflation	2.00%
Future Salary Increases	2.65%
Cost-of-Living Increases	As of June 30, 2021: Members in pay were granted a 1.00% COLA on January 1, 2022 and no COLA on January 1, 2023. Thereafter, the following COLAs, compounded annually, were assumed: 0.4% beginning on January 1, 2024 0.5% beginning on January 1, 2034 0.6% beginning on January 1, 2039 As of June 30, 2020: No COLA has been granted through Fiscal Year 2022, which is reflected in the valuation. Thereafter, the following COLAs, compounded annually, were assumed: 0.4% beginning on January 1, 2022 0.5% beginning on January 1, 2034 0.6% beginning on January 1, 2039



SECTION 6 – GASB INFORMATION

Mortality Assumption	<p>Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.</p> <p><i>Healthy Employees</i> – General Employee table with a 1 year setback for males and a 1 year setback for females.</p> <p><i>Retirees</i> – General Retiree table with a 1 year setback for males and a 1 year setback for females.</p> <p><i>Beneficiaries</i> – Contingent Survivor table with no set forward for males and a 2 year set forward for females.</p> <p><i>Disableds</i> – General Disabled table with a 140% load.</p>
Experience Study	<p>The most recent comprehensive experience study, based on member experience between June 30, 2014 and June 30, 2019, was completed in February 2020. The demographic assumptions were approved by the Board in June 2020 and were used beginning with the June 30, 2020 actuarial valuation. Economic assumptions were updated and approved by the Board in May 2021 following the completion of an Asset-Liability study and first used in the June 30, 2021 actuarial valuation.</p>
Discount Rate	<p>6.25%, net of investment expenses</p> <p>The discount rate is equal to the expected long-term rate of return on plan investments, net of investment expense and including price inflation. The discount rate decreased from the 6.75% used on the prior measurement date.</p> <p>The INPRS Board of Trustees has established a funding policy of requesting appropriations from the State in an amount equal to the actuarially determined contribution, which is based on the assumptions and methods selected by the Board for the annual actuarial valuations. The June 30, 2021 actuarial valuation assumes a long-term rate of return on assets of 6.25%, a 30-year level dollar open method for amortizing the surplus of assets over the actuarial accrued liability (over 100% funded as of June 30, 2021), a 5-year smoothing method for recognizing investment gains and losses in the actuarial value of assets, and a provision for funding back any administrative expenses paid out of plan assets during the prior year.</p>



SECTION 6 – GASB INFORMATION

Discount Rate Sensitivity

	1% Decrease 5.25%	Current Rate 6.25%	1% Increase 7.25%
Net Pension Liability	(\$284,058)	(\$482,160)	(\$657,504)

Classes of Plan Members Covered

The June 30, 2021 valuation was performed using census data provided by INPRS as of June 30, 2020. Standard actuarial techniques were used to roll forward the total pension liability computed as of June 30, 2020 to the June 30, 2021 measurement date using actual benefit payments during that period of time.

Number as of June 30, 2020	
1. Currently Receiving Benefits:	
Retired Members, Disabled Members, and Beneficiaries	77
2. Inactive Members Entitled To But Not Yet Receiving Benefits	6
3. Inactive Non-vested Members Entitled to a Refund of Member Contributions	0
4. Active Members	7
Total Covered Plan Members: (1)+(2)+(3)+(4)	90

Money-Weighted Rate of Return

The money-weighted rate of return equals investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. For the fiscal year ending June 30, 2021, the money-weighted return on the plan assets is 25.5%.

Components of Net Pension Liability

As of June 30, 2021	
Total Pension Liability	\$ 3,033,305
Fiduciary Net Position	3,515,465
Net Pension Liability	\$ (482,160)
Ratio of Fiduciary Net Position to Total Pension Liability	115.90%



SECTION 6 – GASB INFORMATION

GASB NO. 67 AND GASB NO. 68: REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND PLAN FIDUCIARY NET POSITION

Fiscal Year Ending June 30	2017	2018	2019	2020	2021
Total Pension Liability					
Total Pension Liability - beginning	\$4,014,773	\$3,804,048	\$3,483,713	\$3,362,049	\$3,126,946
Service Cost (SC), beginning-of-year	712	296	375	302	273
Interest Cost, including interest on SC	258,975	244,671	223,175	215,175	199,563
Experience (Gains)/Losses	(112,616)	(85,146)	10,361	(14,373)	(48,823)
Assumption Changes	(157)	(120,974)	0	(87,064)	90,289
Plan Amendments	0	0	0	0	6,508
Actual Benefit Payments	(357,639)	(359,182)	(355,575)	(349,143)	(341,451)
Member Reassignments	0	0	0	0	0
Service Purchases	0	0	0	0	0
Net Change in Total Pension Liability	(210,725)	(320,335)	(121,664)	(235,103)	(93,641)
(a) Total Pension Liability - ending	\$3,804,048	\$3,483,713	\$3,362,049	\$3,126,946	\$3,033,305
Plan Fiduciary Net Position					
Plan Fiduciary Net Position – beginning	\$2,919,061	\$2,864,867	\$2,941,623	\$3,026,306	\$2,924,234
Contributions – employer	134,800	236,527	269,200	207,615	207,615
Contributions – non-employer	0	0	0	0	30,000
Contributions – member	0	0	0	0	0
Net investment income	221,287	263,162	208,768	77,366	729,769
Actual benefit payments	(357,639)	(359,182)	(355,575)	(349,143)	(341,451)
Net member reassignments	0	0	0	0	0
Administrative expense	(52,642)	(63,751)	(37,710)	(37,910)	(34,702)
Other	0	0	0	0	0
Net change in Plan Fiduciary Net Position	(54,194)	76,756	84,683	(102,072)	591,231
(b) Plan Fiduciary Net Position - ending	\$2,864,867	\$2,941,623	\$3,026,306	\$2,924,234	\$3,515,465
Net Pension Liability - ending, (a) - (b)	\$939,181	\$542,090	\$335,743	\$202,712	(\$482,160)

Information was provided prospectively from June 30, 2013 for GASB No. 67 and GASB No. 68 purposes. Results prior to 2018 were produced by the prior actuary.



SECTION 6 – GASB INFORMATION

GASB NO. 67 AND GASB NO. 68: REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND PLAN FIDUCIARY NET POSITION (continued)

Table with 5 columns: Fiscal Year Ending June 30, 2013, 2014, 2015, 2016. Rows include Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability - ending.

Information was provided prospectively from June 30, 2013 for GASB No. 67 and GASB No. 68 purposes. Results prior to 2018 were produced by the prior actuary.



SECTION 6 – GASB INFORMATION

GASB NO. 67 AND GASB NO. 68: REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE NET PENSION LIABILITY

Fiscal Year Ending June 30	2017	2018	2019	2020	2021
Total Pension Liability	\$3,804,048	\$3,483,713	\$3,362,049	\$3,126,946	\$3,033,305
Plan Fiduciary Net Position	<u>2,864,867</u>	<u>2,941,623</u>	<u>3,026,306</u>	<u>2,924,234</u>	<u>3,515,465</u>
Net Pension Liability	\$939,181	\$542,090	\$335,743	\$202,712	(\$482,160)
Ratio of Plan Fiduciary Net Position to Total Pension Liability	75.31%	84.44%	90.01%	93.52%	115.90%
Covered-employee payroll ¹	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Fiscal Year Ending June 30	2013	2014	2015	2016	
Total Pension Liability	\$4,285,380	\$4,166,349	\$4,325,905	\$4,014,773	
Plan Fiduciary Net Position	<u>3,337,094</u>	<u>3,489,000</u>	<u>3,175,268</u>	<u>2,919,061</u>	
Net Pension Liability	\$948,286	\$677,349	\$1,150,637	\$1,095,712	
Ratio of Plan Fiduciary Net Position to Total Pension Liability	77.87%	83.74%	73.40%	72.71%	
Covered-employee payroll ¹	N/A	N/A	N/A	N/A	
Net Pension Liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	

¹ As provided by INPRS.

Information was provided prospectively from June 30, 2013 for GASB No. 67 and GASB No. 68 purposes. Results prior to 2018 were produced by the prior actuary.



SECTION 6 – GASB INFORMATION

GASB NO. 67 AND GASB NO. 68: REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending June 30	2017	2018	2019	2020	2021
Actuarially Determined Contribution ¹	\$169,734	\$236,527	\$239,871	\$216,077	\$216,639
Actual employer contributions	<u>\$134,800</u>	<u>\$236,527</u>	<u>\$269,200</u>	<u>\$207,615</u>	<u>\$237,615</u>
Annual contribution (deficiency) / excess	(\$34,934)	\$0	\$29,329	(\$8,462)	\$20,976
Covered-employee payroll ²	N/A	N/A	N/A	N/A	N/A
Actual contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

Fiscal Year Ending June 30	2013	2014	2015	2016
Actuarially Determined Contribution ¹	\$140,202	\$138,250	\$118,927	\$137,599
Actual employer contributions	<u>\$150,000</u>	<u>\$138,300</u>	<u>\$130,900</u>	<u>\$137,600</u>
Annual contribution (deficiency) / excess	\$9,798	\$50	\$11,973	\$1
Covered-employee payroll ²	N/A	N/A	N/A	N/A
Actual contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

¹ Actuarially determined contribution amount was developed in the actuarial funding valuation completed one year prior to the fiscal year.

² As provided by INPRS.

Information was provided prospectively from June 30, 2013 for GASB No. 67 and GASB No. 68 purposes. Results prior to 2018 were produced by the prior actuary.



GASB NO. 67 AND GASB NO. 68: REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF MONEY-WEIGHTED RETURNS

<u>For Fiscal Year Ending June 30</u>	<u>Money-Weighted Return</u>
2021	25.5%
2020	2.6%
2019	7.2%
2018	9.4%
2017	7.9%
2016	0.8%
2015	(0.1%)
2014	13.7%
2013	6.2%

Information was provided prospectively from June 30, 2013 for GASB No. 67 and GASB No. 68 purposes. Returns were provided by INPRS.



APPENDIX TABLE OF CONTENTS

<u>Appendix</u>	<u>Page</u>
Appendix A – Membership Data	40
<i>Schedules of valuation data classified by various categories of members.</i>	
Appendix B – Summary of Plan Provisions	47
<i>A summary of the current benefit structure, as determined by the provisions of governing law on June 30, 2021.</i>	
Appendix C – Summary of Actuarial Methods and Assumptions	49
<i>A summary of the actuarial methods and assumptions used to estimate liabilities and determine contribution rates.</i>	
Appendix D – Glossary of Actuarial Terms	54
<i>A glossary of actuarial terms used in the valuation report.</i>	



APPENDIX A – MEMBERSHIP DATA

MEMBER DATA RECONCILIATION
For the June 30, 2020 Data used in the June 30, 2021 Valuation

	Active Members	Inactive Vested	Disabled	Retired	Beneficiary	Total
1. As of June 30, 2019	7	6	0	61	18	92
2. Data Adjustments						
Vested Terminations	0	0	0	0	0	0
Disability	0	0	0	0	0	0
Retirements	0	0	0	0	0	0
Refund / Benefits Ended	0	0	0	0	0	0
Deaths:						
With Beneficiary	0	0	0	(1)	1	0
Without Beneficiary	0	0	0	0	(2)	(2)
Data Corrections	0	0	0	0	0	0
Net Change	0	0	0	(1)	(1)	(2)
3. As of June 30, 2020	7	6	0	60	17	90



APPENDIX A – MEMBERSHIP DATA

SUMMARY OF MEMBERSHIP DATA

Valuation Date	June 30, 2020	June 30, 2021	% Change
Date of Membership Data ¹	July 1, 2019	July 1, 2020	
ACTIVE MEMBERS			
Number of Active Members	7	7	0.0%
Active Member Averages			
Age	73.7	74.7	1.4%
Service ²	7.5	7.5	0.0%
INACTIVE VESTED MEMBERS			
Number of Members	6	6	0.0%
Inactive Member Averages			
Age	72.0	73.0	1.4%
Service	7.5	7.5	0.0%
RETIREES, DISABLEDS, AND BENEFICIARIES			
Number of Members			
Retired	61	60	(1.6%)
Disabled	0	0	0.0%
Beneficiaries	18	17	(5.6%)
Total	<u>79</u>	<u>77</u>	(2.5%)
Annual Benefits			
Retired	\$ 301,018	\$ 292,582	(2.8%)
Disabled	0	0	0.0%
Beneficiaries	<u>62,871</u>	<u>55,302</u>	(12.0%)
Total	<u>\$ 363,889</u>	<u>\$ 347,884</u>	(4.4%)

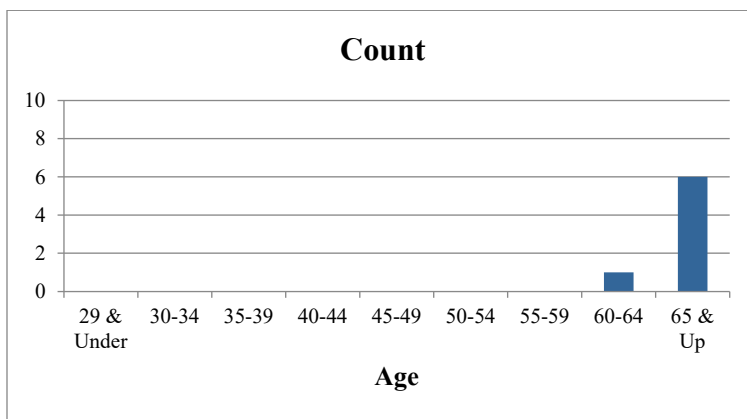
¹ The valuation results were calculated using the prior year's census data and were adjusted for certain activity during fiscal year.

² Credited service completed in the General Assembly prior to November 8, 1989.



ACTIVE MEMBERS
As of June 30, 2020 for the June 30, 2021 Valuation

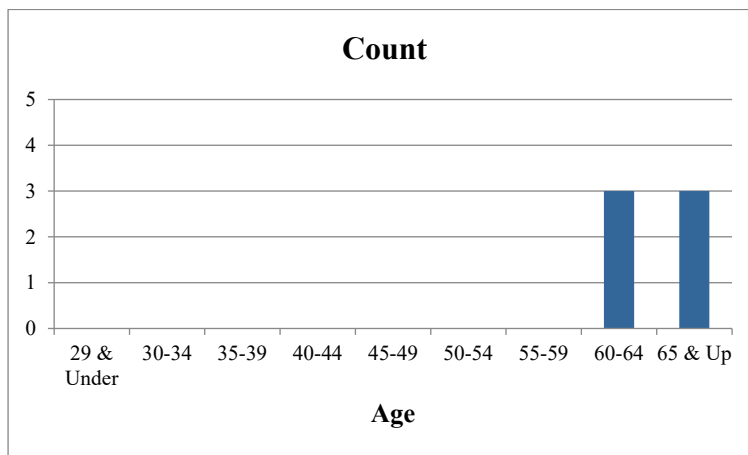
Count of Members			
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
29 & Under	0	0	0
30-34	0	0	0
35-39	0	0	0
40-44	0	0	0
45-49	0	0	0
50-54	0	0	0
55-59	0	0	0
60-64	1	0	1
65 & Up	<u>4</u>	<u>2</u>	<u>6</u>
Total	5	2	7





INACTIVE VESTED MEMBERS
As of June 30, 2020 for the June 30, 2021 Valuation

<u>Age</u>	<u>Count of Members</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>
29 & Under	0	0	0
30-34	0	0	0
35-39	0	0	0
40-44	0	0	0
45-49	0	0	0
50-54	0	0	0
55-59	0	0	0
60-64	3	0	3
65 & Up	<u>2</u>	<u>1</u>	<u>3</u>
Total	5	1	6

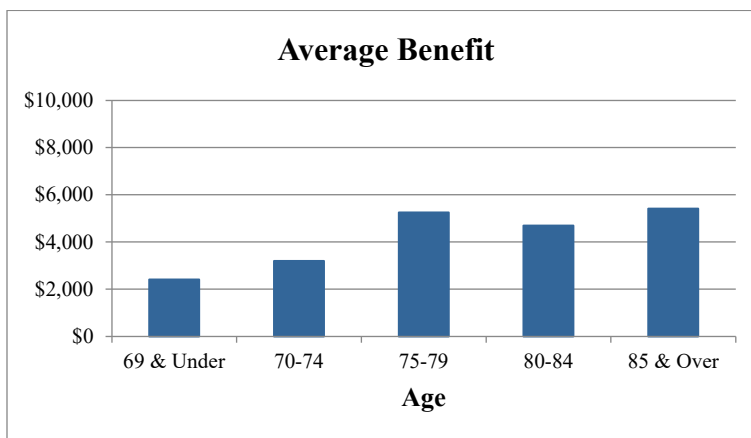
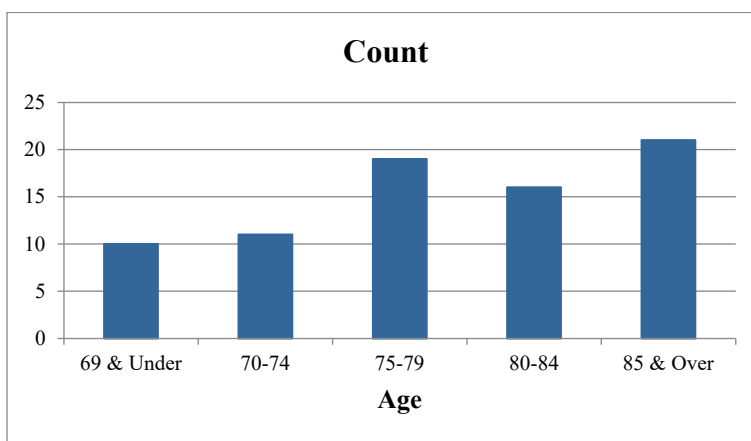




APPENDIX A – MEMBERSHIP DATA

**MEMBERS AND BENEFICIARIES RECEIVING BENEFITS
As of June 30, 2020 for the June 30, 2021 Valuation**

Age	Count of Members			Annual Benefits		
	Male	Female	Total	Male	Female	Total
69 & Under	6	4	10	14,406	9,684	24,090
70-74	7	4	11	26,169	8,996	35,165
75-79	17	2	19	95,405	4,360	99,765
80-84	12	4	16	62,994	12,151	75,145
85 & Over	<u>11</u>	<u>10</u>	<u>21</u>	<u>70,289</u>	<u>43,430</u>	<u>113,719</u>
Total	53	24	77	\$ 269,263	\$ 78,621	\$ 347,884





**MEMBERS AND BENEFICIARIES RECEIVING BENEFITS
As of June 30, 2020 for the June 30, 2021 Valuation**

Schedule of Average Benefit Payments¹

For the Year Ended June 30, 2021	Years of Credited Service						Total
	< 10	10 - 14	15 - 19	20 - 24	25 - 29	30 +	
Average Monthly Defined Benefit	\$208	\$382	\$624	\$1,008	\$577	\$0	\$377
Average Final Average Salary ²	\$23,450	\$26,330	\$24,244	N/A	N/A	N/A	\$24,477
Number of Benefit Recipients	33	25	16	2	1	0	77

Schedule of Benefit Recipients by Type of Benefit Option¹

Amount of Monthly Benefit (in dollars)	Number of Recipients by Benefit Option			Total Benefit Recipients
	Joint with 50% Survivor Benefits	Survivors	Disability	
1 - 500	39	16	0	55
501 - 1,000	20	1	0	21
1,001 - 1,500	1	0	0	1
1,501 - 2,000	0	0	0	0
2,001 - 2,500	0	0	0	0
2,501 - 3,000	0	0	0	0
Over 3,000	0	0	0	0
Total	60	17	0	77

¹ Calculated using the prior year census data, adjusted for certain activity during the fiscal year.

² Benefit calculations for the LE DB benefit recipients are based on years of service, not final average salary. Excludes the 42 in-pay members who are missing a final average salary in the data.



APPENDIX A – MEMBERSHIP DATA

MEMBERS AND BENEFICIARIES RECEIVING BENEFITS
As of June 30, 2020 for the June 30, 2021 Valuation

Schedule of Retirants and Beneficiaries

Table with 9 columns: Year, Added to Rolls (Number, Annual Benefits), Removed from Rolls (Number, Annual Benefits), Rolls - End of Year (Number, Total Annual Benefits), Percent Change In Total Annual Benefits, Average Annual Benefit, Percent Change In Average Annual Benefit.

1 Dollar amounts are in thousands except for the average annual benefit.

2 End of year annual benefits are not equal to prior end of year annual benefits plus additions less removals due to beneficiary benefit changes, data changes, and COLA increases.

3 The valuation results were calculated using the prior year census data, adjusted for certain activity during the fiscal year.



APPENDIX B – SUMMARY OF PLAN PROVISIONS

Definitions

Fiscal year	Twelve month period ending June 30.
Participation	All members of the Indiana General Assembly who (1) were serving on April 30, 1989, and (2) filed an election to participate in this plan under IC 2-3.5-3-1(b).
Average monthly earnings	Average monthly earnings is the monthly average of earnings, including business per diem and subsistence allowances, attributable to service as a legislator during the 3 years that produce the highest such average.

Eligibility for Benefits

Deferred vested	10 or more years of creditable service and no longer active.
Disability retirement	5 or more years of creditable service and qualified for Social Security disability benefits.
Early retirement	Age 55 with 10 or more years of creditable service.
Normal retirement	Earliest of: <ul style="list-style-type: none">- Age 65 with 10 or more years of creditable service.- Age 60 with 15 or more years of creditable service.- Age 55 with sum of age and creditable service equal to 85 or more.
Pre-retirement death	10 or more years of creditable service.

Monthly Benefits Payable

Normal retirement	The normal retirement benefit is a monthly annuity payable for life with a 50% continuation to a surviving spouse or surviving children and is equal to the lesser of (1) \$40 times years of creditable service in the General Assembly completed before November 8, 1989, or (2) 100% of average monthly earnings.
Early retirement	The early retirement benefit is the accrued retirement benefit determined as of the early retirement date and payable commencing at the normal retirement date. A participant may elect to have the benefit commence prior to normal retirement provided the benefit is reduced by 1/10% for each of the first 60 months and by 5/12% for each of the next 60 months that the benefit commencement date precedes the normal retirement date.



APPENDIX B – SUMMARY OF PLAN PROVISIONS

Deferred retirement	The termination benefit is the accrued retirement benefit determined as of the termination date and payable commencing as of the normal retirement date. The participant may elect to receive a reduced early retirement benefit.
Disability	The disability retirement benefit is the accrued retirement benefit determined as of the disability date and payable commencing the month following disability date without reduction for early commencement.
Pre-retirement death	The spouse or dependent beneficiary is entitled to receive 50% of the monthly life annuity the participant was receiving or was entitled to receive under the assumption that the participant retired on the later of age 55 or the day before the date of death.
Cost-of-Living-Adjustments	<p>Cost-of-living increases for retired members will be provided by legislative action.</p> <p>Legislation passed in the 2018 legislative session creates a funding mechanism to provide for future benefit increases or 13th checks. The INPRS Board has the authority to have employers contribute up to 1% of member pay into the fund, although funds for the Legislators' Fund will be directly allocated by the State Legislature or provided from lottery proceeds. Increases or payments are made upon passed legislation subject to the availability of funds to provide the benefit.</p> <p>Increases or payments are made upon passed legislation subject to the availability of funds to provide the benefit. Legislation passed in 2021 provided for a 1% increase effective January 1, 2022 and no increase through the remainder of the biennium.</p>
Forms of payment	
a. Single life annuity	Member will receive a monthly benefit for life, but there are no monthly payments to anyone after death.
b. Joint with one-half survivor benefits	Member will be paid a monthly benefit for life. After death, one-half (1/2) of the benefit will be paid to the spouse for their lifetime or the dependent until age 18 unless disabled.

Changes in Plan Provisions

House Enrolled Act No. 1001 was passed in April 2021 and granted a 1.00% cost-of-living adjustment effective January 1, 2022 to be paid from the Supplemental Reserve Account. No supplemental benefits were granted for fiscal year 2023.



ACTUARIAL METHODS

1. Actuarial Cost Method

Funding:

The actuarial cost method is Traditional Unit Credit.

The normal cost is calculated separately for each active member and is equal to actuarial present value of additional benefits expected to be accrued during the year following the valuation date. The actuarial accrued liability on any valuation date is the actuarial present value of the benefits earned for service prior to the valuation date. Since the benefits for all members of the Legislator's Defined Benefit Plan are fixed and no longer increasing with future service credit or future salary increases, applying the Traditional Unit Credit cost method results in the Actuarial Accrued Liability being equal to the Present Value of Future Benefits (i.e. all benefits are treated as though they are attributable to past service) and the Normal Cost being equal to \$0. This is consistent with the actual status of member benefit accruals.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 5-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 5-year period. However, when the plan is at or above 100% funded (based on Actuarial Value of Assets), the past amortization bases are considered fully amortized and a single amortization base equal to the surplus is amortized over a 30-year period with level payments each year. The purpose of the method is to give a smooth progression of the costs from year to year and, at the same time, provide for an orderly funding of the unfunded liabilities.

Accounting:

The actuarial cost method is Entry Age Normal - Level Percent of Payroll.

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Gains and losses occurring from census experience different than assumed and assumption changes are amortized into expense over the average expected future service of all plan participants (active and inactive). Gains and losses occurring from investment experience different than assumed are amortized into expense over a 5-year period. The effect of plan changes on the plan liability are fully recognized in expense in the year in which they occur.

Member census data as of June 30, 2020 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2020 and June 30, 2021. The valuation results from June 30, 2020 were rolled-forward to June 30, 2021 to reflect benefit accruals during the year less benefits paid.



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

2. COLA Funding Amount

The COLA may be funded by either direct State appropriations or by allocation of a portion of the lottery proceeds. For consistency with other funds should annual lottery amounts be determined to be desirable, a funding amount is shown in this report. The COLA Funding Amount is developed by determining the assets needed at the start of the next biennium to fund the post-retirement benefit increases anticipated to be granted in that biennium.

3. Asset Valuation Method

The Actuarial Value of Assets smooths the recognition of gains and losses on the Market Value of Assets over five years, subject to a 20% corridor.

4. State Appropriations

Based on the assumptions and methods previously described, an actuarially determined contribution amount is computed. The Board considers this information when requesting funds from the State.

Changes in Methods since the Prior Year

None.



ACTUARIAL ASSUMPTIONS

Valuation Date June 30, 2021

Economic Assumptions

1. Investment return 6.25% per year, compounded annually
2. Inflation 2.00% per year
3. Salary increase 2.65% per year
4. Cost-of-Living Adjustment (COLA) Members in pay were granted a 1.00% COLA effective January 1, 2022 for the next biennium. Thereafter, the following COLAs, compounded annually, were assumed:
0.4% beginning on January 1, 2024
0.5% beginning on January 1, 2034
0.6% beginning on January 1, 2039

Demographic Assumptions

1. Mortality
Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

Healthy Employees – General Employee table with a 1 year setback for males and a 1 year setback for females.

Retirees – General Retiree table with a 1 year setback for males and a 1 year setback for females.

Beneficiaries – Contingent Survivor table with no set forward for males and a 2 year set forward for females.

Disableds – General Disabled table with a 140% load.
2. Disability None
3. Termination None



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

4. Retirement

Age	Rate
55	10%
56-57	8%
58-61	2%
62-64	5%
65+	100%

Inactive vested members are assumed to commence their retirement benefit at their earliest eligible retirement age.

Other Assumptions

1. Form of payment

Members are assumed to elect either a single life annuity or a 50% joint survivor benefit based on the marriage assumptions below.

2. Marital status

a. Percent married

90% of members are assumed to be married or to have a dependent beneficiary.

b. Spouse's age

Male members are assumed to be three (3) years older than their spouses and female members are assumed to be two (2) years younger than their spouses.

3. Decrement timing

Decrements are assumed to occur at the beginning of the year.

4. Administrative expense

Replacement basis. Administrative expenses incurred during the year prior to the valuation date are included in the calculation of funds to be appropriated to the LE DB Fund by the State.

Changes in Assumptions since the Prior Year

As a result of the Asset-Liability work completed and discussed at the May 7, 2021 Board meeting, the Board made portfolio revisions and adopted a new set of economic assumptions for the June 30, 2021 actuarial valuations as follows:

- The investment return assumption was lowered from 6.75% (as of June 30, 2020) to 6.25%.
- Price inflation was lowered from 2.25% (as of June 30, 2020) to 2.00%.
- General wage inflation was lowered from 2.75% (as of June 30, 2020) to 2.65%.

Legislation granted a 1.00% cost-of-living adjustment effective January 1, 2022 to be paid from the Supplemental Reserve Account. No supplemental benefits were granted for fiscal year 2023. This replaces the COLA assumption of 0.4% for Fiscal Years 2022 and 2023 but does not change the assumption for future years.



APPENDIX C – SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Data Adjustments

Active and retired member data is reported as of June 30. Member census data as of June 30, 2020 was used in the valuation and adjusted. Standard actuarial roll-forward techniques were then used to project the liability computed as of June 30, 2020 to the June 30, 2021 valuation date. The asset information for this valuation was furnished as of June 30, 2021. We did not audit the information provided, but we did review it thoroughly for reasonableness and compared it with the prior year's submission for consistency.

Other Technical Valuation Procedures

Salary increases are assumed to apply to annual amounts.

Decrements are assumed to occur at the beginning of the year. Standard adjustments are made for multiple decrements.

No actuarial liability is included for participants who terminated without being vested prior to the valuation date, except those due a refund of contributions.



APPENDIX D – GLOSSARY OF ACTUARIAL TERMS

Accrued Service	Service credited under the plan that was rendered before the date of the actuarial valuation.
Actuarial Assumptions	Estimates of future experience with respect to demographic or economic events. Demographic assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of retirement plan benefits between future normal cost and actuarial accrued liability. Sometimes referred to as the “actuarial funding method.”
Actuarial Equivalent	A single amount or series of amounts of equal value to another single amount or series of amounts computed on the basis of a given set of actuarial assumptions.
Actuarial Accrued Liability	The difference between the actuarial present value of plan benefits and the actuarial value of future normal costs. Also referred to as “accrued liability” or “actuarial liability.”
Actuarial Present Value	The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest and by probabilities of payment.
Amortization	Paying off an interest-discounted amount with periodic payments of interest and principal, as opposed to paying off with lump sum payment.
Experience Gain (Loss)	The difference between actual experience and actuarial assumptions anticipated experience during the period between two actuarial valuation dates.
Normal Cost	The actuarial present value of retirement plan benefits allocated to the current year by the actuarial cost method.
Unfunded Actuarial Accrued Liability	<p>The difference between actuarial liability and the actuarial value of assets. Sometimes referred to as “unfunded accrued liability” or “unfunded liability”.</p> <p>Most retirement plans have unfunded actuarial liability. They arise anytime new benefits are added and anytime an actuarial loss is realized.</p>