

2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020



INPRS is a component unit and a pension trust fund of the State of Indiana.



Prepared through the joint efforts of INPRS's team members.
Available online at www.in.gov/inprs

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INPRS is a component unit and a pension trust fund of the State of Indiana.

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

FUNDS MANAGED BY INPRS

ABBREVIATIONS USED

Defined Benefit

1. Public Employees' Defined Benefit Account
2. Teachers' Pre-1996 Defined Benefit Account
3. Teachers' 1996 Defined Benefit Account
4. 1977 Police Officers' and Firefighters' Retirement Fund
5. Judges' Retirement System
6. Excise, Gaming and Conservation Officers' Retirement Fund
7. Prosecuting Attorneys' Retirement Fund
8. Legislators' Defined Benefit Fund

Defined Contribution

9. Public Employees' Defined Contribution Account
10. My Choice: Retirement Savings Plan for Public Employees
11. Teachers' Defined Contribution Account
12. My Choice: Retirement Savings Plan for Teachers
13. Legislators' Defined Contribution Fund

Other Postemployment Benefit

14. Special Death Benefit Fund
15. Retirement Medical Benefits Account Plan

Custodial

16. Local Public Safety Pension Relief Fund

DB Fund

- PERF DB
TRF Pre-'96 DB
TRF '96 DB
'77 Fund
JRS
EG&C
PARF
LE DB

DC Fund

- PERF DC
PERF MC DC
TRF DC
TRF MC DC
LE DC

OPEB Fund

- SDBF
RMBA

Custodial Fund

- LPSPR

Contact Information

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Financial Section

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\$794.6 Million

Increase in net position over the previous fiscal year

\$3.1 Billion

Benefits and distributions paid to members

\$436 Million

Received in RMBA assets to manage

\$105.3 Million

Earmarked to four supplemental reserve accounts



Independent Auditor's Report

RSM US LLP

Board of Trustees
Indiana Public Retirement System

Report on the Financial Statements

We have audited the accompanying Statement of Fiduciary Net Position of the Indiana Public Retirement System (System), a component unit of the State of Indiana, as of June 30, 2020, and the related Statement of Changes in its Fiduciary Net Position for the year then ended, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Indiana Public Retirement System as of June 30, 2020, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior-Year Comparative Information:

We have previously audited the System's 2019 financial statements, and we expressed an unmodified opinion in our report dated November 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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Independent Auditor's Report, continued

Required Supplementary Information:

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 20 through 23 and the schedules of changes in net pension liability and net pension liability, schedule of contributions, schedule of investment returns, annual money-weighted rate of return, net of investment expense and the related schedule of notes to required supplementary information on pages 70 through 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information:

Our audit for the year ended June 30, 2020 was conducted for the purpose of forming an opinion on the System's basic financial statements. The other supplementary information consisting of Supporting Schedules in the financial section, and the accompanying introductory, investment, actuarial, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information for the year ended June 30, 2020 (pages 90 through 92) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supporting schedules in the financial section have been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2020 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules in the financial section, are fairly stated in all material respects, in relation to the basic financial statements as a whole as of and for the year ended June 30, 2020.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the System's basic financial statements as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated November 22, 2019 which contained an unmodified opinion on those basic financial statements. The accompanying supplementary information which consists of supporting schedules in the financial section, for the year ended June 30, 2019 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statements. The supporting schedules in the financial section have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2019.

The introductory, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

RSM US LLP

Indianapolis, Indiana
December 10, 2020

Management's Discussion and Analysis (Unaudited)

Introduction

Management's Discussion & Analysis (MD&A) provides details of INPRS's financial performance during the fiscal year ended June 30, 2020. The MD&A is intended to serve as an introduction to INPRS's financial statements that we present in conjunction with the Letter of Transmittal included in the Introductory Section of this CAFR. Reviewing these statements, along with the accompanying notes, as well as the Investment, Actuarial and Statistical sections provide for a comprehensive understanding of INPRS's financial position.

The Statement of Fiduciary Net Position is a point-in-time snapshot of the amounts the plans have accumulated in net assets to pay for future benefits and any liabilities that are owed as of the statement date. The Statement of Changes in Fiduciary Net Position presents the additions and deductions for the fiscal year. Major sources of additions are contributions, net investment income and the transfer from the state of Indiana. Major sources of deductions are benefit disbursements, distributions of contributions and interest, and administrative expenses.

Notes to the Financial Statements provide additional analysis that are essential for complete understanding of the information provided in the financial statements. The notes describe the history and purpose of the plans, current information about accounting and investment policies, actuarial methods and assumptions, as well as subsequent events that may impact INPRS's financial position.

The Required Supplementary Information includes schedules about the changes in the net pension liability, employer contributions, actuarial assumptions used to calculate the actuarially determined contributions, historical trends, along with other information used in evaluating the financial condition of INPRS.

INPRS administers 16 funds consisting of eight defined benefit and five defined contribution retirement funds, two other postemployment benefit funds, and one custodial fund (refer to Note 1 for further details). PERF DC and PERF MC DC are consolidated on the financial statements for reporting purposes and shown as PERF DC. TRF DC and TRF MC DC are consolidated on the financial statements for reporting purposes and shown as TRF DC.

Management Discussion

Financial Highlights

The Fiduciary Net Position of INPRS held in trust to pay pension benefits and refund of contributions were \$36.9 billion as of June 30, 2020. The amount reflects an increase of \$0.8 billion from the prior year. This change is primarily the result of INPRS receiving the net assets of RMBA and the net appreciation of the fair value of the investment portfolio.

- INPRS's Net Investment Income for the years ended June 30, 2020 and June 30, 2019 was \$1.0 billion and \$2.3 billion, respectively. The decrease in Net Investment Income compared to prior year is due to a lower rate of return on investments as a result of COVID-19. The money-weighted rate of return for INPRS assets, net of investment expense, was 2.77 percent for the year ended June 30, 2020 and 6.84 percent for the year ended June 30, 2019.
- Contributions from employers, members, and appropriations were \$2.6 billion for the year ended June 30, 2020 compared to \$2.7 billion for the fiscal year ended June 30, 2019. The \$0.1 billion decrease was predominantly due to a reduction in TRF '96 DB contribution rates on account of a one-time supplemental \$150 million appropriation in the previous fiscal year.
- On July 1, 2019, the state of Indiana Budget Agency transferred administration, along with RMBA's net position of \$435.9 million to INPRS. The transfer of operations is considered a special item for financial reporting purposes under GASB Statement No. 69. During the fiscal year INPRS collected \$27.7 million in RMBA contributions.
- Supplemental Reserve Accounts at June 30, 2020 totaled \$105.3 million. These reserves were not utilized during the year to pay future postretirement benefit increases for PERF DB, TRF Pre-'96 DB, TRF '96 DB, EG&C and LE DB.
- Benefits and refunds of contributions and interest paid totaled \$3.2 billion for the year ended June 30, 2020 compared to \$3.1 billion for the year ended June 30, 2019. The \$0.1 billion increase was due to an increase in retirement payments. Benefits paid included a distribution of \$55 million as a 13th check to certain benefit recipients of PERF DB, TRF Pre-'96 DB, TRF '96 DB, and EG&C.

Management's Discussion and Analysis (Unaudited), continued

CONDENSED SUMMARY OF TOTAL FIDUCIARY NET POSITION RESTRICTED

(dollars in millions)

	Defined Benefit		Defined Contribution		OPEB and Custodial		Total		Increase/(Decrease)	
	2020	2019	2020	2019	2020	2019	2020	2019	Amount	Percent
Assets										
Investments	\$ 40,307	\$ 40,054	\$ 5,847	\$ 5,767	\$ 401	\$ 31	\$ 46,555	\$ 45,852	\$ 703	1.5 %
Other Assets	24	36	3	5	76	4	103	45	58	128.9
Total Assets	40,331	40,090	5,850	5,772	477	35	46,658	45,897	761	1.7
Liabilities										
Investments	9,649	9,684	18	22	—	—	9,667	9,706	(39)	(0.4)
Other Liabilities	120	116	6	5	2	2	128	123	5	4.1
Total Liabilities	9,769	9,800	24	27	2	2	9,795	9,829	(34)	(0.3)
Net Position	\$ 30,562	\$ 30,290	\$ 5,826	\$ 5,745	\$ 475	\$ 33	\$ 36,863	\$ 36,068	\$ 795	2.2 %

CONDENSED SUMMARY OF CHANGES IN TOTAL FIDUCIARY NET POSITION RESTRICTED

(dollars in millions)

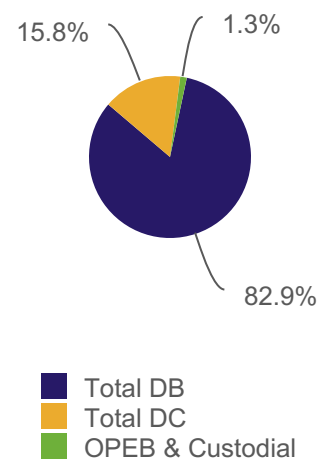
	Defined Benefit		Defined Contribution		OPEB and Custodial		Total		Increase/(Decrease)	
	2020	2019	2020	2019	2020	2019	2020	2019	Amount	Percent
Additions										
Contributions	\$ 2,014	\$ 2,163	\$ 315	\$ 303	\$ 229	\$ 201	\$ 2,558	\$ 2,667	\$ (109)	(4.1)%
Net Investment Income	785	2,075	197	250	24	3	1,006	2,328	(1,322)	(56.8)
Other Additions	12	12	—	—	436	—	448	12	436	3,633.3
Total Additions	2,811	4,250	512	553	689	204	4,012	5,007	(995)	(19.9)
Deductions										
Benefits and Refunds	2,495	2,414	420	443	246	213	3,161	3,070	91	3.0
Other Deductions	44	41	11	11	1	—	56	52	4	7.7
Total Deductions	2,539	2,455	431	454	247	213	3,217	3,122	95	3.0
Net Increase/(Decrease)	272	1,795	81	99	442	(9)	795	1,885	(1,090)	(57.8)
Balance, Beginning of Year	30,290	28,495	5,745	5,646	33	42	36,068	34,183	1,885	5.5
Balance, End of Year	\$ 30,562	\$ 30,290	\$ 5,826	\$ 5,745	\$ 475	\$ 33	\$ 36,863	\$ 36,068	\$ 795	2.2 %

FIDUCIARY NET POSITION RESTRICTED - SUMMARY BY FUND

(dollars in millions)

	As of June 30		Increase/(Decrease)	
Fund	2020	2019	Amount	Percent
PERF DB	\$ 13,261	\$ 13,271	\$ (10)	(0.1)%
TRF Pre-'96 DB	3,661	3,759	(98)	(2.6)
TRF '96 DB	6,325	6,124	201	3.3
77 Fund	6,543	6,380	163	2.6
JRS	554	545	9	1.7
EG&C	147	142	5	3.5
PARF	68	66	2	3.0
LE DB	3	3	—	—
Total DB	30,562	30,290	272	0.9
PERF DC	2,977	2,927	50	1.7
TRF DC	2,813	2,784	29	1.0
LE DC	36	34	2	5.9
Total DC	5,826	5,745	81	1.4
SDBF	16	15	1	6.7
RMBA	449	—	449	100.0
LPSPR	10	18	(8)	(44.4)
Total Fiduciary Net Position	\$ 36,863	\$ 36,068	\$ 795	2.2 %

Total Net Position by Plan Type



Management's Discussion and Analysis (Unaudited), continued

Investment Highlights

Defined Benefits

The consolidated defined benefit assets returned 2.6 percent (time-weighted) net of all fees over the past fiscal year, underperforming the 6.75 percent target rate of return, and ended with a fair value of \$30.7 billion. Market volatility and uncertainty related to COVID-19 and its overall impact on the global economy played a large role in overall investment performance. Despite the extraordinary impact of COVID-19, all asset classes, apart from commodities, posted positive returns for the fiscal year. The consolidated defined benefit portfolio also outperformed its passive benchmark by 0.5%, as a majority of asset classes outperformed their respective benchmarks.

The following table provides a comparison of time-weighted rates of return for the defined benefit assets for the year ended June 30, 2020 and June 30, 2019, with corresponding benchmarks for each asset class.

Global Asset Class	Target Allocation	1-Year Actual Return			1-Year Benchmark Return and Variance			
		2020	2019	Increase / (Decrease)	2020	Over/(Under) Performance	2019	Over/(Under) Performance
Public Equity	22.0 %	2.7 %	5.4 %	(2.7)%	1.2 %	1.5 %	4.6 %	0.8 %
Private Markets	14.0	2.3	20.4	19.5	(17.2)	19.5	3.7	16.7
Fixed Income - Ex Inflation-Linked	20.0	9.6	10.0	(0.4)	8.9	0.7	9.9	0.1
Fixed Income - Inflation-Linked	7.0	14.6	5.7	8.9	16.8	(2.2)	5.2	0.5
Commodities	8.0	(26.8)	(8.2)	(18.6)	(25.0)	(1.8)	(8.0)	(0.2)
Real Estate	7.0	2.6	8.7	(6.1)	(9.7)	12.3	16.1	(7.4)
Absolute Return	10.0	0.4	4.2	(3.8)	(1.2)	1.6	1.8	2.4
Risk Parity	12.0	3.2	8.4	(5.2)	3.7	(0.5)	6.2	2.2
Cash + Cash Overlay	N/A	9.9	5.6	4.3	4.3	5.6	6.9	(1.3)
Total Consolidated Defined Benefit Assets		2.6 %	7.4 %	(4.8)%	2.1 %	0.5 %	6.7 %	0.7 %

As of June 30, 2020, INPRS estimates 25 percent of the Consolidated Defined Benefit Assets could be liquidated in one week, 52 percent of the assets could be liquidated within one month, and 66 percent of the assets could be liquidated within six months without a significant market impact.

Defined Contribution

The consolidated defined contribution assets returned 3.5 percent and ended with a fair value of \$5.8 billion. All twelve target date funds had a positive return, with all returns exceeding benchmark, except Fund 2065, which was created in May. For the other eleven target date funds' performance, returns ranged from 4.3 percent to 8.0 percent. The more diversified and conservative the target date fund, the larger the returns given the volatility introduced into the marketplace since the inception of the COVID-19 pandemic. For non-target date funds, five of the seven investment options met or exceeded the benchmark (Large Cap, International Equity, Fixed Income, Inflation-Linked Fixed Income Fund and Stable Value). Equities performed well in the current year, for all except for five weeks, when the COVID-19 pandemic first took hold in the United States. Fixed Income, Inflation-Linked Fixed Income and Stable Value performed well given the uncertainty and the softened economic environment created by the pandemic.

Actuarial Highlights

In accordance with GASB Statement No. 67, the fair value of assets is used for financial reporting purposes; however, the actuarial value of assets will continue to be used for funding purposes as presented in the Actuarial Section. The Fair Value Funded Status improved for PERF DB, TRF Pre-'96 DB, JRS, PARF and LE DB, but declined for TRF '96 DB, '77 Fund, and EG&C. Funded status experience was a result of several offsetting factors which varied by fund. The actuarial experience study produced liability decreases for all but the '77 Fund, which had a small increase in liability. All funds except JRS and PARF contributed at least their Actuarially Determined Contribution (ADC). JRS and PARF set contribution amounts every other year in accordance with the biennial budget cycle, and the intermediate valuations result in ADCs that are above or below the level set for the biennium in even-numbered fiscal years. Liabilities decreased due to experience in all funds except '77 Fund and EG&C. EG&C had a benefit improvement that increased liabilities. Asset returns lower than the assumed 6.75% rate of return caused losses in all funds. These factors are offsetting and their overall impact varies by fund. See the Required Supplementary Information of the Financial Section for more information.

INPRS completed an actuarial experience study in February 2020. Cavanaugh Macdonald Consulting analyzed experience from 2014 - 2019 in order to examine the actuarial assumptions and methods currently used in the actuarial valuations. Assumption changes were recommended to the board and adopted in June 2020 for the June 30, 2020 actuarial valuations. Mortality rates were generally observed to be higher than previously assumed. Retirement rates were generally lower than previously assumed in PERF DB, TRF Pre-'96 DB, TRF '96 DB, JRS, and PARF, and higher than previously assumed in '77 Fund and EG&C. Assumptions for future DROP elections in the '77 Fund and EG&C were introduced. No changes in methods were recommended or adopted.

Management's Discussion and Analysis (Unaudited), continued

The INPRS Funding Policy sets the employer contribution rates for PERF DB, TRF '96 DB, '77 Fund, and EG&C. The employer contribution rate is set to be at least the ADC, but per the funding policy, is not allowed to decrease until a fund reaches 105% funded. As a result, employers in these funds systemically contribute more than the ADC. TRF Pre-'96 DB, JRS, PARF, and LE DB are funded through appropriations. Due to the biennial budget cycle, these appropriations do not always match their corresponding ADC exactly.

An analysis of the funding progress, contributions, and a summary of actuarial assumptions and methods are outlined in Note 8 and in the Required Supplementary Information of the Financial Section. For additional actuarial-related information on a funding basis, refer to the Actuarial Section.

The following table provides a comparison of the defined benefit funding progress for each plan as of June 30, 2020 and June 30, 2019.

(dollars in millions)

Pre-Funded DB Pension Funds	Fair Value Funded Status		Net Pension Liability/ (Asset)	Contributions as a Percent of ADC
	2020	2019		
PERF DB	81.4 %	80.1 %	\$ 3,020.4	124.2 %
TRF '96 DB	98.8	102.4	77.9	116.5
77 Fund	96.4	99.9	242.8	177.8
JRS	93.5	93.0	38.4	93.6
EG&C	89.3	93.4	17.6	184.9
PARF	63.4	59.5	39.2	91.8
LE DB	93.5	90.0	0.2	96.3
Pay-As-You-Go DB Pension Fund				
TRF Pre-'96 DB	26.2 %	26.1 %	\$ 10,307.6	100.0 %

Request For Information

This financial report is designed to provide the Board of Trustees, our membership, employers, rating agencies, and investment managers with a general overview of INPRS' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to:

Indiana Public Retirement System
Finance Department
One North Capitol, Suite 001
Indianapolis, IN 46204

Statement of Fiduciary Net Position

As of June 30, 2020 (with Comparative Totals as of June 30, 2019) ¹

(dollars in thousands)

	Pension Trust Funds ²								
	Defined Benefit (DB)								
	PERF DB	TRF Pre-'96 DB	TRF '96 DB	77 Fund	JRS	EG&C	PARF	LE DB	Total DB
Assets									
Cash	\$ 1,185	\$ 56	\$ 500	\$ 495	\$ —	\$ —	\$ 2	\$ —	\$ 2,238
Receivables:									
Contributions and Miscellaneous	5,289	2,946	627	1,580	3,606	—	12	—	14,060
Investments	365,817	103,592	174,844	180,610	15,193	4,041	1,873	81	846,051
Foreign Exchange Contracts	3,108,666	880,304	1,485,796	1,534,794	129,104	34,336	15,916	686	7,189,602
Interest and Dividends	30,523	8,644	14,589	15,070	1,268	337	156	7	70,594
Due From Other Funds	3,227	—	320	—	—	—	—	—	3,547
Total Receivables	3,513,522	995,486	1,676,176	1,732,054	149,171	38,714	17,957	774	8,123,854
Investments:									
Repurchase Agreements	3,061	867	1,463	1,511	127	34	16	1	7,080
Short-Term	602,036	170,483	287,745	297,235	25,003	6,650	3,082	133	1,392,367
Fixed Income	4,582,284	1,297,600	2,190,117	2,262,342	190,305	50,613	23,461	1,011	10,597,733
Equities	2,940,672	832,733	1,405,504	1,451,854	122,128	32,481	15,056	649	6,801,077
Alternative	5,720,187	1,619,829	2,733,982	2,824,142	237,563	63,182	29,286	1,262	13,229,433
Derivatives	6,083	1,722	2,906	3,003	252	67	31	1	14,065
Pooled Synthetic GIC's at Contract Value	—	—	—	—	—	—	—	—	—
Securities Lending Collateral	68,600	19,426	32,788	33,869	2,849	758	351	15	158,656
Total Investments	13,922,923	3,942,660	6,654,505	6,873,956	578,227	153,785	71,283	3,072	32,200,411
Other Assets	229	—	—	—	—	—	—	—	229
Gross Capital Assets	21,259	—	—	—	—	—	—	—	21,259
Less: Accumulated Depreciation and Amortization	(16,659)	—	—	—	—	—	—	—	(16,659)
Net Capital Assets	4,600	—	—	—	—	—	—	—	4,600
Total Assets	17,442,459	4,938,202	8,331,181	8,606,505	727,398	192,499	89,242	3,846	40,331,332
Liabilities									
Administrative Payable	8,196	523	56	67	3	2	1	—	8,848
Retirement Benefits Payable	912	95,019	11,796	3,657	—	50	—	—	111,434
Investments Payable	819,907	232,180	391,878	404,801	34,051	9,056	4,198	181	1,896,252
Foreign Exchange Contracts Payable	3,115,936	882,363	1,489,272	1,538,385	129,407	34,417	15,953	688	7,206,421
Securities Lending Obligations	68,600	19,426	32,788	33,869	2,849	758	351	15	158,656
Obligations Under Reverse Repurchase Agreement	167,548	47,446	80,080	82,721	6,958	1,850	858	37	387,498
Due to Other Funds	—	94	—	205	9	8	5	1	322
Due to Other Governments	—	—	—	—	—	—	—	—	—
Total Liabilities	4,181,099	1,277,051	2,005,870	2,063,705	173,277	46,141	21,366	922	9,769,431
Total Fiduciary Net Position Restricted	\$ 13,261,360	\$ 3,661,151	\$ 6,325,311	\$ 6,542,800	\$ 554,121	\$ 146,358	\$ 67,876	\$ 2,924	\$ 30,561,901

¹ The accompanying notes are an integral part of the financial statements.

² Pension Trust Fund assets are restricted solely for qualifying member benefits.

Statement of Fiduciary Net Position, continued

As of June 30, 2020 (with Comparative Totals as of June 30, 2019) ¹

(dollars in thousands)

(dollars in thousands)

	Pension Trust Funds ²				OPEB DB Fund ³	OPEB DC Fund ³	Custodial Fund	INPRS Totals		
	Defined Contribution (DC)									
	PERF DC	TRF DC	LE DC	Total DC	SDBF	RMBA	LPSPR	2020	2019	
Assets										
Cash	\$ 338	\$ 50	\$ 15	\$ 403	\$ 87	\$ 1,339	\$ —	\$ 4,067	\$ 3,185	
Receivables:										
Contributions and Miscellaneous	1,477	642	365	2,484	31	71,167	3,749	91,491	31,202	
Investments	5,074	4,792	60	9,926	—	—	—	855,977	328,675	
Foreign Exchange Contracts	1,624	1,534	19	3,177	—	—	—	7,192,779	8,384,829	
Interest and Dividends	8,395	7,928	100	16,423	—	—	17	87,034	98,368	
Due From Other Funds	—	—	—	—	—	—	—	3,547	3,995	
Total Receivables	16,570	14,896	544	32,010	31	71,167	3,766	8,230,828	8,847,069	
Investments:										
Repurchase Agreements	—	—	—	—	—	—	—	7,080	5,858	
Short-Term	58,042	54,813	688	113,543	463	—	8,274	1,514,647	1,786,691	
Fixed Income	187,890	177,436	2,225	367,551	15,162	376,831	—	11,357,277	10,759,224	
Equities	1,474,459	1,392,428	17,462	2,884,349	—	—	—	9,685,426	9,200,946	
Alternative	—	—	—	—	—	—	—	13,229,433	12,621,990	
Derivatives	—	—	—	—	—	—	—	14,065	17,468	
Pooled Synthetic GIC's at Contract Value	1,253,453	1,183,718	14,845	2,452,016	—	—	—	2,452,016	2,546,542	
Securities Lending Collateral	—	—	—	—	—	—	—	158,656	102,422	
Total Investments	2,973,844	2,808,395	35,220	5,817,459	15,625	376,831	8,274	38,418,600	37,041,141	
Other Assets	—	—	—	—	—	—	—	229	201	
Gross Capital Assets	—	—	—	—	—	—	—	21,259	21,259	
Less: Accumulated Depreciation and Amortization	—	—	—	—	—	—	—	(16,659)	(16,348)	
Net Capital Assets	—	—	—	—	—	—	—	4,600	4,911	
Total Assets	2,990,752	2,823,341	35,779	5,849,872	15,743	449,337	12,040	46,658,324	45,896,507	
Liabilities										
Administrative Payable	913	247	—	1,160	—	239	—	10,247	7,737	
Retirement Benefits Payable	1,105	497	19	1,621	—	—	—	113,055	109,443	
Investments Payable	7,645	7,220	91	14,956	—	12	—	1,911,220	540,272	
Foreign Exchange Contracts Payable	1,624	1,534	19	3,177	—	—	—	7,209,598	8,428,187	
Securities Lending Obligations	—	—	—	—	—	—	—	158,656	102,422	
Obligations Under Reverse Repurchase Agreement	—	—	—	—	—	—	—	387,498	634,592	
Due to Other Funds	2,011	852	1	2,864	38	172	151	3,547	3,995	
Due to Other Governments	—	—	—	—	—	—	1,529	1,529	1,506	
Total Liabilities	13,298	10,350	130	23,778	38	423	1,680	9,795,350	9,828,154	
Total Fiduciary Net Position Restricted	\$2,977,454	\$2,812,991	\$ 35,649	\$5,826,094	\$ 15,705	\$ 448,914	\$ 10,360	\$ 36,862,974	\$ 36,068,353	

¹ The accompanying notes are an integral part of the financial statements.

² Pension Trust Fund assets are restricted solely for qualifying member benefits.

³ Other postemployment benefit trust fund.

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2020 (with Comparative Totals as of June 30, 2019) ¹

(dollars in thousands)

	Pension Trust Funds ²								
	Defined Benefit (DB)								
	PERF DB	TRF Pre-'96 DB	TRF '96 DB	77 Fund	JRS	EG&C	PARF	LE DB	Total DB
Additions									
Contributions:									
Employer	\$ 599,100	\$ 2,356	\$ 188,789	\$ 162,302	\$ 18,167	\$ 6,742	\$ 4,232	\$ 208	\$ 981,896
Nonemployer Contributing Entity	—	971,132	—	—	—	—	—	—	971,132
Member	127	21	104	54,175	3,549	1,298	1,440	—	60,714
Total Contributions	599,227	973,509	188,893	216,477	21,716	8,040	5,672	208	2,013,742
Investment Income:									
Net Appreciation Fair Value of Investments	314,994	101,011	148,157	152,937	13,041	3,432	1,620	73	735,265
Other Net Investment Income	1,502	450	706	733	62	16	8	1	3,478
Net Interest and Dividends Income	110,687	33,646	51,782	53,817	4,570	1,200	557	25	256,284
Securities Lending Income	932	283	439	456	39	10	5	—	2,164
Total Investment Income	428,115	135,390	201,084	207,943	17,712	4,658	2,190	99	997,191
Less Direct Investment Expenses:									
Investment Management Fees	(86,584)	(25,888)	(40,810)	(42,332)	(3,589)	(944)	(440)	(20)	(200,607)
Securities Lending Fees	(214)	(64)	(100)	(104)	(9)	(2)	(1)	—	(494)
General Investment Expenses	(6,178)	(1,690)	(2,102)	(1,279)	(94)	(35)	(19)	(2)	(11,399)
Total Direct Investment Expenses	(92,976)	(27,642)	(43,012)	(43,715)	(3,692)	(981)	(460)	(22)	(212,500)
Net Investment Income	335,139	107,748	158,072	164,228	14,020	3,677	1,730	77	784,691
Other Additions:									
Member Reassignment Income	4,244	2,430	4,977	—	—	—	—	—	11,651
Special Item - Transfer from SOI	—	—	—	—	—	—	—	—	—
Miscellaneous Income	237	25	43	20	—	—	—	—	325
Total Other Additions	4,481	2,455	5,020	20	—	—	—	—	11,976
Total Additions	938,847	1,083,712	351,985	380,725	35,736	11,717	7,402	285	2,810,409
Deductions									
Pension, Disability and Survivor Benefits	922,189	1,174,419	143,372	211,605	26,799	7,270	4,809	349	2,490,812
Special Death Benefits	—	—	—	919	—	—	—	—	919
Retiree Health Benefits	—	—	—	—	—	—	—	—	—
Retiree Health Forfeitures	—	—	—	—	—	—	—	—	—
Distributions of Contributions and Interest	—	—	—	3,227	38	97	166	—	3,528
Distributions of Custodial Funds	—	—	—	—	—	—	—	—	—
Administrative Expenses	18,887	5,341	5,090	1,960	109	107	74	38	31,606
Member Reassignment Expenses	7,407	1,946	2,298	—	—	—	—	—	11,651
Miscellaneous Expenses	—	—	—	—	—	—	—	—	—
Total Deductions	948,483	1,181,706	150,760	217,711	26,946	7,474	5,049	387	2,538,516
Net Increase / (Decrease)	(9,636)	(97,994)	201,225	163,014	8,790	4,243	2,353	(102)	271,893
Beginning Fiduciary Net Position Restricted	13,270,996	3,759,145	6,124,086	6,379,786	545,331	142,115	65,523	3,026	30,290,008
Ending Fiduciary Net Position Restricted	\$ 13,261,360	\$ 3,661,151	\$ 6,325,311	\$ 6,542,800	\$ 554,121	\$ 146,358	\$ 67,876	\$ 2,924	\$ 30,561,901

¹ The accompanying notes are an integral part of the financial statements.

² Pension Trust Fund assets are restricted solely for qualifying member benefits.

Statement of Changes in Fiduciary Net Position, continued

For the Year Ended June 30, 2020 (with Comparative Totals as of June 30, 2019) ¹

(dollars in thousands)

	Pension Trust Funds ²				OPEB DB Fund ³	OPEB DC Fund ³	Custodial Fund	INPRS Totals	
	Defined Contribution (DC)				SDBF	RMBA	LPSPR		
	PERF DC	TRF DC	LE DC	Total DC				2020	2019
Additions									
Contributions:									
Employer	\$ —	\$ —	\$ 1,419	\$ 1,419	\$ —	\$ 27,666	\$ —	\$ 1,010,981	\$ 1,161,582
Nonemployer Contributing Entity	—	—	—	—	457	—	201,135	1,172,724	1,145,125
Member	183,685	129,252	424	313,361	—	—	—	374,075	361,373
Total Contributions	183,685	129,252	1,843	314,780	457	27,666	201,135	2,557,780	2,668,080
Investment Income:									
Net Appreciation Fair Value of Investments	69,633	56,744	1,075	127,452	1,053	21,491	—	885,261	2,008,279
Other Net Investment Income	26	32	—	58	—	—	—	3,536	1,188
Net Interest and Dividends Income	35,423	45,282	540	81,245	4	722	947	339,202	525,518
Securities Lending Income	—	—	—	—	—	—	—	2,164	2,930
Total Investment Income	105,082	102,058	1,615	208,755	1,057	22,213	947	1,230,163	2,537,915
Less Direct Investment Expenses:									
Investment Management Fees	(4,648)	(4,326)	(53)	(9,027)	(4)	(35)	—	(209,673)	(197,497)
Securities Lending Fees	—	—	—	—	—	—	—	(494)	(605)
General Investment Expenses	(1,496)	(1,188)	(13)	(2,697)	(6)	(35)	(23)	(14,160)	(12,079)
Total Direct Investment Expenses	(6,144)	(5,514)	(66)	(11,724)	(10)	(70)	(23)	(224,327)	(210,181)
Net Investment Income	98,938	96,544	1,549	197,031	1,047	22,143	924	1,005,836	2,327,734
Other Additions:									
Member Reassignment Income	—	—	—	—	—	—	—	11,651	9,990
Special Item - Transfer from SOI	—	—	—	—	—	435,947	—	435,947	—
Miscellaneous Income	—	—	23	23	—	23	—	371	1,831
Total Other Additions	—	—	23	23	—	435,970	—	447,969	11,821
Total Additions	282,623	225,796	3,415	511,834	1,504	485,779	202,059	4,011,585	5,007,635
Deductions									
Pension, Disability and Survivor Benefits	—	—	—	—	—	—	—	2,490,812	2,408,830
Special Death Benefits	—	—	—	—	1,000	—	—	1,919	2,001
Retiree Health Benefits	—	—	—	—	—	17,306	—	17,306	—
Retiree Health Forfeitures	—	—	—	—	—	18,969	—	18,969	—
Distributions of Contributions and Interest	224,990	193,711	1,656	420,357	—	—	—	423,885	447,103
Distributions of Custodial Funds	—	—	—	—	—	—	209,167	209,167	212,239
Administrative Expenses	7,514	3,158	7	10,679	32	573	128	43,018	41,398
Member Reassignment Expenses	—	—	—	—	—	—	—	11,651	9,990
Miscellaneous Expenses	135	62	—	197	—	17	23	237	284
Total Deductions	232,639	196,931	1,663	431,233	1,032	36,865	209,318	3,216,964	3,121,845
Net Increase / (Decrease)	49,984	28,865	1,752	80,601	472	448,914	(7,259)	794,621	1,885,790
Beginning Fiduciary Net Position Restricted	2,927,470	2,784,126	33,897	5,745,493	15,233	—	17,619	36,068,353	34,182,563
Ending Fiduciary Net Position Restricted	\$ 2,977,454	\$ 2,812,991	\$ 35,649	\$ 5,826,094	\$ 15,705	\$ 448,914	\$ 10,360	\$ 36,862,974	\$ 36,068,353

¹ The accompanying notes are an integral part of the financial statements.

² Pension Trust Fund assets are restricted solely for qualifying member benefits.

³ Other postemployment benefit trust fund.

Note 1. Descriptions of System and Funds

Reporting Entity

The Indiana Public Retirement System (INPRS) is an independent body corporate and politic, a component unit, and is not a department or agency of the state of Indiana. INPRS exercises essential government functions as established by Indiana Public Law 23-2011, and is a pension trust fund for the state of Indiana for financial statement reporting purposes.

INPRS administers 16 funds consisting of eight defined benefit and five defined contribution retirement funds, two other postemployment benefit funds, and one custodial fund. PERF DC and PERF MC DC are consolidated on the financial statements for reporting purposes and shown as PERF DC. TRF DC and TRF MC DC are consolidated on the financial statements for reporting purposes and shown as TRF DC. These fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

In accordance with Indiana Code (IC) 5-10.5, INPRS is governed by a nine-member Board of Trustees. The Board approves an annual budget for general administrative and direct investment expenses. Expenses are paid from investment earnings and if necessary, plan assets. The Board is composed of:

- One trustee with experience in economics, finance, or investments;
- One trustee with experience in executive management or benefits administration;
- One trustee who is an active or retired member of the '77 Fund;
- Two trustees who are TRF members with at least 10 years of creditable service;
- One trustee who is a PERF member with at least 10 years of creditable service;
- Director of the State Budget Agency, or designee;
- Auditor of State, or nominee;
- Treasurer of State, or nominee.

Demographic Information of Funds

DB member data shown below is based on census data as of June 30, 2019, and used in the actuarial valuations for June 30, 2020. DC member account data is as of June 30, 2020, based on information from the recordkeeper. Members of PERF DC and TRF DC are included in the PERF DB, TRF Pre-'96 DB and TRF '96 DB member count.

Number of DB Members as of June 30, 2019						
DB Fund	Number of DB Employers	Active	Annuityants	Inactive Vested	Inactive Non-Vested With Balance	Total
PERF DB	1,214	125,780	92,436	33,575	—	251,791
TRF Pre-'96 DB	336	9,338	53,415	2,272	—	65,025
TRF '96 DB	376	58,450	7,596	6,609	—	72,655
77 Fund	174	14,242	5,581	283	1,307	21,413
JRS	1	458	396	24	33	911
EG&C	1	420	248	4	133	805
PARF	1	205	169	101	142	617
LE DB	1	7	79	6	—	92

Number of DC Member Accounts as of June 30, 2020				
DC Fund	Number of DC Employers	Active	Inactive	Total
PERF DC	1,221	131,581	89,896	221,477
PERF MC DC	28	4,166	2,071	6,237
TRF DC	376	69,214	27,133	96,347
TRF MC DC	195	703	58	761
LE DC	1	150	71	221

Description of Defined Benefit Funds

Public Employees' Defined Benefit Account (PERF DB)

PERF DB is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability and survivor benefits to full-time employees of the State of Indiana not covered by another plan and those political subdivisions (counties, cities, townships and other governmental units) that elect to participate in the retirement fund. Administration of the fund is generally in accordance with IC 5-10.2, 5-10.3, 5-10.5, 35 IAC 1.2 and other Indiana pension law. PERF DB is a component of the Public Employees' Hybrid plan (PERF Hybrid).

PERF Hybrid consists of two components: PERF DB, the monthly employer-funded defined benefit component, along with the Public Employees' Hybrid Members Defined Contribution Account (PERF DC), a member-funded account. First time new employees hired by the State or a participating political subdivision who offers a choice, have a one-time election to join either the PERF Hybrid plan or PERF My Choice: Retirement Savings Plan for Public Employees (PERF MC DC). Refer to the Description of Defined Contribution Funds for discussion of both the PERF DC and PERF MC DC plans. A new hire that is an existing member of PERF Hybrid and was not given the option for the PERF MC DC plan is given the option to elect PERF MC DC or remain in PERF Hybrid.

Members who have at least one year of service in both PERF DB and the Teachers' Retirement Fund (TRF Pre-'96 DB or TRF '96 DB), have the option of choosing from which of these funds they would like to retire.

Eligibility for Pension Benefit Payment

Full Retirement Benefit

- At age 65 with at least 10 years of creditable service (eight years for certain elected officials).
- At age 60 with at least 15 years of creditable service.
- At age 55 if age and creditable service total at least 85 ("Rule of 85").
- At age 55 with 20 years of creditable service and active as an elected official in the PERF-covered position.
- At age 70 with 20 years of creditable service and still active in the PERF-covered position.

Early Retirement Benefit

Age 50 and minimum of 15 years of creditable service (44 percent of full benefit at age 50, increasing five percent per year up to 89 percent at age 59).

Disability Benefit

An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of \$180 per month).

Survivor Benefit

If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death.

If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment: Five Year Certain & Life, Joint with 100 percent Survivor Benefits, Joint with Two-Thirds Survivor Benefits, or Joint with One-Half Survivor Benefits.

Contribution Rates

Contributions are determined by the Board based on an actuarial valuation. Employers contribute 11.2 percent of covered payroll, with 0.43 percent from July 2019 to December 2019 and 0.44 percent from January 2020 to June 2020 funding a supplemental reserve account for postretirement benefits. Contributions from employers with PERF MC DC plan members, who either currently offer or have offered PERF Hybrid, fund PERF DB's unfunded liability at 8.0 percent of covered payroll for the State and 7.3 percent for political subdivisions. No member contributions are required.

Benefit Formula & Postretirement Benefit Adjustment

Lifetime Annual Benefit = Years of Creditable Service x Average Highest Five-Year Annual Salary x 1.1 percent (minimum of \$180 per month). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than \$2,000 received from the employer in severance.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12.4 and administered by the Board. For the year ended June 30, 2020, postretirement benefits of \$30.6 million were issued to members as a 13th check.

Description of Defined Benefit Funds (continued)

Teachers' Pre-1996 Defined Benefit Account (TRF Pre-'96 DB)

TRF Pre-'96 DB is a pay-as-you-go, cost-sharing, multiple-employer defined benefit fund providing retirement, disability and survivor benefits for teachers, administrators and certain INPRS personnel hired before July 1, 1996. Membership in TRF Pre-'96 DB is closed to new entrants. Administration of the fund is generally in accordance with IC 5-10.2, IC 5-10.4, 35 IAC 14 and other Indiana pension law. TRF Pre-'96 DB is a component of the Teachers' Hybrid Plan.

The Teachers' Hybrid Plan consists of two components: TRF Pre-'96 DB, the monthly employer-funded defined benefit component, along with TRF DC, a member-funded account. Refer to the Description of Defined Contribution Funds for discussion of the TRF DC plan.

Eligibility for Pension Benefit Payment

Full Retirement Benefit

- At age 65 with at least 10 years of creditable service.
- At age 60 with at least 15 years of creditable service.
- At age 55 if age and creditable service total at least 85 ("Rule of 85").
- At age 55 with 20 years of creditable service and active as an elected official in the TRF- covered position.
- At age 70 with 20 years of creditable service and still active in the TRF- covered position.

Early Retirement Benefit

Age 50 and minimum of 15 years of creditable service (44 percent of full benefit at age 50, increasing five percent per year up to 89 percent at age 59).

Disability Benefit

An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of \$185 per month). Under certain conditions, active TRF members may qualify for a classroom disability benefit of at least \$125 per month.

Survivor Benefit

If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death.

If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment: Five Year Certain & Life, Joint with 100% Survivor Benefits, Joint with Two-Thirds Survivor Benefits, or Joint with One-Half Survivor Benefits.

Contribution Rates

According to statute, the TRF Pre-'96 DB fund is funded primarily by appropriations from the state general fund and lottery proceeds. The Actuarially Determined Contribution (ADC) for TRF Pre-'96 DB was \$973.5 million. This includes a base appropriation of \$919.0 million, a special appropriation of \$22.1 million for 13th checks, \$30.0 million of lottery proceeds to fund the supplemental reserve account for postretirement benefits and \$2.4 million of employer contributions from grant monies. No member contributions are required.

Benefit Formula & Postretirement Benefit Adjustment

Lifetime Annual Benefit = Years of Creditable Service x Average Highest Five-Year Annual Salary x 1.1 percent (minimum of \$185 per month). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than \$2,000 received from the employer in severance.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12.4 and administered by the Board. For the year ended June 30, 2020, postretirement benefits of \$21.8 million were issued to members as a 13th check.

Description of Defined Benefit Funds (continued)

Teachers' 1996 Defined Benefit Account (TRF '96 DB)

TRF '96 DB is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability and survivor benefits. Membership in TRF '96 DB is required for all legally qualified and regularly employed licensed teachers who serve in the public schools of Indiana, teachers employed by the State at state institutions and certain INPRS personnel. Faculty members and professional employees at Ball State University and Vincennes University have the option of selecting membership in the Fund or an alternate university plan not administered by INPRS. Membership in TRF '96 DB is optional for teachers employed by charter schools, employees and officials of the Indiana State Board of Education who were Indiana licensed teachers before their employment with the Board, and teachers employed by special management teams as defined under IC 20-31. Administration of the fund is generally in accordance with IC 5-10.2, IC 5-10.4, 35 IAC 14 and other Indiana pension law. TRF '96 DB is a component of the Teachers' Hybrid Plan.

The Teachers' Hybrid Plan consists of two components: TRF '96 DB, the monthly employer-funded defined benefit component, along with TRF DC, a member-funded account. Refer to the Description of Defined Contribution Funds for discussion of the TRF DC plan.

Eligibility for Pension Benefit Payment

Full Retirement Benefit

- At age 65 with at least 10 years of creditable service.
- At age 60 with at least 15 years of creditable service.
- At age 55 if age and creditable service total at least 85 ("Rule of 85").
- At age 55 with 20 years of creditable service and active as an elected official in the TRF- covered position.
- At age 70 with 20 years of creditable service and still active in the TRF- covered position.

Early Retirement Benefit

Age 50 and minimum of 15 years of creditable service (44 percent of full benefit at age 50, increasing five percent per year up to 89 percent at age 59).

Disability Benefit

An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of \$185 per month). Under certain conditions, active TRF members may qualify for a classroom disability benefit of at least \$125 per month.

Survivor Benefit

If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death.

If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment: Five Year Certain & Life, Joint with 100% Survivor Benefits, Joint with Two-Thirds Survivor Benefits, or Joint with One-Half Survivor Benefits.

Contribution Rates

Contributions are determined by the Board based on an actuarial valuation. Employers contribute 5.5 percent of covered payroll, with 0.14 percent funding a supplemental reserve account for future postretirement benefit increases. No member contributions are required.

Benefit Formula & Postretirement Benefit Adjustment

Lifetime Annual Benefit = Years of Creditable Service x Average Highest Five-Year Annual Salary x 1.1 percent (minimum of \$185 per month). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than \$2,000 received from the employer in severance.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12.4 and administered by the Board. For the year ended June 30, 2020, postretirement benefits of \$2.6 million were issued to members as a 13th check.

Description of Defined Benefit Funds (continued)

1977 Police Officers' and Firefighters' Retirement Fund ('77 Fund)

The '77 Fund is a cost-sharing, multiple-employer defined benefit fund for members hired (or rehired) after April 30, 1977. The fund provides retirement, disability and survivor benefits to full-time sworn officers of a police force of an Indiana city or eligible town, along with full-time firefighters employed by an Indiana city, town, township or county. Administration of the fund is generally in accordance with IC 36-8 and other Indiana pension law.

Eligibility for Pension Benefit Payment

Full Retirement Benefit

At age 52 with 20 years of creditable service.

Early Retirement Benefit

At age 50 and 20 years of creditable service (reduce full benefit by 7 percent for each year less than age 52).

Deferred Retirement Option Plan (DROP)

In accordance with IC 36-8-8.5, members eligible to retire with an unreduced benefit may elect to earn a DROP benefit while continuing to work. Members execute an irrevocable election to retire on a DROP retirement date and remain in active service while contributing to the fund until that date. The DROP retirement date must be no less than 12 months and not more than 36 months after their DROP entry date, and cannot be after the date the member reaches mandatory retirement age. The DROP and future retirement monthly benefit are calculated as of the member's DROP entry date. At retirement, members must choose among the available options for distribution of the accumulated benefit under the DROP. As of June 30, 2020, the amount held by the fund under the DROP is \$80.2 million.

Nonvested Termination

The sum total of the member's contributions plus interest at a rate set by the Board.

Disability Benefit

An active member may qualify for a benefit with the amount based on the class of impairment and other factors, as recommended by the local pension board with final determination by the Board.

Survivor Benefit

The eligible survivor of a member who dies in the line of duty receives 100 percent of member's benefit (the minimum benefit is calculated as if the member had at least 20 years of service and age 52). Otherwise, eligible survivors of members who die other than in the line of duty receive 70 percent of the member's benefit.

While receiving a benefit, a spouse or a wholly dependent parent (for their lifetimes) or dependent (until at least age 18) receives up to 70 percent of the member's benefit. Heirs or estate may be entitled to receive \$12,000.

Contribution Rates

Contributions are determined by the Board based on an actuarial valuation. Employers contribute 17.5 percent of the salary of a first-class officer or firefighter. Members are required to contribute six percent of the salary of a first-class officer or firefighter for the term of the member's employment up to 32 years. Employers may pay all or part of the member contribution for the member.

Benefit Formula & Postretirement Benefit Adjustment

Annual Benefit = 52 percent of first-class officer salary for 20 years of service. The percentage is increased by one percent for each six months of active service accumulated after 20 years of service to a maximum of 32 years, or 76 percent.

Postretirement benefit increases is a percentage determined by statute equal to the change in the Consumer Price Index but not in excess of a three percent increase. For the year ended June 30, 2020, an adjustment of 1.6 percent occurred and was administered by the Board.

Description of Defined Benefit Funds (continued)

Judges' Retirement System (JRS)

JRS is a single-employer (State of Indiana) defined benefit fund providing retirement, disability and survivor benefits to members. Membership consists of individuals who served, are serving, or shall serve as a regular judge, magistrate, or justice of the (1) Supreme Court of the state of Indiana, (2) Court of Appeals, (3) Indiana Tax Court, (4) Circuit Court of a Judicial Circuit, or (5) county courts including: Superior, Criminal, Probate, Juvenile, Municipal and County. Administration of the fund is generally in accordance with IC 33-38 and other Indiana pension law.

Eligibility for Pension Benefit Payment

Full Retirement Benefit

- At age 65 with at least eight years of creditable service.
- At age 55 if age and creditable service total at least 85 ("Rule of 85").

Early Retirement Benefit

At age 62 and at least eight years of creditable service (full benefit reduced by 0.1 percent for each month less than age 65).

Nonvested Termination

The sum total of the member's contributions plus interest at a rate set by the Board.

Disability Benefit

A qualified member with 22+ years of creditable service receives an unreduced benefit. Members with less than 22 years of creditable service receive the full benefit reduced by one percent for each year under 22 years of creditable service (benefit to be no lower than 50 percent).

Survivor Benefit

While in active service with 8+ years of service, or while receiving a benefit, a spouse or dependent child(ren) (for their lifetime) receive the greater of \$12,000 annually or 50 percent of benefit entitled at the date of death.

Contribution Rates

Employer contributions are determined by the Board based on an actuarial valuation and are received from the state general fund and certain court and docket fees. Employer contributions totaled \$18.2 million, with appropriations of \$11.0 million and \$7.2 million in docket and court fees. The Actuarially Determined Contribution (ADC) was \$19.4 million.

Members are required to contribute six percent of the member's salary for a maximum period of 22 years of creditable service. Employers may pay all or part of the member contribution for the member.

Benefit Formula & Postretirement Benefit Adjustment

Annual Benefit = Individual Salary, or Salary of Office at Retirement x Percentage for Years of Service: 24 percent at eight years of service; increased by three percent per year for years nine through 11; 50 percent at year 12; increased by one percent per year for years 13 through 22 with a maximum of 60 percent.

Postretirement benefit increases for JRS members (not survivors or disabled members) are equal to the change in the salary of the office at retirement. For the year ended June 30, 2020, a postretirement benefit adjustment of 2.7 percent occurred and was administered by the Board.

Description of Defined Benefit Funds (continued)

Excise, Gaming and Conservation Officers' Retirement Fund (EG&C)

EG&C is a single-employer (State of Indiana) defined benefit fund providing retirement, disability and survivor benefits to certain employees of the: (1) the Indiana Department of Natural Resources, (2) Indiana Alcohol and Tobacco Commission and (3) any Indiana State excise police officer, Indiana State conservation enforcement officer, gaming agent, or any gaming control officer who is engaged exclusively in the performance of law enforcement duties. Administration of the fund is generally in accordance with IC 5-10-5.5 and other Indiana pension law.

Eligibility for Pension Benefit Payment

Full Retirement Benefit

- At age 65 if members were employed by age 50 with 15 years of creditable service. Retirement is mandatory.
- At age 65 if employed after age 50 with 10 years of service. Mandatory retirement occurs on the first day of the month after age 65 or 15 years of creditable service.
- At age 55 if age and creditable service total at least 85 ("Rule of 85").
- At age 50 with 25 years of service.

Early Retirement Benefit

At age 45 and 15 years of creditable service (reduce full benefit by 0.25 percent for each month less than age 60).

Deferred Retirement Option Plan (DROP)

In accordance with IC 5-10-5.5-22, members eligible to retire with an unreduced benefit may elect to earn a DROP benefit while continuing to work. Members execute an irrevocable election to retire on a DROP retirement date and remain in active service while contributing to the fund until that date. The DROP retirement date must be no less than 12 months and not more than 36 months after their DROP entry date, and cannot be after the member reaches mandatory retirement age. The DROP and future retirement monthly benefit are calculated as of the members' DROP entry date. At retirement, members must choose among the available options for distribution of the accumulated benefit under the DROP. As of June 30, 2020, the amount held by the fund under the DROP is \$0.6 million.

Nonvested Termination

The sum total of the member's contributions plus interest at a rate set by the Board.

Disability Benefit

If disability occurs in the line of duty, the benefit is the member's salary times the degree of impairment without a reduction for early commencement. If not in the line of duty, the member's salary used to calculate the benefit is reduced 50 percent. A minimum benefit may apply.

Survivor Benefit

The eligible survivor of an active member who dies in the line of duty receives 100 percent of the member's benefit. Survivors of active members who die not in the line of duty or inactive members with more than 15 years of service who die receive 50 percent of the member's benefit. The minimum benefit is calculated as if the member had at least 25 years of service and age 50. For inactive members with less than 15 years of creditable service, the benefit consists of contributions plus interest.

While receiving a benefit, a spouse or parent (for their lifetime), or dependent(s) (until age 18) receives 50 percent of the member's benefit. If the spouse is more than five years younger than the member, the benefit is actuarially adjusted.

Contribution Rates

Contributions are determined by the Board based on an actuarial valuation. Employers contribute 20.75 percent, with 0.73 percent from July 2019 to December 2019 and 0.61 percent from January 2020 to June 2020 funding a supplemental reserve account for postretirement benefits administered by the Board. Members are required to contribute four percent of annual salary. Employers may pay all or part of the member contribution for the member.

Benefit Formula & Postretirement Benefit Adjustment

Annual Benefit = 25 percent x Average Annual Salary. Average annual salary = average annual salary of the five highest years in the 10 years immediately preceding an officer's retirement date. Percentage is increased by 1.66 percent for each completed year of creditable service after 10 years. Total percentage may not exceed 75 percent.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12.4 and administered by the Board. For the year ended June 30, 2020, postretirement benefits of \$96 thousand were issued to members as a 13th check.

Description of Defined Benefit Funds (continued)

Prosecuting Attorneys' Retirement Fund (PARF)

PARF is a single-employer (State of Indiana) defined benefit fund that provides retirement, disability and survivor benefits to prosecuting attorneys. Members serve as a: (1) prosecuting attorney or chief deputy prosecuting attorney, (2) deputy prosecuting attorney, (3) executive director, or (4) assistant executive director of the Indiana Prosecuting Attorneys Council. Administration of the fund is generally in accordance with IC 33-39-7 and other Indiana pension law.

PARF members are also members of the PERF Hybrid Plan. According to statute, benefits payable from PARF are reduced by any benefits payable from the PERF DB Fund.

Eligibility for Pension Benefit Payment

Full Retirement Benefit

- At age 65 with at least eight years of creditable service.
- At age 55 if age and creditable service total at least 85 ("Rule of 85").

Early Retirement Benefit

At age 62 and eight years of creditable service (reduce full benefit by 0.25 percent for each month less than age 65).

Nonvested Termination

The sum total of the member's contributions plus interest at a rate set by the Board.

Disability Benefit

A qualified member with 22+ years of creditable service receives full benefit. Less than 22 years of creditable service receives the full benefit reduced by one percent for each year under 22. Benefit to be no lower than 50 percent.

Survivor Benefit

While in active service, a spouse or dependent child(ren) receives the greater of \$12,000 annually or 50 percent of benefit for the later of age 62 or age the day before death.

While receiving a benefit, a spouse (for their lifetime), or dependent child(ren) (until age 18 unless disabled) receives the greater of \$12,000 annually or 50 percent of the member's benefit.

Contribution Rates

Employer contributions are determined by the Board based on an actuarial valuation and appropriations are received from the state's General Fund and totaled \$4.2 million. The Actuarially Determined Contribution (ADC) was \$4.6 million.

Members are required to contribute six percent of the state-paid portion of salary for a maximum period of 22 years of creditable service. In addition, members are required to contribute three percent as participants of the PERF DC plan. Employers may pay all or part of the member contributions for the member.

Benefit Formula & Postretirement Benefit Adjustment

Annual Benefit = Highest 12 consecutive months of salary (state-paid portion only) before separation from service x Percentage for Years of Service: 24 percent at eight years of service; increased by three percent per year for years nine through 11; 50 percent at year 12; increased by one percent per year for years 13 through 22 with a maximum of 60 percent, and reduced for any PERF DB benefit.

No postretirement benefit adjustment is provided.

Description of Defined Benefit Funds (continued)

Legislators' Defined Benefit Fund (LE DB)

LE DB is a single-employer (State of Indiana) defined benefit fund providing retirement, disability and survivor benefits to members of the General Assembly who were serving on April 30, 1989, and filed an election under IC 2-3.5-3-1(b). The fund is closed to new entrants. Administration of the fund is generally in accordance with IC 2-3.5 and other Indiana pension law.

Eligibility for Pension Benefit Payment

Full Retirement Benefit

- At age 65 with at least 10 years of creditable service.
- At age 60 with at least 15 years of creditable service.
- At age 55 if age and creditable service total at least 85 ("Rule of 85").

Early Retirement Benefit

At age 55 and 10 years of creditable service (reduce full benefit by 0.1 percent per month between ages 60 and 65, and by 5/12 percent per month between ages 55 and 60). Early retirement benefits are applicable when the member is no longer serving in the General Assembly and is not receiving, nor entitled to receive, compensation from the state for work in any capacity.

Disability Benefit

Any active member that qualifies for social security disability with at least five years of creditable service may receive an unreduced benefit for the duration of their disability.

Survivor Benefit

While in active service, a spouse or dependent child(ren) receives 50 percent of the benefit for the later of age 55 or age the day before the member's death.

While receiving a benefit, a spouse (for their lifetime), or dependent(s) (until age 18 unless disabled) receives 50 percent of the member's benefit.

Contribution Rates

Employer contributions are actuarially determined and derive from the state's General Fund, a portion of which will be allocated to fund a supplemental reserve account for postretirement benefits administered by the Board. Appropriations were \$0.2 million. The Actuarially Determined Contribution (ADC) was \$0.2 million.

Benefit Formula & Postretirement Benefit Adjustment

Annual Benefit = The lesser of \$40 x 12 months x years of service before November 8, 1989, or the highest consecutive three year average annual salary.

Postretirement adjustments are granted by the Indiana General Assembly on an ad hoc basis pursuant to IC 5-10.2-12.4 and administered by the Board. No postretirement adjustment occurred in the year ended June 30, 2020.

Description of Defined Contribution Funds

Public Employees' Defined Contribution Account (PERF DC)

PERF DC is a multiple-employer defined contribution fund providing retirement benefits to full-time employees of the State of Indiana not covered by another plan and those political subdivisions (counties, cities, townships and other governmental units) that elected to participate in the retirement fund. Administration of the account is generally in accordance with IC 5-10.2, IC 5-10.3, 35 IAC 1.2 and other Indiana pension law.

PERF DC fund provides supplemental defined contribution benefits under the PERF Hybrid plan. Refer to the Description of Defined Benefit Funds for discussion of the PERF Hybrid plan.

First time new employees hired by the State of Indiana or a political subdivision that offers a choice have a one-time election to join either PERF Hybrid or PERF My Choice. A state rehire that is an existing member of PERF Hybrid plan and was not given the option for PERF My Choice is given the option to elect PERF My Choice or remain in PERF Hybrid.

Contribution Rates

Member contributions under PERF DC are set by statute and the Board at three percent of covered payroll. The employer may choose to make these contributions on behalf of the member. Under certain limitations, voluntary post-tax member contributions up to 10 percent of their compensation can be made solely by the member.

Retirement & Termination Benefit

Members are entitled to the sum total of vested contributions plus earnings 30 days after separation from employment (retirement, termination, disability or death). The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan or a monthly annuity (in accordance with INPRS requirements). PERF DC members are 100 percent vested in their account balance.

Disability Benefit

Upon providing proof of the member's qualification for social security disability benefits, the member is entitled to the sum total of contributions plus earnings. The amount can be paid in a full or partial withdrawal as a lump sum, direct rollover to another eligible retirement plan or a monthly annuity (in accordance with INPRS requirements).

Survivor Benefit

Beneficiary is entitled to the sum total of contributions plus earnings. The amount can be paid in a lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements). The amount a beneficiary is entitled to if a member dies after having selected an annuity or having withdrawn from the account depends upon the annuity option selected by the member and the amount of benefits the member received.

Description of Defined Contribution Funds (continued)

My Choice: Retirement Savings Plan for Public Employees (PERF MC DC)

PERF MC DC is a multiple-employer defined contribution fund providing retirement benefits to full-time employees of the State of Indiana not covered by another plan and those political subdivisions (counties, cities, townships and other governmental units) that elected to participate in the retirement fund. PERF MC DC is a primary defined contribution benefit plan for members making this election. Administration of the account is generally in accordance with other Indiana pension law.

First time new employees hired by the State of Indiana or a political subdivision who offer a choice, have a one-time election to join either PERF Hybrid or PERF My Choice. A state hire that is an existing member of PERF Hybrid plan and was not given the option for PERF My Choice is given the option to elect PERF My Choice or remain in PERF Hybrid.

Contribution Rates

The PERF MC DC plan may be funded with an employer variable rate contribution. The variable rate contribution is three percent for state employees and up to 3.9 percent for political subdivision members. Political subdivisions may match 50 percent of a member's voluntary contributions.

Member contributions under the PERF MC DC are set by statute and the Board at three percent of covered payroll. The employer may choose to make these contributions on behalf of the member. Under certain limitations, voluntary member contributions up to 10 percent can be made solely by the member.

Retirement & Termination Benefit

Members are entitled to the sum total of vested contributions plus earnings 30 days after separation from employment (retirement, termination, disability, or death). The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements). PERF MC DC members are 100 percent vested in their member contributions. PERF MC DC members vest in employer contributions in increments of 20% for each full year of service until 100% is reached at 5 years.

Disability Benefit

Upon providing proof of the member's qualification for social security disability benefits, the member is entitled to the sum total of vested contributions plus earnings. The amount can be paid in a lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements).

Survivor Benefit

Beneficiary is entitled to the sum total of vested contributions plus earnings. The amount can be paid in a lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements).

Description of Defined Contribution Funds (continued)

Teachers' Defined Contribution Account (TRF DC)

TRF DC is a multiple-employer defined contribution fund providing supplemental retirement benefits to TRF Pre-'96 DB and TRF '96 DB members. Administration of the fund is generally in accordance with IC 5-10.2, IC 5-10.4, 35 IAC 14 and other Indiana pension law. TRF DC is the defined contribution component of the Teachers' Hybrid Plan. Refer to the Description of Defined Benefit Funds for discussion of both Teachers' Defined Benefit plans.

Contribution Rates

Contributions are determined by statute and the Board at three percent of covered payroll. The employer may choose to make these contributions on behalf of the member. Under certain limitations, voluntary contributions up to 10 percent can be made solely by the member.

Retirement & Termination Benefit

Members are 100 percent vested in their account balance plus earnings and may take a distribution 30 days after separation from employment (retirement, termination, disability, or death). The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements).

Disability Benefit

Upon providing proof of the member's qualification for social security disability benefits, the member is entitled to the sum total of vested contributions plus earnings. The amount can be paid in a lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements).

Survivor Benefit

Beneficiary is entitled to the sum total of vested contributions plus earnings. The amount can be paid in a lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements). The amount a beneficiary is entitled to if a member dies after having selected an annuity or having withdrawn from the account depends upon the annuity option selected by the member and the amount of benefits the member received.

My Choice: Retirement Savings Plan for Teachers (TRF MC DC)

TRF MC DC is a multiple-employer defined contribution fund providing retirement benefits to eligible school corporation employees. New employees hired by a school corporation after June 30, 2019 have a one-time election to join either TRF Hybrid or TRF My Choice.

Contribution Rates

TRF MC DC plan is funded with employer contributions and member contributions. The employer contributions must equal the contribution rate for TRF Hybrid DB. The amount deposited into the employer contribution subaccount for the member is the normal cost of participation. The variable rate contribution can be no less than three percent. For fiscal year 2020 the rate was 5.3 percent.

Member contributions are determined by statute and the Board at three percent of covered payroll. The employer must make these contributions on behalf of the member. Under certain limitations, voluntary contributions up to 10 percent can be made solely by the member.

Retirement & Termination Benefit

Members are entitled to the sum total of vested contributions plus earnings 30 days after separation from employment (retirement, termination, disability or death). The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan or a monthly annuity (in accordance with INPRS requirements). TRF MC DC members are 100 percent vested in their member contributions. TRF MC DC members vest in employer contributions in increments of 20% for each full year of service until 100% is reached at 5 years. The variable employer rate contribution amount that is not vested remains in the account until the member either vests or forfeits the balance. The balance is forfeited by death, member withdrawal or a required minimum distribution occurs.

Disability Benefit

Upon providing proof of the member's qualification for social security disability benefits, the member is entitled to the sum total of vested contributions plus earnings. The amount can be paid in a lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements).

Survivor Benefit

Beneficiary is entitled to the sum total of vested contributions plus earnings. The amount can be paid in a lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements).

Description of Defined Contribution Funds (continued)

Legislators' Defined Contribution Fund (LE DC)

LE DC is a single-employer (State of Indiana) defined contribution fund that provides retirement benefits to members of the General Assembly. Administration of the fund is generally in accordance with IC 2-3.5 and other Indiana pension law. Effective January 1, 2019, members of the fund can no longer invest in the Consolidated Defined Benefit Assets.

Contribution Rates

Contributions are determined by and the Board and confirmed by the State Budget Agency. The employer contribution rate is 14.2 percent of covered payroll. This rate may not exceed the sum contribution rates for State of Indiana employer and member PERF Hybrid plans. The member contribution is five percent of member's salary. The employer may choose to make contributions on behalf of the member.

Retirement & Termination Benefit

Members are entitled to the sum total of vested contributions plus earnings. The amount may be paid in a lump sum, partial lump sum, direct rollover to another eligible retirement plan, monthly annuity, or installment options (in accordance with INPRS requirements).

Survivor Benefit

Beneficiary is entitled to the sum total of contributions plus earnings. The amount can be paid in a lump sum, direct rollover to another eligible retirement plan, or a monthly annuity (in accordance with INPRS requirements).

Description of Other Postemployment Benefit Fund

Special Death Benefit Fund (SDBF)

SDBF is an other postemployment defined benefit fund and is generally administered in accordance with IC 5-10-10, IC 5-10-11, IC 35-33-8 and IC 36-8-8. The fund is a multiple-employer, cost-sharing plan with approximately 44,000 members. Funds are restricted for the purpose of providing surviving spouses, children, or parents a benefit of \$100,000 for state employees and \$150,000 for public safety officers or other eligible officers who die in the line of duty.

Funding is derived from bail bond fees, payments under IC 5-10-10-4.5 and investment income earned. The measurement of potential liability and the related disclosures required for other postemployment benefit plans have been excluded, as they would not be material to the INPRS system.

Retirement Medical Benefits Account Plan (RMBA)

RMBA is a single employer other postemployment benefit (OPEB) defined contribution plan and is generally administered in accordance with IC 5-10-8.5. RMBA allows for certain medical care expense premiums to be reimbursed from individual accounts established for retired participants under IC 5-10-8.5-9. RMBA became effective for participants who retired on or after July 1, 2007. The plan was administered by the State of Indiana until June 30, 2019. Effective July 1, 2019, the administration of the plan was transferred to INPRS.

Retired participants include:

- a. A participant who has applied to receive a normal, unreduced or disability retirement benefit.
- b. A participant who has completed at least ten years of service as an elected or appointed officer on their last day of service.

Individual account balances are comprised of annual contributions and earnings on investments after deduction of costs to manage the plan. Annual contributions range between \$500 and \$1,400, based on the participant's age while in service. IC 5-10-8.5-16 provides a one-time credit for an additional contribution to a participant's account, if, by June 30, 2017, the participant was eligible for an unreduced pension benefit and had completed at least 15 years of service or had completed 10 years of service as an elected or appointed officer. The one-time additional contribution is credited to a participant's account no later than 60 days after the participant's last day of service. Participants lose their right to one-time additional contributions if there is a break in service after July 1, 2007 and before June 30, 2017 for more than 30 days.

Contributions for self-funded agencies and employees not funded by the state budget is recovered by an annual charge per employee determined each year. The annual charge for FY 2020 was \$1,076, which is due by June 30. The remaining funding is through appropriation of cigarette taxes (IC 6-7-1-28.1(7)) received throughout the year.

Upon application, the Plan administrator reimburses premiums for medical, dental, vision and long term care for retired participants and their spouses and dependents. The reimbursements are deducted from the participant's individual account balance. When the participant's individual account balance is exhausted, any deductions from the participant's individual account end. If a retired participant dies without a surviving spouse or dependents, unused amounts credited to the retired participant's account is forfeited. Any forfeiture amount is used to reduce the contributions required from the employer.

The amount of reimbursed retiree medical expenses during the fiscal year ending June 30, 2020 was \$17.3 million. As of June 30, 2020, the employer owes contributions of \$57.2 million to the plan to fulfill its obligation towards additional contributions per IC 5-10-8.5-16. Forfeitures of retiree medical benefits for the fiscal year ending June 30, 2020 totaled \$19.0 million.

As of June 30, 2020 participation in the plan was as follows:

Active	29,086
Retired or beneficiaries	7,473
Total	36,559

Description of Custodial Fund

Local Public Safety Pension Relief Fund (LPSPR)

LPSPR is a custodial fund and is generally administered in accordance with IC 5-10.3 and IC 36-8. Funds are restricted for the purpose of providing financial relief to pension funds maintained by units of local government for their police officers' and firefighters' retirement plan benefits.

Funding is derived from contributions from the state of Indiana from a portion of cigarette and alcohol taxes, a portion of the state's lottery proceeds, investment income earned and appropriations from the General Assembly.

Distributions are made from LPSPR to units of local government in two equal installments before July 1 and before October 2 of each year. The distribution is determined by an estimate of the total amount of pension, disability, and survivor benefits paid by the local government units from the 1925 Police Pension Fund, the 1937 Firefighters' Pension Fund and the 1953 Police Pension Fund (before the establishment of the '77 Fund). The estimate is prepared by the actuary on a city-by-city basis and a departmental basis.

Local government units may deposit funds with INPRS and funds are maintained in separate accounts for each local governmental unit that made an election in 2001. As of June 30, 2020, the amount deposited with INPRS is \$1.5 million. These amounts are invested and are available for withdrawal at their request.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements for the eight defined benefit funds (DB Funds), five defined contribution funds (DC Funds), two (OPEB Funds) and one custodial fund are prepared using the economic resources measurement focus. In the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position, PERF DC and PERF My Choice: Retirement Savings Plan for Public Employees are combined into PERF DC for the purposes of presentation. In the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position, TRF DC and TRF My Choice: Retirement Savings Plan for Teachers are combined into TRF DC for the purposes of presentation. INPRS's financial statements are not intended to present the financial position or results of operations for the state of Indiana or any other retirement and benefit plans administered by the state.

Basis of Accounting

Accrual Basis

INPRS maintains records and prepares financial statements using the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) as applied to governmental units.

Provision for Taxes

All defined benefit funds administered by INPRS are qualified under section 401(a) of the internal revenue code and are exempt from federal income taxes. Therefore, no provision for income taxes has been included in the financial statements.

Use of Estimates

In preparing the financial statements in conformity with GAAP, INPRS management makes estimates and assumptions that affect the reported amount of assets and liabilities, disclosures of contingent assets and liabilities, as well as the reported amounts of revenue and expenses at the date of the financial statements. Actual results could differ from those estimates and assumptions.

Contributions

Employer and member contributions are recognized when due, according to statutory requirements, in accordance with the terms of each plan. Nonemployer contributions are recognized when funds are received from the state of Indiana. Service purchase revenues are recognized in full when employers elect to participate in a fund or enlarge participation. As of June 30, 2020, \$1.1 million is outstanding for employer service purchase contracts. The payment terms of the contracts vary between five and 40 years.

Net Investment Income

Net appreciation (depreciation) is determined by calculating the change in the fair value of investments between the beginning of the year and the end of the year, less purchases of investments at cost, plus sales of investments at fair value. Other investment income is recognized when earned. Dividend income is recognized on the ex-dividend date. Investment expenses consist of external expenses directly related to INPRS's investment operations, as well as the internal administrative expenses associated with INPRS's investment program.

Other Additions

Member reassignments are recorded when a member is retiring with service credit in multiple funds. Applicable member and employer balances are transferred between funds as allowed by the statute. The transfer allows all benefits to be paid from the fund designated by the member.

Special Item

Transfer from SOI represents the transfer of the Retirement Medical Benefits Account Plan assets and administration from the state of Indiana Budget Agency to INPRS effective July 1, 2019. The transfer of operations is considered a special item for financial reporting purposes under GASB Statement No. 69 and resulted in net position of \$435.9 million being transferred to INPRS. Items transferred included investments of \$360 million and a receivable of \$75.9 million.

Deductions & Expenses

Benefit payments, including refunds and distributions of employee contributions, are recognized when due and payable in accordance with the benefit terms. Internal administrative expenses are recognized when due and payable. Retiree health benefits reimbursements are issued to qualified retirees to cover qualifying health insurance and medical cost. INPRS also acts as a custodian to receive and distribute funds on a biannual basis to specific pension plans of local government entities.

Notes to the Financial Statements, continued

Year-end expense accruals include compensated absences which are calculated for earned but unused vacation, compensatory and personal time of full-time INPRS employees.

Net Investment Assets

Investments are recorded on a trade-date basis and reported at fair value. Fair value is defined as the amount that can reasonably be expected to be received for an investment in a current sale between a willing buyer and a willing seller. Certain INPRS investment assets, in particular, Global Real Assets, Global Private Equity, and Opportunistic Investments, use estimates in reporting fair value in the financial statements. These estimates are subject to uncertainty in the near term, which could result in changes in the values reported for those assets in the Statement of Fiduciary Net Position. See Note 3 for detailed information on the investment policy, valuation and methods used to measure the fair value of investments.

Pool Accounting

All DB assets are pooled for the purpose of investments. Each DB fund holds units of the total investment pool. Units of participation are bought and sold as each plan contributes and withdraws cash or assets from the investment pool. The investment pool earnings are allocated to each fund with a change in the unit of participation price. The price is determined by dividing the net asset value of the investment pool by the total number of Master Trust Units held by funds. The price of one unit of the DB pool on June 30, 2020 was \$35.0596. The unit holdings of DB funds are shown below:

DB Fund Name	Units
PERF DB	378,006,192
TRF Pre-'96 DB	107,042,886
TRF '96 DB	180,669,271
77 Fund	186,627,332
JRS	15,698,815
EG&C	4,175,252
PARF	1,935,326
LE DB	83,422
Total	874,238,496

All DC assets are pooled for the purpose of investments. The DC pool consists of the asset class options offered to the DC members. Each DC fund holds units of each asset class option.

Notes to the Financial Statements, continued

Capital Assets

The cost of Building and Related Improvements, Equipment, and Software in excess of \$50 thousand is capitalized when the asset is put to use. Improvements that increase the useful life of the property are capitalized. Capital Assets are depreciated using the straight-line method. Land is not subject to depreciation. Depreciation expense of \$311 thousand is included in Administrative Expenses. A summary of Capital Assets is shown below:

(dollars in thousands)

Capital Assets (Useful Life)	June 30, 2019	Additions	Disposals	June 30, 2020
Software (5 years)	\$ 15,989	—	—	15,989
Building and Related Improvements (20 years)	4,414	—	—	4,414
Land	856	—	—	856
Total Capital Assets	21,259	—	—	21,259
Less: Accumulated Depreciation/Amortization				
Software	15,816	71	—	15,887
Building and Related Improvements	532	240	—	772
Total Accumulated Depreciation/Amortization	16,348	311	—	16,659
Total Net Capital Assets	\$ 4,911			\$ 4,600

Reserves

The reserves required by Indiana Code are shown below for June 30, 2020:

- Member Reserves - The sum of member contributions and the investment earnings for the four DB funds listed below are set aside in a separate member's account. A member may withdraw the amounts before being vested.
- Supplemental Reserve Accounts - Amount set aside to pay future postretirement benefits.

(dollars in thousands)

Defined Benefit Pension Trust Fund	Member Reserves	Defined Benefit Pension Trust Fund	Supplemental Reserve Account
77 Fund	\$ 895,203	PERF DB	\$ 34,606
JRS	41,523	TRF Pre-'96 DB	63,019
EG&C	12,927	TRF '96 DB	7,357
PARF	27,768	EG&C	348
		LE DB	—

RMBA Accounting

RMBA contributions are recognized when participant accounts are credited which will not be later than June 30th of each year. As of June 30, 2020, \$71.2 million is due as a contribution receivable. Retiree health benefits are recorded when participant claims are submitted for reimbursement. Forfeitures are shown as deductions when the retiree and any covered dependents are deceased. Investment earnings less administrative expenses are credited to the participant accounts annually.

Due To/Due From

Interfund transfers are recorded in the applicable account. A surcharge of 6.75% (Long-Term Assumed Investment Rate of Return) is collected by the respective fund if the balance is not repaid within a year.

Notes to the Financial Statements, continued

Due to Other Governments

Represents funds payable to local police and fire departments that are maintained in separate accounts. Interest is payable monthly to the local units based on current money market rates. Local government units may make deposits or withdraw all or part of the balance to pay contributions or pension benefits.

Accounting Pronouncements Effective for the Year

Management has determined that GASB Statement No. 83 (Certain Asset Retirement Obligation) does not apply to the financial statements as presented. Management has implemented GASB No. 90 (Majority Equity) in the financial statements as presented.

GASB Statement No. 95 (Postponement of the Effective Date of Certain Authoritative Guidance) was issued in May of 2020 and is effective immediately.

Note 3. Investment Policy, Valuation and Performance

Investment Oversight and Policy

Oversight of INPRS assets is the fiduciary responsibility of the Board. As stated in IC 5-10.3-5-3(a) and IC 5-10.4-3-10(a) "The Board shall invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims." Accordingly, the Board must sufficiently diversify the portfolio to minimize the risk of large losses unless, under the circumstances, it is clearly prudent not to do so. Primary risk measures are volatility in the plan's assets, funded status and contribution rates.

Indiana law permits the Board to establish investment guidelines and limits on all types of investments and take other actions necessary to fulfill its duty as a fiduciary for all assets under its control. On June 30, 2020, cash and investments were held by banks or trust companies under custodial agreements with INPRS. The Investment Policy Statement, adopted by the Board, includes target asset allocation and allowable ranges that are expected to meet rates of return over a period while minimizing risk.

Defined Benefit Assets

The following DB global asset classes, target allocations and target ranges were approved by the Board on October 23, 2015 based on a formal asset-liability study and shall remain in place until revised by the Board. An asset-liability study is conducted every five years. Further information regarding the Investment Policy Statement can be found in the Investment Section.

Global Asset Classes	Target Allocation	Target Range
Public Equity	22.0 %	19.5 to 24.5 %
Private Markets	14.0	10.0 to 18.0
Fixed Income - Ex Inflation-Linked	20.0	17.0 to 23.0
Fixed Income - Inflation-Linked	7.0	4.0 to 10.0
Commodities	8.0	6.0 to 10.0
Real Estate	7.0	3.5 to 10.5
Absolute Return	10.0	6.0 to 14.0
Risk Parity	12.0	7.0 to 17.0

Defined Contribution Assets

The DC plans are structured to provide members with a choice of diverse investment options that offer a range of risk and return characteristics appropriate for members. Members can self-direct their investment options or leave their contributions invested in a default target date retirement fund. The offered investment options undergo periodic reviews by the Board. Detailed information of the funds is provided in the Investment Section.

Other Funds Assets

The Special Death Benefit Fund (SDBF) and the Retirement Medical Benefits Account Plan (RMBA) are 100 percent invested in intermediate fixed income investments in a commingled fund. The Local Public Safety Pension Relief Fund (LPSPR) is invested 100 percent in high-quality, short-term money market instruments.

Methods Used to Value Investments

Public Equity investments are comprised of domestic and international stocks as well as commingled equity instruments. Equity securities traded on a national or international exchange are valued at the official closing price or last reported sales price of the instrument. International equities are then adjusted to reflect the exchange rate as of June 30, 2020 of the underlying currency. Commingled equities are not traded on a national security exchange and are valued at the net asset value of the units held at June 30, 2020, based on the fair value of the underlying securities.

Private Market investments are valued using current estimates of fair value obtained from the general partner or investment manager. Holdings are generally valued by a general partner or investment manager on a quarterly or semi-annual basis. Investments in private markets are generally considered illiquid long-term investments. Due to the inherent uncertainty that exists in the valuation of alternative investments, the realized value upon sale of an asset may differ significantly from the fair value.

Fixed Income securities are comprised of U.S. Government, U.S. government-sponsored agencies, publicly traded debt and commingled debt instruments. Securities traded on national and international exchanges are valued based on published market prices and quotations.

Notes to the Financial Statements, continued

Securities that are not traded on a national security exchange are valued using a matrix pricing approach. Commingled securities are valued at the net asset value of the units held as of June 30, 2020 based on the fair value of the securities.

Commodities including derivative instruments are reported at fair value and involve, to varying degrees, elements of market risk to the extent of future market movements in excess of amounts recognized in the Financial Statements. Derivative instruments are considered investments and not hedges for accounting purposes. The fair value of all derivative financial instruments is reported in the Statement of Fiduciary Net Position. The change in the fair value is recorded in the Statement of Changes in Fiduciary Net Position as Net Investment Income (Loss). Gains and losses arising from this activity are recognized in the Statement of Changes in Fiduciary Net Position as incurred.

Real Estate, Absolute Return and Risk Parity investments are valued by the manager or independent appraiser based on reported net asset values, cash flow analysis, purchases and sales of similar investments, new financings, economic conditions, other practices used within the industry, or other information provided by the underlying investment advisors. Due to the inherent uncertainty in privately held securities, the fair value may differ from the values that would have been used if a ready market for such securities existed, and the differences can be material.

INPRS relies on third party resources to verify the methodology and calculation used for investment valuation and performance metric reported by the custodian.

Fair Value Measurement

GASB Statement No. 72, requires investments measured at fair value to be categorized under a fair value hierarchy. The categorization of INPRS's investments within the hierarchy is based on the valuation transparency of the instrument and should not be perceived as the risk of the particular investment. The three-tier hierarchy is summarized as follows:

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 - Quoted prices in active markets; quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable.

Level 3 - Valuations reflect practices where significant inputs are unobservable.

The table on the next page presents the fair value hierarchy of the INPRS investment portfolio as of June 30, 2020.

U.S. Treasury Obligations generally include investments in money market securities that are reported at either fair value or at cost plus accrued interest, which approximates market or fair value.

U.S. Government, U.S. corporate obligations, Equity and Derivative securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt and Derivative securities classified in Level 2 are valued using either a bid evaluation or a matrix based pricing technique. Bid evaluations are typically based on market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Index linked debt securities are valued by multiplying the external market price by the applicable day's index ratio. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market. Equity and equity derivatives classified in Level 2 are securities whose values are derived daily from associated traded securities.

Investments classified as Level 3 are valued using best available sources such as property appraisals, discounted cash flow models and public market comparisons of similar assets where applicable. The values are supplied by advisors or general partners who hold those or similar assets in investment vehicles they oversee. These pricing sources may or may not be indicative of realizable exit values attainable for the assets.

The remaining investments not categorized under the fair value hierarchy are measured at the Net Asset Value (NAV). The NAV for these investments is provided by the investee and may be sold at an amount different than NAV. To manage risk relating to Absolute Return investments, assets are placed in limited liability vehicles to protect INPRS from losing more than its invested capital.

The table below summarizes INPRS's investment assets and liabilities measured at fair value as of June 30, 2020, presented in the fair value hierarchy. Also shown are investments at amortized cost, and NAV to allow reconciliation to the Total Pooled Investments in the Statement of Fiduciary Net Position.

Notes to the Financial Statements, continued

		Fair Value Measurements Using			
(dollars in thousands)		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investment Type	June 30, 2020				
Investments by Fair Value Level					
Short-Term Investments					
BNY - Mellon Cash Reserves	20,255	\$ —	\$ 20,255	\$ —	
U.S. Treasury Obligations	196,088	196,088	—	—	
Total Short-Term Investments	216,343	196,088	20,255	—	
Fixed Income Investments					
U.S. Governments	4,481,443	4,481,160	283	—	
Non - U.S. Governments	3,439,282	664	3,426,947	11,671	
U.S. Agencies	398,559	—	398,559	—	
Corporate Bonds	1,051,686	6,682	809,607	235,397	
Asset - Backed Securities	224,668	—	224,668	—	
Total Fixed Income Investments	9,595,638	4,488,506	4,860,064	247,068	
Equity Investments					
Domestic Equities	4,624,660	4,619,692	4,968	—	
International Equities	3,139,479	3,138,329	1,150	—	
Total Equity Investments	7,764,139	7,758,021	6,118	—	
Total Investments by Fair Value Level	\$ 17,576,120	\$ 12,442,615	\$ 4,886,437	\$ 247,068	
Investments Measured at the Net Asset Value (NAV)					
Commingled Short-Term Funds	35,276				
Commingled Fixed Income Funds	1,761,639				
Commingled Equity Funds	1,921,287				
Private Markets	4,045,075				
Absolute Return	3,260,111				
Real Estate	1,808,708				
Risk Parity	4,115,539				
Total Investments Measured at the Net Asset Value (NAV)	16,947,635				
Investment Derivatives					
Total Futures	45,139	\$ 45,139	\$ —	\$ —	
Total Options	(177)	—	(177)	—	
Total Swaps	(30,897)	—	(30,897)	—	
Total Investment Derivatives	14,065	\$ 45,139	\$ (31,074)	\$ —	
Investments Not Subject to Fair Value Leveling (at cost or amortized cost)					
Cash at Brokers	\$ 456,152				
Repurchase Agreements	7,080				
Short-Term Investments	806,876				
Pooled Synthetic GIC's at Contract Value	2,452,016				
Securities Lending Collateral	158,656				
Total Investments Measured at Amortized Cost	3,880,780				
Total Investments	\$ 38,418,600				

Notes to the Financial Statements, continued

The valuation method for investments measured at the NAV per share or equivalent, at June 30, 2020, is presented as follows:

(dollars in thousands)	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled Short-Term Funds	\$ 35,276	\$ —	Daily	1 day
Commingled Fixed Income Funds	1,761,639	—	Daily	1 day
Commingled Equity Funds	1,921,287	—	Daily	1 day
Private Markets	4,045,075	3,365,752	Not Eligible	N/A
Absolute Return	3,260,111	—	Monthly, Quarterly, Semi-Annually	30-120 days
Real Estate Funds	1,808,708	866,021	Quarterly	30-90 days
Risk Parity	4,115,539	—	Daily, Weekly, Monthly	3-5 days
Total	\$ 16,947,635	\$ 4,231,773		

Commingled Short-Term, Fixed Income, and Equity Funds

There are three short-term funds, 16 fixed income funds and three equity funds, which are considered to be commingled in nature. These investments are valued at the net asset value of the units held at June 30, 2020, based upon the fair value of the underlying securities.

Private Markets

There are 277 funds that invest across a range of strategies, geographies, and industries within private equity and private credit. The underlying portfolio investments cannot be redeemed with each fund, but rather the fund will make distributions of capital as the fund liquidates the underlying portfolio investments over the typical 10 year term in the case of private equity, and the typical 7 year term in the case of private credit.

Absolute Return

The portfolio consists of 34 fund holdings that cover a broad spectrum of investment strategies and investment horizons which result in distinct fund redemption terms to prevent asset-liability mismatches. These funds attempt to generate returns in excess of the plan's target actuarial rate of return over a full market cycle with minimal beta to the plan's primary long-only market exposures (equities, credit, rates, and commodities). Fund redemption periods range from weeks (alternative beta) to years (drawdown vehicles), but as a whole, on a weighted-average basis, the portfolio maintains a liquidity profile of less than one year. The valuation process for the funds are comparable to private markets, with quarterly valuations.

Real Estate Funds

There are 42 funds invested primarily in U.S. commercial real estate, of which 36 funds are classified as illiquid, or approximately 57 percent of the value of the real estate fund investments. These funds have underlying portfolio investments that cannot be redeemed with the funds, but rather these funds will make distributions of capital as the funds liquidate their underlying portfolio investments over the average 10 year life of the funds. There are six real estate funds that have been classified as liquid due to the open-end structure of the fund. Open-end funds generally offer periodic distributions of net cash flow, which can be reinvested, as well as quarterly redemption windows.

Risk Parity

This portfolio, which consists of three funds is constructed to accrue various asset class risk premiums, including equity, without long-term reliance on any single asset class. The structure of these investments provides a reasonable level of liquidity and investments may be redeemed in accordance to the terms set forth by each investment management agreement. Investments are considered to be liquid, market-priced instruments, and 100 percent of the NAV is independently calculated by the fund administrators. Fair values are reported as NAV per share.

It is probable that illiquid investments will be sold at an amount different from the NAV of the ownership interest in partners' capital. Therefore, the fair values of the investments in this type have been estimated using recent observable transaction information for similar investments and non-binding bids received from potential buyers of the investments (one quarter in arrears plus current quarter cash flows).

Investment Performance

The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts invested.

For the year ended June 30, 2020, the annual money-weighted rates of return for DB investments are as follows:

Defined Benefit Pension Trust Funds	Annual-Money Weighted Rate of Return
PERF DB	2.58 %
TRF Pre-'96 DB	2.76
TRF '96 DB	2.58
77 Fund	2.57
JRS	2.57
EG&C	2.57
PARF	2.60
LE DB	2.64

Time-Weighted Rates of Return for DB asset classes and DC investment options are detailed in the Investment Section.

Note 4. Deposit and Investment Risk Disclosure

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, INPRS's deposits may not be returned. Deposits are exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are uncollateralized or collateralized with securities held by the pledging financial institution. At June 30, 2020, \$460 million of cash deposits were uninsured and uncollateralized and therefore exposed to credit risk. The following table shows cash deposits and short-term investments as of June 30, 2020.

(dollars in thousands)

Cash Deposits	Total
Demand Deposit Account – Bank Balances (Insured by FDIC up to \$250 thousand per financial institution)	\$ 4,067
Held with Custodian Bank (Uncollateralized)	456,152
Short-Term Investment Funds held at Bank (Collateralized)	862,407
Total	\$ 1,322,626

Custodial Credit Risk for Investments

Custodial credit risk for investments is a risk if the securities are uninsured, are not registered in the name of INPRS, and are held by either the counterparty or the counterparty's trust department or agent, but not in the name of INPRS. INPRS's custody agreement with the custodian requires the custodian to segregate the securities on the custodian's books and records from the custodian's property. In addition, investment managers are not allowed, under any circumstances, to take possession, custody, title, or ownership of any managed assets.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates adversely affect the fair value of the investments. Duration is a measure of interest rate risk. Short-Term Investments excludes cash with custodian of approximately \$456 million. The longer a fixed-income investment is to maturity, the more susceptible the value of the fixed-income investment is to market interest rate changes. The Investment Policy Statement recognizes interest rate risk as a market risk factor. While INPRS does not have a formal stated policy regarding interest rate risk, it is monitored regularly at the Plan level, and within the fixed income asset classes, as part of achieving the long-term actuarial rate of return.

As of June 30, 2020, the duration of the fixed income portfolio is as follows:

(dollars in thousands)

Debt Security Type	Fair Value	% of All Debt Security	Portfolio Weighted Average Effective Duration (Years)
Short-Term Investments			
Short-Term Investment Fund	\$ 862,407	6.9 %	0.08
U.S. Treasury Obligations	196,088	1.6	0.19
Total Short-Term Investments	1,058,495	8.5 %	
Fixed Income Investments			
U.S. Governments	4,487,842	36.2	15.54
U.S. Agencies	402,207	3.2	4.47
Non-U.S. Government	3,020,863	24.3	9.08
Corporate Bonds	1,250,410	10.1	8.41
Asset-Backed Securities	161,905	1.3	4.33
Duration Not Available	2,034,050	16.4	N/A
Total Fixed Income Investments	11,357,277	91.5	
Total Debt Securities	\$ 12,415,772	100.0 %	

Notes to the Financial Statements, continued

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a plan's investment in a single issuer. As of June 30, 2020, INPRS does not have investments in any single issuer that represent 5 percent or more of the Fiduciary Net Position other than U.S. Government securities which are not subject to the GASB 40 disclosure requirements. To limit business and liquidity risk arising due to the allocation of a large percentage of assets to a single investment manager, the Board has placed an upper limit on the concentration of assets placed with an investment manager as follows:

- No investment manager shall manage more than 10 percent of the assets in actively managed portfolios at the time of funding. Through capital appreciation and additional purchases, no investment manager will be allowed to manage more than 15 percent of the System's assets in actively managed portfolios without Board approval.
- No investment manager shall manage more than 15 percent of the assets in passively managed portfolios at the time of funding. Through capital appreciation and additional purchases, no investment manager will be allowed to manage more than 20 percent of the System's assets in passively managed portfolios without Board approval.
- No investment manager shall manage more than 25 percent of the assets in a combination of actively and passively managed portfolios.

Credit Quality Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with the Investment Policy Statement, when building the most diversified investment portfolio, emphasis is given to risk allocation, not capital allocation. As a result, INPRS regularly monitors success in achieving the targeted risk diversification that is inherent in the approved asset allocation. Credit ratings, obtained from several industry rating services for Fixed Income Securities and Short-Term Investments are shown in the table below. The most conservative rating of Standard and Poors, Moody's, and Fitch are utilized in the schedule below. Short-Term Investments excludes cash with custodian of approximately \$456 million. Unrated investments primarily consist of money market sweep vehicles, private placement, term loans and asset-backed securities, commercial mortgages, CMO/REMIC's, and commingled debt funds.

(dollars in thousands)

Credit Rating	Short-Term Investments	Fixed Income Securities	Total	% of All Debt Securities
AAA	\$ —	\$ 588,719	\$ 588,719	4.6 %
U.S. Government Guaranteed	—	4,901,909	4,901,909	39.5
AA	196,088	1,179,706	1,375,794	11.1
A	—	720,454	720,454	5.8
BBB	—	1,026,003	1,026,003	8.3
BB	—	309,861	309,861	2.5
B	—	242,144	242,144	2.0
Below B	—	246,391	246,391	2.0
Unrated	862,407	2,142,090	3,004,497	24.2
Total	\$ 1,058,495	\$ 11,357,277	\$ 12,415,772	100.0 %

Notes to the Financial Statements, continued

Custodial Credit Risk for Securities Lending

The Board has authorized the custodian to enter into a securities lending program agreement under which securities held by the custodian on behalf of INPRS may be loaned. The purpose of such a program is to provide additional revenue. The policy requires the following:

- Securities are loaned in exchange for cash or securities collateral equal to approximately 102 percent of the market value of domestic securities on loan and 105 percent of the market value of international securities on loan, with a simultaneous agreement to return the collateral for the same securities in the future. In no event shall the acceptable collateral be less than the total market value of loaned securities. Securities shall not be loaned in excess of 40% of the market value.
- The custodian and/or securities lending sub-agent is required to provide agreed upon indemnification to INPRS from and against any losses, damages, costs, and expenses which arise from a borrower defaulting on a loan or filing for bankruptcy.
- A maximum of 25 percent of the cash collateral may be invested with a single counterparty.
- All collateral investments have a maturity of the next business day.

As of June 30, 2020, there was no security lending credit risk exposure as the collateral pledged of \$473 million, exceeded the fair value of securities on loan, as shown below. All reinvested cash collateral investments consist of repurchase agreements which are not rated by any of the rating agencies.

(dollars in thousands)

Security Type	Fair Value of Securities on Loan
U.S. Government	\$ 127,245
Corporate Bonds	19,926
International Bonds	11,303
Domestic Equities	221,440
International Equities	77,175
Total	\$ 457,089

Credit Risk for Repurchase Agreements

A repurchase agreement is an agreement in which cash is transferred to a broker-dealer or financial institution in return for transfer of security to the custodian and promise to repay cash plus interest. These repurchase agreements are assets whereby security collateral is held by the custodian. An obligation under a reverse repurchase agreement is the same as a repurchase agreement, but from the perspective of the buyer rather than a seller. Obligations under reverse repurchase agreements are liabilities whereby security collateral is held at the broker-dealer or financial institution's custodian.

INPRS's Investment Policy Statement allows prudent use of securities lending, repurchase and reverse repurchase agreements.

Repurchase agreements that may create explicit leverage in the portfolio are prohibited; however, repurchase transactions (including tri-party repurchase transactions) collateralized with U.S. Government securities are permitted. Repurchase transactions are required to be collateralized at 102 percent at time of purchase and marked to market on each business day.

Investments under Repurchase Agreements (exclusive of Securities Lending) as of June 30, 2020 are as follows. At June 30, 2020 there was no reverse repurchase risk as the cash collateral value posted was higher than the fair value of the liability held.

(dollars in thousands)

Repurchase Agreements by Collateral Type	Cash Collateral Received	Fair Value	Obligations Under Reverse Repurchase Agreements by Collateral Type	Cash Collateral Posted	Fair Value
U.S. Treasury	\$ 7,080	\$ 7,080	U.S. Treasury	\$ 387,498	\$ 381,665

Notes to the Financial Statements, continued

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. INPRS has defined a foreign exchange risk management policy to effectively manage the Fund's performance volatility associated with foreign currency risk.

Foreign investments included in the Fiduciary Net Position as of June 30, 2020 are below. Short-term, fixed income, and equity investments include income accruals. Other investments include foreign holdings of other investments, derivatives, and receivables/payables. The percentage shown in the table is with respect to DB pooled investments.

(dollars in thousands)		Investments Held in Foreign Currency				
Currency	Short-Term	Fixed Income	Equity	Other Investments	Total	% of Total
Argentina Peso	\$ 2,307	\$ 381	\$ —	\$ —	\$ 2,688	— %
Australian Dollar	805	83,495	92,902	(81,899)	95,303	0.3
Brazil Real	(201)	15,775	55,911	18,501	89,986	0.3
Canadian Dollar	(3,837)	135,426	95,662	(129,772)	97,479	0.3
Chilean Peso	1	1,918	66	6,331	8,316	—
Chinese R Yuan Hk	—	—	—	14,770	14,770	—
Chinese Yuan Renminbi	84	374	62,302	(12)	62,748	0.2
Colombian Peso	531	22,333	—	(3,760)	19,104	0.1
Czech Koruna	416	11,710	108	9,019	21,253	0.1
Danish Krone	1,657	14,187	46,073	(14,574)	47,343	0.1
Dominican Rep Peso	—	3,698	—	—	3,698	—
Euro Currency Unit	12,003	1,249,433	607,145	(1,215,932)	652,649	1.8
Hong Kong Dollar	366	—	212,878	699	213,943	0.6
Hungarian Forint	(26)	10,592	206	3,006	13,778	—
Indian Rupee	39	34	59,727	(4,655)	55,145	0.2
Indonesian Rupiah	393	40,451	2,404	(1,679)	41,569	0.1
Israeli Shekel	1,236	6,197	2,429	(9,948)	(86)	—
Japanese Yen	11,927	434,473	471,276	(435,793)	481,883	1.3
Malaysian Ringgit	1,158	20,481	2,441	(7,559)	16,521	—
Mexican Peso	(564)	63,672	12,049	(19,425)	55,732	0.2
New Taiwan Dollar	163	—	75,760	(5,989)	69,934	0.2
New Zealand Dollar	102	4,958	1,995	(5,511)	1,544	—
Norwegian Krone	939	3,264	3,634	1,241	9,078	—
Peruvian Sol	259	28,600	—	(11,978)	16,881	0.1
Philippines Peso	—	377	305	—	682	—
Polish Zloty	1,022	32,332	3,229	301	36,884	0.1
Pound Sterling	4,057	522,584	231,706	(527,148)	231,199	0.6
Qatari Riyal	—	—	1,427	—	1,427	—
Romanian Leu	—	2,080	—	6,710	8,790	—
Russian Ruble (New)	53	36,047	—	5,335	41,435	0.1
Singapore Dollar	657	6,965	12,043	(8,148)	11,517	—
South African Rand	(40)	43,223	39,428	(10,092)	72,519	0.2
South Korean Won	1,296	—	117,696	1,173	120,165	0.3
Swedish Krona	1,260	68,406	51,537	(68,369)	52,834	0.1
Swiss Franc	4,534	—	189,589	212	194,335	0.5
Thailand Baht	44	20,006	7,479	5,556	33,085	0.1
Turkish Lira	109	8,089	8,673	(4,103)	12,768	—
UAE Dirham	—	—	877	—	877	—
Uruguayan Peso	—	619	—	—	619	—
Held in Foreign Currency	\$ 42,750	\$ 2,892,180	\$ 2,468,957	\$ (2,493,492)	\$ 2,910,395	7.9 %

Note 5. Derivative Instruments - Activity and Risk

Derivative Instruments - Activity

A derivative is a contract between two or more parties whose value is based on an agreed-upon underlying financial asset (similar to a security) or set of assets (similar to an index). Common underlying instruments include bonds, commodities, currencies, interest rates, market indexes and stocks. The following derivative instruments are included in Investments:

Futures

A futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date.

Options

Options are agreements that give the owner of the option the right, but not the obligation, to buy (in the case of a call) or to sell (in the case of a put) a specific amount of an asset for an agreed price on or before the specified expiration date.

Swaps

Swaps are derivative instruments in which one party exchanges a stream of fixed cash flows for floating cash flows. A notional amount of principal is required to compute the actual cash amounts and is determined at contract inception.

Currency Exchange Forwards

A currency exchange forward contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. A contract is classified as a forward contract when the settlement date is more than two days after the trade date.

The following table summarizes the derivative instruments outstanding as of June 30, 2020:

(dollars in thousands)

Investment Derivatives	Change in Fair Value	Fair Value	Notional
Futures:			
Index Futures - Long	\$ 355	\$ 355	\$ 26,664
Index Futures - Short	(1)	(1)	(2,085)
Commodity Futures - Long	41,094	41,094	2,158,061
Fixed Income Futures - Long	4,083	4,083	548,661
Fixed Income Futures - Short	(392)	(392)	(293,847)
Total Futures	45,139	45,139	2,437,454
Options:			
Currency Spot Options Bought	(222)	8	23,749
Interest Rate Options Bought	(33)	36	1,150
Interest Rate Options Written	44	(24)	3,270
Credit Default Index Swaptions Written	(36)	(197)	99,200
Total Options	(247)	(177)	127,369
Swaps:			
Interest Rate Swaps - Pay Fixed Receive Variable	(32,067)	(33,725)	302,831
Interest Rate Swaps - Pay Variable Receive Fixed	3,051	3,260	193,595
Inflation Swaps- Pay Fixed Receive Variable	353	326	4,600
Zero Coupon Swaps- Pay Fixed Receive Variable	(1,578)	(2,795)	91,034
Zero Coupon Swaps - Pay Variable Receive Fixed	997	1,001	43,688
Credit Default Swaps Single Name - Buy Protection	(360)	(262)	20,420
Credit Default Swaps Single Name - Sell Protection	(218)	(453)	67,462
Credit Default Swaps Index - Buy Protection	(222)	117	61,991
Credit Default Swaps Index - Sell Protection	2,002	1,634	246,809
Total Swaps	(28,042)	(30,897)	1,032,430
Total Derivatives	\$ 16,850	\$ 14,065	\$ 3,597,253

Notes to the Financial Statements, continued

The table below summarizes the swap maturity profile of derivative instruments as of June 30, 2020:

(dollars in thousands)

Swap Type	Swap Maturity Profile					
	< 1 yr	1-5 yrs	5-10 yrs	10-20 yrs	20+ yrs	Total
Interest Rate Swaps - Pay Fixed Receive Variable	\$ —	\$ (3,457)	\$ (9,337)	\$ (301)	\$ (20,630)	\$ (33,725)
Interest Rate Swaps - Pay Variable Receive Fixed	—	1,501	1,693	66	—	3,260
Inflation Swaps- Pay Fixed Receive Variable	—	—	—	326	—	326
Zero Coupon Swaps- Pay Fixed Receive Variable	—	(992)	(1,757)	(46)	—	(2,795)
Zero Coupon Swaps - Pay Variable Receive Fixed	—	1,001	—	—	—	1,001
Credit Default Swaps Single Name - Buy Protection	—	(262)	—	—	—	(262)
Credit Default Swaps Single Name - Sell Protection	34	(487)	—	—	—	(453)
Credit Default Swaps Index - Buy Protection	—	117	—	—	—	117
Credit Default Swaps Index - Sell Protection	—	2,449	(833)	—	18	1,634
Total Swap Fair Value	\$ 34	\$ (130)	\$ (10,234)	\$ 45	\$ (20,612)	\$ (30,897)

Derivative Instruments - Risk Management:

INPRS's Investment Policy Statement allows derivatives transactions by investment managers who possess recognized expertise in derivative overlay strategies to offset, or hedge, unintended market exposures in underlying funds that remain in a lock-up period. Direct purchases of physical commodities are prohibited; however, swaps and instruments that constitute a security or authorized derivatives are permitted.

INPRS effectively manages credit risk relating to derivative instruments by following the guidelines below:

- To avoid counterparty risk, derivative transactions are executed through the use of listed options and futures traded on registered exchanges, whenever possible. Non-exchange traded options, forwards, or swaps are executed only if the counterparty is rated "A" or better by at least one of the Nationally Recognized Statistical Rating Organizations ("NSRSOs").
- Exchange-traded commodity futures, options, and other instruments are traded on any exchange regulated by the Commodities Futures Trading Commission ("CFTC") of the United States and/or the Financial Services Authority ("FSA") of the United Kingdom.
- For non-exchange traded derivatives, counterparty creditworthiness is at a minimum of "A3" as defined by Moody's Investor Service, "A-" by Standard & Poor's, and/or "A-" by Fitch. Unrated counterparties are not selected unless such counterparty is a wholly-owned affiliate of a parent organization that guarantees payment and meets the above counterparty creditworthiness standards.
- Derivative instruments are standardized and exchange-traded (e.g., futures) and/or privately-negotiated and over-the-counter (e.g., swap agreements). Underlying risk exposures may be to cash commodities and/or commodity derivatives. Risk exposures for exchange-traded instruments shall lie with exchange clearinghouses and with approved counterparties for non-exchange traded transactions.
- The market value of commodities collateral is maintained at 100 percent or greater of the net option-adjusted notional value of any commodities overlay exposure at the consummation of any new commodities overlay position. If the collateral market value falls below the net option-adjusted value of the overlay, the investment manager(s) adjust their portfolio at the earliest feasible opportunity to bring the collateral value up to the notional value of the overlay.

Notes to the Financial Statements, continued

Derivative Instruments - Counterparty Credit Risk

Counterparty credit risk exists on all open over-the-counter positions. INPRS investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, posting collateral exposure, and monitoring procedures, in addition to adherence to the standard International Swaps and Derivatives Association and Credit Support Annex agreements.

As of June 30, 2020, the aggregate fair value of investment derivatives in an asset position subject to counterparty credit risk was approximately \$15.3 million, of which \$15 million was uncollateralized.

The table below summarizes the counterparty positions as of June 30, 2020:

(dollars in thousands)

Swaps Counterparty	S&P Rating	Fair Value			Collateral	
		Receivable Unrealized Gain	Payable (Unrealized Loss)	Total Fair Value	Posted	Received
Bank of America	A-	\$ 24	\$ (2)	\$ 104	\$ —	\$ (150)
Banque Nationale De Paris	A+	4	—	—	370	(1,410)
Barclays	BBB	68	—	45	230	(250)
Chicago Mercantile Exchange	AA-	6,537	(29,399)	(25,276)	—	—
Citigroup	BBB+	90	(12)	18	740	—
Deutsche Bank	BBB+	143	(283)	(69)	60	—
Goldman Sachs	BBB+	178	(174)	(163)	346	(2,930)
HSBC Securities Inc.	A-	18	(18)	(18)	1,460	(2,400)
Intercontinental Exchange Inc.	A	4,693	(2,974)	(165)	551	—
JPMorgan Chase Bank	A-	3	(78)	(50)	790	(1,647)
London Clearing House	A	3,569	(10,106)	(6,914)	—	—
Morgan Stanley	BBB+	21	(345)	1,591	—	(2,800)
Total		\$ 15,348	\$ (43,391)	\$ (30,897)	\$ 4,547	\$ (11,587)

Derivative Instruments - Foreign Currency Risk

Foreign currency forward contracts and futures contracts are exposed to foreign currency risk. At June 30, 2020, INPRS's investments included a foreign currency contract receivable balance of \$7.2 billion and an offsetting foreign currency contract payable of \$7.2 billion. In addition, the net loss for the year ended June 30, 2020, due to foreign currency transactions was \$18.4 million.

Derivative Instruments - Synthetic Guaranteed Investment Contracts (GICs)

The Defined Contribution Stable Value Fund consists of fully benefit-responsive synthetic guaranteed investment contracts (GICs). The Stable Value Fund is an investment option that seeks to provide safety of principal and a stable credited rate of interest, while generating competitive returns over time compared to other comparable investments. As of June 30, 2020, the Stable Value Fund portfolio of well-diversified high-quality investment grade fixed income securities had a fair value of \$2.2 billion, which was \$246 million less than the fair value protected by the wrap contract.

Notes to the Financial Statements, continued

Derivative Instruments - Interest Risk

INPRS has exposure to interest rate risk due to investments in interest rate swaps, inflation swaps and forward mortgage-backed securities (TBAs). Reference Note 4 Interest Rate Risk for further analysis.

Derivative Instruments as of June 30, 2020, subject to interest rate risk are summarized below:

(dollars in thousands)

Reference Currency	Pays	Receives	Fair Value	Notional
Interest Rate Swap - Pay Fixed Receive Variable				
U.S. Dollar	0.40% to 2.75%	3M USD LIBOR BBA	\$ (33,102)	\$ 256,600
Euro Currency Unit	-0.25% to 0.75%	6M EURIBOR REUTERS	(666)	24,664
Japanese Yen	0.30%	6M JPY LIBOR BBA	(204)	10,845
Mexican Peso	7.35%	28D MXN TIIE BANXICO	577	4,458
Pound Sterling	0.75% to 2.00%	6M GBP LIBOR BBA	(116)	3,830
Czech Koruna	2.01%	6M CZK PRIBOR PRBO	(214)	2,433
Thailand Baht	1.25%	6M THB THBFIX REUTERS	—	1
			<u>\$ (33,725)</u>	<u>\$ 302,831</u>
Interest Rate Swap - Pay Variable Receive Fixed				
Chinese Yuan Renminbi	7D CHINA FIXING REPO RATES	2.50%	\$ 333	\$ 42,216
Malaysian Ringgit	3M MYR-KLIBOR-BNM	2.25%	115	34,861
Indian Rupee	INR FBIL MIBOR OIS COM	3.75%	33	29,233
Mexican Peso	28D MXN TIIE BANXICO	4.50% to 5.70%	298	24,342
Chilean Peso	CLP CLICP BLOOMBERG	1.60% to 2.40%	331	18,268
Canadian Dollar	CAD-BA-CDOR 3M	1.22% to 1.50%	466	16,079
U.S. Dollar	3M US LIBOR BBA	1.66% to 2.70%	1,155	11,000
Brazil Real	1D BRL CDI	4.81% to 6.66%	422	10,701
Japanese Yen	6M JPY LIBOR BBA	-0.09% to -0.02%	(36)	5,237
Israeli Shekel	3M ILS TELBOR REFERENCE BANKS	1.41%	143	1,658
			<u>\$ 3,260</u>	<u>\$ 193,595</u>

Note 6. Other Risk Management

INPRS is exposed to the following risks:

- Damage to INPRS property.
- Personal injury or property damage liabilities.
- Errors, omissions and employee theft.
- Employee death benefits.
- Certain employee health benefits, unemployment and worker's compensation costs for INPRS employees.
- Breach of fiduciary responsibility.
- Lawsuits.
- Unanticipated events.

INPRS purchases commercial insurance for property, general liability, employee crime, employee health and unemployment, and fiduciary responsibility. Settlements have not exceeded the insurance coverage for any of the past three years. INPRS records expenses for losses, if any, as the liabilities are incurred or replacement items are purchased.

During fiscal year 2019, INPRS identified inaccuracies with how the plan administered the tax-basis on a limited number of retirement accounts. As a result, form 1099-R submitted to the IRS showed incorrect taxable and non-taxable allocations for the calendar years 2014–2019. INPRS has submitted an application to the IRS under the Voluntary Correction Program to formally disclose and resolve the matter. Financial statements for fiscal year 2020 include an accrued liability to the IRS of \$872,911 bringing the Funds back into compliance.

Note 7. Legislative Changes

The following legislative changes were signed into law which have a financial impact in the current and future years. These changes have been included in the actuarial valuations as of June 30, 2020.

House Enrolled Act (HEA) 1043

Allows a political subdivision served by a volunteer fire department to contribute to the Public Employee Retirement Fund Defined Contribution Plan (known as PERF MC DC) for the members of the volunteer fire department in an amount determined by the political subdivision's governing body. Provides that a unit's obligation to provide insurance coverage for a volunteer firefighter or a member of the emergency medical service supersedes the obligation of another medical insurance carrier. Modifies the maximum age for police officers to begin 77 Fund membership from 35 to 39 years.

House Enrolled Act (HEA) 1063

Modifies the special death benefit from \$150,000 to \$225,000 for public safety officers who die in the line of duty after June 30, 2020. INPRS shall determine contributions and the contribution rates for employers to adequately maintain SDBF.

House Enrolled Act (HEA) 1151

Modifies the definition of "public safety officer" to include a school resource officer who is not otherwise entitled to a line of duty benefit under the following: 1925 police pension fund, or the 1953 police pension fund (Indianapolis, or the '77 Fund).

Senate Enrolled Act (SEA) 10

Provides the following changes:

- PERF Hybrid and TRF Hybrid members who are 59 ½ years of age and are age and service eligible for normal retirement may withdraw all or part of their DC account balance without consequence to the member's pension benefit and without separating from a covered position.
- LE DC members who are 59 ½ years of age may withdraw all or part of their DC account balance without consequence to the member's pension benefit and without separating from a covered position.
- Removes the thirty day wait requirement for PERF DC, TRF DC, and LE DC members before a withdrawal can be made from the DC account.
- Provides that the INPRS Board may offer members an alternative option for the payment of the member's retirement benefits that does not include a minimum benefit option.

Senate Enrolled Act (SEA) 25

Pertains to mental health disability review panels for evaluation of '77 Fund members who have been determined to have a disability impairment for mental illness. Includes mental illness in the description of "occupational diseases" so that mental illness related disabilities are Class 1 impairments or Class 3 impairments. The panel will review all mental illness related disabilities that were determined after December 31, 2012 at a 2-year interval and, if applicable, a 4-year interval for the following:

- If the member remains impaired.
- If the panel determines the member remains impaired, a subsequent review will occur two years later to determine whether the member continues to remain impaired.
- If at the subsequent review the impairment exists, the member will be considered permanently impaired.
- If the panel determines that the member is no longer impaired at either the 2-year or the 4-year review, the member will return to duty.
- The disability benefit may be suspended by INPRS if the member fails to comply with reasonable requests by the panel.

Senate Enrolled Act (SEA) 50

Makes various changes to trust and probate laws concerning proof of title affidavits, small estate affidavits, execution of a trust by a third party, silent trusts, nonjudicial settlements of accounts, and legacy trusts, and makes technical corrections.

Senate Enrolled Act (SEA) 181

Provides that if an EG&C participant dies in line of duty after January 31, 2018 the participant's nominated survivor will receive 100% of the entitled amount. If the participant dies while active but outside the line of duty, the nominated survivor receives 50% of the entitled amount. If the participant dies while inactive but with at least 15 years of service, the nominated survivor receives 50% of the entitled amount. The entitled amount totals what the participant would have received at 25 years of service and 50 years of age.

Senate Enrolled Act (SEA) 406

Provides that if a public safety officer enters a deferred retirement option plan (DROP) for the public safety officer's respective pension plan and the public safety officer dies after June 30, 2020 and before the public safety officer's DROP exit date, the benefit options for the public safety officer's survivors are made similar, as applicable, to the DROP disability benefit options in: (1) the DROP applicable to EG&C; and (2) the DROP applicable to the 1925 police pension fund, the 1937 firefighters' pension fund, the 1953 police pension fund (Indianapolis), and the '77 Fund. If a member who entered the DROP dies with less than 12 months in DROP, then the survivor benefit is calculated as if the member never entered DROP. If a member who entered drop dies with at least 12 months in DROP, then the survivor benefit is based on DROP frozen benefit and an additional benefit based on the DROP frozen benefit multiplied by the number of months that the member was in DROP.

Notes to the Financial Statements, continued

Note 8. Net Pension Liability and Actuarial Information – Defined Benefit Plans

The components of the Net Pension Liability of each defined benefit retirement plan as of June 30, 2020:

(dollars in thousands)				
Pre-Funded Defined Benefit Pension Trust Funds	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Fiduciary Net Position as a Percent of Total Pension Liability (b) / (a)
PERF DB	\$ 16,281,754	\$ 13,261,360	\$ 3,020,394	81.4 %
TRF '96 DB	6,403,252	6,325,311	77,941	98.8
77 Fund	6,785,608	6,542,800	242,808	96.4
JRS	592,510	554,121	38,389	93.5
EG&C	163,978	146,358	17,620	89.3
PARF	107,049	67,876	39,173	63.4
LE DB	3,126	2,924	202	93.5
Total Pre-Funded DB	\$ 30,337,277	\$ 26,900,750	\$ 3,436,527	88.7
Pay-As-You-Go Defined Benefit Pension Trust Fund				
TRF Pre-'96 DB	\$ 13,968,703	\$ 3,661,151	\$ 10,307,552	26.2 %
Total DB	\$ 44,305,980	\$ 30,561,901	\$ 13,744,079	69.0 %

Total Pension Liability is determined by the actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service, etc.) and assumptions about the probability of occurrence of events in the future (e.g., mortality, disabilities, retirements, employment terminations, etc.). Actuarially determined amounts are subject to review and modifications, as actual results are compared with past expectations and new estimates are developed. INPRS completed an actuarial experience study in February 2020. Assumption changes were recommended to the board and adopted in June 2020 for the June 30, 2020 actuarial valuations. No changes in methods were recommended or adopted. See the Schedule of Notes to Required Supplementary Information for additional information.

The Schedule of Contributions in the Required Supplementary Information presents trend information about the amounts contributed to the plan by employers and a nonemployer contributing entity in comparison to the Actuarially Determined Contribution (ADC). The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost for each year and the amortization of any unfunded actuarial accrued liability.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Notes to the Financial Statements, continued

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

Description	PERF DB	TRF Pre-'96 DB	TRF '96 DB	77 Fund	JRS	EG&C	PARF	LE DB
Asset Valuation Date	June 30, 2020							
Liability Valuation Date	June 30, 2019 - Member census data as of June 30, 2019 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2019 and June 30, 2020. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2019 to the June 30, 2020 measurement date.							
Actuarial Cost Method (Accounting)	Entry Age Normal (Level Percent of Payroll)							
Actuarial Assumptions:								
Experience Study Date	Period of five years ended June 30, 2019							
Investment Rate of Return (Accounting)	6.75%, includes inflation and net of investment expenses							
Cost of Living Increases (COLA), see Note 1.	2020-2021 - 13th check, Beginning Jan. 1, 2022 - 0.40%, Beginning Jan. 1, 2034 - 0.50%, Beginning Jan. 1, 2039 - 0.60%			2.10%	2.75%	2020-2021 - 13th check, Beginning Jan. 1, 2022 - 0.40%, Beginning Jan. 1, 2034 - 0.50%, Beginning Jan. 1, 2039 - 0.60%	N/A	2020-2021 - 13th check, Beginning Jan. 1, 2022 - 0.40%, Beginning Jan. 1, 2034 - 0.50%, Beginning Jan. 1, 2039 - 0.60%
Future Salary Increases, including Inflation	2.75% - 8.75%	2.75% - 12.00%		2.75%		2.75% - 5.00%	2.75%	2.75%
Inflation	2.25%							
Mortality - Healthy Employees and Retirees	Base Table	PubG-2010	PubT-2010	PubS-2010	PubG-2010	PubS-2010	PubG-2010	PubG-2010
	M/F Set Forward	+3/+1	+1/+1	+3/+0	-1/-1	+3/+0	-1/-1	-1/-1
Mortality - Disableds	Base Table	PubG-2010						
	Load	140%	140%	100%	140%	100%	140%	140%
Mortality - Beneficiaries	Base Table	PubCS-2010						
	M/F Set Forward	+0/+2						
Mortality - Improvement - All Tables	Generational Improvement Scale	MP-2019						

Notes to the Financial Statements, continued

The long-term return expectation for the INPRS defined benefit retirement plans has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year time horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.75% selected by the Board as the discount rate. The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs, but may change with a fundamental shift in the underlying market factors or significant asset allocation change.

Global Asset Class	Long-Term Expected Real Rate of Return (Geometric Basis)	Target Asset Allocation
Public Equity	4.4 %	22.0 %
Private Markets	7.6	14.0
Fixed Income - Ex Inflation-Linked	1.9	20.0
Fixed Income - Inflation-Linked	0.5	7.0
Commodities	1.6	8.0
Real Estate	5.8	7.0
Absolute Return	2.9	10.0
Risk Parity	5.5	12.0

The Total Pension Liability (TPL) for each defined benefit pension plan was calculated using the long-term expected rate of return of 6.75%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and, where applicable, from members, would at the minimum be made at the actuarially determined required rates, computed in accordance with the current funding policy adopted by the Board, and contributions required by the State of Indiana (the nonemployer contributing entity) would be made as stipulated by Indiana statute. Projected inflows from investment earnings were calculated using the 6.75% long-term assumed investment rate of return. Based on those assumptions, each defined benefit pension plan's Fiduciary Net Position were projected to be available to make all projected future benefit payments of current plan members, therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the TPL for each plan.

Net Pension Liability (NPL) is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the NPL of the defined benefit pension plans calculated using the discount rate of 6.75%, as well as what each plan's NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

(dollars in thousands)

	Discount Rate		
	1% Decrease 5.75%	Current 6.75%	1% Increase 7.75%
Pre-Funded Defined Benefit Pension Trust Funds			
PERF DB	\$ 4,924,270	\$ 3,020,394	\$ 1,425,744
TRF '96 DB	1,191,567	77,941	(822,619)
77 Fund	1,293,167	242,808	(608,202)
JRS	106,797	38,389	(19,206)
EG&C	39,715	17,620	(624)
PARF	52,125	39,173	28,459
LE DB	405	202	24
Pay-As-You-Go Defined Benefit Pension Trust Fund			
TRF Pre-'96 DB	\$ 11,565,852	\$ 10,307,552	\$ 9,222,047

Note 9. Subsequent Events

Impact on the Financial Statements

Before the issuance of the financial statements, there were no known events or transactions that were material in nature that would have affected the financial results as of June 30, 2020. All events and transactions have been recognized or disclosed in the financial statements and notes as it pertains to the period ending June 30, 2020.

Future GASB Pronouncements

GASB Statement No. 87 - Leases

Improves the accounting and financial reporting for leases by governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Management is currently evaluating GASB Statement No. 87 and if applicable, will implement in the appropriate period.

GASB Statement No. 89 - Accounting for Interest Cost Incurred Before the End of a Construction Period

Enhances the relevance and comparability of information on capital assets and the cost of borrowing for a reporting period and simplifies the accounting of interest cost incurred prior to the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Management is currently evaluating GASB Statement No. 89 and if applicable, will implement in the appropriate period.

GASB Statement No. 91 - Conduit Debt Obligations

Commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. Management is currently evaluating GASB Statement No. 91 and if applicable, will implement in the appropriate period.

GASB Statement No. 92 - Omnibus 2020

Enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Management is currently evaluating GASB Statement No. 92 and if applicable, will implement in the appropriate period.

GASB Statement No. 93 - Replacement of Interbank Offered Rates

As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The requirements of this statement are effective in two parts: reporting periods beginning after June 15, 2020 and December 31, 2021 depending on the subject. Management is currently evaluating GASB Statement No. 93 and if applicable, will implement in the appropriate period.

GASB Statement No. 94 - Public-Private and Public-Private Partnerships and Availability Payment Arrangements

Improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Management is currently evaluating GASB Statement No. 94 and if applicable, will implement in the appropriate period.

GASB Statement No. 96 - Subscription-Based Information Technology Arrangements

Provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Management is currently evaluating GASB Statement No. 96 and if applicable, will implement in the appropriate period.

GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

GASB 97 provides for increased consistency and comparability related to reporting of fiduciary component units where the primary government performs the duties a governing board would perform. The standard seeks to mitigate costs associated with various DC and OPEB plans, and to enhance the relevance, consistency, and comparability of accounting and financial reporting pursuant to IRC Section 457 deferred compensation plans that meet the definition of a pension plan and the benefits provided through those plans. Management is currently evaluating the requirements of this statement which are effective for reporting periods beginning after June 15, 2021, and if applicable, will implement in the appropriate period.

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Introduction to Required Supplementary Information (Unaudited)

Purpose of Supplementary Information

Required Supplementary Information and the Other Supplementary Schedules consist of statistical data and other information to provide greater transparency and to enhance the usefulness of the financial statements.

RSI Schedules (Unaudited)

- Schedule of Changes in Net Pension Liability and Net Pension Liability
- Schedule of Contributions
- Schedule of Investment Returns
- Schedule of Notes to Required Supplementary Information

OSS Schedules

- Schedule of Administrative Expenses
- Schedule of Administrative Expenses - Vendors
- Schedule of Direct Investment Expenses

Accompanying Notes to the RSI Schedules

The schedules currently reflect historical results for the years available within the last 10 years.

Schedules for Public Employees' Defined Benefit Account, Teachers' Pre-1996 Defined Benefit Account and Teachers' 1996 Defined Benefit Account were restated for fiscal years 2013-2017 to reflect the DB/DC split effective January 1, 2018.

The following details are intended to clarify results for selected categories in these schedules:

- **Benefit Payments** - includes pension, disability and survivor benefits, special death benefits, distributions of contributions and interest, and refund of employee contributions.
- **ASA Annuitizations** - include activity through December 31, 2017. Effective January 1, 2018, members can no longer annuitize their DC balances to increase their DB payments.
- **Net Member Reassignments** - includes net interfund transfers of employer contribution amounts.
- **Contributions** - include contributions from employers, members, a nonemployer contributing entity and additional one-time contributions as reflected in the table below. In accordance with statute, TRF Pre-'96 DB nonemployer contributing entity contributions increase three percent annually.

(dollars in thousands)	One-time Contributions		
Fund	2019	2016	2013
TRF Pre-'96 DB	\$ —	\$ —	\$ 206,796
TRF '96 DB	150,000	—	—
JRS	—	—	90,187
EG&C	—	70	14,619
PARF	—	—	17,363

- **Administrative Expenses** - include contributions by INPRS to PERF DB and TRF '96 DB for its employees in their respective funds. Administrative expenses use a predetermined allocation methodology.
- **Covered Payroll** - Excludes payroll corresponding to the contribution accrual. Payroll for 2011-2013 is estimated based on contributions received and the contribution rate. LE DB has no covered payroll. TRF Pre-'96 DB and LE DB are closed to new members and the population will continue to decline over time.
- **Actuarially Determined Contribution (ADC)** - Calculated using covered payroll at the applicable ADC rate. To determine the contribution deficiency/(excess), contributions in relation to ADC exclude service purchases and specific financed liabilities.

Trends

In 2018, SEA 373 replaced the 1% COLA assumption for five funds (PERF DB, TRF Pre-'96 DB, TRF '96 DB, EG&C and LE DB) with a COLA of 0.4 percent beginning January 1, 2022, 0.5 percent beginning January 1, 2034, and 0.6 percent beginning January 1, 2039. As a result, the actuarial accrued liabilities were lowered for those respective funds. In 2020, an experience study was performed resulting in an update to several assumptions. These assumption changes included a change in the mortality assumptions, retirement assumptions, withdrawal assumptions, disability assumptions, dependent spouse assumptions and future salary increase assumptions. The COLA assumptions for the '77 Fund and JRS were changed. The line-of-duty death assumption and DROP election rate assumptions were changed for the '77 Fund and EG&C. For further details, refer to the Actuarial Section of the CAFR.

Required Supplementary Information (Unaudited)

Schedule of Changes in Net Pension Liability and Net Pension Liability

Public Employees' Defined Benefit Account¹

For the Years Ended June 30

(dollars in thousands)

Changes in Net Pension Liability	2020	2019	2018	2017	2016
Total Pension Liability - Beginning of Year	\$ 16,576,060	\$ 16,091,373	\$ 16,335,253	\$ 15,752,055	\$ 15,263,395
Service Cost	201,143	195,383	202,324	194,101	191,055
Interest Cost	1,101,241	1,069,184	1,088,503	1,051,217	1,018,993
Experience (Gains) / Losses	(54,832)	101,180	20,103	82,964	(4,870)
Assumption Changes	(616,830)	—	(731,601)	22,809	—
Plan Amendments	—	12,920	—	(22,766)	—
Benefit Payments ¹	(922,189)	(888,512)	(860,613)	(820,721)	(786,607)
ASA Annuities ¹	—	—	43,874	78,793	75,036
Net Member Reassignment ¹	(3,163)	(5,787)	(7,030)	(3,618)	(5,441)
Other	324	319	560	419	494
Net Change in Total Pension Liability	(294,306)	484,687	(243,880)	583,198	488,660
Total Pension Liability - End of Year	\$ 16,281,754	\$ 16,576,060	\$ 16,091,373	\$ 16,335,253	\$ 15,752,055
Fiduciary Net Position - Beginning of Year	\$ 13,270,996	\$ 12,694,328	\$ 11,873,709	\$ 11,213,610	\$ 11,190,493
Employer Contributions ¹	599,100	581,873	571,374	558,891	615,773
Member Contributions ¹	127	296	708	590	443
Net Investment Income / (Loss)	335,139	906,388	1,093,094	870,592	147,106
Benefit Payments ¹	(922,189)	(888,512)	(860,613)	(820,721)	(786,607)
ASA Annuities ¹	—	—	43,874	78,793	75,036
Net Member Reassignment ¹	(3,163)	(5,787)	(7,030)	(3,618)	(5,441)
Administrative Expenses ¹	(18,887)	(18,472)	(20,844)	(24,483)	(24,098)
Other	237	882	56	55	905
Net Change in Fiduciary Net Position	(9,636)	576,668	820,619	660,099	23,117
Fiduciary Net Position - End of Year	\$ 13,261,360	\$ 13,270,996	\$ 12,694,328	\$ 11,873,709	\$ 11,213,610
Net Pension Liability	\$ 3,020,394	\$ 3,305,064	\$ 3,397,045	\$ 4,461,544	\$ 4,538,445
Fiduciary Net Position as a Percentage of the Total Pension Liability	81.4 %	80.1 %	78.9 %	72.7 %	71.2 %
Covered Payroll ¹	\$ 5,380,843	\$ 5,205,243	\$ 5,083,131	\$ 4,997,555	\$ 4,868,709
Net Pension Liability as a Percentage of Covered Payroll	56.1 %	63.5 %	66.8 %	89.3 %	93.2 %

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Changes in Net Pension Liability and Net Pension Liability, continued

Public Employees' Defined Benefit Account ¹

For the Years Ended June 30

(dollars in thousands)

Changes in Net Pension Liability	2015	2014	2013
Total Pension Liability - Beginning of Year	\$ 13,880,722	\$ 13,349,578	\$ 13,034,791
Service Cost	273,910	258,070	270,974
Interest Cost	936,404	895,454	875,616
Experience (Gains) / Losses	247,978	(15,161)	(104,471)
Assumption Changes	488,354	—	—
Plan Amendments	—	(42,985)	(167,486)
Benefit Payments ¹	(752,896)	(680,203)	(662,283)
ASA Annuities ¹	196,788	119,094	107,520
Net Member Reassignment ¹	(8,155)	(3,125)	(5,083)
Other	290	—	—
Net Change in Total Pension Liability	1,382,673	531,144	314,787
Total Pension Liability - End of Year	\$ 15,263,395	\$ 13,880,722	\$ 13,349,578
Fiduciary Net Position - Beginning of Year	\$ 11,252,787	\$ 9,924,498	\$ 9,494,306
Employer Contributions ¹	538,059	526,090	455,658
Member Contributions	—	—	—
Net Investment Income / (Loss)	(10,667)	1,393,814	563,530
Benefit Payments ¹	(752,896)	(680,203)	(662,283)
ASA Annuities ¹	196,788	119,094	107,520
Net Member Reassignment ¹	(8,155)	(3,125)	(5,083)
Administrative Expenses ¹	(25,506)	(27,433)	(29,181)
Other	83	52	31
Net Change in Fiduciary Net Position	(62,294)	1,328,289	430,192
Fiduciary Net Position - End of Year	\$ 11,190,493	\$ 11,252,787	\$ 9,924,498
Net Pension Liability			
Total Pension Liability	\$ 15,263,395	\$ 13,880,722	\$ 13,349,578
Fiduciary Net Position	11,190,493	11,252,787	9,924,498
Net Pension Liability	\$ 4,072,902	\$ 2,627,935	\$ 3,425,080
Fiduciary Net Position as a Percentage of the Total Pension Liability	73.3 %	81.1 %	74.3 %
Covered Payroll ¹	\$ 4,804,145	\$ 4,896,635	\$ 4,700,000
Net Pension Liability as a Percentage of Covered Payroll	84.8 %	53.7 %	72.9 %

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Changes in Net Pension Liability and Net Pension Liability

Teachers' Pre-1996 Defined Benefit Account ¹

For the Years Ended, June 30

(dollars in thousands)

Changes in Net Pension Liability	2020	2019	2018	2017	2016
Total Pension Liability - Beginning of Year	\$ 14,389,164	\$ 14,583,189	\$ 15,494,539	\$ 15,575,072	\$ 15,596,292
Service Cost	33,750	37,234	44,603	43,204	46,787
Interest Cost	933,928	947,607	1,010,565	1,016,915	1,019,403
Experience (Gains) / Losses	(43,562)	(15,073)	(162,414)	22,416	(5,794)
Assumption Changes	(170,663)	—	(668,484)	(61,548)	—
Plan Amendments	—	(190)	—	4,213	—
Benefit Payments ¹	(1,174,419)	(1,165,134)	(1,153,374)	(1,135,662)	(1,118,122)
ASA Annuities ¹	—	—	16,301	30,502	35,185
Net Member Reassignment ¹	484	1,494	1,428	—	—
Other	21	37	25	(573)	1,321
Net Change in Total Pension Liability	(420,461)	(194,025)	(911,350)	(80,533)	(21,220)
Total Pension Liability - End of Year	\$ 13,968,703	\$ 14,389,164	\$ 14,583,189	\$ 15,494,539	\$ 15,575,072
Fiduciary Net Position - Beginning of Year	\$ 3,759,145	\$ 3,711,347	\$ 3,575,400	\$ 3,522,401	\$ 3,678,455
Employer Contributions ¹	2,356	3,505	4,168	4,525	5,048
Nonemployer Contributing Entity Contributions ¹	971,132	943,900	917,900	871,000	887,500
Member Contributions ¹	21	36	156	10	132
Net Investment Income / (Loss)	107,748	269,009	354,639	288,850	40,767
Benefit Payments ¹	(1,174,419)	(1,165,134)	(1,153,374)	(1,135,662)	(1,118,122)
ASA Annuities ¹	—	—	16,301	30,502	35,185
Net Member Reassignment ¹	484	1,494	1,429	—	—
Administrative Expenses ¹	(5,341)	(5,329)	(5,385)	(6,226)	(6,564)
Other	25	317	113	—	—
Net Change in Fiduciary Net Position	(97,994)	47,798	135,947	52,999	(156,054)
Fiduciary Net Position - End of Year	\$ 3,661,151	\$ 3,759,145	\$ 3,711,347	\$ 3,575,400	\$ 3,522,401
Net Pension Liability	\$ 10,307,552	\$ 10,630,019	\$ 10,871,842	\$ 11,919,139	\$ 12,052,671
Fiduciary Net Position as a Percentage of the Total Pension Liability	26.2 %	26.1 %	25.4 %	23.1 %	22.6 %
Covered Payroll ¹	\$ 693,965	\$ 753,355	\$ 824,770	\$ 912,685	\$ 989,093
Net Pension Liability as a Percentage of Covered Payroll	1,485.3 %	1,411.0 %	1,318.2 %	1,305.9 %	1,218.6 %

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Changes in Net Pension Liability and Net Pension Liability, continued

Teachers' Pre-1996 Defined Benefit Account ¹

For the Years Ended, June 30

(dollars in thousands)

Changes in Net Pension Liability	2015	2014	2013
Total Pension Liability - Beginning of Year	\$ 14,639,876	\$ 14,649,549	\$ 14,547,939
Service Cost	57,751	68,860	81,343
Interest Cost	959,895	961,628	957,228
Experience (Gains) / Losses	(140,466)	(70,517)	(40,719)
Assumption Changes	1,033,158	—	—
Plan Amendments	—	(25,524)	—
Benefit Payments ¹	(1,100,434)	(1,034,563)	(988,335)
ASA Annuityizations ¹	143,225	93,982	86,941
Net Member Reassignment ¹	3,266	(3,802)	—
Other	21	263	5,152
Net Change in Total Pension Liability	956,416	(9,673)	101,610
Total Pension Liability - End of Year	\$ 15,596,292	\$ 14,639,876	\$ 14,649,549
Fiduciary Net Position - Beginning of Year	\$ 3,786,527	\$ 3,401,153	\$ 3,084,834
Employer Contributions ¹	5,811	6,325	9,484
Nonemployer Contributing Entity Contributions ¹	845,616	825,617	1,003,596
Member Contributions ¹	—	5	—
Net Investment Income / (Loss)	953	504,801	212,554
Benefit Payments ¹	(1,100,434)	(1,034,563)	(988,335)
ASA Annuityizations ¹	143,225	93,982	86,941
Net Member Reassignment ¹	3,266	(3,802)	—
Administrative Expenses ¹	(6,530)	(7,010)	(7,926)
Other	21	19	5
Net Change in Fiduciary Net Position	(108,072)	385,374	316,319
Fiduciary Net Position - End of Year	\$ 3,678,455	\$ 3,786,527	\$ 3,401,153
Net Pension Liability	\$ 11,917,837	\$ 10,853,349	\$ 11,248,396
Fiduciary Net Position as a Percentage of the Total Pension Liability	23.6 %	25.9 %	23.2 %
Covered Payroll ¹	\$ 1,074,827	\$ 1,262,828	\$ 1,383,428
Net Pension Liability as a Percentage of Covered Payroll	1,108.8 %	859.4 %	813.1 %

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Changes in Net Pension Liability and Net Pension Liability

Teachers' 1996 Defined Benefit Account ¹

For the Years Ended June 30

(dollars in thousands)

Changes in Net Pension Liability	2020	2019	2018	2017	2016
Total Pension Liability - Beginning of Year	\$ 5,980,426	\$ 5,563,264	\$ 5,536,094	\$ 5,174,317	\$ 4,734,776
Service Cost	183,633	180,559	182,558	168,651	167,836
Interest Cost	411,329	383,384	382,298	357,392	328,018
Experience (Gains) / Losses	(31,433)	(21,588)	(142,275)	46,460	29,876
Assumption Changes	(114)	—	(285,442)	(115,506)	—
Plan Amendments	—	2,939	—	1,353	—
Benefit Payments ¹	(143,372)	(132,572)	(122,239)	(109,335)	(99,507)
ASA Annuizations ¹	—	—	6,504	8,504	8,932
Net Member Reassignment ¹	2,679	4,293	5,601	4,258	4,370
Other	104	147	165	—	16
Net Change in Total Pension Liability	422,826	417,162	27,170	361,777	439,541
Total Pension Liability - Ending	\$ 6,403,252	\$ 5,980,426	\$ 5,563,264	\$ 5,536,094	\$ 5,174,317
Fiduciary Net Position - Beginning of Year	\$ 6,124,086	\$ 5,452,352	\$ 4,873,897	\$ 4,393,797	\$ 4,208,198
Employer Contributions ¹	188,789	393,172	235,819	227,207	215,626
Member Contributions ¹	104	127	130	58	43
Net Investment Income / (Loss)	158,072	411,147	457,708	354,927	61,722
Benefit Payments ¹	(143,372)	(132,572)	(122,239)	(109,335)	(99,507)
ASA Annuizations ¹	—	—	6,504	8,504	8,932
Net Member Reassignment ¹	2,679	4,293	5,601	4,258	4,370
Administrative Expenses ¹	(5,090)	(5,038)	(5,208)	(5,553)	(5,603)
Other	43	605	140	34	16
Net Change in Fiduciary Net Position	201,225	671,734	578,455	480,100	185,599
Fiduciary Net Position - End of Year	\$ 6,325,311	\$ 6,124,086	\$ 5,452,352	\$ 4,873,897	\$ 4,393,797
Net Pension Liability					
Total Pension Liability	\$ 6,403,252	\$ 5,980,426	\$ 5,563,264	\$ 5,536,094	\$ 5,174,317
Fiduciary Net Position	6,325,311	6,124,086	5,452,352	4,873,897	4,393,797
Net Pension Liability / (Asset)	\$ 77,941	\$ (143,660)	\$ 110,912	\$ 662,197	\$ 780,520
Fiduciary Net Position as a Percentage of the Total Pension Liability	98.8 %	102.4 %	98.0 %	88.0 %	84.9 %
Covered Payroll ¹	\$ 3,465,728	\$ 3,257,918	\$ 3,129,070	\$ 3,020,463	\$ 2,881,397
Net Pension Liability as a Percentage of Covered Payroll	2.2 %	(4.4)%	3.5 %	21.9 %	27.1 %

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Changes in Net Pension Liability and Net Pension Liability, continued

Teachers' 1996 Defined Benefit Account ¹

For the Years Ended June 30

(dollars in thousands)

Changes in Net Pension Liability	2015	2014	2013
Total Pension Liability - Beginning of Year	\$ 4,116,264	\$ 3,757,444	\$ 3,438,970
Service Cost	170,892	155,314	147,337
Interest Cost	287,264	262,263	240,282
Experience (Gains) / Losses	(40,857)	504	(15,995)
Assumption Changes	263,991	—	—
Plan Amendments	—	(4,504)	—
Benefit Payments ¹	(90,267)	(77,253)	(68,793)
ASA Annuizations ¹	22,575	15,151	11,621
Net Member Reassignment ¹	4,890	6,922	—
Other	24	423	4,022
Net Change in Total Pension Liability	618,512	358,820	318,474
Total Pension Liability - Ending	\$ 4,734,776	\$ 4,116,264	\$ 3,757,444
Fiduciary Net Position - Beginning of Year	\$ 4,068,713	\$ 3,442,972	\$ 3,118,810
Employer Contributions ¹	205,763	194,751	180,714
Member Contributions	—	—	—
Net Investment Income / (Loss)	2,684	492,856	207,098
Benefit Payments ¹	(90,267)	(77,253)	(68,793)
ASA Annuizations ¹	22,575	15,151	11,621
Net Member Reassignment ¹	4,890	6,922	—
Administrative Expenses ¹	(6,184)	(6,707)	(6,482)
Other	24	21	4
Net Change in Fiduciary Net Position	139,485	625,741	324,162
Fiduciary Net Position - End of Year	\$ 4,208,198	\$ 4,068,713	\$ 3,442,972
Net Pension Liability			
Total Pension Liability	\$ 4,734,776	\$ 4,116,264	\$ 3,757,444
Fiduciary Net Position	4,208,198	4,068,713	3,442,972
Net Pension Liability	\$ 526,578	\$ 47,551	\$ 314,472
Fiduciary Net Position as a Percentage of the Total Pension Liability	88.9 %	98.8 %	91.6 %
Covered Payroll ¹	\$ 2,742,187	\$ 2,598,115	\$ 2,442,496
Net Pension Liability as a Percentage of Covered Payroll	19.2 %	1.8 %	12.9 %

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Changes in Net Pension Liability and Net Pension Liability

1977 Police Officers' and Firefighters' Retirement Fund¹

For the Years Ended June 30

(dollars in thousands)

Changes in Net Pension Liability	2020	2019	2018	2017	2016
Total Pension Liability - Beginning of Year	\$ 6,389,002	\$ 5,839,659	\$ 5,385,753	\$ 5,039,836	\$ 4,680,694
Service Cost	162,497	150,289	136,640	134,489	129,369
Interest Cost	434,975	398,002	366,932	344,397	320,219
Experience (Gains) / Losses	11,694	31,019	123,069	33,409	41,723
Assumption Changes	2,278	—	—	(23,399)	—
Plan Amendments	—	157,278	—	1,323	—
Benefit Payments ¹	(215,751)	(189,951)	(172,908)	(148,865)	(132,746)
Net Member Reassignment ¹	—	—	—	—	(74)
Other	913	2,706	173	4,563	651
Net Change in Total Pension Liability	396,606	549,343	453,906	345,917	359,142
Total Pension Liability - Ending	\$ 6,785,608	\$ 6,389,002	\$ 5,839,659	\$ 5,385,753	\$ 5,039,836
Fiduciary Net Position - Beginning of Year	\$ 6,379,786	\$ 5,927,570	\$ 5,401,179	\$ 4,950,999	\$ 4,828,415
Employer Contributions ¹	162,302	155,051	147,094	150,857	151,674
Member Contributions ¹	54,175	52,811	48,839	51,521	44,918
Net Investment Income / (Loss)	164,228	436,229	504,991	398,196	60,320
Benefit Payments ¹	(215,751)	(189,951)	(172,908)	(148,865)	(132,746)
Net Member Reassignment ¹	—	—	—	—	(74)
Administrative Expenses ¹	(1,960)	(1,904)	(1,643)	(1,607)	(1,651)
Other	20	(20)	18	78	143
Net Change in Fiduciary Net Position	163,014	452,216	526,391	450,180	122,584
Fiduciary Net Position - End of Year	\$ 6,542,800	\$ 6,379,786	\$ 5,927,570	\$ 5,401,179	\$ 4,950,999
Net Pension Liability					
Total Pension Liability	\$ 6,785,608	\$ 6,389,002	\$ 5,839,659	\$ 5,385,753	\$ 5,039,836
Fiduciary Net Position	6,542,800	6,379,786	5,927,570	5,401,179	4,950,999
Net Pension Liability / (Asset)	\$ 242,808	\$ 9,216	\$ (87,911)	\$ (15,426)	\$ 88,837
Fiduciary Net Position as a Percentage of the Total Pension Liability	96.4 %	99.9 %	101.5 %	100.3 %	98.2 %
Covered Payroll ¹	\$ 940,496	\$ 866,299	\$ 842,179	\$ 809,382	\$ 771,949
Net Pension Liability as a Percentage of Covered Payroll	25.8 %	1.1 %	(10.4)%	(1.9)%	11.5 %

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Changes in Net Pension Liability and Net Pension Liability, continued

1977 Police Officers' and Firefighters' Retirement Fund¹

For the Years Ended June 30

(dollars in thousands)

Changes in Net Pension Liability	2015	2014	2013
Total Pension Liability - Beginning of Year	\$ 4,706,997	\$ 4,392,947	\$ 4,122,436
Service Cost	138,204	133,074	130,912
Interest Cost	323,129	301,824	283,733
Experience (Gains) / Losses	(61,640)	(11,754)	(39,592)
Assumption Changes	(309,801)	—	(4,810)
Plan Amendments	—	—	—
Benefit Payments ¹	(116,490)	(109,094)	(99,803)
Net Member Reassignment ¹	—	—	71
Other	295	—	—
Net Change in Total Pension Liability	(26,303)	314,050	270,511
Total Pension Liability - Ending	\$ 4,680,694	\$ 4,706,997	\$ 4,392,947
Fiduciary Net Position - Beginning of Year	\$ 4,757,978	\$ 4,116,861	\$ 3,817,013
Employer Contributions ¹	146,697	140,119	137,111
Member Contributions ¹	43,523	41,791	40,786
Net Investment Income / (Loss)	(1,600)	570,058	223,510
Benefit Payments ¹	(116,490)	(109,094)	(99,803)
Net Member Reassignment ¹	—	—	71
Administrative Expenses ¹	(1,708)	(1,787)	(1,845)
Other	15	30	18
Net Change in Fiduciary Net Position	70,437	641,117	299,848
Fiduciary Net Position - End of Year	\$ 4,828,415	\$ 4,757,978	\$ 4,116,861
Net Pension Liability			
Total Pension Liability	\$ 4,680,694	\$ 4,706,997	\$ 4,392,947
Fiduciary Net Position	4,828,415	4,757,978	4,116,861
Net Pension Liability / (Asset)	\$ (147,721)	\$ (50,981)	\$ 276,086
Fiduciary Net Position as a Percentage of the Total Pension Liability	103.2 %	101.1 %	93.7 %
Covered Payroll ¹	\$ 745,336	\$ 710,581	\$ 695,000
Net Pension Liability as a Percentage of Covered Payroll	(19.8)%	(7.2)%	39.7 %

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Changes in Net Pension Liability and Net Pension Liability

Judges' Retirement System ¹

For the Years Ended June 30

(dollars in thousands)

Changes in Net Pension Liability	2020	2019	2018	2017	2016
Total Pension Liability - Beginning of Year	\$ 586,499	\$ 547,694	\$ 523,735	\$ 501,126	\$ 468,945
Service Cost	19,567	18,230	14,886	14,762	13,870
Interest Cost	40,006	37,346	35,567	34,083	31,888
Experience (Gains) / Losses	(1,968)	8,527	(3,090)	(3,107)	7,182
Assumption Changes	(24,814)	—	—	(1,213)	—
Plan Amendments	—	—	—	—	—
Benefit Payments ¹	(26,837)	(25,391)	(23,623)	(22,099)	(20,922)
Net Member Reassignment	—	—	—	—	—
Other	57	93	219	183	163
Net Change in Total Pension Liability	6,011	38,805	23,959	22,609	32,181
Total Pension Liability - Ending	\$ 592,510	\$ 586,499	\$ 547,694	\$ 523,735	\$ 501,126
Fiduciary Net Position - Beginning of Year	\$ 545,331	\$ 513,952	\$ 475,055	\$ 441,790	\$ 437,352
Employer Contributions	18,167	16,031	15,117	16,824	16,946
Member Contributions	3,549	3,476	3,418	3,468	3,239
Net Investment Income / (Loss)	14,020	37,371	44,104	35,196	5,323
Benefit Payments ¹	(26,837)	(25,391)	(23,623)	(22,099)	(20,922)
Net Member Reassignment	—	—	—	—	—
Administrative Expenses ¹	(109)	(108)	(119)	(124)	(148)
Other	—	—	—	—	—
Net Change in Fiduciary Net Position	8,790	31,379	38,897	33,265	4,438
Fiduciary Net Position - End of Year	\$ 554,121	\$ 545,331	\$ 513,952	\$ 475,055	\$ 441,790
Net Pension Liability	\$ 38,389	\$ 41,168	\$ 33,742	\$ 48,680	\$ 59,336
Fiduciary Net Position as a Percentage of the Total Pension Liability	93.5 %	93.0 %	93.8 %	90.7 %	88.2 %
Covered Payroll ¹	\$ 58,189	\$ 56,380	\$ 53,350	\$ 54,755	\$ 51,382
Net Pension Liability as a Percentage of Covered Payroll	66.0 %	73.0 %	63.2 %	88.9 %	115.5 %

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Changes in Net Pension Liability and Net Pension Liability, continued

Judges' Retirement System ¹

For the Years Ended June 30

(dollars in thousands)

Changes in Net Pension Liability	2015	2014	2013
Total Pension Liability - Beginning of Year	\$ 464,855	\$ 453,110	\$ 437,854
Service Cost	15,283	15,302	16,084
Interest Cost	31,754	30,992	30,047
Experience (Gains) / Losses	8,411	(16,026)	(13,603)
Assumption Changes	(31,926)	—	186
Plan Amendments	—	—	—
Benefit Payments ¹	(19,432)	(18,527)	(17,579)
Net Member Reassignment ¹	—	4	121
Other	—	—	—
Net Change in Total Pension Liability	4,090	11,745	15,256
Total Pension Liability - Ending	\$ 468,945	\$ 464,855	\$ 453,110
Fiduciary Net Position - Beginning of Year	\$ 432,730	\$ 375,752	\$ 262,326
Employer Contributions ¹	21,020	20,895	111,419
Member Contributions ¹	3,292	2,856	2,631
Net Investment Income / (Loss)	(102)	51,890	16,955
Benefit Payments ¹	(19,432)	(18,527)	(17,579)
Net Member Reassignment ¹	—	4	121
Administrative Expenses ¹	(165)	(146)	(126)
Other	9	6	5
Net Change in Fiduciary Net Position	4,622	56,978	113,426
Fiduciary Net Position - End of Year	\$ 437,352	\$ 432,730	\$ 375,752
Net Pension Liability	\$ 468,945	\$ 464,855	\$ 453,110
Fiduciary Net Position	437,352	432,730	375,752
Net Pension Liability	\$ 31,593	\$ 32,125	\$ 77,358
Fiduciary Net Position as a Percentage of the Total Pension Liability	93.3 %	93.1 %	82.9 %
Covered Payroll ¹	\$ 48,582	\$ 46,041	\$ 47,595
Net Pension Liability as a Percentage of Covered Payroll	65.0 %	69.8 %	162.5 %

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Changes in Net Pension Liability and Net Pension Liability

Excise, Gaming and Conservation Officers' Retirement Fund¹

For the Years Ended June 30

(dollars in thousands)

Changes in Net Pension Liability	2020	2019	2018	2017	2016
Total Pension Liability - Beginning of Year	\$ 152,207	\$ 140,056	\$ 142,603	\$ 138,965	\$ 132,796
Service Cost	3,983	3,551	3,369	3,550	3,011
Interest Cost	10,294	9,448	9,619	9,389	8,955
Experience (Gains) / Losses	6,031	6,427	(587)	120	470
Assumption Changes	(1,984)	—	(8,015)	(2,578)	—
Plan Amendments	814	—	—	—	—
Benefit Payments ¹	(7,367)	(7,325)	(6,935)	(6,826)	(6,245)
Net Member Reassignment ¹	—	—	—	(26)	(21)
Other	—	50	2	9	(1)
Net Change in Total Pension Liability	11,771	12,151	(2,547)	3,638	6,169
Total Pension Liability - Ending	\$ 163,978	\$ 152,207	\$ 140,056	\$ 142,603	\$ 138,965
Fiduciary Net Position - Beginning of Year	\$ 142,115	\$ 131,491	\$ 120,016	\$ 111,329	\$ 110,038
Employer Contributions ¹	6,742	6,982	6,175	5,691	5,367
Member Contributions ¹	1,298	1,368	1,172	1,102	1,016
Net Investment Income / (Loss)	3,677	9,711	11,189	8,869	1,313
Benefit Payments ¹	(7,367)	(7,325)	(6,935)	(6,826)	(6,245)
Net Member Reassignment ¹	—	—	—	(26)	(21)
Administrative Expenses ¹	(107)	(112)	(136)	(123)	(139)
Other	—	—	10	—	—
Net Change in Fiduciary Net Position	4,243	10,624	11,475	8,687	1,291
Fiduciary Net Position - End of Year	\$ 146,358	\$ 142,115	\$ 131,491	\$ 120,016	\$ 111,329
Net Pension Liability	\$ 17,620	\$ 10,092	\$ 8,565	\$ 22,587	\$ 27,636
Fiduciary Net Position as a Percentage of the Total Pension Liability	89.3 %	93.4 %	93.9 %	84.2 %	80.1 %
Covered Payroll ¹	\$ 32,491	\$ 33,272	\$ 29,387	\$ 27,428	\$ 25,526
Net Pension Liability as a Percentage of Covered Payroll	54.2 %	30.3 %	29.1 %	82.4 %	108.3 %

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Changes in Net Pension Liability and Net Pension Liability, continued Excise, Gaming and Conservation Officers' Retirement Fund¹ For the Years Ended June 30

(dollars in thousands)

Changes in Net Pension Liability	2015	2014	2013
Total Pension Liability - Beginning of Year	\$ 123,601	\$ 118,097	\$ 113,282
Service Cost	3,905	3,841	3,811
Interest Cost	8,384	8,031	7,740
Experience (Gains) / Losses	845	(430)	(1,845)
Assumption Changes	2,669	—	(40)
Plan Amendments	—	—	—
Benefit Payments ¹	(6,608)	(5,938)	(4,836)
Net Member Reassignment ¹	—	—	(15)
Other	—	—	—
Net Change in Total Pension Liability	9,195	5,504	4,815
Total Pension Liability - Ending	\$ 132,796	\$ 123,601	\$ 118,097
Fiduciary Net Position - Beginning of Year	\$ 110,657	\$ 97,019	\$ 76,543
Employer Contributions ¹	5,215	5,359	19,740
Member Contributions ¹	1,004	1,019	1,006
Net Investment Income / (Loss)	(71)	13,339	4,702
Benefit Payments ¹	(6,608)	(5,938)	(4,836)
Net Member Reassignment ¹	—	—	(15)
Administrative Expenses ¹	(159)	(141)	(121)
Other	—	—	—
Net Change in Fiduciary Net Position	(619)	13,638	20,476
Fiduciary Net Position - End of Year	\$ 110,038	\$ 110,657	\$ 97,019
Net Pension Liability	\$ 22,758	\$ 12,944	\$ 21,078
Fiduciary Net Position as a Percentage of the Total Pension Liability	82.9 %	89.5 %	82.2 %
Covered Payroll ¹	\$ 25,133	\$ 25,825	\$ 24,675
Net Pension Liability as a Percentage of Covered Payroll	90.6 %	50.1 %	85.4 %

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Changes in Net Pension Liability and Net Pension Liability

Prosecuting Attorneys' Retirement Fund ¹

For the Years Ended June 30

(dollars in thousands)

Changes in Net Pension Liability	2020	2019	2018	2017	2016
Total Pension Liability - Beginning of Year	\$ 110,081	\$ 103,284	\$ 96,655	\$ 85,033	\$ 77,861
Service Cost	2,068	2,031	1,947	1,650	1,626
Interest Cost	7,402	6,959	6,521	5,714	5,239
Experience (Gains) / Losses	(2,515)	2,240	2,156	1,996	4,058
Assumption Changes	(5,012)	—	—	(216)	—
Plan Amendments	—	—	—	6,547	—
Benefit Payments ¹	(4,975)	(4,433)	(3,995)	(4,069)	(3,747)
Net Member Reassignment	—	—	—	—	—
Other	—	1	—	—	(4)
Net Change in Total Pension Liability	(3,032)	6,798	6,629	11,622	7,172
Total Pension Liability - Ending	\$ 107,049	\$ 110,082	\$ 103,284	\$ 96,655	\$ 85,033
Fiduciary Net Position - Beginning of Year	\$ 65,523	\$ 61,019	\$ 55,575	\$ 52,792	\$ 53,424
Employer Contributions ¹	4,232	3,216	3,014	1,486	1,440
Member Contributions ¹	1,440	1,307	1,294	1,357	1,279
Net Investment Income / (Loss)	1,730	4,489	5,218	4,167	589
Benefit Payments ¹	(4,975)	(4,433)	(3,995)	(4,069)	(3,747)
Net Member Reassignment	—	—	—	—	—
Administrative Expenses ¹	(74)	(75)	(87)	(158)	(193)
Other	—	—	—	—	—
Net Change in Fiduciary Net Position	2,353	4,504	5,444	2,783	(632)
Fiduciary Net Position - End of Year	\$ 67,876	\$ 65,523	\$ 61,019	\$ 55,575	\$ 52,792
Net Pension Liability	\$ 39,173	\$ 44,559	\$ 42,265	\$ 41,080	\$ 32,241
Fiduciary Net Position as a Percentage of the Total Pension Liability	63.4 %	59.5 %	59.1 %	57.5 %	62.1 %
Covered Payroll ¹	\$ 23,989	\$ 21,791	\$ 21,578	\$ 22,635	\$ 21,372
Net Pension Liability as a Percentage of Covered Payroll	163.3 %	204.5 %	195.9 %	181.5 %	150.9 %

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Changes in Net Pension Liability and Net Pension Liability, continued

Prosecuting Attorneys' Retirement Fund ¹

For the Years Ended June 30

(dollars in thousands)

Changes in Net Pension Liability	2015	2014	2013
Total Pension Liability - Beginning of Year	\$ 65,336	\$ 61,940	\$ 56,080
Service Cost	1,603	1,587	1,568
Interest Cost	4,409	4,207	3,816
Experience (Gains) / Losses	4,551	—	1,474
Assumption Changes	5,216	—	(109)
Plan Amendments	—	—	1,346
Benefit Payments ¹	(3,254)	(2,398)	(2,235)
Net Member Reassignment	—	—	—
Other	—	—	—
Net Change in Total Pension Liability	12,525	3,396	5,860
Total Pension Liability - Ending	\$ 77,861	\$ 65,336	\$ 61,940
Fiduciary Net Position - Beginning of Year	\$ 54,507	\$ 47,920	\$ 27,689
Employer Contributions ¹	1,063	1,174	19,443
Member Contributions ¹	1,269	1,334	1,271
Net Investment Income / (Loss)	(34)	6,581	1,897
Benefit Payments ¹	(3,254)	(2,398)	(2,235)
Net Member Reassignment	—	—	—
Administrative Expenses ¹	(127)	(108)	(145)
Other	—	4	—
Net Change in Fiduciary Net Position	(1,083)	6,587	20,231
Fiduciary Net Position - End of Year	\$ 53,424	\$ 54,507	\$ 47,920
Net Pension Liability	\$ 24,437	\$ 10,829	\$ 14,020
Fiduciary Net Position as a Percentage of the Total Pension Liability	68.6 %	83.4 %	77.4 %
Covered Payroll ¹	\$ 21,145	\$ 20,608	\$ 18,805
Net Pension Liability as a Percentage of Covered Payroll	115.6 %	52.5 %	74.6 %

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Changes in Net Pension Liability and Net Pension Liability

Legislators' Defined Benefit Fund ¹

For the Years Ended June 30

(dollars in thousands)

Changes in Net Pension Liability	2020	2019	2018	2017	2016
Total Pension Liability - Beginning of Year	\$ 3,362	\$ 3,484	\$ 3,804	\$ 4,015	\$ 4,325
Service Cost	—	—	—	1	2
Interest Cost	214	223	245	258	280
Experience (Gains) / Losses	(14)	10	(85)	(113)	(233)
Assumption Changes	(87)	—	(121)	—	—
Plan Amendments	—	—	—	—	—
Benefit Payments ¹	(349)	(356)	(359)	(357)	(359)
Net Member Reassignment	—	—	—	—	—
Other	—	1	—	—	—
Net Change in Total Pension Liability	(236)	(122)	(320)	(211)	(310)
Total Pension Liability - Ending	\$ 3,126	\$ 3,362	\$ 3,484	\$ 3,804	\$ 4,015
Fiduciary Net Position - Beginning of Year	\$ 3,026	\$ 2,942	\$ 2,865	\$ 2,919	\$ 3,174
Employer Contributions ¹	208	269	237	135	138
Member Contributions	—	—	—	—	—
Net Investment Income / (Loss)	77	209	263	221	27
Benefit Payments ¹	(349)	(356)	(359)	(357)	(359)
Net Member Reassignment	—	—	—	—	—
Administrative Expenses ¹	(38)	(38)	(64)	(53)	(61)
Other	—	—	—	—	—
Net Change in Fiduciary Net Position	(102)	84	77	(54)	(255)
Fiduciary Net Position - End of Year	\$ 2,924	\$ 3,026	\$ 2,942	\$ 2,865	\$ 2,919
Net Pension Liability	\$ 202	\$ 336	\$ 542	\$ 939	\$ 1,096
Fiduciary Net Position as a Percentage of the Total Pension Liability	93.5 %	90.0 %	84.4 %	75.3 %	72.7 %
Covered Payroll ¹	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Changes in Net Pension Liability and Net Pension Liability, continued

Legislators' Defined Benefit Fund¹

For the Years Ended June 30

(dollars in thousands)

Changes in Net Pension Liability	2015	2014	2013
Total Pension Liability - Beginning of Year	\$ 4,166	\$ 4,285	\$ 4,497
Service Cost	3	3	2
Interest Cost	269	277	291
Experience (Gains) / Losses	(68)	(36)	(140)
Assumption Changes	325	—	—
Plan Amendments	—	—	—
Benefit Payments ¹	(370)	(363)	(365)
Net Member Reassignment	—	—	—
Other	—	—	—
Net Change in Total Pension Liability	159	(119)	(212)
Total Pension Liability - Ending	\$ 4,325	\$ 4,166	\$ 4,285
Fiduciary Net Position - Beginning of Year	\$ 3,489	\$ 3,337	\$ 3,385
Employer Contributions ¹	131	138	150
Member Contributions	—	—	—
Net Investment Income / (Loss)	(5)	439	201
Benefit Payments ¹	(370)	(363)	(365)
Net Member Reassignment	—	—	—
Administrative Expenses ¹	(71)	(62)	(34)
Other	—	—	—
Net Change in Fiduciary Net Position	(315)	152	(48)
Fiduciary Net Position - End of Year	\$ 3,174	\$ 3,489	\$ 3,337
Net Pension Liability	\$ 1,151	\$ 677	\$ 948
Fiduciary Net Position as a Percentage of the Total Pension Liability	73.4 %	83.7 %	77.9 %
Covered Payroll	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Contributions

(dollars in thousands)

For the Years Ended June 30	Actuarially Determined Contribution (ADC) ¹	Contributions in Relation to ADC ¹	Contribution Deficiency (Excess)	Contributions as a Percentage of ADC	Covered Payroll ¹	Contributions as a Percentage of Covered Payroll
PERF DB						
2020	\$ 482,316	\$ 598,903	\$ (116,587)	124.2 %	\$ 5,380,843	11.1 %
2019	527,836	581,559	(53,723)	110.2	5,205,243	11.2
2018	502,206	571,099	(68,893)	113.7	5,083,131	11.2
2017	496,867	558,659	(61,792)	112.4	4,997,555	11.2
2016	492,000	547,684	(55,684)	111.3	4,868,709	11.2
2015	517,717	536,467	(18,750)	103.6	4,804,145	11.2
2014	528,562	519,576	8,986	98.3	4,896,635	10.6
2013	464,047	455,658	8,389	98.2	4,700,000	9.7
2012	449,388	397,843	51,545	88.5	4,550,000	8.7
2011	351,000	342,779	8,221	97.7	4,500,000	7.6
TRF Pre-'96 DB						
2020	\$ 973,488	\$ 973,488	\$ —	100.0 %	\$ 693,965	140.3 %
2019	947,405	947,405	—	100.0	753,355	125.8
2018	922,068	922,068	—	100.0	824,770	111.8
2017	875,525	875,525	—	100.0	912,685	95.9
2016	892,548	892,548	—	100.0	989,093	90.2
2015	851,427	851,427	—	100.0	1,074,827	79.2
2014	831,942	831,942	—	100.0	1,262,828	65.9
2013	1,013,080	1,013,080	—	100.0	1,383,428	73.2
2012	764,423	764,423	—	100.0	1,637,066	46.7
2011	748,978	748,978	—	100.0	1,762,750	42.5
TRF '96 DB						
2020	\$ 162,035	\$ 188,789	\$ (26,754)	116.5 %	\$ 3,465,728	5.4 %
2019	226,099	393,151	(167,052)	173.9	3,257,918	12.1
2018	210,586	235,675	(25,089)	111.9	3,129,070	7.5
2017	198,444	227,207	(28,763)	114.5	3,020,463	7.5
2016	180,375	215,626	(35,251)	119.5	2,881,397	7.5
2015	178,260	205,763	(27,503)	115.4	2,742,187	7.5
2014	177,711	194,751	(17,040)	109.6	2,598,115	7.5
2013	167,311	180,714	(13,403)	108.0	2,442,496	7.4
2012	154,800	181,067	(26,267)	117.0	2,400,000	7.5
2011	135,057	166,633	(31,576)	123.4	2,225,000	7.5
77 Fund						
2020	\$ 91,134	\$ 162,056	\$ (70,922)	177.8 %	\$ 940,496	17.2 %
2019	78,010	154,228	(76,218)	197.7	866,299	17.8
2018	74,491	147,074	(72,583)	197.4	842,179	17.5
2017	91,258	150,698	(59,440)	165.1	809,382	18.6
2016	113,438	151,299	(37,861)	133.4	771,949	19.6
2015	118,881	146,402	(27,521)	123.2	745,336	19.6
2014	103,425	140,119	(36,694)	135.5	710,581	19.7
2013	112,590	137,111	(24,521)	121.8	695,000	19.7
2012	132,549	135,605	(3,056)	102.3	690,000	19.7
2011	117,820	133,726	(15,906)	113.5	687,000	19.5

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Contributions, continued

(dollars in thousands)

For the Years Ended June 30	Actuarially Determined Contribution (ADC) ¹	Contributions in Relation to ADC ¹	Contribution Deficiency (Excess)	Contributions as a Percentage of ADC	Covered Payroll ¹	Contributions as a Percentage of Covered Payroll
JRS						
2020	\$ 19,406	\$ 18,166	\$ 1,240	93.6 %	\$ 58,189	31.2 %
2019	14,862	16,031	(1,169)	107.9	56,380	28.4
2018	14,853	15,117	(264)	101.8	53,350	28.3
2017	14,335	16,824	(2,489)	117.4	54,755	30.7
2016	17,485	16,946	539	96.9	51,382	33.0
2015	18,865	21,020	(2,155)	111.4	48,582	43.3
2014	27,648	20,895	6,753	75.6	46,041	45.4
2013	25,458	111,419	(85,961)	437.7	47,595	234.1
2012	19,664	18,896	768	96.1	45,138	41.9
2011	18,910	19,200	(290)	101.5	45,764	42.0
EG&C						
2020	\$ 3,647	\$ 6,742	\$ (3,095)	184.9 %	\$ 32,491	20.8 %
2019	4,874	6,982	(2,108)	143.2	33,272	21.0
2018	4,393	6,175	(1,782)	140.6	29,387	21.0
2017	4,033	5,691	(1,658)	141.1	27,428	20.7
2016	4,078	5,297	(1,219)	129.9	25,526	20.8
2015	4,820	5,215	(395)	108.2	25,133	20.7
2014	5,341	5,359	(18)	100.3	25,825	20.8
2013	4,794	19,740	(14,946)	411.8	24,675	80.0
2012	4,556	5,054	(498)	110.9	24,300	20.8
2011	4,112	5,197	(1,085)	126.4	25,000	20.8
PARF						
2020	\$ 4,608	\$ 4,232	\$ 376	91.8 %	\$ 23,989	17.6 %
2019	3,543	3,216	327	90.8	21,791	14.8
2018	2,533	3,014	(481)	119.0	21,578	14.0
2017	2,148	1,486	662	69.2	22,635	6.6
2016	1,381	1,440	(59)	104.3	21,372	6.7
2015	1,419	1,063	356	74.9	21,145	5.0
2014	2,345	1,174	1,171	50.1	20,608	5.7
2013	2,542	19,443	(16,901)	764.9	18,805	103.4
2012	2,037	1,839	198	90.3	21,705	8.5
2011	1,960	170	1,790	8.7	18,082	0.9
LE DB						
2020	\$ 216	\$ 208	\$ 8	96.3 %	N/A	N/A
2019	240	269	(29)	112.1	N/A	N/A
2018	237	237	—	100.0	N/A	N/A
2017	170	135	35	79.4	N/A	N/A
2016	138	138	—	100.0	N/A	N/A
2015	119	131	(12)	110.1	N/A	N/A
2014	138	138	—	100.0	N/A	N/A
2013	140	150	(10)	107.1	N/A	N/A
2012	113	112	1	99.1	N/A	N/A
2011	113	—	113	—	N/A	N/A

¹For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

Required Supplementary Information (Unaudited), continued

Schedule of Investment Returns ¹

Annual Money-Weighted Rate of Return, Net of Investment Expense For the Years Ended, June 30

Defined Benefit Pension Trust Funds	2020	2019	2018	2017	2016	2015	2014	2013
PERF DB	2.58 %	7.32 %	9.33 %	7.60 %	1.11 %	0.32 %	12.33 %	5.79 %
TRF Pre-'96 DB	2.76	7.61	9.46	8.14	1.01	0.57	12.71	5.11
TRF '96 DB	2.58	7.47	9.28	8.14	1.01	0.57	12.71	5.11
77 Fund	2.57	7.34	9.30	7.97	1.22	(0.07)	13.70	5.85
JRS	2.57	7.31	9.32	7.96	1.18	(0.06)	13.69	5.24
EG&C	2.57	7.40	9.30	7.97	1.17	(0.09)	13.69	5.48
PARF	2.60	7.30	9.31	7.94	1.10	(0.08)	13.70	4.84
LE DB	2.64	7.19	9.39	7.91	0.84	(0.13)	13.65	6.16
Total INPRS ²	2.77	6.84	8.88	7.85	1.10	0.44	12.69	5.57

¹ For further details, see Accompanying Notes to the RSI Schedules in the Introduction to Required Supplementary Information (Unaudited).

² Rate of return includes DC, OPEB and custodial funds.

Required Supplementary Information (Unaudited), continued

Schedule of Notes to Required Supplementary Information

Plan Amendments

In 2020, EG&C was modified pursuant to SEA 181. Previously, active members were required to have 15 years of service to qualify for death benefits. Statute now allows a qualifying spouse/dependent to receive a benefit regardless of the service credit of the deceased member.

Assumption Changes

In 2020, an experience study was performed resulting in an update to several assumptions. These assumption changes included a change in the mortality assumptions, retirement assumptions, withdrawal assumptions, disability assumptions, dependent spouse assumptions, and future salary increase assumptions. The COLA assumptions for the '77 Fund and JRS were changed. The line-of-duty death assumption and DROP election rate assumptions were changed for the '77 Fund and EG&C. For further details, refer to the Actuarial Section of the CAFR.

Methods and Assumptions Used in Calculating Actuarially Determined Contributions ¹

The following actuarial methods and assumptions were used to determine the ADC Rates for the Fiscal Year Ending June 30, 2020:

Description	PERF DB	TRF Pre-'96 DB	TRF '96 DB	77 Fund	JRS	EG&C	PARF	LE DB
Valuation Date:								
Assets	June 30, 2018							
Liabilities	June 30, 2017 - Member census data as of June 30, 2017 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2017 and June 30, 2018. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2017 to the June 30, 2018 measurement date.							
Actuarial Cost Method (Funding)	Entry Age Normal (Level Percent of Payroll)							Traditional Unit Credit
Actuarial Amortization Method for Unfunded Liability	Level Dollar							
Actuarial Amortization Period for Unfunded Liability	20 years, closed	5 years, closed	20 years, closed	30 years, open	20 years, closed			5 years, closed
Remaining Amortization Period in Years (Weighted) ²	24	3	14	30 years, open	12	30	21	3
Asset Valuation Method	Five-year smoothing of gains and losses on the fair value of assets subject to a 20% corridor							
Investment Rate of Return (Funding)	6.75%, includes inflation, and net of administrative and investment expenses							
Cost of Living Increases	1.00%	1.00%		2.00%	2.50%	1.00%	N/A	1.00%
Future Salary Increases, including Inflation	2.50% - 4.25%	2.50% - 12.50%		2.50%			4.00%	2.25%
Inflation	2.25%							

¹ Differs from Note 8 schedule as this table is for funding purposes and Note 8 is for financial reporting purposes. Actuarially Determined Contributions in a given year are determined based on the actuarial valuation dated two fiscal years prior (i.e., rates effective 7-1-17 are based on the 6-30-16 valuation).

² The remaining amortization period becomes 30 years, open when a plan reaches 100% funded status.

Other Supplementary Schedules

Schedule of Administrative Expenses

For the Years Ended June 30

(dollars in thousands)	2020	2019
Personnel Services		
Salaries and Wages	\$ 14,645	\$ 13,976
Employee Benefits	7,173	6,219
Temporary Services	957	1,108
Total Personnel Services	22,775	21,303
Professional Services		
Benefit Payment Processing Fees	2,076	2,046
Consulting Services	1,836	1,876
Actuarial Services	462	430
Legal Services	90	57
Recordkeeper Services	6,250	6,272
Total Professional Services	10,714	10,681
Information Technology Services		
Data Processing	2,271	2,198
Software and Licenses	2,222	2,019
Other Computer Services	2,722	2,728
Total Information Technology Services	7,215	6,945
Communications		
Postage	205	193
Telephone	448	438
Printing	225	196
E-communications	13	11
Total Communications	891	838
Miscellaneous		
Depreciation and Amortization	311	432
Building and Facility Expenses	612	549
Memberships and Training	111	228
Travel	110	139
Equipment Rental	53	58
Other Administrative Expenses	226	225
Total Miscellaneous	1,423	1,631
Total Administrative Expenses	\$ 43,018	\$ 41,398

Other Supplementary Schedules, continued

Schedule of Administrative Expenses - Vendors

For the Years Ended June 30

INPRS elected to display vendors with administrative expenses of \$50 thousand or greater.

(dollars in thousands)

Vendor	2020	2019	Nature of Services
Voya Institutional Plan Services, Inc	\$ 8,442	\$ 8,871	Recordkeeper & Benefit Processing Services
Intervision Systems LLC	1,760	1,715	Servers - Offsite
iLab LLC	1,581	1,651	Quality Assurance
Mythics	1,388	1,339	Mythics Software Vendor and Support
Cherryroad Technologies Inc	1,007	1,015	INPAS Pension System Support
IOT	568	533	Desktop & Network Services, Software
JLL Property Management	478	400	Property Management
Cavanaugh Macdonald Consulting LLC	462	431	Actuarial Services
RSM US LLP	455	442	Auditing Services
Level 3 Communications LLC	395	388	Call Center Software and Phone Services
Key Benefit Administrators	339	—	RMBA Account Administrators
DAS	321	32	FileNet Managed Service Provider
Fineline Printing Group	199	149	Printing
Post Masters	189	71	Mail and Print Services
ServiceNow	170	170	IT Desktop Support Services
Brown & Brown of Indiana Inc.	103	99	Insurance
Dell Marketing LP	97	—	Application Monitoring Software
Loyalty Research Center	92	92	Research Services
Indiana State Personnel Department	85	80	HR Shared Services
Dr. Omkar N Markand, MD	76	89	Medical Consulting
Acorio LLC	75	—	IT Workforce Management Software
Experian Reserved Response Inc, (Allclear ID Inc)	75	64	Identity Theft Protection Services
Gartner Inc	74	71	IT Project Research & Advisory Services
Carahsoft Technology Corporation	74	8	IT Software
Looker Data Sciences Inc.	66	66	Data Analytics & Reporting Software
Conduent HR Services LLC	60	75	Historical Data Services
HP Inc.	55	24	Computer Hardware
Briljant	55	9	Training
Automatic Data Processing Inc.	53	46	Payroll Processing Services
Pension Benefit Information, LLC	53	—	Death Match Services
Cvent Inc.	52	47	Scheduling Application for Retirements
Ice Miller LLP	52	38	Legal Services
CEM Benchmarking Inc.	50	45	Benchmarking Services
Enterprise Rent-A-Car	50	53	Car Rental Services
Other	881	1,550	
Total	19,932	19,663	
Personnel Services	22,775	21,303	
Depreciation and Amortization	311	432	
Total Administrative Expenses	\$ 43,018	\$ 41,398	

Other Supplementary Schedules, continued

Schedule of Direct Investment Expenses

For the Years Ended June 30

(dollars in thousands)	2020	2019
Investment Management Fees ¹	\$ 209,673	\$ 197,497
Securities Lending Fees	494	605
General Investment Expenses		
Investment Consultants:		
Verus	717	688
TorreyCove	694	575
Aksia	443	450
Mercer	382	366
Capital Cities	85	85
Other	265	208
Total Investment Consultants	2,586	2,372
Investment Custodian (BNY Mellon)	1,380	1,362
Broker Commissions:		
Morgan Stanley & Co. Inc.	1,064	1,007
Goldman Sachs & Co.	692	581
Newedge USA LLC	639	472
J P Morgan Secs Ltd.	215	86
Instinet Clearing Services Inc.	128	24
HSBC Securities Inc.	125	26
Sanford C Bernstein & Co Inc.	117	36
Merrill Lynch International Equities	86	101
Jefferies & Co Inc.	67	39
Royal Bank of Canada Europe Ltd.	67	4
Other Brokers	1,926	1,475
Total Broker Commissions	5,126	3,851
Investment Staff Expenses	3,096	2,799
Investment Administrative Expenses:		
Foster Garvey PLLC	631	400
Barra	447	428
Bloomberg	259	218
Paganelli Law Group LLC	172	137
Dynamo Software, Inc	144	—
Other	319	512
Total Investment Administrative Expenses	1,972	1,695
Total General Investment Expenses	14,160	12,079
Total Direct Investment Expenses	\$ 224,327	\$ 210,181

¹ A complete list of investment professionals that have provided services to INPRS can be found in the Schedule of Investment Professionals in the Investment Section.