



nyhart  
part of FuturePlan by Ascensus®

# INTERIM GASB 74/75 ACTUARIAL VALUATION

Fiscal Year Ending June 30, 2024

# STATE OF INDIANA Indiana State Police

## CONTACT

Cody Kocher FSA, MAAA  
cody.kocher@nyhart.com

## PHONE

General	(317) 845-3500
Toll-Free	(800) 428-7106
Fax	(317) 845-3654

# Table of Contents

---

	<b>Page</b>
Certification	1
Executive Summary	
Actuary's Notes	4
Summary of Results	6
GASB Disclosures	
Schedule of Changes in Net OPEB Liability and Related Ratios	7
Schedule of Employer Contributions	9
OPEB Expense	10
Deferred Outflows / (Inflows) or Resources	11
Sensitivity Results	13
Asset Information	14
Actuarially Determined Contributions	16
Projection of GASB Disclosures	17
Discussion of Discount Rates	18
Summary of Key Actuarial Assumptions	19



**November 19, 2024**

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

This report summarizes the GASB actuarial valuation for the State of Indiana Indiana State Police 2023/24 fiscal year. To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No. 74 (Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans) and GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions).

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

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

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

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

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

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



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

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

A handwritten signature in black ink that reads "Cody Kocher".

Cody Kocher, FSA, MAAA  
Actuary

A handwritten signature in black ink that reads "John Mallows".

John Mallows, FSA, MAAA  
Actuary

## **EXECUTIVE SUMMARY**



# Executive Summary

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

## Detailed Actuary's Notes

The following assumption changes have been made since last year's full valuation, which was for the fiscal year ending June 30, 2023:

Interim year valuation results have been projected from the prior year's valuation with adjustments for actual medical/Rx claims and enrollment experience for the 24 months ending May 2024 (with 70% weight on the most recent 12 months) and premium rate changes from 2024 to 2025. Pre-65 costs were lower than expected (1.7% actual trend compared to 7.5% assumed trend) and post-65 premium rates remained unchanged. Making this change resulted a decrease in liabilities due to lower than expected costs.

Medical/rx trend rates have been updated to an initial rate of 8.00%/6.50% decreasing by 0.50%/0.25% per year to an ultimate rate of 4.50% for pre-65/post-65 benefits. Dental trend rates are 4.00% annually and vision trend rates are 3.00% annually. The HRA contribution amount provided by the ISP is not assumed increase in the future. This change caused an increase in liabilities.

### Premium Rates

The 2024 and 2025 monthly retiree premium rates by plan for non-tobacco users are as shown below:

#### 2024

Plans	Single	Family
Basic Plan	\$ 457.73	\$ 611.28
Optional Plan	\$ 535.23	\$ 759.29
Medicare Advantage	\$ 152.62	\$ 305.24
ISP HRA Contribution	\$ 32.81	N/A

#### 2025

Plans	Single	Family
Basic Plan	\$ 457.73	\$ 611.28
Optional Plan	\$ 535.23	\$ 759.29
Medicare Advantage	\$ 152.62	\$ 305.24
ISP HRA Contribution	\$ 32.81	N/A



# Executive Summary

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

## Retiree Contributions

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

### Effective January 1, 2025

<u>Without Medicare</u>	<b>Retiree Only</b>	<b>Retiree plus One Dependent</b>	<b>Spouse Increment</b>
Basic Plan	\$ 457.73	\$ 611.28	\$ 153.55
Optional Plan	\$ 535.23	\$ 759.29	\$ 224.06
<u>With Medicare</u>	<b>Retiree Only</b>	<b>Retiree plus One Dependent</b>	<b>Spouse Increment</b>
Medicare Advantage	\$ 152.62	\$ 305.24	\$ 152.62

### Effective January 1, 2024

<u>Without Medicare</u>	<b>Retiree Only</b>	<b>Retiree plus One Dependent</b>	<b>Spouse Increment</b>
Basic Plan	\$ 457.73	\$ 611.28	\$ 153.55
Optional Plan	\$ 535.23	\$ 759.29	\$ 224.06
<u>With Medicare</u>	<b>Retiree Only</b>	<b>Retiree plus One Dependent</b>	<b>Spouse Increment</b>
Medicare Advantage	\$ 152.62	\$ 305.24	\$ 152.62



# Executive Summary

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

## Summary of Results

Presented below is the summary of GASB 74/75 results for the fiscal year ending June 30, 2024.

	<i>As of June 30, 2023</i>	<i>As of June 30, 2024</i>
<b>Total OPEB Liability</b>	\$ 208,027,829	\$ 213,950,473
<b>Actuarial Value of Assets</b>	(187,495,947)	(222,951,688)
<b>Net OPEB Liability</b>	\$ 20,531,882	\$ (9,001,215)
<b>Funded Ratio</b>	90.1%	104.2%

	<i>For FY 2022/23</i>	<i>For FY 2023/24</i>
<b>OPEB Expense</b>	\$ (17,912,143)	\$ (20,943,940)
<b>Annual Employer Contribution</b>	\$ 14,266,179	\$ 16,654,156

<i>As of June 30, 2022</i>	<i>As of June 30, 2023</i>	<i>As of June 30, 2024</i>
<b>Discount Rate</b>	6.20%	6.20%
<b>Expected Return on Assets</b>	6.20%	6.20%





# GASB Disclosures

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

## Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB Liability	FY 2023/24	FY 2022/23	FY 2021/22	FY 2020/21	FY 2019/20
<b>Total OPEB Liability</b>					
Total OPEB liability – beginning of year	\$ 208,027,829	\$ 172,737,071	\$ 168,916,685	\$ 177,447,852	\$ 198,445,243
Service cost	5,338,616	5,370,327	5,183,808	4,993,476	5,032,384
Interest	13,108,758	10,916,265	10,651,395	11,208,431	12,530,058
Changes of benefit terms	0	0	0	0	0
Changes in assumptions	6,686,495	4,341,498	0	7,028,805	(15,686,765)
Differences between expected and actual experience	(15,282,422)	18,802,128	(7,336,877)	(28,390,809)	(20,071,092)
Benefit payments	(3,928,803)	(4,139,460)	(4,677,940)	(3,371,070)	(2,801,976)
Net change in total OPEB liability	\$ 5,922,644	\$ 35,290,758	\$ 3,820,386	\$ (8,531,167)	\$ (20,997,391)
Total OPEB liability – end of year	\$ 213,950,473	\$ 208,027,829	\$ 172,737,071	\$ 168,916,685	\$ 177,447,852
<b>Plan Fiduciary Net Position</b>					
Plan fiduciary net position – beginning of year	\$ 187,495,947	\$ 166,270,222	\$ 178,207,168	\$ 158,657,034	\$ 137,969,003
Contributions – employer	16,654,156	13,524,305	13,591,562	22,322,322	21,727,429
Contributions – active employees	748,360	741,874	799,400	827,523	845,660
Net investment income	22,259,960	11,466,903	(21,354,237)	131,020	1,276,385
Benefit payments	(3,928,803)	(4,139,460)	(4,677,940)	(3,371,070)	(2,801,976)
Trust administrative expenses	(277,932)	(367,897)	(295,731)	(359,661)	(359,467)
Net change in plan fiduciary net position	\$ 35,455,741	\$ 21,225,725	\$ (11,936,946)	\$ 19,550,134	\$ 20,688,031
Plan fiduciary net position – end of year	\$ 222,951,688	\$ 187,495,947	\$ 166,270,222	\$ 178,207,168	\$ 158,657,034
<b>Net OPEB Liability – end of year</b>	<b>\$ (9,001,215)</b>	<b>\$ 20,531,882</b>	<b>\$ 6,466,849</b>	<b>\$ (9,290,483)</b>	<b>\$ 18,790,818</b>
Plan fiduciary net position as % of total OPEB liability	104.2%	90.1%	96.3%	105.5%	89.4%
Covered employee payroll	\$ 157,808,763	\$ 145,665,531	\$ 114,407,744	\$ 110,538,883	\$ 113,431,389
Net OPEB liability as % of covered payroll	-5.7%	14.1%	5.7%	-8.4%	16.6%



# GASB Disclosures

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

## Schedule of Changes in Net OPEB Liability and Related Ratios

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



# GASB Disclosures

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

## Schedule of Employer Contributions

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

	<i>FY 2023/24</i>		<i>FY 2022/23</i>		<i>FY 2021/22</i>		<i>FY 2020/21</i>		<i>FY 2019/20</i>	
Actuarially Determined Contribution (ADC)	\$	3,928,803 <sup>1</sup>	\$	4,139,460	\$	4,613,003	\$	5,897,655	\$	9,116,153
Contributions in relation to the ADC <sup>2</sup>		16,654,156		13,524,305		13,591,562		22,322,322		21,727,429
Contribution deficiency / (excess)	\$	(12,725,353)	\$	(9,384,845)	\$	(8,978,559)	\$	(16,424,667)	\$	(12,611,276)
Covered employee payroll	\$	157,808,763	\$	145,665,531	\$	114,407,744	\$	110,538,883	\$	113,431,389
Contribution as a % of covered employee payroll		10.6%		9.3%		11.2%		20.2%		19.2%
	<i>FY 2018/19</i>		<i>FY 2017/18</i>		<i>FY 2016/17</i>		<i>FY 2015/16</i>		<i>FY 2014/15</i>	
Actuarially Determined Contribution (ADC)	\$	18,356,134	\$	35,041,558	\$	34,980,369	\$	30,629,812	\$	29,604,071
Contributions in relation to the ADC <sup>4</sup>		23,936,818		25,813,525		26,871,267		34,862,363		25,319,778
Contribution deficiency / (excess)	\$	(5,580,684)	\$	9,228,033	\$	8,109,102	\$	(4,232,551)	\$	4,284,293
Covered employee payroll	\$	110,664,770	\$	98,338,193	\$	96,174,272	\$	91,753,000	\$	92,130,000
Contribution as a % of covered employee payroll		21.6%		26.2%		27.9%		38.0%		27.5%

<sup>1</sup> Refer to the Actuarially Determined Contributions section for the calculation details.

<sup>2</sup> Includes employer contribution for pay-go cost and (any) pre-funding contributions deposited into the OPEB Trust.



# GASB Disclosures

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

## OPEB Expense

<i>OPEB Expense</i>	<i>FY 2023/24</i>	<i>FY 2022/23</i>
Discount rate as of beginning of fiscal year	6.20%	6.20%
Discount rate as of end of fiscal year	6.20%	6.20%
Service cost	\$ 5,338,616	\$ 5,370,327
Interest	13,108,758	10,916,265
Changes of benefit terms	0	0
Projected earnings on OPEB plan investments	(12,027,667)	(10,606,728)
Reduction for contributions from active employees	(748,360)	(741,874)
OPEB plan administrative expenses	277,932	367,897
Current period recognition of deferred outflows / (inflows) of resources		
Differences between expected and actual experience	\$ (21,742,288)	\$ (19,559,084)
Changes in assumptions	(13,104,374)	(14,059,585)
Net difference between projected and actual earnings on OPEB plan investments	7,953,443	10,400,639
Total current period recognition	\$ (26,893,219)	\$ (23,218,030)
Total OPEB expense	\$ (20,943,940)	\$ (17,912,143)



# GASB Disclosures

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

## Deferred Outflows / (Inflows) of Resources

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

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

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

<i>Differences between expected and actual experience for FYE</i>	<i>Initial Balance</i>	<i>Initial Amortization Period</i>	<i>Annual Recognition</i>	<i>Unamortized Balance as of June 30, 2024</i>
June 30, 2018	\$ (21,241,592)	7	\$ (3,034,514)	\$ 0
June 30, 2019	\$ (78,675,348)	7	\$ (11,239,335)	\$ (11,239,338)
June 30, 2020	\$ (20,071,092)	7	\$ (2,867,299)	\$ (5,734,597)
June 30, 2021	\$ (28,390,809)	7	\$ (4,055,830)	\$ (12,167,489)
June 30, 2022	\$ (7,336,877)	7	\$ (1,048,125)	\$ (4,192,502)
June 30, 2023	\$ 18,802,128	7	\$ 2,686,018	\$ 13,430,092
June 30, 2024	\$ (15,282,422)	7	\$ (2,183,203)	\$ (13,099,219)

<i>Changes in assumptions for FYE</i>	<i>Initial Balance</i>	<i>Initial Amortization Period</i>	<i>Annual Recognition</i>	<i>Unamortized Balance as of June 30, 2024</i>
June 30, 2018	\$ (27,946,460)	7	\$ (3,992,354)	\$ 0
June 30, 2019	\$ (66,154,178)	7	\$ (9,450,597)	\$ (9,450,596)
June 30, 2020	\$ (15,686,765)	7	\$ (2,240,966)	\$ (4,481,935)
June 30, 2021	\$ 7,028,805	7	\$ 1,004,115	\$ 3,012,345
June 30, 2022	\$ 0	7	\$ 0	\$ 0
June 30, 2023	\$ 4,341,498	7	\$ 620,214	\$ 3,101,070
June 30, 2024	\$ 6,686,495	7	\$ 955,214	\$ 5,731,281



# GASB Disclosures

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

## Deferred Outflows / (Inflows) of Resources – Continued

<i>Net difference between projected and actual earnings in OPEB plan investments for FYE</i>	<i>Initial Balance</i>	<i>Initial Amortization Period</i>	<i>Annual Recognition</i>	<i>Unamortized Balance as of June 30, 2024</i>
June 30, 2020	\$ 7,870,405	5	\$ 1,574,081	\$ 0
June 30, 2021	\$ 10,298,656	5	\$ 2,059,731	\$ 2,059,732
June 30, 2022	\$ 32,690,627	5	\$ 6,538,125	\$ 13,076,252
June 30, 2023	\$ (860,175)	5	\$ (172,035)	\$ (516,105)
June 30, 2024	\$ (10,232,293)	5	\$ (2,046,459)	\$ (8,185,834)

<i>As of fiscal year ending June 30, 2024</i>	<i>Deferred Outflows</i>	<i>Deferred Inflows</i>
Differences between expected and actual experience	\$ 13,430,092	\$ (46,433,145)
Changes in assumptions	11,844,696	(13,932,531)
Net difference between projected and actual earnings in OPEB plan investments	6,434,045	0
<b>Total</b>	<b>\$ 31,708,833</b>	<b>\$ (60,365,676)</b>

## Annual Amortization of Deferred Outflows / (Inflows)

The balances as of June 30, 2024 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

<i>FYE</i>	<i>Balance</i>
2025	\$ (21,440,433)
2026	\$ (2,810,231)
2027	\$ (4,240,090)
2028	\$ (1,016,341)
2029	\$ 2,078,245
Thereafter	\$ (1,227,993)



# GASB Disclosures

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

## Sensitivity Results

The following presents the net OPEB liability as of June 30, 2024, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

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

<i>As of June 30, 2024</i>	<i>Net OPEB Liability</i>
1% Decrease	\$ 12,380,938
Current Discount Rate	\$ (9,001,215)
1% Increase	\$ (27,723,398)

The following presents the net OPEB liability as of June 30, 2024, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 8.00%/6.50% (pre-65/post-65) decreasing by 0.50%/0.25% annually to an ultimate rate of 4.50%.
- The 1% decrease in health care trend rates would assume an initial rate of 7.00%/5.50% (pre-65/post-65) decreasing by 0.50%/0.25% annually to an ultimate rate of 3.50%.
- The 1% increase in health care trend rates would assume an initial rate of 9.00%/7.50% (pre-65/post-65) decreasing by 0.50%/0.25% to an ultimate rate of 5.50%.

<i>As of June 30, 2024</i>	<i>Net OPEB Liability</i>
1% Decrease	\$ (31,162,378)
Current Health Care Trend Rates	\$ (9,001,215)
1% Increase	\$ 16,990,474



# Asset Information

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

## Asset Information

<i>Asset Breakdown</i>	<i>FY 2022/23</i>	<i>FY 2023/24</i>
<b>Assets</b>		
Cash, cash equivalents, and Non-pension Investments	\$ 9,570,821	\$ 16,542,449
Securities lending cash collateral	0	0
Total cash	\$ 9,570,821	\$ 16,542,449
Receivables		
Accrued Interest	\$ 0	\$ 7,114
Investment Income receivable	0	13,056
Total receivables	\$ 0	\$ 20,170
Investments		
Mutual Funds – Fixed Income	\$ 0	\$ 0
Equity in Internal Investment Pool	178,362,462	207,142,977
Partnerships / Joint Ventures	0	0
Debt Securities	0	0
Total investments	\$ 178,362,462	\$ 207,142,977
Total assets	\$ 187,933,283	\$ 223,705,596
<b>Liabilities</b>		
Payables		
Investment management fees	\$ 0	\$ 142,587
Benefits Payable	437,336	611,321
Total liabilities	\$ 437,336	\$ 753,908
<b>Net position restricted to OPEB</b>	<b>\$ 187,495,947</b>	<b>\$ 222,951,688</b>





# Asset Information

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

## Asset Information

<i>Asset Reconciliation</i>	<i>FY 2022/23</i>	<i>FY 2023/24</i>
<b>Additions</b>		
Contributions received		
Employer	\$ 13,374,305	\$ 16,404,156
Employee	741,874	748,360
Total contributions	\$ 14,116,179	\$ 17,152,516
Investment income		
Net increase in fair value of investments	\$ 11,466,903	\$ 22,259,960
Other	150,000	250,000
Investment expense, other than from securities lending	0	0
Securities lending income	0	0
Securities lending expense	0	0
Net investment income	\$ 11,616,903	\$ 22,509,960
Total additions	\$ 25,733,082	\$ 39,662,476
<b>Deductions</b>		
Benefit payments (net of retiree contributions)	\$ (4,139,460)	\$ (3,928,803)
Administrative expenses	(367,897)	(277,932)
Other	0	0
Total deductions	\$ (4,507,357)	\$ (4,206,735)
<b>Net increase in net position</b>	\$ 21,225,725	\$ 35,455,741
<b>Net position restricted to OPEB</b>		
Beginning of year	\$ 166,270,222	\$ 187,495,947
End of year	\$ 187,495,947	\$ 222,951,688

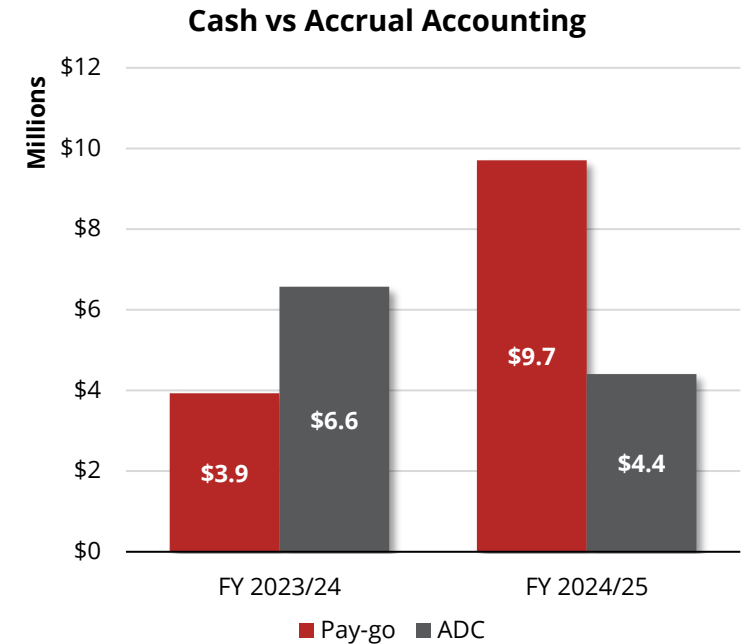


# Actuarially Determined Contributions

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

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

	FY 2023/24	FY 2024/25
Discount rate	6.20%	6.20%
Payroll growth factor used for amortization	N/A	N/A
Actuarial cost method	Entry Age Normal Level % of Salary	Entry Age Normal Level % of Salary
Amortization type	Level Dollar	Level Dollar
Amortization period	23 years	22 years
Actuarial accrued liability (AAL) – beginning of year	\$ 208,027,829	\$ 213,950,473
Actuarial value of assets – beginning of year	(187,495,947)	(222,951,688)
Unfunded AAL – beginning of year	\$ 20,531,882	\$ (9,001,215)
Normal Cost <sup>3</sup>	\$ 4,590,256	\$ 4,865,322
Amortization of UAAL	1,599,684	(716,159)
Total normal cost plus amortization	\$ 6,189,940	\$ 4,149,163
Interest to the end of year	383,776	257,248
Actuarially Determined Contribution – Preliminary	\$ 6,573,716	\$ 4,406,411
Expected benefit payments <sup>4</sup>	3,928,803	9,704,839
<b>Actuarially Determined Contribution – Final<sup>5</sup></b>	<b>\$ 6,573,716</b>	<b>\$ 4,406,411</b>



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

<sup>3</sup> Reduced for active employee contributions, which were \$748,360 for FY 2023/24 and assumed to be \$774,553 for FY 2024/25 (based on FY 2023/24 contribution increased by total payroll growth assumption of 3.50%).

<sup>4</sup> Actual for FY 2023/24

<sup>5</sup> Set to be equal to the preliminary ADC.



# Projection of GASB Results

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

## Projection of GASB Results

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

### Expected Events

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

### Unexpected Events

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

<i>Projection of Total OPEB Liability (TOL)</i>	<i>FY 2023/24</i>	<i>FY 2024/25</i>
TOL as of beginning of year	\$ 208,027,829	\$ 213,950,473
Normal cost as of beginning of year	5,338,616	5,639,875
Exp. benefit payments during the year	(3,928,803)	(9,704,839)
Interest adjustment to end of year	13,108,758	13,318,276
Exp. TOL as of end of year	\$ 222,546,400	\$ 223,203,785
Actuarial Loss/(Gain)	(8,595,927)	TBD
<b>Actual TOL as of end of year</b>	<b>\$ 213,950,473</b>	<b>\$ TBD</b>

<i>Projection of Actuarial Value of Assets (AVA)</i>	<i>FY 2023/24</i>	<i>FY 2024/25</i>
AVA as of beginning of year	\$ 187,495,947	\$ 222,951,688
Exp. employer contributions during the year <sup>6</sup>	16,654,156	23,804,839
Exp. benefit payments during the year	(3,928,803)	(9,704,839)
Exp. investment income <sup>7</sup>	12,027,667	14,267,090
Exp. Trust administrative expenses	(277,932)	(330,489)
Exp. Active employee contributions <sup>8</sup>	\$ 748,360	\$ 774,553
Exp. AVA as of end of year	\$ 212,719,395	\$ 251,762,842
Differences between expected and actual experience	10,232,293	TBD
<b>AVA as of end of year</b>	<b>\$ 222,951,688</b>	<b>\$ TBD</b>

<sup>6</sup> Employer contribution for 2023/24 is based on actual employer contribution made into the Trust. FY 2024/25 expected employer contribution is based on the expected pay-go cost plus the average Trust contribution in the past five years, rounded to the nearest hundred thousand.

<sup>7</sup> Fiscal year 2023/24 expected investment income is based on a 6.20% asset return and 2024/25 expected investment income is calculated based on a 6.20% asset return.

<sup>8</sup> Active employee contributions were \$748,360 for FY 2023/24 and assumed to be \$774,553 for FY 2023/24 (based on FY 2023/24 contribution increased by total payroll growth assumption of 3.5%).



# Discussion of Discount Rates

## State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

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

For the current valuation:

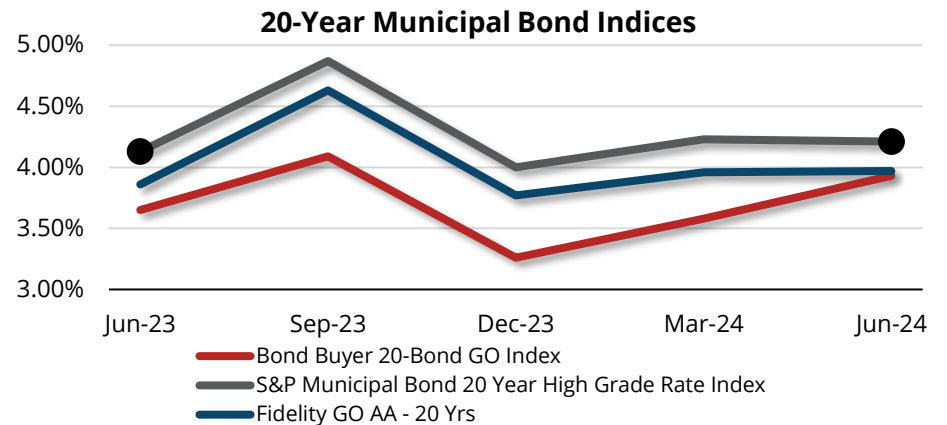
1. The long-term expected rate of return on OPEB plan investment is 6.20%. This was developed in consultation with the group’s asset advisor using a building-block approach in which expected future rates of returned are developed for each major asset class. The expected future nominal rates of return as provided by the entity’s investment advisor are shown below. Inflation is expected to be 2.00%. The best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan’s target asset allocation as of June 30, 2024 are summarized in the following table.

Asset Class	Target Allocation	L/T Expected Real ROR (JP Morgan)
Broad US Equity	31%	7.35%
Global ex-US Equity	11%	7.45%
Core US Fixed	22%	4.25%
Defensive	4%	4.00%
Alternatives	25%	8.50%
Core Real Estate	5%	5.75%
Cash Equivalents	2%	2.75%

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

Yield as of	June 30, 2023	June 30, 2024
Bond Buyer Go 20-Bond Municipal Bond Index	3.65%	3.93%
S&P Municipal Bond 20-Year High Grade Rate Index	4.13%	4.21%
Fidelity 20-Year Go Municipal Bond Index	3.86%	3.97%
Bond Index Range	3.65% - 4.13%	3.93% - 4.21%
<b>Actual Discount Rate Used</b>	<b>4.13%</b>	<b>4.21%</b>

3. The final equivalent single discount rate used for this year’s valuation is 6.20% as of June 30, 2023 and 6.20% as of June 30, 2024, with the expectation that the ISP will continue to contribute at least the Actuarially Determined Contribution each year.





# Summary of Key Actuarial Assumptions

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

For a complete summary of actuarial methods and assumptions, refer to the GASB 75 actuarial valuation report for the fiscal year ending June 30, 2023.

## Measurement Date

For fiscal year ending June 30, 2024, a June 30, 2024 measurement date was used.

## Actuarial Valuation Date

July 1, 2023

Liabilities as of June 30, 2024 are based on an actuarial valuation date of July 1, 2023 with results actuarially projected to June 30, 2024, with adjustments for actual premium and plan cost changes. Liabilities as of June 30, 2023 are based on an actuarial valuation date of July 1, 2023 with no adjustments.

## Discount Rate

6.20% as of June 30, 2024 and 6.20% as of June 30, 2023 for accounting disclosure purposes.  
6.20% as of June 30, 2024 and June 30, 2023 for calculating the Actuarially Determined Contributions.

Refer to the Discussion of Discount Rates section for more information on selection of the discount rate.

The discount rate was chosen by the plan sponsor based on the information provided in the "Discussion of Discount Rates" section above.

## Salary Scale

Payroll growth rates are based on the tables used in the Indiana State Police actuarial pension valuation as of July 1, 2020.

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

## Inflation Rate

2.00% per year

The inflation rate is based on assumptions approved from the Indiana Public Retirement System (INPRS) 2020 Experience Study and future expectations.



# Summary of Key Actuarial Assumptions

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

## Cost Method

Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where:

- Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant’s benefit at retirement; and
- Annual Service Cost is a constant percentage of the participant’s salary that is assumed to increase according to the Payroll Growth.

## Health Care Trend Rates

FYE	Pre-65	Post-65 <sup>9</sup>
2025	8.00%	6.50%
2026	7.50%	6.25%
2027	7.00%	6.00%
2028	6.50%	5.75%
2029	6.00%	5.50%
2030	5.50%	5.25%
2031	5.00%	5.00%
2032	4.50%	4.75%
2033+	4.50%	4.50%

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

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

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

<sup>9</sup> Post-65 trend rates do not include adjustments for the impact of changes to the Medicare Advantage program under the Inflation Reduction Act beginning in 2025 due to uncertainty about the impact of these changes on overall plan costs in the future. In addition, carriers are not providing sufficient detail on the Medicare Advantage premium development which would enable us to perform addition analysis on the trend. We also assume that Medicare will remain solvent and the incoming administration will not make changes to Medicare that may impact costs.



# Summary of Key Actuarial Assumptions

---

State of Indiana Indiana State Police GASB 74/75 Valuation for Fiscal Year Ending June 30, 2024

## Models

### ProVal

Valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing postretirement medical valuations. We coded the plan provisions, assumptions, methods and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any weakness or limitations in the software and have determined it is appropriate for performing this valuation.

### HealthMAPS 2021 Manual

Rating manual developed by WTW. 2021 aging factors are used to develop per capita costs by age for plans with limited credible exposure to develop plan-specific factors. We are not aware of any weakness or limitations in the factors and have determined they are appropriate for performing this valuation.