



2024

The Indiana Public Retirement System is a component unit and a pension trust fund of the State of Indiana.



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024

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

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 Post Employment Benefit

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

Custodial

16. Local Public Safety Pension Relief Fund

ABBREVIATIONS USED

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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Vision

Engaged members able to realize their retirement dreams.

Mission

As fiduciaries, educate stakeholders, collect necessary contributions, and prudently manage member assets to deliver promised DB and DC benefits and services.

542,793

Members

1,333

Participating employers

\$50.0 Billion

Total fund fair value

85.3% Funded

Excluding TRF Pre-'96



About INPRS

The Indiana Public Retirement System (INPRS) is an independent body corporate and politic of the State of Indiana, which currently consists of 16 funds (eight defined benefit, five defined contribution, two other postemployment benefit, and one custodial). The Public Employees' Retirement Fund (PERF) and the Teachers' Retirement Fund (TRF), the two largest retirement plans offered by the State of Indiana, trace their existence back to the early and middle parts of the 20th Century. TRF was established in 1921 and PERF in 1945. Pursuant to statute, the Indiana General Assembly integrated the management of the two systems in 2011, creating INPRS.

In accordance with Indiana Code (IC) 5-10.5, INPRS is governed by a nine-member Board of Trustees. 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 Office of Management and Budget, or designee;
- State Comptroller, or nominee;
- Treasurer of State, or nominee.

Indiana Public Pension Timeline (Calendar Year)

1915 Locally funded teachers retirement fund established.

1921 State funded Teachers' Retirement Fund created; a "pay-as-you-go", multiple-employer pension system.

1945 PERF created; a multiple-employer retirement system with a defined benefit component (DB).

1953 JRS was created with its own board.

1955 Annuity Savings Accounts (ASA's) created to supplement PERF DB and TRF DB plans resulting in the nation's first pension systems to adopt a hybrid design.

1972 EG&C created.

1977 '77 Fund created for local police officers and firefighters hired after April 30, 1977.

1980 LPSPR created to support police and firefighter pension obligations of Indiana's cities and towns for plans under the "Old Funds".

1983 The 1977 and 1985 Judges' Benefits Fund Systems (now Judges' Retirement System) were created and administered by the PERF board, the 1953 JRS plan was eliminated and members were transferred to the 1977 Judges' Benefits Fund System.

1989 Legislators' Retirement System created. Participants in the DB plan limited to members serving as of April 30, 1989; otherwise, the plan is Defined Contribution only.

1990 PARF created. Members must also be members of PERF.

1996 Closed TRF Pre-'96 to new entrants as of July 1, 1996, and created TRF '96. Also created the Pension Stabilization Fund (PSF) to partially fund TRF Pre-'96.

Amendment to the Indiana Constitution approved allowing funds to invest in equities.

2011 Indiana General Assembly created the Board of Trustees of INPRS to administer public employee retirement plans.

2013 ASA Only (now PERF MC DC) plan offered to state employees who joined after February 28, 2013. Default option remains as PERF Hybrid.

2016 PERF MC DC offered to employees of political subdivisions who join after January 2, 2016. Default option remains as PERF Hybrid.

2017 State Employees' Death Benefit Fund, Public Safety Officer's Death Benefit Fund, and the "in the line of duty" death benefit from the Local Public Safety Pension Relief Fund assets merged into SDBF.

2018 ASA's previously reported within the DB Hybrid funds of PERF, TRF Pre-'96, and TRF '96 became segregated and administered as DC plans.

Supplemental Reserve Accounts (SRA's) established for PERF DB, TRF Pre-'96 DB, TRF '96 DB, EG&C, and LE DB to pay postretirement benefit increases after June 30, 2018.

2019 TRF MC DC offered to new members of TRF.

RMBA was transferred to INPRS for administration.

INPRS BELIEVES...

PEOPLE ARE THE FOUNDATION OF OUR SUCCESS. IT TAKES PEOPLE WITH DIFFERENT BACKGROUNDS, IDEAS, AND STRENGTHS TO BE SUCCESSFUL.



MODELS OF INTEGRITY

Hold themselves accountable to the highest standards of ethical and professional behavior.



CONTINUOUS LEARNERS

Eager to improve while having an open mind to feedback and new ideas.



TEAM PLAYERS

Encourage & support others for the success of the team, breaking down silos & connecting with our shared vision.



DILIGENT

Well-researched, risk-aware, and transparent.



CANDID

Believe in direct, respectful, and honest communication.

SUCCESS IS BUILT UPON...

Accountability- *Setting clear expectations for people, roles, and teams and holding ourselves and each other accountable for results.*

Commitment- *Dedicated to decisions and action plans.*

Constructive Conflict- *Encouraging debate around ideas to arrive at the best solution.*

Trust- *Empowering our people to successfully fulfill their duties while providing them with training, support, and mentorship.*

BALANCE IN LIFE IS IMPORTANT. WE STRIVE TO HAVE A FLEXIBLE AND SUPPORTIVE ENVIRONMENT WHILE NOT SACRIFICING SERVICE TO OUR MEMBERS.





December 5, 2024

To the Board of Trustees, Employers, and Members of the Retirement Systems:

On behalf of all management and staff, we are pleased to submit the Annual Comprehensive Financial Report of the Indiana Public Retirement System (INPRS) for the year ended June 30, 2024. We are responsible for the accuracy of the content and the completeness and fairness of the presentation, including disclosures. A narrative overview and analysis to accompany the basic financial statements is presented as Management's Discussion and Analysis (MD&A); which can be found immediately following the Independent Auditor's Report in the Financial Section. This Letter of Transmittal is designed to complement the MD&A.

INPRS, an independent body corporate and politic of the State of Indiana, currently consists of 16 funds. As fiduciaries, our mission is to educate stakeholders, collect necessary contributions, and prudently manage member assets to deliver promised defined benefits and defined contribution benefits and services.

INPRS's Vision and Mission Inspire Us to Deliver and Serve

Since the formation of INPRS in 2011, our Vision Statement has served as the guiding inspiration for our success. This statement provides direction and describes what our organization wants to achieve in the future. Our vision at INPRS remains the same - Engaged members able to realize their retirement dreams.

In support of our Vision Statement, the Mission Statement reflects a concise explanation of INPRS's reason for existence. This statement describes our purpose and overall intention in our role as a fiduciary. Our top priority is to keep our promise of a secure pension benefit for our members – We are trusted to pay. As fiduciaries, we educate stakeholders, collect necessary contributions, and prudently manage member assets to deliver promised defined benefit (DB) and defined contribution (DC) benefits and services.

Year-over-year, the INPRS team continues to deliver top-tier service levels as measured and reported by CEM Benchmarking, Inc. This independent research firm ranks pension plan performance in various service and cost categories. INPRS is focused on maintaining high levels of service and low-cost performance as participant experiences and expectations continue to evolve.

Additionally, our year-over-year internal strategic performance measures reflect consistent progress in achieving or exceeding our performance targets in all performance perspectives of customer, financial, process, and learning and growth.

INPRS is committed to maintaining the trust our members and stakeholders have placed in us. The executive and leadership staff have developed and will continue to implement strategic initiatives to accomplish the defined goals and objectives as outlined by our Strategic Plan. Driven by our Vision and Mission statements, our Strategic Plan Goals and Objectives are straightforward and tightly centered on improving our engagement and overall services to our members and employers.

The goals include:

- GOAL 1: Promote an engaged, high-performing, and agile workforce.
- GOAL 2: Deliver a quality member experience.
- GOAL 3: Deliver a quality employer experience.
- GOAL 4: Manage a financially secure retirement system.
- GOAL 5: Reduce complexity and optimize operational efficiency across the enterprise.

Over the last fiscal year (FY), our teams collaborated to achieve these objectives and leveraged critical thought processes and innovative technologies to assess the organization for improved services and operational efficiencies.

INPRS is proud to look back at the accomplishments and initiatives that helped us deliver benefits and distributions and provide high quality service at a low cost to members and employers. INPRS continues to adapt to unique challenges to deliver improved service to our 542,793 members and 1,333 employers. In FY 2024, we delivered benefits and distributions of \$3.6 billion and collected \$3.0 billion in contributions.

Economic Conditions

Economic growth was better than expected and the market environment moved from highly volatile to more certainty as the year progressed. The year began with the assumption that Federal Reserve would pause its hiking cycle as it awaited signs inflation would continue back down to target. While there were some months that suggested inflation would remain elevated, on net the downward trend in inflation generally was in-line with that expectation. Going forward, the consensus is that economic growth will slow from the current level but with no recession, inflation will continue towards 2%, and the Fed will have successfully engineered a soft landing through a moderate number of rate cuts. Market volatility will likely increase to the extent economic events unfold differently.

The economic condition of INPRS is driven by investment results and contributions from members, employers, and nonemployer contributing entities. Our Chief Investment Officer, in partnership with Verus Consulting, has evaluated the economic conditions of INPRS's investments, the details of which can be found in the Investment Section. Total defined benefit contributions for FY 2024 have exceeded the actuarially determined contribution. A historical look at this activity is outlined in the Schedule of Contributions in the Required Supplementary Information.

Funding of the Defined Benefit Program

INPRS's primary goal continues to be ensuring a financially sound retirement system. We establish a predictable schedule of contribution rates, which works with investment portfolio performance to advance our funds along the path of long-term sustainability. In FY 2020, INPRS completed an actuarial experience study to update our assumptions about the future workforce, benefits, and contributions. In FY 2021, INPRS completed an asset-liability study to update the actuarial assumptions about future investment returns and inflation. And in FY 2022, INPRS completed a study of our Funding Policy to assess the balance between contribution levels and stability, resulting in changes to how we will determine employer contribution rates going forward.

The aggregate funded status of the pre-funded defined benefit plans decreased from 89.1% in FY 2023 to 85.3% in FY 2024. The funded status of the Teachers' Pre-1996 Defined Benefit Account (a pay-as-you-go plan) improved from 63.6% in FY 2023 to 68.0% in FY 2024, with \$4.3 billion in unfunded liabilities. Excluding special contributions, the TRF Pre-'96 projected peak appropriations level is in FY 2028. TRF Pre-'96 is projected to reach 100% funded status on its base benefits in FY 2030. A snapshot of the Defined Benefit Plans' funding status is presented in the MD&A.

Investment Overview

INPRS's consolidated defined benefit assets returned 7.4% net of fees and held assets with a fair value of \$42.4 billion as of June 30, 2024. The economic backdrop became more certain as the year progressed and market volatility moved lower. Higher-than-expected growth and earnings benefited riskier assets like equity, whereas the lingering effect of inflation uncertainty hampered the return to government bonds. The investment portfolio is diversified by asset class, investment approach, and individual investments within each global asset class to reduce overall portfolio risk and volatility. In addition, INPRS administered defined contribution assets of \$7.2 billion.

Please refer to the Investment Section for more information on INPRS's portfolio performance, investment strategy, and policy.

The OneINPRS Culture

Having shared values, goals, and beliefs drives organizations forward, but a healthy organizational culture truly contributes to their success. In FY 2024, we continued the journey of fostering a robust culture of beliefs and norms. At INPRS, we encourage a workplace culture based on partnership and teamwork. Cross-functional teams inspire employees to develop connections across the organization, and these interactions provide a setting where core values can be demonstrated and acknowledged.

Our intentional efforts and focus on organizational culture and our employees have been recognized by the Indiana Chamber of Commerce, earning the prestigious designation as one of the Best Places to Work in Indiana, awarded in our first year participating in the program. After years of investment and commitment by the OneINPRS team, leadership, and Board of Trustees, this major recognition is worth celebrating. In this statewide recognition, INPRS represents the only state agency on this year's list of 193 honorees. The effort does not stop there; INPRS will strive to maintain a positive workplace culture that is supportive of the growth and development of our employees while also enhancing services to our members, employers, and stakeholders.

Enhancements in Efficiency and Service to Our Members and Employers

Over the past fiscal year, team members across the organization have assessed numerous workflows and processes, evaluated user and member feedback, and embarked upon technological initiatives to improve operational performance, reduce risk and complexity, and improve the member and employer experience. As a result, INPRS realized improvements in several areas including retirement processing time, reduction in time to pensioner's first benefit payment, improved overall customer satisfaction, improved internal process maturity, increased the number of members served through dynamic education channels, stronger employer relationships, and cost savings realized across the entire agency.

Additionally, INPRS continues to evaluate solutions to improve our ability to monitor activities within our systems, improve responsiveness to business needs, and provide better visibility into data integrity within our systems. Proactively evaluating potential risks and developing risk mitigation strategies allows us to best protect the data of members and employers, which is paramount to us.

In FY 2024, INPRS began to implement a comprehensive technology modernization roadmap to transform business service delivery. We are reimagining and modernizing our technological solutions to realize operational efficiencies and enhance our customer experience, data governance and core IT infrastructure.

Strategic Plan

The INPRS strategic plan provides the foundation from which INPRS moves towards its vision and mission. A copy of the INPRS strategic plan that includes details of other key initiatives can be found on the INPRS website, www.in.gov/inprs.

Legislative Changes

Several legislative changes were signed into law to improve the benefits of members and beneficiaries. Details can be found in Note 7 of the Financial Section.

Management's Responsibility for Financial Reporting and Internal Controls

INPRS management is responsible for establishing and maintaining a system of adequate internal accounting controls. A system of internal accounting controls ensures the security of member and employer contributions and provides a reasonable, but not absolute, assurance that assets are properly safeguarded, transactions are properly executed, and financial statements are reliable. Our independent external auditors have conducted an audit of the basic financial statements in accordance with auditing standards generally accepted in the United States of America. They have full and unrestricted access to the Board to discuss their audit and related findings concerning the integrity of financial reporting and adequacy of internal controls. The Independent Auditor's Report regarding the fair presentation of the financial statements is in the Financial Section.

Awards and Acknowledgments

For the 12th consecutive year, INPRS received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA), the highest recognition in governmental accounting and financial reporting. For the 13th consecutive year, INPRS received a Public Pension Standards Award for Funding and Administration from the Public Pension Coordinating Council.

We express our gratitude to the staff, advisors, and all who have contributed to the preparation of this report. This report is intended to provide complete and reliable information as a basis for making management decisions, for determining compliance with legal provisions, and as a measurement of responsible stewardship of the assets. The INPRS staff also wishes to express our appreciation to Indiana Governor Eric Holcomb, the Indiana General Assembly, members of the Indiana Committee on Pension Management Oversight, and the INPRS Board of Trustees who provided INPRS staff the privilege of serving the needs of our members and employers.

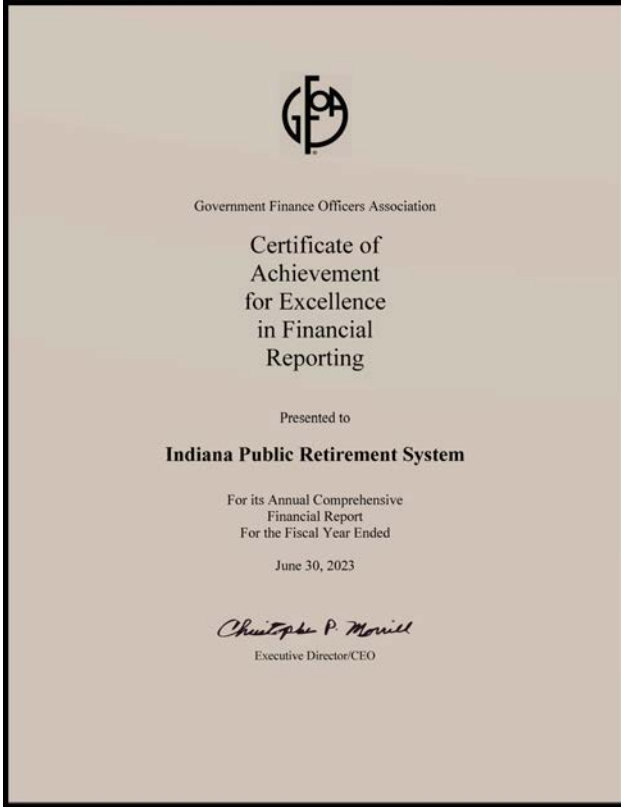
Sincerely,



Steve Russo
Executive Director



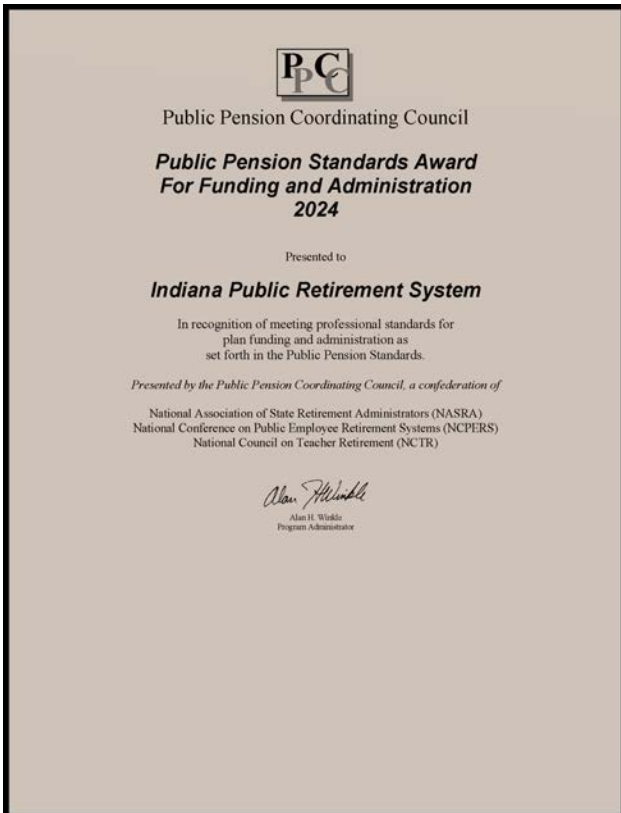
Robert Corne
Chief Financial Officer



CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to INPRS for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This is the 12th consecutive year that INPRS has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.



PUBLIC PENSION STANDARDS AWARD

The Public Pension Coordinating Council awarded the Public Pension Standards Award for Funding and Administration to INPRS for the fiscal year ended June 30, 2024. This is the 13th consecutive year that INPRS has achieved this prestigious award. In order to be awarded a Public Pension Standards Award, a public pension program must meet professional standards for plan design and administration as set forth in the Public Pension Standards. A Public Pension Standards Award is valid for a period of one year.

Governance and Administrative Organization

Executive Branch

Eric Holcomb
Governor



Suzanne Crouch
Lt. Governor



Board of Trustees



Brian Abbott
TRF Member
Nomination/Appointment:
Speaker of House/
Governor
Term Expiration:
6/30/2026



Daniel Elliott
Treasurer of State
Nomination/Appointment:
Self-nominated/Governor
Term Expiration:
6/30/2027



David Frick
Executive Management
and Benefits
Administration
Nomination/Appointment:
Governor
Term Expiration:
6/30/2025



Barry Gardner
TRF Member
Nomination/Appointment:
Senate Pro Tempore/
Governor
Term Expiration:
6/30/2026



Cristopher Johnston
OMB Director
Nomination/Appointment:
Director of OMB/Governor
Term Expiration:
6/30/2027



Elise Nieshalla
State Comptroller
Nomination/Appointment:
Self-nominated/Governor
Term Expiration:
6/30/2026



Mike Pinkham
1977 Fund Member
Nomination/Appointment:
Speaker of House/
Governor
Term Expiration:
6/30/2024



Vivienne Ross
PERF Member
Nomination/Appointment:
Senate Pro Tempore/
Governor
Term Expiration:
6/30/2024



Bret Swanson
Economics, Finance,
Investments
Nomination/Appointment:
Governor
Term Expiration:
6/30/2025

Governance and Administrative Organization, continued

Executive Team

Steve Russo
Executive Director



Tony Green
Deputy Executive Director



Matt Ackerman
Chief Benefits Officer



Steven Barley
Chief Information and
Technology Officer



Derek Benson
Chief Communications
Officer



Robert Corne
Chief Financial Officer



Scott Davis
Chief Investment Officer



Jeff Gill
Chief Legal,
Procurement, and
Compliance Officer



Keith Hall
Chief Audit and Risk
Officer



Cheryl Harding
Director of Strategic
Initiatives



Joy Smith
Chief Human Resource
Officer



Professional Consultants¹

Capital Cities, LLC
426 East New York Street
Indianapolis, IN 46202

Kutak Rock, LLP
8601 North Scottsdale Road, #300
Scottsdale, AZ 85253

Cavanaugh Macdonald Consulting, LLC
3906 Raynor Parkway, Suite 201
Bellevue, NE 68123

Verus
800 Fifth Avenue, Suite 3900
Seattle, WA 98104

Foster Garvey PC
1111 Third Avenue, Suite 3000
Seattle, WA 98101

¹ Information regarding investment professionals that have provided services to INPRS can be found starting on page 120 in the Schedules of Investment Management Fees and Investments Professionals in the Investment Section.