



nyhart
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GASB 74/75 ACTUARIAL VALUATION

Fiscal Year Ending June 30, 2025

STATE OF INDIANA Indiana State Police

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November 25, 2025

Andy Blough, FSA, EA, MAAA
Indiana Public Retirement System
One North Capital, Suite 001
Indianapolis, IN 46204

This report summarizes the GASB actuarial valuation for the State of Indiana Indiana State Police 2024/25 fiscal year. To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No. 74 (Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans) and GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions).

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information furnished to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based. When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided.

The discount rate, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

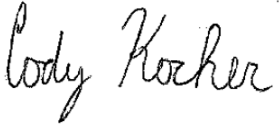
- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

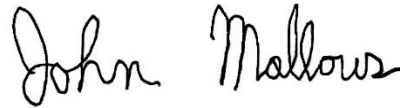
To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.

Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Should you have any questions please do not hesitate to contact us.



Cody Kocher, FSA, MAAA
Actuary



John Mallows, FSA, MAAA
Actuary

EXECUTIVE SUMMARY



Executive Summary

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Detailed Actuary's Notes

There have been no plan provision changes since last year's interim valuation, which was for the fiscal year ending June 30, 2024.

The following assumption changes have been made for this year's valuation:

1. The aging factors used for the calculation of the per capita costs have been updated to reflect actual claims experience for the group. This change led to an increase in liabilities.
2. Medical/rx trend rates have been updated to an initial rate of 8.00%/6.50% decreasing by 0.25% per year to an ultimate rate of 4.50% for pre-65/post-65 benefits. This change caused an increase in liabilities.

Additionally, claims costs and premiums were updated for 2025/26 which caused a significant increase in liabilities. The updated census data resulted in a significant decrease in liabilities.



Executive Summary

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Summary of Results

Presented below is the summary of GASB 74/75 results for the fiscal year ending June 30, 2025.

	<i>As of June 30, 2024</i>	<i>As of June 30, 2025</i>
Total OPEB Liability	\$ 213,950,473	\$ 199,482,612
Actuarial Value of Assets	(222,951,688)	(255,839,930)
Net OPEB Liability	\$ (9,001,215)	\$ (56,357,318)
Funded Ratio	104.2%	128.3%

	<i>FY 2023/24</i>	<i>FY 2024/25</i>
OPEB Expense	\$ (20,943,940)	\$ (22,218,745)
Annual Employer Contribution¹	\$ 17,402,516	\$ 18,440,700

	<i>As of June 30, 2024</i>	<i>As of June 30, 2025</i>
Discount Rate	6.20%	6.20%
Expected Return on Assets	6.20%	6.20%

<i>As of June 30, 2021</i>	<i>As of June 30, 2025</i>
Total Active Participants	1,643
Total Retiree Participants	1,035

Participant counts shown above include only employees who have medical / rx coverage. Refer to Summary of Plan Participants section for an accurate breakdown of active employees with and without medical / rx coverage.

¹ Includes active employee contributions



Executive Summary

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Liabilities Breakdown

Below is a breakdown of total GASB 75 liabilities allocated to past and current service compared to the prior year. The table below also provides a breakdown of the Total OPEB Liability allocated to pre and post Medicare eligibility. The liability shown below includes explicit (if any) and implicit subsidies. Refer to the Substantive Plan Provisions section for complete information on the Plan Sponsor's GASB subsidies.

<i>Present Value of Future Benefits (PVFB)</i>	<i>As of June 30, 2024</i>	<i>As of June 30, 2025</i>
Active Employees	\$ 179,842,720	\$ 257,810,695
Retired Employees	104,012,147	47,220,246
Total PVFB	\$ 283,854,867	\$ 305,030,941

<i>Total OPEB Liability</i>	<i>As of June 30, 2024</i>	<i>As of June 30, 2025</i>
Active Pre-Medicare	\$ 95,751,281	\$ 136,976,483
Active Post-Medicare	14,187,045	15,285,883
Active Liability	\$ 109,938,326	\$ 152,262,366

Retiree Pre-Medicare	\$ 22,383,637	\$ 28,473,948
Retiree Post-Medicare	81,628,510	18,746,298
Retiree Liability	\$ 104,012,147	\$ 47,220,246

Total OPEB Liability	\$ 213,950,473	\$ 199,482,612
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	<i>As of June 30, 2024</i>	<i>As of June 30, 2025</i>
Discount Rate	6.20%	6.20%

Present Value of Future Benefits (PVFB)

is the amount needed as of June 30, 2024 and 2025, to fully fund the State's retiree health care subsidies for existing and future retirees and their dependents assuming all actuarial assumptions are met.

Total OPEB Liability is the portion of PVFB considered to be accrued or earned as of June 30, 2024 and 2025. This amount is a required disclosure in the Required Supplementary Information section.



GASB Disclosures

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB Liability	FY 2024/25		FY 2023/24		FY 2022/23		FY 2021/22		FY 2020/21	
Total OPEB Liability										
Total OPEB liability – beginning of year	\$	213,950,473	\$	208,027,829	\$	172,737,071	\$	168,916,685	\$	177,447,852
Service cost		5,639,875		5,338,616		5,370,327		5,183,808		4,993,476
Interest		13,472,637		13,108,758		10,916,265		10,651,395		11,208,431
Changes of benefit terms		0		0		0		0		0
Changes in assumptions		17,860,122		6,686,495		4,341,498		0		7,028,805
Differences between expected and actual experience		(46,791,070)		(15,282,422)		18,802,128		(7,336,877)		(28,390,809)
Benefit payments		(4,649,425)		(3,928,803)		(4,139,460)		(4,677,940)		(3,371,070)
Net change in total OPEB liability	\$	(14,467,861)	\$	5,922,644	\$	35,290,758	\$	3,820,386	\$	(8,531,167)
Total OPEB liability – end of year	\$	199,482,612	\$	213,950,473	\$	208,027,829	\$	172,737,071	\$	168,916,685
Plan Fiduciary Net Position										
Plan fiduciary net position – beginning of year	\$	222,951,688	\$	187,495,947	\$	166,270,222	\$	178,207,168	\$	158,657,034
Contributions – employer		17,668,120		16,654,156		13,524,305		13,591,562		22,322,322
Contributions – active employees		772,580		748,360		741,874		799,400		827,523
Net investment income		19,375,253		22,259,960		11,466,903		(21,354,237)		131,020
Benefit payments		(4,649,425)		(3,928,803)		(4,139,460)		(4,677,940)		(3,371,070)
Trust administrative expenses		(278,286)		(277,932)		(367,897)		(295,731)		(359,661)
Net change in plan fiduciary net position	\$	32,888,242	\$	35,455,741	\$	21,225,725	\$	(11,936,946)	\$	19,550,134
Plan fiduciary net position – end of year	\$	255,839,930	\$	222,951,688	\$	187,495,947	\$	166,270,222	\$	178,207,168
Net OPEB Liability – end of year	\$	(56,357,318)	\$	(9,001,215)	\$	20,531,882	\$	6,466,849	\$	(9,290,483)
Plan fiduciary net position as % of total OPEB liability		128.3%		104.2%		90.1%		96.3%		105.5%
Covered employee payroll	\$	149,042,267	\$	157,808,763	\$	145,665,531	\$	114,407,744	\$	110,538,883
Net OPEB liability as % of covered payroll		-37.8%		-5.7%		14.1%		5.7%		-8.4%



GASB Disclosures

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB Liability	FY 2019/20		FY 2018/19		FY 2017/18	
Total OPEB Liability						
Total OPEB liability – beginning of year	\$	198,445,243	\$	324,517,099	\$	539,736,386
Service cost		5,032,384		8,531,267		17,810,791
Interest		12,530,058		12,777,709		19,725,281
Changes of benefit terms		0		3,253,798		(196,573,638)
Changes in assumptions		(15,686,765)		(66,154,178)		(27,946,460)
Differences between expected and actual experience		(20,071,092)		(78,675,348)		(21,241,592)
Benefit payments		(2,801,976)		(5,805,104)		(6,993,669)
Net change in total OPEB liability	\$	(20,997,391)	\$	(126,071,856)	\$	(215,219,287)
Total OPEB liability – end of year	\$	177,447,852	\$	198,445,243	\$	324,517,099
Plan Fiduciary Net Position						
Plan fiduciary net position – beginning of year	\$	137,969,003	\$	117,362,956	\$	97,322,900
Contributions – employer		21,727,429		23,936,818		25,813,525
Contributions – active employees		845,660		857,420		404,060
Net investment income		1,276,385		2,108,792		1,422,502
Benefit payments		(2,801,976)		(5,805,104)		(6,993,669)
Trust administrative expenses		(359,467)		(491,879)		(606,362)
Net change in plan fiduciary net position	\$	20,688,031	\$	20,606,047	\$	20,040,056
Plan fiduciary net position – end of year	\$	158,657,034	\$	137,969,003	\$	117,362,956
Net OPEB Liability – end of year	\$	18,790,818	\$	60,476,240	\$	207,154,143
Plan fiduciary net position as % of total OPEB liability		89.4%		69.5%		36.2%
Covered employee payroll	\$	113,431,389	\$	110,664,770	\$	98,338,193
Net OPEB liability as % of covered payroll		16.6%		54.6%		210.7%



GASB Disclosures

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Schedule of Employer Contributions

The Actuarially Determined Contributions (ADC) shown below prior to FY 2016/17 are based on the Annual Required Contribution (ARC) calculated in prior GASB 45 actuarial valuations as shown in the Plan Sponsor financial statements.

		<i>FY 2024/25</i>		<i>FY 2023/24</i>		<i>FY 2022/23</i>		<i>FY 2021/22</i>		<i>FY 2020/21</i>
Actuarially Determined Contribution (ADC)	\$	4,408,506 ²	\$	3,928,803	\$	4,139,460	\$	4,613,003	\$	5,897,655
Contributions in relation to the ADC ³		17,668,120		16,654,156		13,524,305		13,591,562		22,322,322
Contribution deficiency / (excess)	\$	(13,256,614)	\$	(12,725,353)	\$	(9,384,845)	\$	(8,978,559)	\$	(16,424,667)

Covered employee payroll	\$	149,042,267	\$	157,808,763	\$	145,665,531	\$	114,407,744	\$	110,538,883
Contribution as a % of covered employee payroll		11.9%		10.6%		9.3%		11.9%		20.2%

		<i>FY 2019/20</i>		<i>FY 2018/19</i>		<i>FY 2017/18</i>		<i>FY 2016/17</i>		<i>FY 2015/16</i>
Actuarially Determined Contribution (ADC)	\$	9,116,153	\$	18,356,134	\$	35,041,558	\$	34,980,369	\$	30,629,812
Contributions in relation to the ADC ³		21,727,429		23,936,818		25,813,525		26,871,267		34,862,363
Contribution deficiency / (excess)	\$	(12,611,276)	\$	(5,580,684)	\$	9,228,033	\$	8,109,102	\$	(4,232,551)

Covered employee payroll	\$	113,431,389	\$	110,664,770	\$	98,338,193	\$	96,174,272	\$	91,753,000
Contribution as a % of covered employee payroll		19.2%		21.6%		26.2%		27.9%		38.0%

² Refer to the Actuarially Determined Contributions section for the calculation details.

³ Includes employer contribution for pay-go cost and (any) pre-funding contributions deposited into the OPEB Trust.



GASB Disclosures

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

OPEB Expense

<i>OPEB Expense</i>	<i>FY 2024/25</i>	<i>FY 2023/24</i>
Discount rate as of beginning of fiscal year	6.20%	6.20%
Discount rate as of end of fiscal year	6.20%	6.20%
Service cost	\$ 5,639,875	\$ 5,338,616
Interest	13,472,637	13,108,758
Changes of benefit terms	0	0
Projected earnings on OPEB plan investments	(14,235,608)	(12,027,667)
Reduction for contributions from active employees	(772,580)	(748,360)
OPEB plan administrative expenses	278,286	277,932
Current period recognition of deferred outflows / (inflows) of resources		
Differences between expected and actual experience	\$ (25,392,216)	\$ (21,742,288)
Changes in assumptions	(6,560,573)	(13,104,374)
Net difference between projected and actual earnings on OPEB plan investments	5,351,434	7,953,443
Total current period recognition	\$ (26,601,355)	\$ (26,893,219)
Total OPEB expense	\$ (22,218,745)	\$ (20,943,940)



GASB Disclosures

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Deferred Outflows / (Inflows) of Resources

Deferred Outflows / (Inflows) of Resources represents the following items that have not been recognized in the OPEB Expense:

1. Differences between expected and actual experience of the OPEB plan
2. Changes of assumptions
3. Difference between projected and actual earnings in OPEB plan investments

The initial amortization period for the first two items noted above is based on the average future service to retirement while the difference between projected and actual earnings in OPEB plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the items above.

<i>Differences between expected and actual experience for FYE</i>	<i>Initial Balance</i>	<i>Initial Amortization Period</i>	<i>Annual Recognition</i>	<i>Unamortized Balance as of June 30, 2025</i>
June 30, 2018	\$ (21,241,592)	7	\$ 0	\$ 0
June 30, 2019	\$ (78,675,348)	7	\$ (11,239,338)	\$ 0
June 30, 2020	\$ (20,071,092)	7	\$ (2,867,299)	\$ (2,867,298)
June 30, 2021	\$ (28,390,809)	7	\$ (4,055,830)	\$ (8,111,659)
June 30, 2022	\$ (7,336,877)	7	\$ (1,048,125)	\$ (3,144,377)
June 30, 2023	\$ 18,802,128	7	\$ 2,686,018	\$ 10,744,074
June 30, 2024	\$ (15,282,422)	7	\$ (2,183,203)	\$ (10,916,016)
June 30, 2025	\$ (46,791,070)	7	\$ (6,684,439)	\$ (40,106,631)



GASB Disclosures

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Deferred Outflows / (Inflows) of Resources – Continued

<i>Changes in assumptions for FYE</i>	<i>Initial Balance</i>	<i>Initial Amortization Period</i>	<i>Annual Recognition</i>	<i>Unamortized Balance as of June 30, 2025</i>
June 30, 2018	\$ (27,946,460)	7	\$ 0	\$ 0
June 30, 2019	\$ (66,154,178)	7	\$ (9,450,596)	\$ 0
June 30, 2020	\$ (15,686,765)	7	\$ (2,240,966)	\$ (2,240,969)
June 30, 2021	\$ 7,028,805	7	\$ 1,004,115	\$ 2,008,230
June 30, 2022	\$ 0	7	\$ 0	\$ 0
June 30, 2023	\$ 4,341,498	7	\$ 620,214	\$ 2,480,856
June 30, 2024	\$ 6,686,495	7	\$ 955,214	\$ 4,776,067
June 30, 2025	\$ 17,860,122	7	\$ 2,551,446	\$ 15,308,676

<i>Net difference between projected and actual earnings in OPEB plan investments for FYE</i>	<i>Initial Balance</i>	<i>Initial Amortization Period</i>	<i>Annual Recognition</i>	<i>Unamortized Balance as of June 30, 2025</i>
June 30, 2021	\$ 10,298,656	5	\$ 2,059,732	\$ 0
June 30, 2022	\$ 32,690,627	5	\$ 6,538,125	\$ 6,538,127
June 30, 2023	\$ (860,175)	5	\$ (172,035)	\$ (344,070)
June 30, 2024	\$ (10,232,293)	5	\$ (2,046,459)	\$ (6,139,375)
June 30, 2025	\$ (5,139,645)	5	\$ (1,027,929)	\$ (4,111,716)



GASB Disclosures

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Deferred Outflows / (Inflows) of Resources – Continued

<i>As of fiscal year ending June 30, 2025</i>	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
Differences between expected and actual experience	\$ 10,744,074	\$ (65,145,981)
Changes in assumptions	24,573,829	(2,240,969)
Net difference between projected and actual earnings in OPEB plan investments	0	(4,057,034)
Total	\$ 35,317,903	\$ (71,443,984)

Annual Amortization of Deferred Outflows / (Inflows)

The balances as of June 30, 2025 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

<i>FYE</i>	<i>Balance</i>
2026	\$ (7,971,153)
2027	\$ (9,401,012)
2028	\$ (6,177,263)
2029	\$ (3,082,677)
2030	\$ (5,360,986)
Thereafter	\$ (4,132,990)



GASB Disclosures

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Sensitivity Results

The following presents the net OPEB liability as of June 30, 2025, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 6.20%.
- The 1% decrease in discount rate would be 5.20%.
- The 1% increase in discount rate would be 7.20%.

<i>As of June 30, 2025</i>	<i>Net OPEB Liability</i>
1% Decrease	\$ (38,392,699)
Current Discount Rate	\$ (56,357,318)
1% Increase	\$ (72,562,067)

The following presents the net OPEB liability as of June 30, 2025, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 8.00%/6.50% (pre-/post-65) decreasing by 0.25% annually to an ultimate rate of 4.50%.
- The 1% decrease in health care trend rates would assume an initial rate of 7.00%/5.50% (pre-/post-65) decreasing by 0.25% annually to an ultimate rate of 3.50%.
- The 1% increase in health care trend rates would assume an initial rate of 9.00%/7.50% (pre-/post-65) decreasing by 0.25% annually to an ultimate rate of 5.50%.

<i>As of June 30, 2025</i>	<i>Net OPEB Liability</i>
1% Decrease	\$ (75,933,671)
Current Health Care Trend Rates	\$ (56,357,318)
1% Increase	\$ (33,460,500)



Asset Information

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Asset Information

<i>Asset Breakdown</i>	<i>FY 2023/24</i>	<i>FY 2024/25</i>
Assets		
Cash, cash equivalents, and Non-pension Investments	\$ 16,542,449	\$ 5,312,241
Securities lending cash collateral	0	0
Total cash	\$ 16,542,449	\$ 5,312,241
Receivables		
Investment Receivable	\$ 7,114	\$ 120,646
Interest Receivable	13,056	39,312
Total receivables	\$ 20,170	\$ 159,958
Investments		
Mutual Funds – Fixed Income	\$ 0	\$ 0
Mutual Funds – Equity	207,142,977	250,991,404
Partnerships / Joint Ventures	0	0
Debt Securities	0	0
Total investments	\$ 207,142,977	\$ 250,991,404
Total assets	\$ 223,705,596	\$ 256,463,603
Liabilities		
Payables		
Benefits Payable	\$ 611,321	\$ 558,122
Investment management fees	142,587	65,551
Total liabilities	\$ 753,908	\$ 623,673
Net position restricted to OPEB	\$ 222,951,688	\$ 255,839,930



Asset Information

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Asset Information

<i>Asset Reconciliation</i>	<i>FY 2023/24</i>	<i>FY 2024/25</i>
Additions		
Contributions received		
Employer	\$ 16,404,156	\$ 17,368,120
Employee	748,360	772,580
Total contributions	\$ 17,152,516	\$ 18,140,700
Investment income		
Net increase in fair value of investments	\$ 22,259,960	\$ 19,375,253
Other	250,000	300,000
Investment expense, other than from securities lending	0	0
Securities lending income	0	0
Securities lending expense	0	0
Net investment income	\$ 22,509,960	\$ 19,675,253
Total additions	\$ 39,662,476	\$ 37,815,953
Deductions		
Benefit payments (net of retiree contributions)	\$ (3,928,803)	\$ (4,649,425)
Administrative expenses	(277,932)	(278,286)
Other	0	0
Total deductions	\$ (4,206,735)	\$ (4,927,711)
Net increase in net position	\$ 35,455,741	\$ 32,888,242
Net position restricted to OPEB		
Beginning of year	187,495,947	222,951,688
End of year	\$ 222,951,688	\$ 255,839,930



Actuarially Determined Contributions

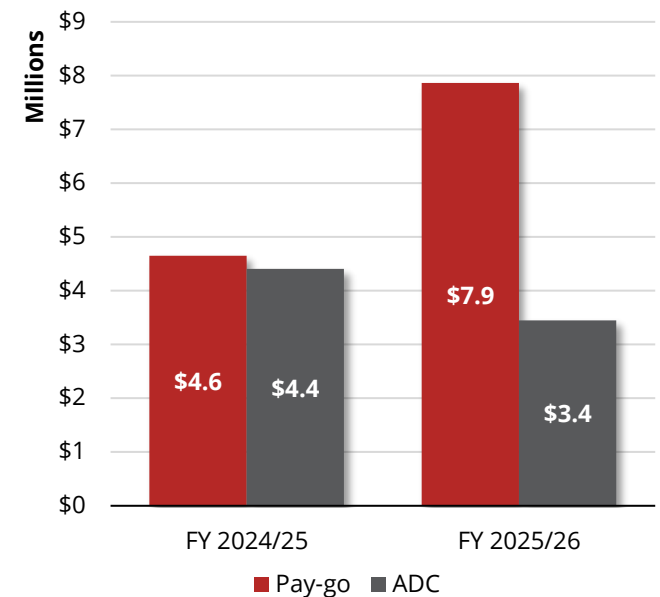
State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Actuarially Determined Contribution

The Actuarially Determined Contributions calculated below are recommended target contributions and assumes that the Plan Sponsor has the ability to contribute these amounts on an annual basis. The Plan Sponsor has the responsibility to decide how much it should contribute after considering its other needs and the OPEB participants' needs.

	FY 2024/25	FY 2025/26
Discount rate	6.20%	6.20%
Payroll growth factor used for amortization	N/A	N/A
Actuarial cost method	Entry Age Normal Level % of Salary	Entry Age Normal Level % of Salary
Amortization type	Level Dollar	Level Dollar
Amortization period	22 years	21 years
Actuarial accrued liability (AAL) – beginning of year	\$ 213,950,473	\$ 199,482,612
Actuarial value of assets – beginning of year	(222,951,688)	(255,839,930)
Unfunded AAL – beginning of year	\$ (9,001,215)	\$ (56,357,318)
Normal Cost ⁴	\$ 4,867,295	\$ 7,834,507
Amortization of UAAL	(716,159)	(4,587,119)
Total normal cost plus amortization	\$ 4,151,136	\$ 3,247,388
Interest to the end of year	257,370	201,338
Actuarially Determined Contribution – Preliminary	\$ 4,408,506	\$ 3,448,726
Expected benefit payments ⁵	4,649,425	7,861,886
Actuarially Determined Contribution – Final	\$ 4,408,506	\$ 3,448,726

Cash vs Accrual Accounting



Actuarially Determined Contribution (ADC) is the target or recommended contribution to a defined benefit OPEB plan, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. This is typically higher than the pay-as-you-go cost because it includes recognition of employer costs expected to be paid in future accounting periods.

⁴ Reduced for active employee contributions, which were \$772,580 for FY 2024/25 and assumed to be \$799,620 for FY 2025/26 (based on FY 2024/25 contribution increased by total payroll growth assumption of 3.5%).

⁵ Actual for FY 2024/25



Projection of GASB Results

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Projection of GASB Results

The Total OPEB Liability (TOL) is expected to change on an annual basis as a result of expected and unexpected events. Under normal circumstances, it is generally expected to have a net increase each year. Below is a list of the most common events affecting the total OPEB liability and whether they increase or decrease the liability.

Expected Events

- Increases in TOL due to additional benefit accruals as employees continue to earn service each year
- Increases in TOL due to interest as the employees and retirees age
- Decreases in TOL due to benefit payments

Unexpected Events

- Increases in TOL when actual premium rates increase more than expected. A liability decrease occurs if the reverse happens.
- Increases in TOL when more new retirements occur than expected or fewer terminations occur than anticipated. Liability decreases occur when the opposite outcomes happen.
- Increases or decreases in TOL depending on whether benefits are improved or reduced.

<i>Projection of Total OPEB Liability (TOL)</i>	<i>FY 2024/25</i>	<i>FY 2025/26</i>
TOL as of beginning of year	\$ 213,950,473	\$ 199,482,612
Normal cost as of beginning of year	5,639,875	8,634,127
Exp. benefit payments during the year	(4,649,425)	(7,861,886)
Interest adjustment to end of year	13,472,637	12,663,184
Exp. TOL as of end of year	\$ 228,413,560	\$ 212,918,037
Actuarial Loss/(Gain)	(28,930,948)	TBD
Actual TOL as of end of year	\$ 199,482,612	\$ TBD

<i>Projection of Actuarial Value of Assets (AVA)</i>	<i>FY 2024/25</i>	<i>FY 2025/26</i>
AVA as of beginning of year	\$ 222,951,688	\$ 255,839,930
Exp. employer contributions during the year ⁶	18,140,700	20,761,886
Exp. benefit payments during the year	(4,649,425)	(7,861,886)
Exp. investment income ⁷	14,250,038	16,261,641
Exp. Trust administrative expenses	(278,286)	(613,662)
Exp. Active employee contributions ⁸	772,580	799,620
Exp. AVA as of end of year	\$ 251,187,295	\$ 285,187,529
Differences between expected and actual experience	4,652,635	TBD
AVA as of end of year	\$ 255,839,930	\$ TBD

⁶ Employer contribution for 2024/25 is based on actual employer contribution made into the Trust. FY 2025/26 expected employer contribution is based on the expected pay-go cost plus the average Trust contribution in the past five years, rounded down to the nearest hundred thousand.

⁷ Fiscal years 2024/25 expected investment income is based on a 6.20% asset return and 2025/26 expected investment income is calculated based on a 6.20% asset return.

⁸ Active employee contributions were \$772,580 for FY 2024/25 and assumed to be \$799,620 for FY 2025/26 (based on FY 2024/25 contribution increased by total payroll growth assumption of 3.5%).



Employer Contribution Cash Flow Projections

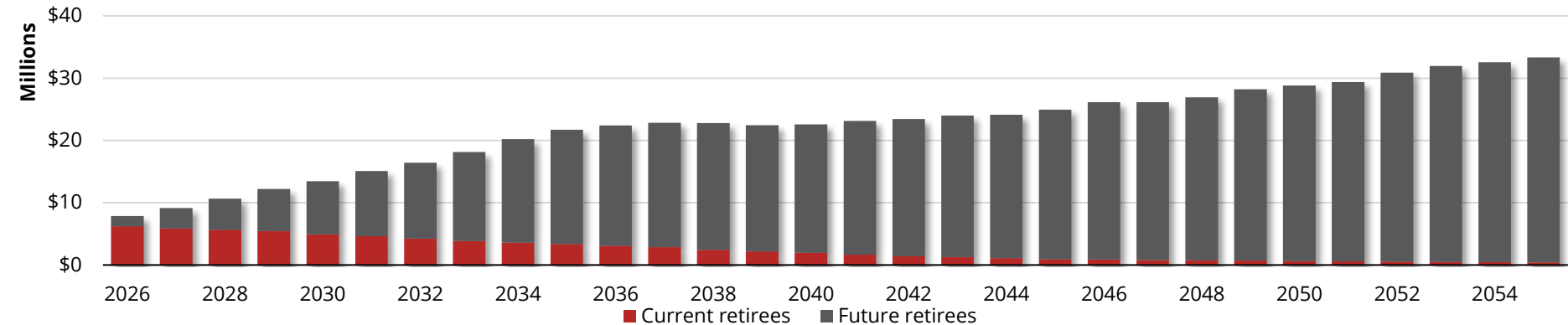
State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Employer Contribution Cash Flow Projections

The below projections show the actuarially estimated employer-paid contributions for retiree health benefits for the next thirty years. Results are shown separately for a closed group of current / future retirees. These projections include explicit and implicit subsidies.

FYE	Current Retirees	Future Retirees ⁹	Total	FYE	Current Retirees	Future Retirees ⁸	Total	FYE	Current Retirees	Future Retirees ⁸	Total
2026	\$ 6,201,797	\$ 1,660,089	\$ 7,861,886	2036	\$ 3,070,910	\$ 19,315,724	\$ 22,386,634	2046	\$ 880,466	\$ 25,261,052	\$ 26,141,518
2027	\$ 5,857,947	\$ 3,282,755	\$ 9,140,702	2037	\$ 2,857,333	\$ 19,959,894	\$ 22,817,227	2047	\$ 819,509	\$ 25,332,823	\$ 26,152,332
2028	\$ 5,676,353	\$ 4,973,069	\$ 10,649,422	2038	\$ 2,443,147	\$ 20,352,232	\$ 22,795,379	2048	\$ 759,460	\$ 26,154,069	\$ 26,913,529
2029	\$ 5,447,544	\$ 6,755,445	\$ 12,202,989	2039	\$ 2,198,745	\$ 20,250,189	\$ 22,448,934	2049	\$ 700,807	\$ 27,498,647	\$ 28,199,454
2030	\$ 4,924,186	\$ 8,544,176	\$ 13,468,362	2040	\$ 1,970,411	\$ 20,602,728	\$ 22,573,139	2050	\$ 644,011	\$ 28,160,500	\$ 28,804,511
2031	\$ 4,638,860	\$ 10,433,677	\$ 15,072,537	2041	\$ 1,654,687	\$ 21,491,169	\$ 23,145,856	2051	\$ 589,427	\$ 28,802,659	\$ 29,392,086
2032	\$ 4,249,296	\$ 12,167,422	\$ 16,416,718	2042	\$ 1,418,000	\$ 22,010,195	\$ 23,428,195	2052	\$ 537,263	\$ 30,331,034	\$ 30,868,297
2033	\$ 3,869,719	\$ 14,276,257	\$ 18,145,976	2043	\$ 1,255,105	\$ 22,743,786	\$ 23,998,891	2053	\$ 487,671	\$ 31,488,335	\$ 31,976,006
2034	\$ 3,588,300	\$ 16,635,581	\$ 20,223,881	2044	\$ 1,082,322	\$ 23,051,177	\$ 24,133,499	2054	\$ 440,815	\$ 32,111,411	\$ 32,552,226
2035	\$ 3,370,956	\$ 18,363,687	\$ 21,734,643	2045	\$ 941,728	\$ 24,011,092	\$ 24,952,820	2055	\$ 396,749	\$ 32,944,641	\$ 33,341,390

Projected Employer Pay-go Cost



⁹ Projections for future retirees do not take into account future new hires.



Discussion of Discount Rates

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Under GASB 74, the discount rate used in valuing OPEB liabilities for funded plans as of the Measurement Date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA /Aa or higher (or equivalent quality on another rating scale) must be used.

For the current valuation:

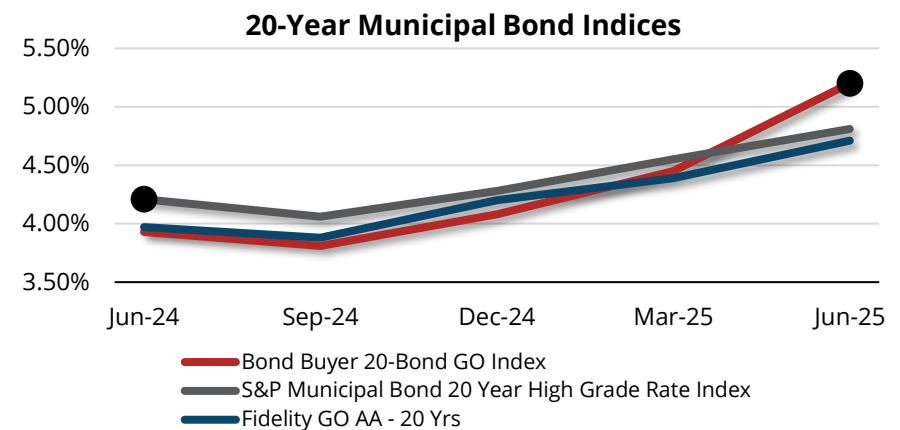
1. The long-term expected rate of return on OPEB plan investment is 6.20%. This was developed in consultation with the group's asset advisor using a building-block approach in which expected future rates of return are developed for each major asset class. The expected future nominal rates of return as provided by the entity's investment advisor are shown below. Inflation is expected to be 2.50%. The best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2025 are summarized in the following table.

Asset Class	Target Allocation	L/T Expected Nominal ROR (Capital Cities)
Broad US Equity	31%	7.35%
Global ex-US Equity	11%	7.45%
Core US Fixed	22%	4.75%
Defensive	4%	4.00%
Alternatives	25%	8.50%
Core Real Estate	5%	6.25%
Cash Equivalents	2%	3.00%

2. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

Yield as of	June 30, 2024	June 30, 2025
Bond Buyer Go 20-Bond Municipal Bond Index	3.93%	5.20%
S&P Municipal Bond 20-Year High Grade Rate Index	4.21%	4.81%
Fidelity 20-Year Go Municipal Bond Index	3.97%	4.71%
Bond Index Range	3.93% - 4.21%	4.71% - 5.20%
Actual Discount Rate Used	4.21%	5.20%

3. The final equivalent single discount rate used for this year's valuation is 6.20% as of June 30, 2024 and as of June 30, 2025, with the expectation that the ISP will continue to contribute at least the Actuarially Determined Contribution each year.





Summary of Plan Participants

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Active Employees

<i>Actives with coverage</i>	<i>Single</i>	<i>Non-Single</i>	<i>Total</i>	<i>Avg. Age</i>	<i>Avg. Svc</i>	<i>Salary</i>
Optional	510	1,112	1,622	43.6	15.8	\$ 147,273,793
Total actives with coverage	510	1,112	1,622	43.6	15.8	\$ 147,273,793

<i>Actives without coverage</i>	<i>Total</i>	<i>Avg. Age</i>	<i>Avg. Svc</i>	<i>Salary</i>
Total actives without coverage	21	44.4	14.6	\$ 1,768,474

Active Age-Service Distribution

<i>Age</i>	<i>Years of Service</i>										<i>Total</i>
	<i>< 1</i>	<i>1 to 4</i>	<i>5 to 9</i>	<i>10 to 14</i>	<i>15 to 19</i>	<i>20 to 24</i>	<i>25 to 29</i>	<i>30 to 34</i>	<i>35 to 39</i>	<i>40 & up</i>	
Under 25	53	39	1								93
25 to 29	45	105	41								191
30 to 34	14	40	111	28							193
35 to 39	8	25	39	85	18						175
40 to 44	4	14	19	36	120	22					215
45 to 49	1	9	5	16	58	59	31	1			180
50 to 54	1	10	7	8	38	49	132	39			284
55 to 59	3	9	3	5	13	17	43	71	22		186
60 to 64		6	7	7	4	6	12	9	28	10	89
65 to 69		2	2	2		3	3	1	5	12	30
70 & up				3			3			1	7
Total	129	259	235	190	251	156	224	121	55	23	1,643



Summary of Plan Participants

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Summary of Plan Participants – Retirees

<i>Retirees with coverage</i>	<i>Single</i>	<i>Non-Single</i>	<i>Total</i>	<i>Avg. Age</i>
Basic without Medicare	7	5	12	70.1
Optional without Medicare	30	98	128	69.2
Basic with Medicare	36	47	83	71.6
Optional with Medicare	367	445	812	75.0
Total retirees with coverage	440	595	1,035	74.0

In addition to the above, there are 326 retirees who currently have no health coverage with ISP but they have life insurance coverage. They have been included in the GASB valuation.

Enrollments shown above as “without Medicare” includes all pre-65 retirees on each plan and any post-65 retirees who are not Medicare eligible. Enrollments shown as “with Medicare” include only post-65 retirees who are Medicare eligible.

Retiree Age Distribution

<i>Age</i>	<i>Retirees</i>
< 45	
45 to 49	6
50 to 54	22
55 to 59	50
60 to 64	107
65 to 69	161
70 to 74	212
75 to 79	184
80 to 84	159
85 to 89	96
90 & up	38
Total	1,035



Substantive Plan Provisions

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Eligibility

Police officers and civilian employees employed by the Indiana State Police are eligible for retiree health care benefits at the earlier of:

- a. 25 years of service
- b. Age 55 with 85 points
- c. Age 60 with 15 years of service
- d. Age 65 with 10 years of service

Spouse Coverage

Surviving spouse coverage continues for life after the death of the member (retiree or active employee). The coverage is free for six months and then it reverts to single retiree coverage.

Surviving spouses receive free coverage for life after the death of a member in the line of duty.

Medical Benefit

The same benefit options are available to retirees as active employees. All health plans are self-insured.

The Basic Plan includes medical coverage only. The Optional Plan includes medical, dental, and vision coverage.

The monthly premium rates effective on January 1, 2026 (as determined by the Indiana State Police) for the plans are as shown below:

	Retiree Only	Retiree plus One Dependent
<u>Without Medicare</u>		
Basic Plan	\$ 357.73	\$ 461.28
Optional Plan	\$ 435.23	\$ 609.29
<u>With Medicare</u>		
Medicare Advantage	\$ 154.00	\$ 308.00

State Police Explicit Subsidy

None



Substantive Plan Provisions

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Retiree Contributions

Retirees pay the full cost of the retiree health care coverage as determined by the State Police. The breakdown of retiree contributions by benefit are as shown below.

<u>Without Medicare</u>	Retiree Only	Retiree plus One Dependent	Spouse Increment
Basic Plan	\$ 357.73	\$ 461.28	\$ 103.55
Optional Plan	\$ 435.23	\$ 609.29	\$ 174.06
<u>With Medicare</u>	Retiree Only	Retiree plus One Dependent	Spouse Increment
Medicare Advantage	\$ 154.00	\$ 308.00	\$ 154.00

HRA Benefit

Effective on January 1, 2019, all post-65 Medicare eligible retirees were removed from the ISP's traditional health plan. They are covered under a Medicare Advantage Plan through Anthem and a Medicare Part D plan with premiums paid fully by the retiree. These members will now also be given a flat HRA contribution of \$34.19 per eligible person effective January 1, 2026 for life while participating in the Medicare Advantage plan. This will continue to be available to surviving spouses of deceased retirees. The aggregate HRA contribution for all members is capped at \$1 million annually going forward. For purposes of this valuation, the HRA contribution amount provided by ISP is not assumed to increase in the future.

All post-65 non-Medicare eligible retirees will continue to be covered under ISP's traditional health plan.

All retirees (pre and post-Medicare eligible) will continue to have dental and vision coverage with premiums paid fully by the retiree.

Life Insurance

All current and future retired Police officers are eligible for life insurance benefits \$20,000 with premiums fully paid by the ISP.

Disability Benefit

Police officers who become long-term disabled receive free health care coverage during the disability period. When they meet the requirements for retiree health care benefits they will have to make the required retiree contributions.



Substantive Plan Provisions

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Senate Enrolled Act 501

Purpose

Senate Enrolled Act 501 establishes a retirement medical benefits account for elected officers, appointed officers, and employees of the executive, legislative, and judicial branches of state government to pay for participants' medical expenses after retirement.

Effective July 1, 2011 employees of Indiana State Police, other than those who waived coverage under a common and unified plan of self-insurance provided for under IC 5-10-8-6 before July 1, 2011, are not eligible for the Senate Enrolled Act 501 retirement medical benefits account.



Actuarial Assumptions and Methods

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Measurement Date	June 30, 2025
Actuarial Valuation Date	<p>July 1, 2025</p> <p>Liabilities as of June 30, 2025 are based on an actuarial valuation date of July 1, 2025 with no adjustments to get to the June 30, 2025 measurement date.</p> <p>Liabilities as of June 30, 2024 are based on an actuarial valuation date of July 1, 2023 projected to June 30, 2024 with adjustments for premium and discount rate updates.</p>
Discount Rate	<p>6.20% as of June 30, 2024 and as of June 30, 2025 for accounting disclosure purposes; refer to the Discussion of Discount Rates section for more information on selection of the discount rate.</p> <p>6.20% as of June 30, 2024 and June 30, 2025 for calculating Actuarially Determined Contribution</p>
Cost Method	<p>Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where:</p> <ul style="list-style-type: none">• Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and• Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.
Salary Scale	<p>Payroll growth rates are based on the tables used in the Indiana State Police actuarial pension valuation as of July 1, 2024.</p>

Age	Pre-1987 Plan	1987 Plan
26	3.50%	9.00%
31	3.50%	6.50%
36+	3.50%	4.00%



Actuarial Assumptions and Methods

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Census Data

Census data was provided by the State and it was collected as of June 30, 2025. We have reviewed it for reasonableness and have made the following adjustment to the census data:

- Participants who were found in both State Personnel and ISP census data are included in the ISP census data for valuation purposes (or whichever group was showing health coverage for conservatism). These participants are eligible to receive retiree health care coverage through ISP once they meet the eligibility requirements.
- For participant whose date of hire provided in this year's census data was more than one year different than the date provided in prior years, the earlier of the two dates was used for conservatism.
- Only employees and retirees who were identified by the ISP as not being eligible for Medicare assumed to be ineligible for Medicare for life. Pre-65 retirees who were identified as not being Medicare eligible in the past were assumed not to be Medicare eligible. All other participants are assumed to be eligible for Medicare.

Mortality

Healthy employees and retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021 with a 3 year set forward for males no set forward for females

Disabled retirees: SOA Pub-2010 General Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2021

Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021 with no set forward for males and a 2 year set forward for females

The above tables are based on 2025 INPRS Experience Study with recent mortality improvement scales.

Withdrawal Rate

Assumption used to project terminations (voluntary and involuntary) prior to meeting minimum retirement eligibility for retiree health care coverage.

No withdrawal rates are assumed for police officers in the pre-1987 plan.

For police officers in the 1987 pension plan, the annual withdrawal rates are assumed to be 2% prior to age 37. For ages 37 and older the annual withdrawal rates follow the Saranson T-1 table.



Actuarial Assumptions and Methods

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Disability

Sample rates are as shown below and are based on the 2025 INPRS Experience Study.

Age	Rate
20	0.10%
30	0.10%
40	0.35%
50+	0.50%

Contribution Funding Policy

Indiana State Police has established a 401(h) account and Section 115 Trust for the purpose of funding retiree medical benefits since FYE June 30, 2011. Contributions to the 401(h) account and Section 115 Trust will be made from the following sources:

1. Medicare Part D retiree drug subsidy reimbursement
2. Excess Long-Term Disability (LTD) fund
3. A percentage of retiree premiums according to the following schedule:
 - a. Starting January 1, 2012 through June 30, 2014: 0%
 - b. July 1, 2014 through June 30, 2016: 25%
 - c. July 1, 2016 through June 30, 2018: 50%
 - d. July 1, 2018 onwards: 100%
4. State contributions for ISP active employees in accordance with SEA 501
5. Discretionary contributions from ISP Healthcare Fund up to \$1 million

Additionally, active employees will contribute \$20 per paycheck towards the 401(h) Trust account.

At this time, the ISP new funding policy is expected to continue for the foreseeable future.



Actuarial Assumptions and Methods

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Retirement Rate

Annual retirement rates were based on ISP's 2011 experience study.

YOS	1987 Plan ¹⁰	Age	Pre-1987 Plan
25	15.0%	45	10.0%
26	12.5%	46 – 54	7.5%
27	10.0%	55	10.0%
28 – 29	7.5%	56	12.5%
30	10.0%	57	15.0%
31	12.5%	58	20.0%
32	15.0%	59 – 64	40.0%
33	40.0%	65+	100.0%
34+	27.5%		

Health Care Coverage Election Rate

Active Employees

100% of active employees with current coverage are assumed to elect coverage at retirement. Active employees with no current coverage are assumed not to elect coverage at retirement.

Inactive Employees

Based on actual data

Spousal Coverage

80% of male and 40% of female employees are assumed to be married upon retirement. Husbands are assumed to be three years older than wives.

Spousal coverage for current retirees is based on actual data.

Data Assumptions

15% of future retirees are assumed to elect the Basic Plan (without dental and vision benefits).

¹⁰ 100% retirement is assumed for all participants upon reaching age 65.



Actuarial Assumptions and Methods

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Health Care Trend Rates

FYE	Pre-65	Post-65
2026	8.00%	6.50%
2027	7.75%	6.25%
2028	7.50%	6.00%
2029	7.25%	5.75%
2030	7.00%	5.50%
2031	6.75%	5.25%
2032	6.50%	5.00%
2033	6.25%	4.75%
2034	6.00%	4.50%
2035	5.75%	4.50%
2036	5.50%	4.50%
2037	5.25%	4.50%
2038	5.00%	4.50%
2039	4.75%	4.50%
2040+	4.50%	4.50%

The initial trend rate was based on a combination of employer history, national trend surveys, and professional judgment.

The ultimate trend rate was selected based on historical medical CPI information.

Dental costs are assumed to increase by 4.00% in the future and vision costs are assumed to increase by 3.00% in the future.

The initial trend rate considered employer history, national trends, professional judgment, and data from government agencies. Healthcare cost trend rates integrated these factors and additionally incorporated both short-term and long-term expectations along with the usage of GLP-1 drugs and other specialty medications.



Actuarial Assumptions and Methods

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Retiree Contributions

Retiree contributions are assumed to increase with health care trend rates.

Per Capita Costs

Annual per capita costs are based on medical and prescription drug claims and enrollment data for the 24-month period ending May 31, 2025 projected to 2025/26 plan year and includes projected administrative expenses effective on January 1, 2026. The per capita costs were actuarially increased to a retiree-basis using health index factors based on a combination of the group's experience and information from a normative database and enrollment. These costs are assumed to increase with health care trend rates.

Pre-65 Retirees			Retirees without Medicare		
Age	Male	Female	Age	Male	Female
<55	\$ 12,000	\$ 12,400	65 – 69	\$ 18,700	\$ 18,700
55 – 59	\$ 15,100	\$ 15,700	70 – 74	\$ 23,500	\$ 23,500
60 – 64	\$ 22,700	\$ 17,100	75+	\$ 27,200	\$ 27,200

The per capita costs represent the cost of coverage for a retiree-only population.

Actuarial standards require the recognition of higher inherent costs for a retired population versus an active population.

Per capita costs for post-65 retirees and disabled retirees are Medicare eligible are assumed to be equal to the premium rate of the Medicare Advantage plan (\$154.00 per month). Post-65 ISP retirees also receive the ISP's HRA benefit, which is 34.19 per month effective January 1, 2026.

Annual dental and vision per capita costs are \$625 and \$59 respectively for those enrolled in the Optional plan and they are expected to increase according to dental and vision trend rates. These costs are based on claims and enrollment data for the 24-month period ending May 31, 2024 projected to 2025/26 plan year and includes projected administrative expenses effective on January 1, 2026.



Actuarial Assumptions and Methods

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Dependent Liability

A 1% load is applied to pre-65 per capita costs to adjust for costs related to non-spouse dependents.

Explicit Subsidy

The difference between (a) the medical portion of the premium rate approved by ISP and (b) the retiree contribution for medical benefits. Below is an example of the monthly explicit subsidy for a retiree under age 62 enrolled in the Optional plan.

	Premium Rate	Retiree Contribution	Explicit Subsidy
	A	B	C = A - B
Retiree	\$ 435.23	\$ 435.23	\$ 0.00
Spouse	\$ 174.06	\$ 174.06	\$ 0.00

Implicit Age Subsidy

The difference between (a) the per capita cost as determined by Nyhart and (b) the rate approved by ISP. Below is an example of the monthly implicit subsidies for a male retiree age 62 enrolled in the Optional plan with spouse of the same age.

	Per Capita Cost	Premium Rate	Implicit Subsidy
	A	B	C = A - B
Retiree	\$ 1,891.67	\$ 435.23	\$ 1,456.44
Spouse	\$ 1,425.00	\$ 174.06	\$ 1,250.94

All employers that utilize premium rates based on blended active/retiree claims experience will have an implicit subsidy. There is an exception for Medicare plans using a true community-rated premium rate.



Actuarial Assumptions and Methods

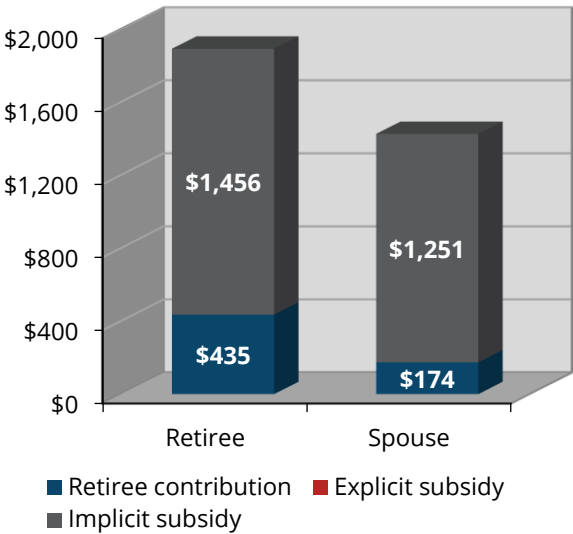
State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

GASB Subsidy Breakdown

Below is a breakdown of the GASB 74/75 monthly total cost for a male retiree age 62 enrolled in the Optional Plan with spouse of the same age for medical benefits only.

	Retiree		Spouse	
Retiree contribution	\$	435.23	\$	174.06
Explicit subsidy	\$	0.00	\$	0.00
Implicit subsidy	\$	1,456.44	\$	1,250.94
Total monthly cost	\$	1,891.67	\$	1,425.00

GASB Subsidy Breakdown



Actuarial Assumptions and Methods

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Models

ProVal	Valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing postretirement medical valuations. We coded the plan provisions, assumptions, methods and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any weakness or limitations in the software and have determined it is appropriate for performing this valuation.
HealthMAPS Manual	Rating manual developed by WTW. 2023 Aging factors are used to develop per capita costs by age for plans with limited credible exposure to develop plan-specific factors. We are not aware of any weakness or limitations in the factors and have determined they are appropriate for performing this valuation.

APPENDIX



Appendix

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Appendix A – Comparison of Participant Demographic Information

	<i>As of June 30, 2023</i>	<i>As of June 30, 2025</i>
Active Participants ¹¹	1,618	1,643
Retired Participants ¹²	1,083	1,035
Averages for Active		
Age	44.0	43.6
Service	15.9	15.7
Averages for Inactive		
Age	72.8	74.0

¹¹ Only includes employees who have medical / rx coverage. Refer to Summary of Plan Participants section for an accurate breakdown of active employees with and without medical / rx coverage.

¹² The retired enrollment figures above exclude spouses of current retirees and those who currently have no medical / rx coverage. Refer to Summary of Plan Participants section for an accurate breakdown of retirees with and without medical / rx coverage.



Appendix

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

Appendix B – Data Reconciliation

<i>Indiana State Police</i>	
Active employees with coverage	
Actives as of June 30, 2023	1,507
Terminated	(73)
New hires	218
Active employees who retired	(48)
Retirees who returned to active employment	1
Other adjustment ¹³	17
Actives as of June 30, 2025	1,622
Retirees with coverage	
Retirees as of June 30, 2023	891
Active employees who retired	40
Retirees who returned to active employment	0
Retirees who dropped coverage or passed away without beneficiaries	(75)
Retirees who passed away with beneficiaries	(1)
New retirees ¹⁴	11
Other adjustment	(8)
Retirees as of June 30, 2025	858
Beneficiaries with coverage	
Beneficiaries as of June 30, 2023	192
Active/retirees who passed away with beneficiaries	31
Beneficiaries who dropped coverage or are listed as retiree	(46)
Beneficiaries as of June 30, 2025	177

¹³ This line shows adjustments for participants who have changed health plan enrollment status from June 30, 2023 to June 30, 2025 (i.e. those who did not have coverage before but are currently enrolled, and vice versa).

¹⁴ This line shows new retirees who were not found as active employees in June 30, 2023 census data or those who were previously active in a different employee group.

GLOSSARY



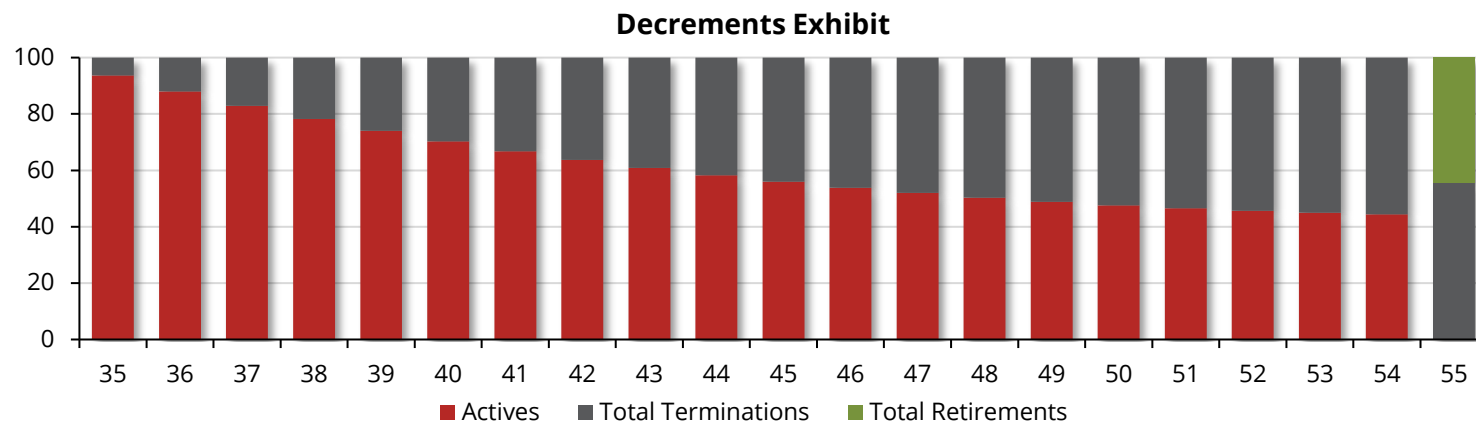
Glossary – Decrements Exhibit

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. Starting with 100 employees at age 35, the illustrated actuarial assumptions show that 44.43 employees out of the original 100 are expected to retire and could elect retiree health benefits at age 55.

Age	# Remaining Employees	# of Terminations per Year ¹⁵	# of Retirements per Year	Total Decrements
35	100.000	6.276	0.000	6.276
36	93.724	5.677	0.000	5.677
37	88.047	5.136	0.000	5.136
38	82.911	4.648	0.000	4.648
39	78.262	4.209	0.000	4.209
40	74.053	3.814	0.000	3.814
41	70.239	3.456	0.000	3.456
42	66.783	3.131	0.000	3.131
43	63.652	2.835	0.000	2.835
44	60.817	2.564	0.000	2.564
45	58.253	2.316	0.000	2.316

Age	# Remaining Employees	# of Terminations per Year	# of Retirements per Year	Total Decrements
46	55.938	2.085	0.000	2.085
47	53.853	1.866	0.000	1.866
48	51.987	1.656	0.000	1.656
49	50.331	1.452	0.000	1.452
50	48.880	1.253	0.000	1.253
51	47.627	1.060	0.000	1.060
52	46.567	0.877	0.000	0.877
53	45.690	0.707	0.000	0.707
54	44.983	0.553	0.000	0.553
55	44.430	0.000	44.430	44.430



¹⁵ The above rates are illustrative rates and are not used in our GASB calculations.

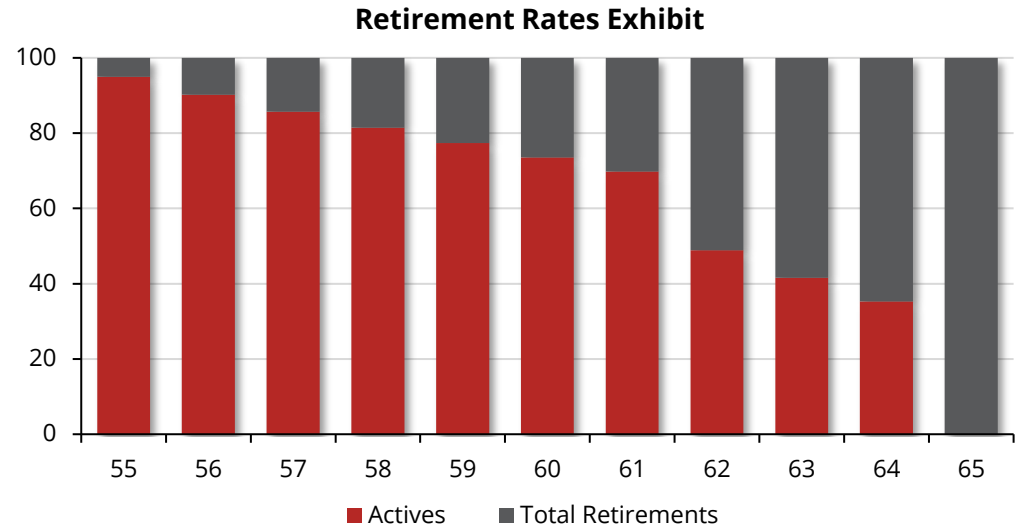


Glossary – Retirement Rates Exhibit

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. The illustrated retirement rates show the number of employees who are assumed to retire annually based on 100 employees age 55 who are eligible for retiree health care coverage. The average age at retirement is 62.0.

Age	Active Employees BOY	Annual Retirement Rates*	# Retirements per Year	Active Employees EOY
55	100.000	5.0%	5.000	95.000
56	95.000	5.0%	4.750	90.250
57	90.250	5.0%	4.513	85.738
58	85.738	5.0%	4.287	81.451
59	81.451	5.0%	4.073	77.378
60	77.378	5.0%	3.869	73.509
61	73.509	5.0%	3.675	69.834
62	69.834	30.0%	20.950	48.884
63	48.884	15.0%	7.333	41.551
64	41.551	15.0%	6.233	35.318
65	35.318	100.0%	35.318	0.000



* The above rates are illustrative rates and are not used in our GASB calculations.



Glossary – Definitions

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

GASB 75 defines several unique terms not commonly employed in the funding of pension and retiree health plans. The definitions of the terms used in the GASB actuarial valuations are noted below.

1. **Actuarial Assumptions** – Assumptions as to the occurrence of future events affecting health care costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided health care benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.
2. **Actuarial Cost Method** – A procedure for determining the Actuarial Present Value of Future Benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Service Cost and a Total OPEB Liability.
3. **Actuarially Determined Contribution** - A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in accordance with the parameters and in conformity with Actuarial Standards of Practice.
4. **Actuarial Present Value** – The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:
 - a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, Social Security, marital status, etc.);
 - b. multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned; and
 - c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.
5. **Deferred Outflow / (Inflow) of Resources** – represents the following items that have not been recognized in the OPEB Expense:
 - a. Differences between expected and actual experience of the OPEB plan
 - b. Changes in assumptions
 - c. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)
6. **Explicit Subsidy** – The difference between (a) the amounts required to be contributed by the retirees based on the premium rates and (b) actual cash contribution made by the employer.
7. **Funded Ratio** – The actuarial value of assets expressed as a percentage of the Total OPEB Liability.



Glossary – Definitions

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

8. **Healthcare Cost Trend Rate** – The rate of change in the per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.
9. **Implicit Subsidy** – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees.
10. **OPEB** – Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.
11. **OPEB Expense** – Changes in the Net OPEB Liability in the current reporting period, which includes Service Cost, interest cost, changes of benefit terms, expected earnings on OPEB Plan investments, reduction of active employees' contributions, OPEB plan administrative expenses, and current period recognition of Deferred Outflows / (Inflows) of Resources.
12. **Pay-as-you-go** – A method of financing a benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.
13. **Per Capita Costs** – The current cost of providing postretirement health care benefits for one year at each age from the youngest age to the oldest age at which plan participants are expected to receive benefits under the plan.
14. **Present Value of Future Benefits** – Total projected benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.
15. **Real Rate of Return** – the rate of return on an investment after adjustment to eliminate inflation.



Glossary – Definitions

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

16. **Select and Ultimate Rates** – Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the investment return assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed investment return of 8% for year 20W0, then 7.5% for 20W1, and 7% for 20W2 and thereafter, then 8% and 7.5% select rates, and 7% is the ultimate rate.
17. **Service Cost** – The portion of the Actuarial Present Value of projected benefit payments that are attributed to a valuation year by the Actuarial Cost Method.
18. **Substantive Plan** – The terms of an OPEB plan as understood by the employer(s) and plan members.
19. **Total OPEB Liability** – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Benefits which is attributed to past periods of employee service (or not provided for by the future Service Costs).