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# **GASB 74/75 ACTUARIAL VALUATION**

Fiscal Year Ending June 30, 2025

## **STATE OF INDIANA Legislature**

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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 Legislature 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:

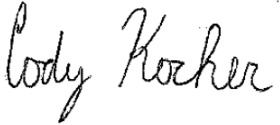
- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period);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

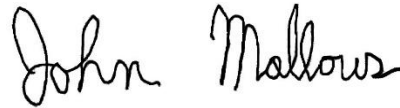
To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.

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 Legislature GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

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## 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 payroll growth rate assumption for has been updated to reflect the updated assumptions from the INPRS 2025 Experience Study. This change led to a slight decrease in liabilities.
2. The aging factors used for the calculation of the per capita costs for ISP have been updated to reflect actual claims experience for the group. This change led to a slight increase in liabilities.
3. 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.
4. We have updated the discount rate assumption based on the yield for 20-year tax-exempt general obligation municipal bonds as of June 30, 2025 (measurement date). The discount rate is 5.20% as of June 30, 2025 and 4.21% as of June 30, 2024. Refer to the Discussion of Discount Rates section for more information on selection of the discount rate. Making this change resulted in a decrease in liabilities.

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



# Executive Summary

State of Indiana Legislature 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>
<b>Total OPEB Liability</b>	\$ 4,775,492	\$ 4,906,789
<b>Actuarial Value of Assets</b>	0	0
<b>Net OPEB Liability</b>	\$ 4,775,492	\$ 4,906,789
<b>Funded Ratio</b>	0.0%	0.0%

	<i>FY 2023/24</i>	<i>FY 2024/25</i>
<b>OPEB Expense</b>	\$ (230,287)	\$ (235,523)
<b>Annual Employer Contribution</b>	\$ 361,314	\$ 343,608

	<i>As of June 30, 2024</i>	<i>As of June 30, 2025</i>
<b>Discount Rate</b>	4.21%	5.20%
<b>Expected Return on Assets</b>	N/A	N/A

	<i>As of June 30, 2025</i>
<b>Total Active Participants</b>	150
<b>Total Retiree Participants</b>	32

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.



# Executive Summary

State of Indiana Legislature 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	\$ 532,800	\$ 551,548
Retired Employees	4,528,021	4,600,611
<b>Total PVFB</b>	<b>\$ 5,060,821</b>	<b>\$ 5,152,159</b>

<i>Total OPEB Liability</i>	<i>As of June 30, 2024</i>	<i>As of June 30, 2025</i>
Active Pre-Medicare	\$ 121,028	\$ 203,356
Active Post-Medicare	126,443	102,822
Active Liability	\$ 247,471	\$ 306,178

Retiree Pre-Medicare	\$ 19,465	\$ 137,757
Retiree Post-Medicare	4,508,556	4,462,854
Retiree Liability	\$ 4,528,021	\$ 4,600,611

<b>Total OPEB Liability</b>	<b>\$ 4,775,492</b>	<b>\$ 4,906,789</b>
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	<i>As of June 30, 2024</i>	<i>As of June 30, 2025</i>
Discount Rate	4.21%	5.20%

### 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 Legislature 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	\$	4,775,492	\$	5,267,911	\$	7,311,548	\$	10,025,730	\$	8,110,150
Service cost		23,897		25,294		26,511		35,185		38,653
Interest		194,896		211,224		290,132		214,591		210,460
Changes of benefit terms		0		0		0		0		0
Changes in assumptions		(339,406)		30,453		49,671		(1,752,835)		835,261
Differences between expected and actual experience		595,518		(398,076)		(1,916,251)		(683,791)		1,307,869
Benefit payments <sup>1</sup>		(343,608)		(361,314)		(493,700)		(527,332)		(476,663)
Net change in total OPEB liability	\$	131,297	\$	(492,419)	\$	(2,043,637)	\$	(2,714,182)	\$	1,915,580
Total OPEB liability – end of year	\$	4,906,789	\$	4,775,492	\$	5,267,911	\$	7,311,548	\$	10,025,730
Plan Fiduciary Net Position										
Plan fiduciary net position – beginning of year	\$	0	\$	0	\$	0	\$	0	\$	0
Contributions – employer		343,608		361,314		493,700		527,332		476,663
Contributions – active employees		0		0		0		0		0
Net investment income		0		0		0		0		0
Benefit payments		(343,608)		(361,314)		(493,700)		(527,332)		(476,663)
Trust administrative expenses		0		0		0		0		0
Net change in plan fiduciary net position	\$	0	\$	0	\$	0	\$	0	\$	0
Plan fiduciary net position – end of year	\$	0	\$	0	\$	0	\$	0	\$	0
Net OPEB Liability – end of year	\$	4,906,789	\$	4,775,492	\$	5,267,911	\$	7,311,548	\$	10,025,730
Plan fiduciary net position as % of total OPEB liability		0.0%		0.0%		0.0%		0.0%		0.0%
Covered employee payroll	\$	N/A	\$	N/A	\$	N/A	\$	N/A	\$	N/A
Net OPEB liability as % of covered payroll		N/A		N/A		N/A		N/A		N/A

<sup>1</sup> Benefit payment amounts shown are estimates determined by our valuation system rather than actual benefit payment amounts.



# GASB Disclosures

State of Indiana Legislature 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	\$	8,090,224	\$	9,994,526	\$ 11,987,469
Service cost		43,131		113,767	120,023
Interest		276,890		380,946	420,082
Changes of benefit terms		0		(1,062,888)	0
Changes in assumptions		463,515		335,132	(385,363)
Differences between expected and actual experience		(269,845)		(1,136,744)	(1,527,405)
Benefit payments		(493,765)		(534,515)	(620,280)
Net change in total OPEB liability	\$	19,926	\$	(1,904,302)	\$ (1,992,943)
Total OPEB liability – end of year	\$	8,110,150	\$	8,090,224	\$ 9,994,526
Plan Fiduciary Net Position					
Plan fiduciary net position – beginning of year	\$	0	\$	0	\$ 0
Contributions – employer		493,765		534,515	620,280
Contributions – active employees		0		0	0
Net investment income		0		0	0
Benefit payments		(493,765)		(534,515)	(620,280)
Trust administrative expenses		0		0	0
Net change in plan fiduciary net position	\$	0	\$	0	\$ 0
Plan fiduciary net position – end of year	\$	0	\$	0	\$ 0
Net OPEB Liability – end of year	\$	8,110,150	\$	8,090,224	\$ 9,994,526
Plan fiduciary net position as % of total OPEB liability		0.0%		0.0%	0.0%
Covered employee payroll	\$	N/A	\$	N/A	\$ N/A
Net OPEB liability as % of covered payroll		N/A		N/A	N/A



# GASB Disclosures

State of Indiana Legislature 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	4.21%	4.13%
Discount rate as of end of fiscal year	5.20%	4.21%
Service cost	\$ 23,897	\$ 25,294
Interest	194,896	211,224
Changes of benefit terms	0	0
Projected earnings on OPEB plan investments	0	0
Reduction for contributions from active employees	0	0
OPEB plan administrative expenses	0	0
Current period recognition of deferred outflows / (inflows) of resources		
Differences between expected and actual experience	\$ (218,946)	\$ (392,018)
Changes in assumptions	(235,370)	(74,787)
Net difference between projected and actual earnings on OPEB plan investments	0	0
Total current period recognition	\$ (454,316)	\$ (466,805)
Total OPEB expense	\$ (235,523)	\$ (230,287)



# GASB Disclosures

State of Indiana Legislature 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	\$ (1,527,405)	5	\$ 0	\$ 0
June 30, 2019	\$ (1,136,744)	5	\$ 0	\$ 0
June 30, 2020	\$ (269,845)	5	\$ 0	\$ 0
June 30, 2021	\$ 1,307,869	5	\$ 261,573	\$ 0
June 30, 2022	\$ (683,791)	5	\$ (136,758)	\$ (136,759)
June 30, 2023	\$ (1,916,251)	5	\$ (383,250)	\$ (766,501)
June 30, 2024	\$ (398,076)	5	\$ (79,615)	\$ (238,846)
June 30, 2025	\$ 595,518	5	\$ 119,104	\$ 476,414



# GASB Disclosures

State of Indiana Legislature 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	\$ (385,363)	5	\$ 0	\$ 0
June 30, 2019	\$ 335,132	5	\$ 0	\$ 0
June 30, 2020	\$ 463,515	5	\$ 0	\$ 0
June 30, 2021	\$ 835,261	5	\$ 167,053	\$ 0
June 30, 2022	\$ (1,752,835)	5	\$ (350,567)	\$ (350,567)
June 30, 2023	\$ 49,671	5	\$ 9,934	\$ 19,869
June 30, 2024	\$ 30,453	5	\$ 6,091	\$ 18,271
June 30, 2025	\$ (339,406)	5	\$ (67,881)	\$ (271,525)

<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	\$ 0	5	\$ 0	\$ 0
June 30, 2022	\$ 0	5	\$ 0	\$ 0
June 30, 2023	\$ 0	5	\$ 0	\$ 0
June 30, 2024	\$ 0	5	\$ 0	\$ 0
June 30, 2025	\$ 0	5	\$ 0	\$ 0



# GASB Disclosures

State of Indiana Legislature 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	\$ 476,414	\$ (1,142,106)
Changes in assumptions	38,140	(622,092)
Net difference between projected and actual earnings in OPEB plan investments	0	0
<b>Total</b>	<b>\$ 514,554</b>	<b>\$ (1,764,198)</b>

## 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	\$ (882,943)
2027	\$ (395,617)
2028	\$ (22,304)
2029	\$ 51,220
2030	\$ 0
Thereafter	\$ 0



# GASB Disclosures

State of Indiana Legislature 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 5.20%.
- The 1% decrease in discount rate would be 4.20%.
- The 1% increase in discount rate would be 6.20%.

<i>As of June 30, 2025</i>	<i>Net OPEB Liability</i>	
1% Decrease	\$	5,347,091
Current Discount Rate	\$	4,906,789
1% Increase	\$	4,524,346

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	\$	4,532,037
Current Health Care Trend Rates	\$	4,906,789
1% Increase	\$	5,332,366



# Projection of GASB Results

State of Indiana Legislature 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	\$ 4,775,492	\$ 4,906,789
Normal cost as of beginning of year	23,897	21,916
Exp. benefit payments during the year	(343,608)	(408,536)
Interest adjustment to end of year	194,896	245,805
Exp. TOL as of end of year	\$ 4,650,677	\$ 4,765,974
Actuarial Loss/(Gain)	256,112	TBD
<b>Actual TOL as of end of year</b>	<b>\$ 4,906,789</b>	<b>\$ TBD</b>



# Employer Contribution Cash Flow Projections

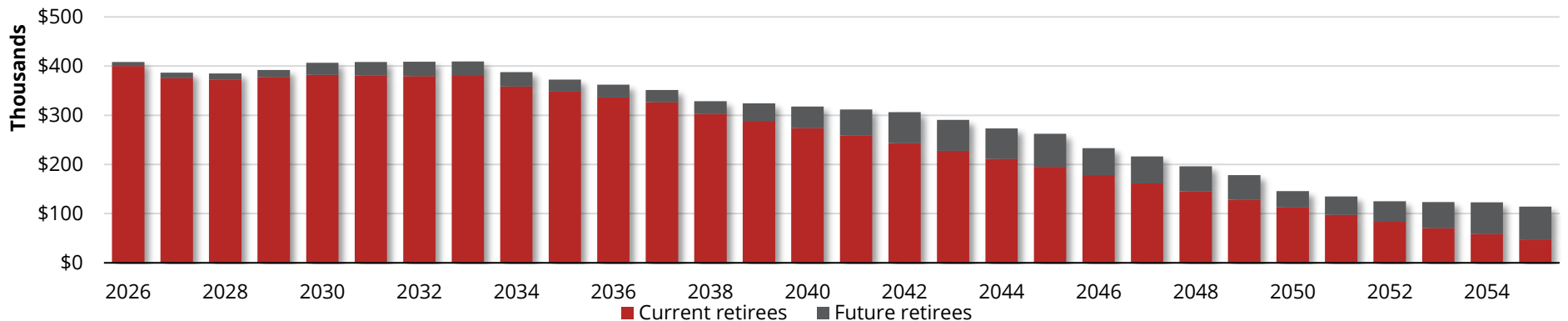
State of Indiana Legislature GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

## 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 <sup>2</sup>	Total	FYE	Current Retirees	Future Retirees <sup>8</sup>	Total	FYE	Current Retirees	Future Retirees <sup>8</sup>	Total
2026	\$ 400,237	\$ 8,299	\$ 408,536	2036	\$ 336,038	\$ 26,119	\$ 362,157	2046	\$ 178,403	\$ 54,833	\$ 233,236
2027	\$ 375,125	\$ 11,367	\$ 386,492	2037	\$ 326,620	\$ 24,938	\$ 351,558	2047	\$ 161,661	\$ 54,625	\$ 216,286
2028	\$ 371,796	\$ 13,379	\$ 385,175	2038	\$ 302,422	\$ 26,009	\$ 328,431	2048	\$ 145,024	\$ 51,347	\$ 196,371
2029	\$ 378,186	\$ 13,749	\$ 391,935	2039	\$ 288,398	\$ 35,866	\$ 324,264	2049	\$ 128,684	\$ 49,843	\$ 178,527
2030	\$ 382,097	\$ 24,717	\$ 406,814	2040	\$ 273,922	\$ 44,072	\$ 317,994	2050	\$ 112,847	\$ 32,757	\$ 145,604
2031	\$ 381,295	\$ 27,013	\$ 408,308	2041	\$ 258,986	\$ 52,694	\$ 311,680	2051	\$ 97,726	\$ 36,957	\$ 134,683
2032	\$ 379,798	\$ 29,024	\$ 408,822	2042	\$ 243,593	\$ 62,580	\$ 306,173	2052	\$ 83,511	\$ 41,751	\$ 125,262
2033	\$ 380,198	\$ 29,295	\$ 409,493	2043	\$ 227,774	\$ 62,757	\$ 290,531	2053	\$ 70,363	\$ 52,961	\$ 123,324
2034	\$ 358,247	\$ 29,700	\$ 387,947	2044	\$ 211,579	\$ 61,916	\$ 273,495	2054	\$ 58,406	\$ 64,353	\$ 122,759
2035	\$ 348,092	\$ 24,482	\$ 372,574	2045	\$ 195,086	\$ 67,585	\$ 262,671	2055	\$ 47,722	\$ 66,720	\$ 114,442

## Projected Employer Pay-go Cost



<sup>2</sup> Projections for future retirees do not take into account future new hires.



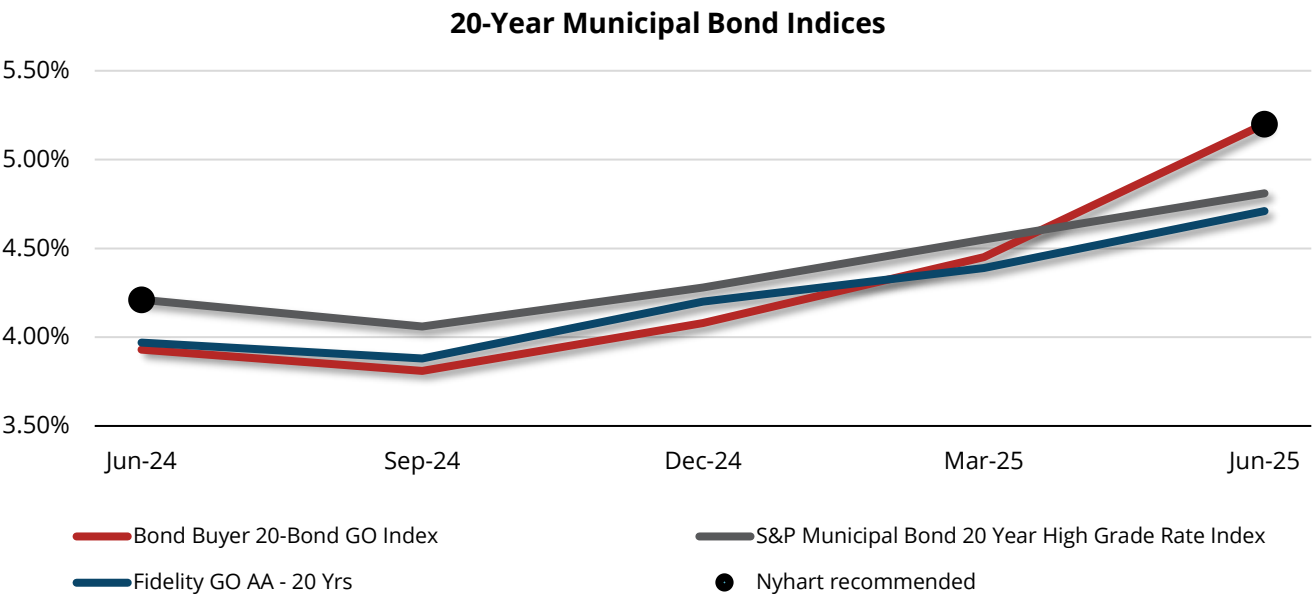
# Discussion of Discount Rates

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

Under GASB 75, the discount rate used in valuing OPEB liabilities for unfunded plans as of the Measurement Date must be based on 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).

For the current valuation, the discount rate was 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.

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





# Summary of Plan Participants

State of Indiana Legislature 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>
Traditional PPO	3	1	4	61.4	6.1	\$ N/A
CDHP 1	18	65	83	52.7	9.7	\$ N/A
CDHP 2		10	10	53.3	7.5	\$ N/A
ISP Optional	7	11	18	69.0	18.6	\$ N/A
<b>Total actives with coverage</b>	<b>28</b>	<b>87</b>	<b>115</b>	<b>55.6</b>	<b>10.7</b>	<b>\$ N/A</b>

<i>Actives without coverage</i>	<i>Total</i>	<i>Avg. Age</i>	<i>Avg. Svc</i>	<i>Salary</i>
<b>Total actives without coverage</b>	<b>35</b>	<b>59.5</b>	<b>10.8</b>	<b>\$ N/A</b>

For active employees who currently have no coverage, 35% of them are assumed to elect coverage after meeting PERF eligibility requirement. They have been included in the GASB valuation.



# Summary of Plan Participants

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

## Active Age-Service Distribution

Age	Years of Service										Total
	< 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25											0
25 to 29											0
30 to 34	1	4	4	2							11
35 to 39	1	3	2	1							7
40 to 44	1	8	3	1	2						15
45 to 49	1	6	5	3	2						17
50 to 54		4	3	3	3	1					14
55 to 59	4	10	6	3		1	1				25
60 to 64		5	5	6	2	1	1				20
65 to 69	1		3	9			2	1			16
70 & up			4	5	7			4	3	2	25
<b>Total</b>	<b>9</b>	<b>40</b>	<b>35</b>	<b>33</b>	<b>16</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>150</b>



# Summary of Plan Participants

State of Indiana Legislature 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>
Traditional PPO	5	11	16	81.0
CDHP 1		3	3	61.9
CDHP 2	1	2	3	68.6
ISP Optional		10	10	83.0
<b>Total retirees with coverage</b>	<b>6</b>	<b>26</b>	<b>32</b>	<b>78.7</b>

## Retiree Age Distribution

<i>Age</i>	<i>Retirees</i>
< 45	
45 to 49	
50 to 54	
55 to 59	1
60 to 64	2
65 to 69	4
70 to 74	3
75 to 79	6
80 to 84	6
85 to 89	8
90 & up	2
<b>Total</b>	<b>32</b>



# Substantive Plan Provisions

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

## Eligibility

Legislators are eligible for retiree health care coverage once they have 8 years of service (or 4 sessions). Legislators who retired prior to June 1, 2007 are eligible for retiree health care coverage for lifetime. Legislators who retired on/after June 1, 2007 are eligible for retiree health care coverage to age 65.

## Spouse Coverage

Surviving spouse coverage continues for after the death of the retiree for legislators who retired prior to June 1, 2007. Surviving spouse coverage continues after the death of the retiree to age 65 for legislators who retired on/after June 1, 2007.

## State Explicit Subsidy

The State contributes various percentages of the premium rates for grandfathered current retirees. There is no State explicit subsidy for future retirees.

## Retiree Contributions

Retirees pay the full cost of the retiree health care coverage. A limited group of grandfathered retirees receive explicitly subsidized health coverage. Any participants currently enrolled in the Indiana State Police (ISP) plans will receive the same retiree health benefits as a regular ISP retiree.

## Medical Benefit

The same benefit options are available to retirees as active employees. The State does not subsidize HSA contributions for early retirees. For purposes of this valuation, no EAP plan benefits have been valued. All health plans are self-insured. The 2026 monthly premium rates by plan for non-tobacco users are as shown below (for those enrolled in State plans only). Retirees are not assumed to have the wellness discount applied.

Plans	w/o Wellness Discount		Plans	ISP Plans	
	Single	Family		Single	Family
CDHP 1	\$ 790.53	\$ 2,349.23	Basic Plan	\$ 357.73	\$ 461.28
CDHP 2	\$ 850.07	\$ 2,520.96	Optional Plan	\$ 435.23	\$ 609.29
Traditional PPO	\$ 1,042.34	\$ 3,108.17	Medicare Advantage	\$ 154.00	\$ 308.00

## Dental and Vision Benefits

There is no GASB liability generated for dental and vision benefits for those retiring on/after June 1, 2007, as they pay the full cost for these benefits. Grandfathered retirees receive free dental benefits and subsidized vision benefits. The 2026 monthly premium rates for dental and vision benefits are as shown below:

Plans	Single	Family
Dental	\$ 25.35	\$ 66.56
Vision	\$ 5.07	\$ 12.48



# Substantive Plan Provisions

State of Indiana Legislature 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.

### *Eligibility*

A participant who:

- a. Is eligible for and has applied to receive a normal, unreduced or disability retirement benefit under PERF; or
- b. Has completed at least 10 years of service as an elected or appointed officer; or
- c. Has completed at least 15 years of service with the state for an employee

is entitled to receive a benefit from this account.

### *Annual State Contributions*

The bill requires the state to make annual contributions to the account based on the following schedule:

Employee's Age	Annual State Contributions
Less than 30	\$ 500
At least 30 but less than 40	\$ 800
At least 40 but less than 50	\$ 1,100
At least 50	\$ 1,400

### *Bonus Contributions*

An additional bonus contribution is to be made upon a participant's retirement with normal unreduced benefits if the retirement occurs between July 1, 2007 and July 1, 2017, and the retiree on the last day of service has completed at least 15 years of service or 10 years of service as an elected or appointed officer.

The additional bonus contribution amount is one thousand dollars (\$1,000) multiplied by the participant's years of service (rounded down to the nearest whole year).

### *Surviving Spouse*

Surviving spouse or IRS dependent of a retired participant is allowed to receive the benefit from this account. Amounts credited to a retired participant are forfeited if the participant dies without a surviving spouse or IRS dependent.



# Substantive Plan Provisions

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

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## Senate Enrolled Act 501

### *GASB 74/75 Impact*

The Senate Enrolled Act 501 plan is considered a defined contribution individual account for GASB 74/75 purposes and has no unfunded liabilities. The employer subsidy is defined in terms of an annual contribution to an individual account. Plan assets are maintained in a Trust Fund. All benefits and expenses in administering the Plan will be paid from the Fund. Money in the Fund may not be transferred, assigned, or otherwise removed from the Fund by the state board of finance, the Agency or any other state agency, and does not revert to the state general fund at the end of any state fiscal year.

The presence of this individual-account is expected to increase the percentage of future retirees electing to continue health coverage under the State plan. As a result, the health coverage election rate assumption has been set at 35% for retirements occurring after employees have met the minimum eligibility to use his/her individual account.

The Retirement Medical Benefits Account Trust Fund consists of cigarette tax revenues deposited in the fund under IC 6-7-1-28.1(7) and other appropriations, revenues, or transfers to the trust fund under IC 4-12-1. Beginning on July 1, 2012, these cigarette tax revenues are temporarily redirected to the General Fund per HEA 1001 (2011) in order to recover prior General Fund overpayments to the plan. Beginning on July 1, 2014, cigarette tax revenues will once again be deposited directly to the trust fund. The plan benefits satisfy the condition of being a defined contribution OPEB benefit and by definition, there is no unfunded liability.



# Actuarial Assumptions and Methods

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

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<b>Measurement Date</b>	June 30, 2025
<b>Actuarial Valuation Date</b>	<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>
<b>Discount Rate</b>	4.21% as of June 30, 2024 and 5.20% 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.
<b>Cost Method</b>	<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"><li>• 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</li><li>• Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.</li></ul>
<b>Salary Scale</b>	2.90% for the next five years and then 2.65% for general wage inflation (includes 2.50% inflation) which is based on the assumptions approved from the Indiana Public Retirement System (INPRS) 2025 Experience Study.
<b>Census Data</b>	Census data for was provided by the State and it was collected as of June 30, 2025. We have reviewed it for reasonableness and no material modifications were made to the census data.
<b>Data Assumption</b>	The State has separate rates for tobacco and non-tobacco users, however these rates are not enforced for retired users. All retirees contribute the non-tobacco rates.



# Actuarial Assumptions and Methods

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

Contribution Funding Policy	Pay-as-you-go cash basis
Mortality	<p>Healthy employees and retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021 with a 1 year setback for males and a 1 year setback for females</p> <p>Disabled retirees: SOA Pub-2010 General Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2021 with a 140% load</p> <p>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</p> <p>The above tables are based on 2025 INPRS Experience Study with recent mortality improvement scales.</p>
Withdrawal Rate	None
Disability	None
Retirement Rate	Annual retirement rates by group are as shown below.

YOS	House	Senate
<6	0%	0%
6	0%	5%
8	10%	5%
12	0%	20%
14	10%	0%
16	20%	20%
20	0%	25%
22	10%	0%
24	20%	10%
28	0%	10%
30	10%	0%
32	100%	100%

100% retirement at age 70 is assumed for House members with at least 6 year of service and Senate members with at least 8 years of service.



# Actuarial Assumptions and Methods

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

## Health Care Coverage Election Rate

### *Active Employees*

#### Actives with Current Health Coverage

10% of employees are assumed to elect coverage at retirement. Once the employees have met the PERF eligibility for normal, unreduced or a disability pension, the election rate increases to 35% due to the presence of the Senate Enrolled Act 501 account balance.

PERF eligibility requirement is the earlier of:

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

#### Actives without Current Health Coverage

35% of employees are assumed to elect coverage at retirement after meeting the PERF retirement eligibility.

### *Inactive Employees*

Based on actual data

## Spousal Coverage

95% of male and 50% 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.



# Actuarial Assumptions and Methods

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

## Per Capita Costs

For those enrolled in the State plans, 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 administrative expenses effective on January 1, 2026. For those enrolled in the ISP plan, 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 administrative expenses effective on January 1, 2026. The per capita costs were actuarially increased to a retiree-basis using health index factors and enrollment by plan. The costs are assumed to increase with health care trend rates.

Age	Trad PPO	CDHP 1
50 – 54	\$ 17,500	\$ 10,800
55 – 59	\$ 21,700	\$ 13,300
60 – 64	\$ 27,600	\$ 16,900
65 – 69	\$ 9,700	\$ 5,900
70 – 74	\$ 12,100	\$ 7,400
75+	\$ 14,100	\$ 8,600

Age	CDHP 2	ISP*
50 – 54	\$ 15,300	\$ 12,184
55 – 59	\$ 18,900	\$ 15,184
60 – 64	\$ 24,000	\$ 19,384
65 – 69	\$ 8,400	\$ 1,848
70 – 74	\$ 10,500	\$ 1,848
75+	\$ 12,200	\$ 1,848

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.

\* ISP per capita costs above include dental and vision costs. ISP post-65 costs are assumed to be equal to the premium rate of the Medicare Advantage plan and do not include dental and vision costs. Post-65 ISP retirees are also assumed to receive the ISP's HRA benefit, which is \$34.19 per month effective January 1, 2024.

## Dependent Liability

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



# Actuarial Assumptions and Methods

State of Indiana Legislature 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.

## Retiree Contributions

Retiree contributions for medical and prescription drugs are assumed to increase with Health Care Trend Rates.



# Actuarial Assumptions and Methods

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

## Explicit Subsidy

The difference between (a) the premium rate approved by the State and (b) the retiree contribution. Below is an example of the monthly explicit subsidies for a retiree enrolled in CDHP 1 plan without wellness discount with non-tobacco use incentive.

	Premium Rate	Retiree Contribution	Explicit Subsidy
	A	B	C = A - B
Retiree	\$ 790.53	\$ 790.53	\$ 0.00
Spouse	\$ 1,558.70	\$ 1,558.70	\$ 0.00

## Implicit Age Subsidy

The difference between (a) the per capita cost as determined by Nyhart and (b) the premium rate approved by the State. Below is an example of the monthly implicit subsidies for a retiree age 62 with spouse of the same age enrolled in CDHP 1 plan without wellness discount with non-tobacco incentive.

	Per Capita Cost	Premium Rate	Implicit Age Subsidy
	A	B	C = A - B
Retiree	\$ 1,408.33	\$ 790.53	\$ 617.80
Spouse	\$ 1,408.33	\$ 1,558.70	\$ 0.00 <sup>3</sup>

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.

<sup>3</sup> Limited to be no less than \$0.



# Actuarial Assumptions and Methods

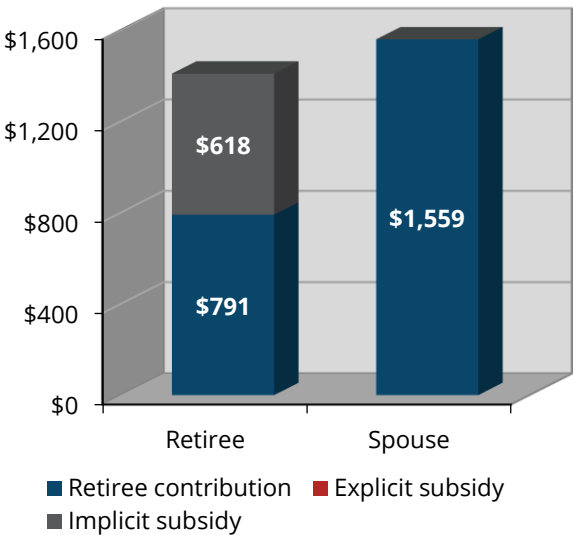
State of Indiana Legislature GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

## GASB Subsidy Breakdown

Below is a breakdown of the GASB 74/75 monthly total cost for a retiree age 62 and his spouse of the same age enrolled in CDHP 1 plan without wellness discount with non-tobacco incentive.

	Retiree		Spouse	
Retiree contribution	\$	790.53	\$	1,558.70
Explicit subsidy	\$	0.00	\$	0.00
Implicit subsidy	\$	617.80	\$	0.00
Total monthly cost	\$	1,408.33	\$	1,558.70

GASB Subsidy Breakdown



## 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 Legislature 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 <sup>4</sup>	115	115
Retired Participants <sup>5</sup>	33	32
Averages for Active		
Age	56.6	55.6
Service	9.6	10.7
Averages for Inactive		
Age	80.1	78.7

<sup>4</sup> 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.

<sup>5</sup> 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.

## GLOSSARY



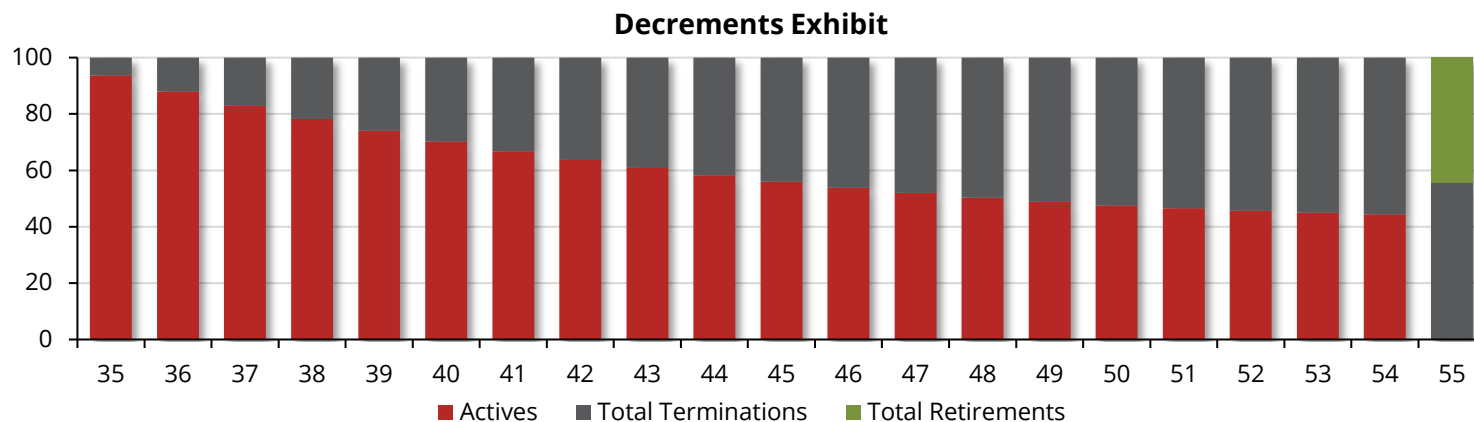
## Glossary – Decrements Exhibit

State of Indiana Legislature 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 <sup>6</sup>	# 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



<sup>6</sup> The above rates are illustrative rates and are not used in our GASB calculations.

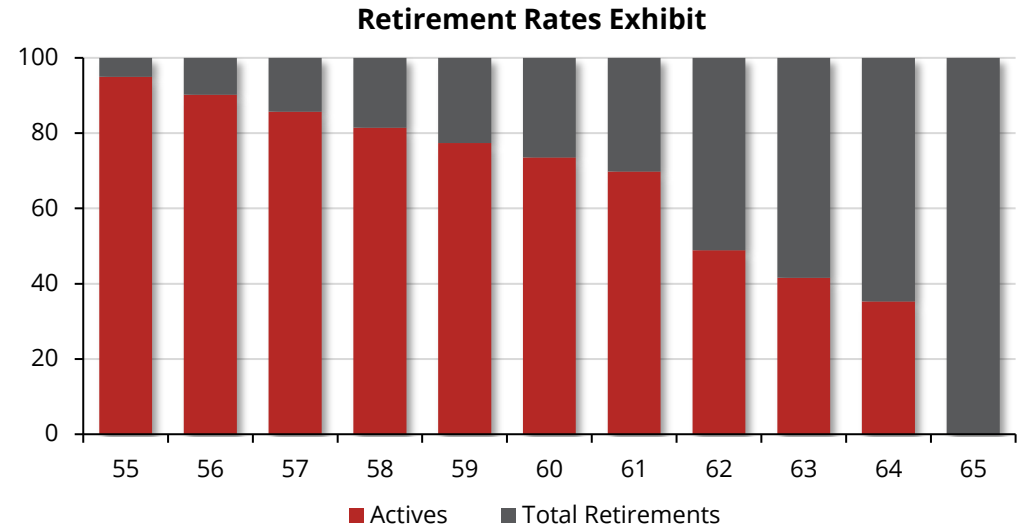


## Glossary – Retirement Rates Exhibit

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

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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 Legislature GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

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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 Legislature GASB 74/75 Valuation for Fiscal Year Ending June 30, 2025

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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).