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Indiana Public Retirement System

Legislators' Retirement System Defined Benefit Plan

Actuarial Valuation as of June 30, 2014

December 8, 2014

Board of Trustees
Indiana Public Retirement System
1 North Capitol, Suite 001
Indianapolis, IN 46204

Re: Certification of the Actuarial Valuations of the Indiana Public Retirement System as of as of June 30, 2014

Dear Board of Trustees:

Actuarial valuations are performed annually for the Indiana Public Retirement System ("INPRS") defined benefit pension plans ("Plans"). The results of the latest actuarial valuations for all plans other than the Teachers' Retirement Fund were prepared as of June 30, 2014 and are presented in individual valuation reports pursuant to the engagement letter between INPRS and PricewaterhouseCoopers LLP ("PwC"), dated June 7, 2010. The reports are intended to provide the Board of Trustees ("Board") with information on the funded status of the Plans, development of the contribution rates, and certain financial statement disclosure information.

Under Indiana statutes, employer contribution rates and amounts, as applicable, are adopted annually for each Plan by the Board. The contributions are actuarially determined based on the funding policy, actuarial assumptions, and actuarial methods adopted by the Board. Contributions determined by the actuarial valuation become effective either twelve or eighteen months after the valuation date, depending on the applicable employer. Therefore, contribution rates and amounts determined by the June 30, 2014 actuarial valuation and adopted by the Board will become effective on either July 1, 2015 or January 1, 2016. If new legislation is enacted between the valuation date and the date the contributions become effective, the Board may adjust the recommended contributions before adopting them, in order to reflect this new legislation. Such adjustments are based on information supplied by the actuary.

Financing Objectives and Funding Policy

In setting contribution levels, the Board's principal objectives have been:

- To set contributions such that the unfunded actuarial accrued liability ("UAAL") will be amortized over a period not greater than 30 years.
- To set contributions such that they remain relatively level over time.

To accomplish this, the Board's funding policy requires that employer contributions be equal to the sum of the employer normal cost (which pays the current year cost of benefits accruing) and an amortization of the UAAL in equal installments.

Progress Toward Realization of Financing Objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a Plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. The combined funded ratio for all Plans (excluding the Teachers' Retirement Fund) increased by 3.6% from the preceding year to 87.0%, primarily due to asset returns exceeding the 6.75% assumption and cost-of living adjustments being less than assumed.

Benefit Provisions

The benefit provisions reflected in the valuation reports are those which were in effect at June 30, 2014, as set forth in the related Indiana statutes. There were no material changes in benefit provisions since the 2013 valuations.

Assets and Member Data

The valuations were based on asset values of the trust funds as of June 30, 2014 and member census data as of June 30, 2013, adjusted for certain activity during fiscal year 2014. All asset information and member data were provided by INPRS. While certain checks for reasonableness were performed, the data was used unaudited. The accuracy of the results presented in the reports is dependent upon the accuracy and completeness of the underlying asset and census information.

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Actuarial Assumptions and Methods

The majority of the actuarial assumptions used in the June 30, 2014 valuations were adopted by the Board pursuant to the experience studies completed in September 2011, which reflected the experience period from July 1, 2005 through June 30, 2010, and were first used in the June 30, 2011 valuation. The actuarial assumptions for interest rate and mortality were updated for the June 30, 2012 valuation. Minor assumptions were updated for the June 30, 2013 valuation including the interest rate on member account balances and certain demographic assumptions for Prosecuting Attorneys' Retirement Fund due to plan changes. There were no updates to the actuarial assumptions for the June 30, 2014 valuation. However, the June 30, 2014 valuations are the first valuations that incorporate member census data as of a date one year prior to the valuation date. Standard actuarial techniques were used to roll forward valuation results from June 30, 2013 to June 30, 2014.

The actuarial assumptions and methods are summarized in the Actuarial Assumptions and Methods section of each valuation report. We believe the actuarial assumptions and methods are reasonable for the purposes of the valuation reports and comply with the parameters set forth in Statements No. 27, No. 50, No. 67 and No. 68 of the Governmental Accounting Standards Board ("GASB"). Different assumptions and methods may be reasonable for other purposes. As such, the results presented in the valuation reports should only be relied upon for the intended purpose.

Certification

We certify that the information presented herein is accurate and fairly portrays the actuarial position of each Plan administered by INPRS (other than the Teachers' Retirement Fund) as of June 30, 2014 based on the underlying census data, asset information and selected assumptions and methods. This information is presented in several schedules and exhibits in this report, including the following:

- Schedule of Funding Progress (Included in the Historical Summary)
- Summary of Actuarial Assumptions & Methods
- Analysis of Financial Experience (Unfunded Actuarial Accrued Liability Reconciliation)
- Solvency Test (Included in the Historical Summary)
- Schedule of Active Member Valuation Data
- Schedule of Retirants and Beneficiaries

This report contains certain accounting information required to be included in the System's Comprehensive Annual Financial Report. This information for the system has been prepared in accordance with our understanding of GASB No.67. This report also contains employer accounting information prepared in accordance with our understanding of GASB No. 27 and 50, as well as the new requirements under GASB No. 68.

To the best of our knowledge this actuarial statement is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with our understanding of the requirements of Indiana state law. The undersigned actuaries are members of the Society of Actuaries and other professional organizations, including the American Academy of Actuaries, and meet the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States relating to pension plans. There is no relationship between the PwC practitioners involved in this engagement and INPRS that may impair our objectivity.

This document has been prepared pursuant to an engagement letter between INPRS and PwC, and is intended solely for the use and benefits of INPRS and not for reliance by any other person.

Respectfully submitted,

Cindy Fraterrigo

Ms. Cindy Fraterrigo
Member, American Academy of Actuaries
Fellow of the Society of Actuaries
Enrolled Actuary (No. 14-06229)

Sheldon A. Gamzon

Mr. Sheldon Gamzon
Member, American Academy of Actuaries
Fellow of the Society of Actuaries
Enrolled Actuary (No. 14-03238)

Brandon A. Robertson

Mr. Brandon Robertson
Member, American Academy of Actuaries
Associate of the Society of Actuaries
Enrolled Actuary (No. 14-07568)

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HIGHLIGHTS OF THE ACTUARY'S REPORT

This report presents the results of the actuarial valuation of the Legislators' Retirement System Defined Benefit Plan (the "LEDB Fund") and has been prepared to present the current funded status of the Plan, contribution requirements for fiscal year 2016 (July 1, 2015 through June 30, 2016), and certain financial statement disclosure information. The valuation was performed using census data for plan members as of June 30, 2013, adjusted for certain activity during fiscal year 2014, as provided by INPRS and summarized in Section IV, asset information as of June 30, 2014, provided by INPRS, the actuarial assumptions and methods approved by the Board and summarized in Section V, and the plan provisions effective June 30, 2014 summarized in Section VI.

Contributions

The LEDB Fund is a State appropriated fund. All employer contributions are made by the State of Indiana. The actuarially determined contribution for fiscal 2016 is $137,599, compared to $118,927 for fiscal 2015. Expenses are included in these amounts and are assumed to be equal to the administrative expenses incurred during the year prior to the valuation date. It is our understanding that the State has budgeted contributions of $130,900 and $138,000 for fiscal 2015 and 2016, respectively.

Funded Status

The funded status of the LEDB Fund is measured by the funded ratio, which is the ratio of the assets available for benefits to a benefit liability measure for the LEDB. While there are several such measures that could be appropriately used, the benefit liability measure that ties most closely to INPRS's funding strategy is the Actuarial Accrued Liability ("AAL").

Using the Actuarial Value of Assets ("AVA"), an asset value that smoothes the market gains and losses over four (4) years, the LEDB Fund AAL funded ratio increased from 79.8% at June 30, 2013 to 83.1% at June 30, 2014. The increase is primarily due to the recognition of investment gain for 2013 in the AVA development and lack of cost-of-living increase to retirees.

Investment Experience

For the fiscal year ending June 30, 2014, the INPRS actual time-weighted return net of fees was 13.7%. Based on the value of assets allocated to the LEDB Fund as of the prior valuation date and contribution and benefit payment activity during the year, the allocation of returns to the LEDB Fund represent a return of approximately 11.7% on market value and 8.0% on actuarial value. The return on actuarial value is different due to the smoothing of returns greater or less than expected returns over four years.

Cost-of-Living Adjustment

Cost-of-living increases for retired members have historically been granted on an "ad hoc" basis. No increase in monthly benefits was provided to retired members, disabled members, or beneficiaries as of January 1, 2015.

HIGHLIGHTS OF THE ACTUARY'S REPORT (CONTINUED)

Changes in Actuarial Assumptions

There were no changes in actuarial assumptions for the June 30, 2014 valuation.

Changes in Plan Provisions

It is our understanding that there were no changes to the Plan that impacted the pension benefits during the fiscal year.

Changes in Actuarial Methods

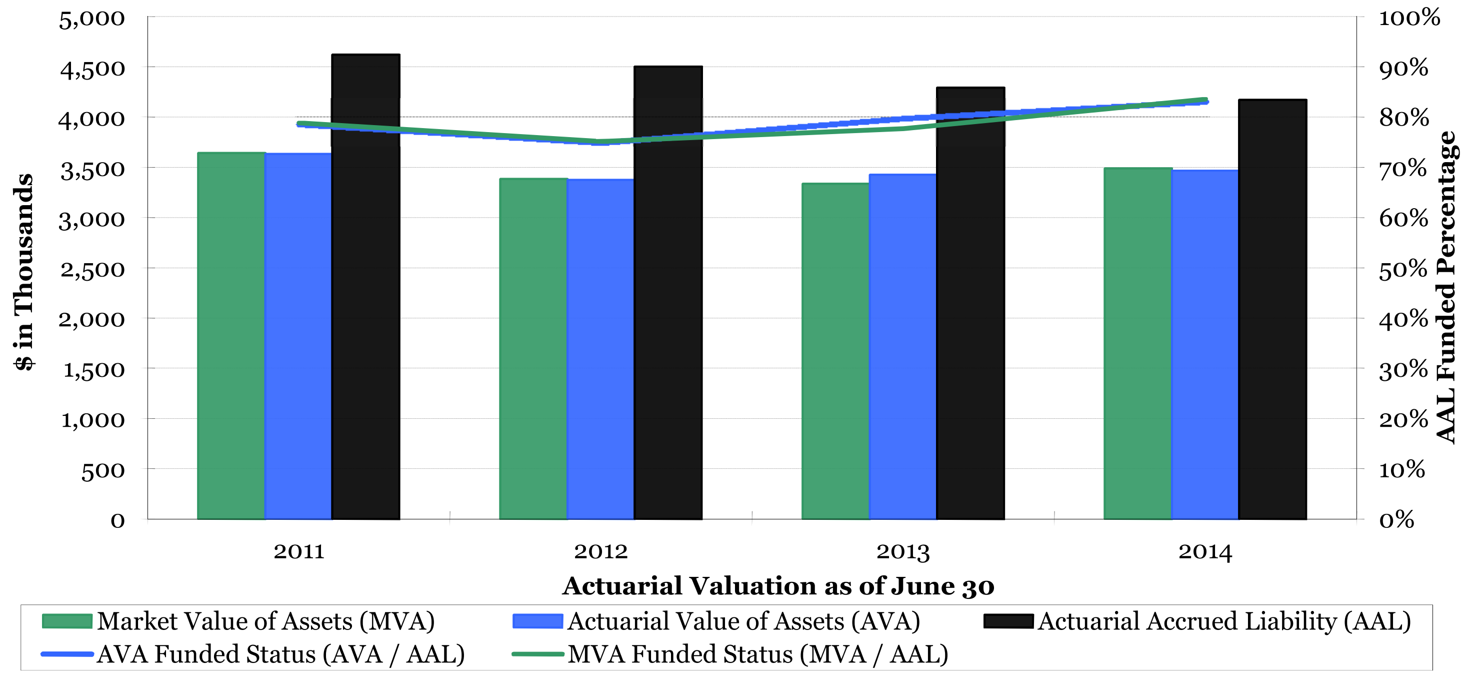
Member census data as of June 30, 2013 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2013 and June 30, 2014. Standard actuarial roll forward techniques were then used to project the liabilities computed as of June 30, 2013 to the June 30, 2014 measurement date.

Governmental Accounting Standards

This report contains certain financial statement information, including notes and required supplemental information, prepared in accordance with our undertanding of Governmental Accounting Standards No. 67 and No. 68 ("GASB 67" and "GASB 68") to assist INPRS with the implementation of the new standards. GASB 67 is effective for fiscal years beginning after June 15, 2013. GASB 68 is effective for employers sponsoring and/or participating in public pension plans for fiscal years beginning after June 15, 2014.

HISTORICAL SUMMARY

LEDB Fund – 4 Year History of Funded Status



Actuarial Valuation as of June 30:	2011	2012	2013	2014
Actuarial Accrued Liability (AAL)	$4,620.8	$4,502.9	$4,294.9	$4,173.0
Actuarial Value of Assets (AVA)	3,633.7	3,376.6	3,427.6	3,467.4
Market Value of Assets (MVA)	3,644.8	3,385.8	3,337.1	3,489.0
Unfunded Liability (AAL - AVA)	987.1	1,126.4	867.3	705.6
AVA Funded Status (AVA / AAL)	78.6%	75.0%	79.8%	83.1%
MVA Funded Status (MVA / AAL)	78.9%	75.2%	77.7%	83.6%

HISTORICAL SUMMARY (CONTINUED)

Summary of Valuation Results [1]

Valuation Date	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
Development of Actuarially Determined Contribution Amount:				
1. Normal Cost (Beginning of Year)	$ -	$ -	$ -	$ -
2. Unfunded Actuarial Accrued Liability Amortizations				
a. UAAL Balance	$ 987,147	$ 1,126,354	$ 867,333	$ 705,617
b. Annual Amortization	90,550	101,366	84,671	75,111
3. Provision for Expenses [2]	$ 49,652	$ 36,884	$ 34,256	$ 62,488
4. Actuarially Determined Contribution: (1) + (2)(b) + (3)	**$ 140,202**	**$ 138,250**	**$ 118,927**	**$ 137,599**

Fiscal Year	2013	2014	2015	2016
State Appropriations [3]	**$ 150,000**	**$ 138,300**	**$ 130,900**	**$ 138,000**

[1] The contribution amounts shown were developed on a funding basis only and do not reflect accounting requirements.

[2] Set equal to the administrative expenses actually incurred in the prior year.

[3] LEDB is a State appropriated fund. Employer contribution amounts are expected to be paid by the state of Indiana.

HISTORICAL SUMMARY (CONTINUED)

Summary of Valuation Results (Continued)

	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014[1]
Census Information				
Active				
Number	7	6	24	24
Average Age	65.3	65.2	70.0	70.0
Average Years of Service [2]	6.6	5.6	7.2	7.2
Inactive				
Number	40	38	9	9
Average Age	67.1	68.5	67.6	67.6
Average Years of Service [2]	7.4	7.2	7.2	7.2
Retiree/Beneficiary/Disabled				
Number	65	63	68	68
Average Age	75.0	75.6	75.1	75.1
Annual Benefits Payable [3]	$ 355,782	$ 348,798	$ 364,625	$ 364,625

[1] The valuation results as of June 30, 2014 were calculated using June 30, 2013 census data, adjusted for certain activity during fiscal year 2014.
[2] Average based on the service before November 8, 1989.
[3] Figures shown reflect cost-of-living increases effective January 1 following the date of the census data, if provided.

HISTORICAL SUMMARY (CONTINUED)

Summary of Valuation Results (Continued)

	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
Actuarial Accrued Liability (AAL)				
Retiree/Beneficiary/Disabled	$ 3,037,280	$ 3,031,394	$ 3,191,742	$ 3,076,342
Active and Inactive	1,583,555	1,471,531	1,103,156	1,096,665
Total	$ 4,620,835	$ 4,502,925	$ 4,294,898	$ 4,173,007
Actuarial Value of Assets (AVA)				
Retiree/Beneficiary/Disabled	$ 3,037,280	$ 3,031,394	$ 3,191,742	$ 3,076,342
Active and Inactive	596,408	345,177	235,823	391,048
Total	$ 3,633,688	$ 3,376,571	$ 3,427,565	$ 3,467,390
Market Value of Assets (MVA)				
Retiree/Beneficiary/Disabled	$ 3,037,280	$ 3,031,394	$ 3,191,742	$ 3,076,342
Active and Inactive	607,552	354,411	145,352	412,658
Total	$ 3,644,832	$ 3,385,805	$ 3,337,094	$ 3,489,000
Unfunded Actuarial Accrued Liability: AAL - AVA				
Retiree/Beneficiary/Disabled	$ -	$ -	$ -	$ -
Active and Inactive	987,147	1,126,354	867,333	705,617
Total	$ 987,147	$ 1,126,354	$ 867,333	$ 705,617
Funded Percentage [1]				
Retiree/Beneficiary/Disabled	100.0%	100.0%	100.0%	100.0%
Active and Inactive	37.7%	23.5%	21.4%	35.7%
Total	78.6%	75.0%	79.8%	83.1%
Summary of Assumptions				
Valuation Interest Rate	7.0%	6.75%	6.75%	6.75%
Salary Scale	3.0%	3.0%	3.0%	3.0%
Cost-of-Living Assumption	1.0%	1.0%	1.0%	1.0%

[1] In determining the funded percentage, the assets are allocated first to the retiree/beneficiary/disabled liability and then to the active/inactive liability.

FUNDING

SECTION II - FUNDING

A. Development of Funded Status

			June 30, 2013		June 30, 2014
1.	Actuarial Accrued Liability				
	a. Retirees, Beneficiaries, and Disableds	$	3,191,742	$	3,076,342
	b. Actives and Inactives		1,103,156		1,096,665
	c. Total: (1)(a) + (1)(b)	$	4,294,898	$	4,173,007
2.	Actuarial Value of Assets [1]				
	a. Retirees, Beneficiaries, and Disableds	$	3,191,742	$	3,076,342
	b. Actives and Inactives		235,823		391,048
	c. Total: (2)(a) + (2)(b)	$	3,427,565	$	3,467,390
3.	Unfunded Actuarial Accrued Liability [1]				
	a. Retirees, Beneficiaries, and Disableds: (1)(a) - (2)(a)	$	-	$	-
	b. Actives and Inactives: (1)(b) - (2)(b)		867,333		705,617
	c. Total: (1)(c) - (2)(c)	$	867,333	$	705,617
4.	Funded Percentage [1]				
	a. Retirees, Beneficiaries, and Disableds: (2)(a) / (1)(a)		100.0%		100.0%
	b. Actives and Inactives: (2)(b) / (1)(b)		21.4%		35.7%
	c. Total: (2)(c) / (1)(c)		79.8%		83.1%

[1] In determining the funded percentage, the assets are allocated first to the retiree/beneficiary/disabled liability and then to the active/inactive liability.

B. Unfunded Actuarial Accrued Liability Reconciliation

			June 30, 2013	June 30, 2014
1.	Unfunded Actuarial Accrued Liability, Prior Year		$ 1,126,354	$ 867,333
2.	Unfunded Actuarial Accrued Liability (Gain) / Loss			
	a.	Actuarial Value of Assets Experience	$ (92,519)	$ (93,279)
	b.	Actuarial Accrued Liability Experience	(98,312)	-
	c.	Additional Liability Due to Cost-of-Living Adjustments	(36,011) [1]	(36,596) [2]
	d.	Additional Liability Due to Changes in Actuarial Assumptions	-	-
	e.	Total New Amortization Bases: (2)(a) + (2)(b) + (2)(c) + (2)(d)	$ (226,842)	$ (129,875)
	f.	Reduction in Existing Bases Due to Prior Year Contributions, Net of Interest	(32,179)	(31,841)
	g.	Change in Unfunded Actuarial Accrued Liability: (2)(e) + (2)(f)	$ (259,021)	$ (161,716)
3.	Unfunded Actuarial Accrued Liability, Current Year: (1) + (2)(g)		$ 867,333	$ 705,617

[1] A Cost-of-Living Adjustment (COLA) was not granted as of January 1, 2014, rather than the assumed COLA of 1.0%.

[2] A Cost-of-Living Adjustment (COLA) was not granted as of January 1, 2015, rather than the assumed COLA of 1.0%.

C. Actuarial Accrued Liability Reconciliation

1.	June 30, 2013 Actuarial Accrued Liability	$ 4,294,898	
2.	Normal Cost	-	
3.	Actual Benefit Payments [1]	362,951	
4.	Interest of 6.75% on (1) + (2) - (3)/2	277,656	
5.	Expected June 30, 2014 Actuarial Accrued Liability: (1) + (2) - (3) + (4)	$ 4,209,603	
		Dollar Change in Liability	**Percent Change in Liability**
6.	(Gain)/Loss Components		
	a. Census	$ -	0.0%
	b. Cost-of-Living Adjustment [2]	(36,596)	(0.9%)
	c. Total: (6)(a) + (6)(b)	$ (36,596)	(0.9%)
7.	Actual June 30, 2014 Actuarial Accrued Liability: (5) + (6)(c)	**$ 4,173,007**	

[1] Includes net interfund transfers.

[2] A Cost-of-Living Adjustment (COLA) was not granted as of January 1, 2015, rather than the assumed COLA of 1.0%.

D. Reconciliation of Market Value of Assets

			June 30, 2013		June 30, 2014
1.	Market Value of Assets, Prior June 30	$	3,385,805	$	3,337,094
2.	Receipts				
	a. Employer Contributions	$	150,000	$	138,300
	b. Member Contributions		-		-
	c. Investment Income and Dividends Net of Fees		200,065		438,535
	d. Security Lending Income Net of Fees		802		510
	e. Transfers In		-		-
	f. Miscellaneous Income		-		-
	g. Total Receipts: (2)(a) + (2)(b) + (2)(c) + (2)(d) + (2)(e) + (2)(f)	$	350,867	$	577,345
3.	Disbursements				
	a. Benefits Paid During the Year	$	365,322	$	362,951
	b. Refund of Contributions and Interest		-		-
	c. Administrative and Project Expenses		34,256		62,488
	d. Transfers Out		-		-
	e. Miscellaneous Disbursements		-		-
	f. Total Disbursements: (3)(a) + (3)(b) + (3)(c) + (3)(d) + (3)(e)	$	399,578	$	425,439
4.	Market Value of Assets, Current June 30: (1) + (2)(g) - (3)(f)	**$**	**3,337,094**	**$**	**3,489,000**
5.	Market Value of Assets Approximate Annual Rate of Return [1]		5.1%		11.7%

[1] Based on individual fund experience. Net of expenses and assuming cash flows occur at mid-year.

E. Reconciliation of Actuarial Value of Assets

1.	Market Value of Assets, June 30, 2013	$	3,337,094
2.	Market Value of Assets, June 30, 2014		3,489,000
3.	Expected Earnings/Expenses		
	a. Expected Investment Earnings at 6.75% on June 30, 2013 Market Value		225,254
	b. Receipts with Expected Investment Earnings at 6.75%[1]		142,968
	c. Disbursements with Expected Investment Earnings at 6.75%[1]		375,201
4.	Expected Assets, June 30, 2014: (1) + (3)(a) + (3)(b) - (3)(c)	$	3,330,115
5.	2013-2014 Gain/(Loss): (2) - (4)		158,885
6.	Smoothing of Gain/(Loss)		

	Year	Gain/(Loss)	% Unrecognized	
a.	2013-2012	$ 158,885	75%	119,164
b.	2012-2011	$ (54,664)	50%	(27,332)
c.	2011-2010	$ (280,888)	25%	(70,222)

7.	Preliminary Actuarial Value of Assets, June 30, 2014: (2) - (6)(a) - (6)(b) - (6)(c)	$	3,467,390
8.	Corridor		
	a. 120% of Market Value: 1.2 x (2)		4,186,800
	b. 80% of Market Value: 0.8 x (2)		2,791,200
9.	Actuarial Value of Assets, June 30, 2014: (7), but not greater than (8)(a) or less than (8)(b)	**$**	**3,467,390**
10.	Actuarial Value of Assets as a Percent of Market Value: (9) / (2)		99.4%
11.	Actuarial Value of Assets Approximate Annual Rate of Investment Return [1]		8.0%

[1] Assumes cash flows occur at mid-year.

F. Contributions

		June 30, 2013		June 30, 2014
Development of Actuarially Determined Contribution:				
1. Normal Cost (Beginning of Year)	$	-	$	-
2. Unfunded Actuarial Accrued Liability (UAAL) Amortizations				
a. UAAL Balance	$	867,333	$	705,617
b. Annual Amortization		84,671		75,111
3. Provision for Expenses [1]	$	34,256	$	62,488
4. Actuarially Determined Contribution: (1) + (2)(b) + (3) [2]	$	118,927	$	137,599
Fiscal Year Beginning:		July 1, 2014		July 1, 2015
Approved Funding Amount: [2]	**$**	**130,900**	**$**	**138,000**
Expected Percentage of Actuarially Determined Contribution Contributed:		116.29%		100.29%

[1] Set equal to the administrative expenses actually incurred in the prior year.

[2] Amounts shown are applicable to the fiscal year following the valuation date. It is our understanding that the Approved Funding Amounts will be appropriated from the State during fiscal 2015 and fiscal 2016, respectively.

G. Unfunded Actuarial Accrued Liability Amortization Schedule [1]

	Date Base Established	Reason	Remaining Unfunded	Remaining Period	Amortization Amount
1.	6/30/2009	Actuarial Experience	$ 254,775	8	$ 39,582
2.	6/30/2010	Actuarial Experience and Changes in Actuarial Assumptions	470,772	26	36,435
3.	6/30/2011	Actuarial Experience	171,103	27	13,058
4.	6/30/2012	Actuarial Experience and Changes in Actuarial Assumptions	163,173	28	12,292
5.	6/30/2013	Actuarial Experience and Changes in Actuarial Assumptions	(224,331)	29	(16,697)
6.	6/30/2014	Actuarial Experience	(129,875)	30	(9,559)
	Total		$ 705,617		$ 75,111

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

H. Approximate Annual Rate of Return for Year Ending June 30, 2014 [1]

		Market Value of Assets	Actuarial Value of Assets
1.	Balance, beginning of year	$ 3,337,094	$ 3,427,565
2.	Balance, end of year	3,489,000	3,467,390
3.	Total increase: (2) - (1)	151,906	39,825
4.	Contributions	138,300	138,300
5.	Benefit payments [2]	362,951	362,951
6.	Net additions: (4) - (5)	(224,651)	(224,651)
7.	Net investment increase: (3) - (6)	376,557	264,476
8.	Average assets: [(1) + (2) - (7)] / 2	3,224,769	3,315,240
9.	Approximate rate of return: (7) / (8) [1]	11.7%	8.0%

I. Historical Investment Experience

	Actual Rate of Investment Return		Actuarial Assumed
Year Ending June 30	Market Basis [3]	Actuarial Basis [1]	Interest Rate
2005	9.8%	5.6%	7.25%
2006	10.7%	15.5%	7.25%
2007	18.2%	16.2%	7.25%
2008	(7.6%)	7.8%	7.25%
2009	(20.6%)	(2.1%)	7.25%
2010	13.9%	(6.6%)	7.25%
2011	20.1%	(2.6%)	7.0%
2012	0.7%	(0.9%)	7.0%
2013	6.0%	8.1%	6.75%
2014	13.7%	8.0%	6.75%

[1] Based on individual fund experience. Net of expenses and assuming cash flows occur at mid-year.

[2] Includes net interfund transfers.

[3] INPRS actual time-weighted rate of return net of fees for 2012-2014. PERF CRIF time-weighted rate of return reported as gross of fees for 2005-2011.

J. Interest Rate Sensitivity

The investment return assumption (discount rate) should be based on an estimated long-term investment yield for the plan, with consideration given to the nature and mix of current and expected plan investments. Management and the Board continually monitor the investment rate of return assumption and the Board formally reviews the assumption and makes changes as appropriate. The Board last changed the assumption for the June 30, 2012 valuation from 7.0% to 6.75%.

To illustrate the importance of the investment rate of return, which is used to discount the actuarial liabilities of the Plan, the Funded Ratio and Actuarially Determined Contribution Amount (for the fiscal year beginning July 1, 2015) are shown below at 6.75% (the current assumption), 6.0% (a three-fourths of a percent decrease), 6.5% (a one-fourth of a percent decrease), 7.5% (a three-fourths of a percent increase), and 8.0% (a one and one-fourth of a percent increase).

	0.75% Decrease: (6.0%)	0.25% Decrease: (6.5%)	Current Assumption: (6.75%)	0.75% Increase: (7.5%)	1.25% Increase: (8.0%)
Funded Status					
Actuarial Accrued Liability	$ 4,396,176	$ 4,244,939	$ 4,173,007	$ 3,970,701	$ 3,846,133
Actuarial Value of Assets	3,467,390	3,467,390	3,467,390	3,467,390	3,467,390
Unfunded Actuarial Accrued Liability	$ 928,787	$ 777,549	$ 705,617	$ 503,311	$ 378,743
Funded Ratio	78.9%	81.7%	83.1%	87.3%	90.2%
Actuarially Determined Contribution Amount					
Normal Cost	-	-	-	-	-
UAAL Amortization	$ 87,385	$ 79,271	$ 75,111	$ 62,238	$ 53,353
Provision for Expenses [1]	62,488	62,488	62,488	62,488	62,488
Actuarially Determined Contribution Amount	$ 149,873	$ 141,759	$ 137,599	$ 124,726	$ 115,841

[1] Set equal to the administrative expenses incurred in the prior year.

ACCOUNTING

PLAN FINANCIAL STATEMENTS UNDER GASB #67

A. Statement of Fiduciary Net Position under GASB #67 as of June 30, 2014

1.	Assets			
	a.	Cash	$	-
	b.	Receivables		
		i. Contributions Receivable	$	-
		ii. Miscellaneous Receivables		-
		iii. Investments Receivable		60,561
		iv. Foreign Exchange Contract Receivable		561,963
		v. Interest and Dividends		10,005
		vi. Due From Other Funds		-
		vii. Total Receivables	$	632,529
	c.	Total Investments		
		i. Short-Term Investments	$	-
		ii. Pooled Short-Term Investments		167,108
		iii. Pooled Fixed Income		1,234,467
		iv. Pooled Equity		818,689
		v. Pooled Alternative Investments		1,298,708
		vi. Pooled Derivatives		3,711
		vii. Securities Lending Collateral		307,855
		viii. Total Investments	$	3,830,538
	d.	Net Capital Assets		89
	e.	Prepaid Expenses		-
	f.	Total Assets: (1)(a) + (1)(b)(vii) + (1)(c)(viii) + (1)(d) + (1)(e)	$	4,463,156
2.	Liabilities			
	a.	Accounts Payable	$	848
	b.	Retirement Benefits Payable		-
	c.	Salaries and Benefits Payable		-
	d.	Investments Payable		66,299
	e.	Foreign Exchange Contracts Payable		564,663
	f.	Securities Lending Obligations		307,855
	g.	Securities Sold Under Agreement to Repurchase		32,082
	h.	Due To Other Funds		2,409
	i.	Total Liabilities: (2)(a) + (2)(b) + (2)(c) + (2)(d) + (2)(e) + (2)(f) + (2)(g) + (2)(h)	$	974,156
3.	Fiduciary Net Position Restricted for Pensions: (1)(f) - (2)(i)		**$**	**3,489,000**

PLAN FINANCIAL STATEMENTS UNDER GASB #67

B. Statement of Changes in Fiduciary Net Position under GASB #67 for the Year Ended June 30, 2014

1.	Fiduciary Net Position as of June 30, 2013		$	3,337,094
2.	Additions			
	a.	Contributions		
		i. Member Contributions	$	-
		ii. Employer Contributions		138,300
		iii. Non-Employer Contributing Entity Contributions		-
		iv. Total Contributions	$	138,300
	b.	Investment Income/(Loss)		
		i. Net Appreciation/(Depreciation) [1, 2]	$	414,456
		ii. Net Interest and Dividend Income		49,671
		iii. Securities Lending Income		592
		iv. Other Net Investment Income		629
		v. Investment Expenses		(26,221)
		vi. Securities Lending Expenses		(82)
		vii. Total Investment Income/(Loss)	$	439,045
	c.	Other Additions		
		i. Interfund Transfers	$	-
		ii. Miscellaneous Receipts		-
		iii. Total Other Additions	$	-
	d.	Total Revenue (Additions): (2)(a)(iv) + (2)(b)(vii) + (2)(c)(iii)	$	577,345
3.	Deductions			
	a.	Pension and Disability Benefits	$	362,951
	b.	Death, Survivor, and Funeral Benefits		-
	c.	Distributions of Contributions and Interest		-
	d.	Interfund Transfers		-
	e.	Pensions Relief Distributions		-
	f.	Local Unit Withdrawals		-
	g.	Administrative and Project Expenses		62,488
	h.	Total Expenses (Deductions): (3)(a) + (3)(b) + (3)(c) + (3)(d) + (3)(e) + (3)(f) + (3)(g)	$	425,439
4.	Net Increase (Decrease) in Fiduciary Net Position: (2)(d) - (3)(h)		$	151,906
5.	Fiduciary Net Position as of June 30, 2014: (1) + (4)		**$**	**3,489,000**

[1] The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of pension plan investments.

[2] Realized gains and losses on investments that had been held in more than one reporting period and sold in the current period were included as a change in the fair value reported in the prior period(s) and the current period.

EMPLOYER FINANCIAL STATEMENTS UNDER GASB #68

C. Net Pension Liability under GASB #68 for the Year Ended June 30, 2014

1.	Total Pension Liability					
	a.	Total Pension Liability - Beginning of year			$	4,285,380
	b.	Service cost [1]				3,260
	c.	Interest cost [2]				277,234
	d.	Experience (gains)/losses				(36,574)
	e.	Assumption changes				-
	f.	Plan amendments				-
	g.	Benefit payments [3]				(362,951)
	h.	Member reassignments [4]				-
	i.	Total Pension Liability - End of year			$	4,166,349
2.	Plan Fiduciary Net Position					
	a.	Plan Fiduciary Net Position - Beginning of year			$	3,337,094
	b.	Employer contributions				138,300
	c.	Employee contributions				-
	d.	Non-employer contributing entity contributions				-
	e.	Investment return				
		i. Expected investment return [5]	$	241,866		
		ii. Investment gain/(loss)		223,482		
		iii. Total investment return	$	465,348		
		iv. Investment Expenses		(26,303)		
		v. Net investment return				439,045
	f.	Benefit payments [3]				(362,951)
	g.	Member reassignments [4]				-
	h.	Administrative and Project Expenses				(62,488)
	i.	Plan Fiduciary Net Position - End of year			$	3,489,000
3.	Net Pension Liability					
	a.	Net Pension Liability: (1)(i) - (2)(i)			**$**	**677,349**
	b.	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability : (2)(i) / (1)(i)				83.7%

[1] As of the beginning of the year.
[2] Includes interest of 6.75% on the beginning-of-year service cost.
[3] Includes refunds of accumulated member contributions.
[4] Includes net interfund transfers.
[5] 6.75%, net of investment expenses and assuming cash flows occur at mid-year.

SECTION III - ACCOUNTING

EMPLOYER FINANCIAL STATEMENTS UNDER GASB #68

D. Deferred Inflows and Outflows of Resources under GASB #68 for the Year Ended June 30, 2014 [1]

	Fiscal Year Established	Reason		Remaining Balance	Remaining Period		Annual Recognition
1. Liability experience gains / (losses)							
a.	2014	Experience gain	$	36,574	1.00	$	36,574
		Sub-Total	$	36,574		$	36,574
2. Assumption change gains / (losses)							
	None		$	-	1.00	$	-
		Sub-Total	$	-		$	-
3. Investment gains / (losses) [2]							
a.	2014	Investment gain	$	197,179	5.00	$	39,436
		Sub-Total	$	197,179		$	39,436
4. Total collective deferred inflows / (outflows): (1) + (2) + (3)			**$**	**233,753**		**$**	**76,010**

Amounts reported as collective deferred inflows / outflows of resources to be recognized in pension expense:

Year Ending June 30:		
2014	$	76,010
2015	$	39,436
2016	$	39,436
2017	$	39,436
2018	$	39,435
2019	$	-
Thereafter	$	-

[1] The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2013 for GASB #68 purposes.

[2] Net of investment expenses.

EMPLOYER FINANCIAL STATEMENTS UNDER GASB #68

E. Pension Expense under GASB #68 for the Year Ended June 30, 2014

1. Service cost			
	a. Total service cost [1]	$	3,260
	b. Employee contributions		-
	c. Administrative and Project Expenses		62,488
	d. Net employer service cost: (1)(a) + (1)(b) + (1)(c)		65,748
2. Interest cost [2]			277,234
3. Expected return on assets [3]			(241,866)
4. Plan amendments			-
5. Recognition of deferred (inflows) / outflows of resources related to:			
	a. Liability experience (gains) / losses		(36,574)
	b. Assumption changes (gains) / losses		-
	c. Investment (gains) / losses		(39,436)
	d. Total: (5)(a) + (5)(b) + (5)(c)		(76,010)
6. Total collective pension expense: (1)(d) + (2) + (3) +(4) + (5)(d)		**$**	**25,106**

[1] As of the beginning of the year.
[2] Includes interest of 6.75% on the beginning-of-year service cost.
[3] 6.75% net of investment expenses and assuming cash flows occur at mid-year. Includes a half year of interest on employee contributions and administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS UNDER GASB #67 AND #68

F. Selected Notes to the Financial Statements under GASB #67 and #68

1. The LEDB Fund is a single-employer plan for GASB accounting purposes.

2. Significant actuarial assumptions and other inputs used to measure the total pension liability:

- Measurement Date	June 30, 2014
- Valuation Date	
Assets:	June 30, 2014
Liabilities:	June 30, 2013 - Member census data as of June 30, 2013 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2013 and June 30, 2014. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2013 to the June 30, 2014 measurement date.
- Inflation	3.0%
- Future Salary Increases	3.0%
- Cost-of-Living Increases	1.0% compounded annually, beginning January 1, 2016. A COLA was granted neither at January 1, 2014 nor January 1, 2013, which is reflected in the valuation.
- Mortality Assumption	2013 IRS Static Mortality Tables projected five (5) years with Scale AA
- Experience Study	The most recent comprehensive experience study was completed in 2011 and was based on member experience between June 30, 2005 and June 30, 2010. The demographic assumptions were updated as needed for the June 30, 2011 actuarial valuation based on the results of the study. The mortality assumption was further updated for the June 30, 2012 valuation.
- Discount Rate	The discount rate used to measure the total pension liability was 6.75% as of June, 30, 2014, and is equal to the long-term expected return on plan investments. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated amount computed in accordance with the current funding policy adopted by the Board, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level dollar installments over 30 years utilizing a closed period approach. Since the current funding policy was adopted, the State's contributions have been consistent with the amounts required by the Board utilizing this policy. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

- Discount Rate Sensitivity	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	$ 963,601	$ 677,349	$ 414,405

NOTES TO THE FINANCIAL STATEMENTS UNDER GASB #67 AND #68

F. Selected Notes to the Financial Statements under GASB #67 and #68 (Cont.)

3. Classes of plan members covered: [1]

- Retired members, beneficiaries and disabled members receiving benefits:	68
- Terminated vested plan members entitled to but not yet receiving benefits:	9
- Terminated non-vested plan members entitled to a distribution of contributions:	-
- Active Plan Members:	24
- Total membership:	101

4. Money-weighted rate of return:
The money-weighted rate of return equals investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. For the fiscal year ending June 30, 2014, the money-weighted return on the plan assets is 13.7%.

5. The components of the Net Pension Liability for the LEDB Fund plan as of June 30, 2014, are as follows:

- Total Pension Liability	$	4,166,349
- Plan Fiduciary Net Position		3,489,000
- Net Pension Liability	$	677,349
- Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		83.7%

[1] The valuation results as of June 30, 2014 were calculated using June 30, 2013 census data, adjusted for certain activity during fiscal year 2014.

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #67 AND #68

G. Schedule of Changes in the Net Pension Liability and Plan Fiduciary Net Position under GASB #67 and #68 [1]

Year Ending June 30:	2013	2014
1. Total Pension Liability		
a. Total Pension Liability - Beginning of year	$ 4,496,986	$ 4,285,380
b. Service cost [2]	2,519	3,260
c. Interest cost [3]	291,387	277,234
d. Experience (gains)/losses	(140,190)	(36,574)
e. Assumption changes	-	-
f. Plan amendments	-	-
g. Benefit payments [4]	(365,322)	(362,951)
h. Member reassignments [5]	-	-
i. Total Pension Liability - End of year	$ 4,285,380	$ 4,166,349
2. Plan Fiduciary Net Position		
a. Plan Fiduciary Net Position - Beginning of year	$ 3,385,805	$ 3,337,094
b. Employer contributions	150,000	138,300
c. Employee contributions	-	-
d. Non-employer contributing entity contributions	-	-
e. Net investment return	200,867	439,045
f. Benefit payments [4]	(365,322)	(362,951)
g. Member reassignments [5]	-	-
h. Administrative and Project Expenses	(34,256)	(62,488)
i. Plan Fiduciary Net Position - End of year	$ 3,337,094	$ 3,489,000

[1] The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2012 for GASB #67 purposes and prospectively from June 30, 2013 for GASB #68 purposes.

[2] As of the beginning of the year.

[3] Includes interest of 6.75% on the beginning-of-year service cost.

[4] Includes refunds of accumulated member contributions.

[5] Includes net interfund transfers.

SECTION III - ACCOUNTING

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #67 AND #68

H. Schedule of Net Pension Liability and Related Ratios under GASB #67 and #68 [1]

1. Year Ending	2. Total Pension Liability	3. Plan Fiduciary Net Position	4. Net Pension Liability (2) - (3)	5. Fiduciary Net Pension as a Percentage of Total Pension Liability (3) / (2)	6. Actual Covered Employee Payroll	7. Net Pension Liability as a Percentage of Covered Payroll (4) / (6)
6/30/2013	$ 4,285,380	$ 3,337,094	$ 948,286	77.9%	N/A	N/A
6/30/2014	4,166,349	3,489,000	677,349	83.7%	N/A	N/A

[1] The effort and cost to re-create financial statement information for 10-years was not practical. Information was prepared prospectively from June 30, 2012 for GASB #67 purposes and prospectively from June 30, 2013 for GASB #68 purposes.

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #67 AND #68

I. Schedule of Contributions under GASB #67 and #68 [1, 2]

1. Year Ending	2. Actuarially Determined Contribution	3. Actual Employer Contributions	4. Contribution Excess / (Deficiency) (Deficiency) (3) - (2)	5. Actual Covered Employee Payroll	6. Contributions as a Percentage of Covered Payroll (3) / (5)
6/30/2013	$ 140,202	$ 150,000	$ 9,798	N/A	N/A
6/30/2014	138,250	138,300	50	N/A	N/A

[1] The actuarially determined contribution amounts are based on actuarially determined contributions developed in the acturial valuation completed one year prior to the beginning of the fiscal year.

[2] The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2012 for GASB #67 purposes and prospectively from June 30, 2013 for GASB #68 purposes.

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #67 AND #68

J. Schedule of Money-Weighted Returns under GASB #67 and #68 [1]

1.	2.
Year Ending	Money-Weighted Rate of Return
6/30/2013	6.2%
6/30/2014	13.7%

[1] The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2012 for GASB #67 purposes and prospectively from June 30, 2013 for GASB #68 purposes.

NOTES TO THE FINANCIAL STATEMENTS UNDER GASB #27 AND #50

K. Development of the Employers' Net Pension Obligation (NPO) under GASB #27 and #50

1. Year Ending June 30	2. Annual Required Contribution (ARC)	3. Interest on NPO at Discount Rate	4. ARC Adjustment (9) / (5)	5. Amortization Factor	6. Net Pension Cost (NPC) (2) + (3) - (4)	7. Actual Employer Contribution	8. Change in NPO (6) - (7)	9. NPO at Beginning of Year	10. NPO at End of Year (8) + (9)
2012	$ 113,099	$ (2,662)	$ (3,064)	12.4090	$ 113,501	$ 113,099	$ 402	$ (38,027)	$ (37,625)
2013	140,202	(2,540)	(2,956)	12.7272	140,618	150,000	(9,382)	(37,625)	(47,007)
2014	138,250	(3,173)	(3,693)	12.7272	138,770	138,300	470	(47,007)	(46,537)

L. Three-Year Trend Information under GASB #27 and #50

1. Year Ending June 30	2. Net Pension Cost (NPC)	3. Actual Employer Contribution	4. % of NPC (3) / (2)
2012	$ 113,501	$ 113,099	99.6%
2013	140,618	150,000	106.7%
2014	138,770	138,300	99.7%

CENSUS DATA

A. Reconciliation of Participant Data [1]

	Actives	Inactive Vested	Disabled	Retired	Beneficiary	Total
Total as of June 30, 2012	6	38	-	50	13	107
New Entrants	-	-	-	-	-	-
Rehires	1	-	-	(1)	-	-
Non-Vested Terminations	-	(4)	-	-	-	(4)
Vested Terminations	-	-	-	-	-	-
Retirements	-	(8)	-	8	-	-
Disablements	-	-	-	-	-	-
Death with Beneficiary	-	-	-	-	-	-
Death without Beneficiary	-	-	-	(2)	(1)	(3)
Refunds	-	-	-	-	-	-
Data Adjustments	17	(17)	-	1	-	1
Total as of June 30, 2013	24	9	-	56	12	101
Data Adjustments for Activity During Fiscal Year 2014	-	-	-	-	-	-
Adjusted Total as of June 30, 2013	24	9	-	56	12	101

[1] The valuation results as of June 30, 2014 were calculated using June 30, 2013 census data, adjusted for certain activity during fiscal year 2014.

B. Census Information as of June 30, 2013 [1]

		Male	Female	Total
1.	Active			
	a. Number	17	7	24
	b. Average Age	67.2	76.7	70.0
	c. Average Years of Service [2]	7.0	7.8	7.2
2.	Inactive			
	a. Number	8	1	9
	b Average Age	65.4	85.0	67.6
	c. Average Years of Service [2]	8.0	1.0	7.2
3.	Retiree/Beneficiary/Disabled			
	a. Number	49	19	68
	b. Average Age	74.3	77.2	75.1
	c. Annual Benefits Payable [3]	$ 306,801	$ 57,824	$ 364,625

[1] The valuation results as of June 30, 2014 were calculated using June 30, 2013 census data, adjusted for certain activity during fiscal year 2014.

[2] Creditable service as of November 8, 1989.

[3] Figures shown reflect cost-of-living increases effective January 1 following the date of the census data, if provided.

C. Schedule of Active Member Valuation Data [1]

1. Valuation Date	2. Active Members
6/30/2005	48
6/30/2006	46
6/30/2007	43
6/30/2008	34
6/30/2009	33
6/30/2010	20
6/30/2011	7
6/30/2012	6
6/30/2013	24
6/30/2014 [2]	24

D. Schedule of Retirees, Beneficiaries, and Disabled Members [1]

1.	2.	3.	4.	5.	6.	7.	8.	9.
	Added		Removed		End of Year [3]			
Valuation Date	Number	Annual Allowances ($ in Thousands) [4]	Number	Annual Allowances ($ in Thousands) [4]	Number	Annual Allowances ($ in Thousands) [4]	% Increase in Annual Allowances [4]	Average Annual Allowances [4]
6/30/2005	-	$ -	-	$ -	39	$ 244	(0.5%)	$ 6,268
6/30/2006	2	12	2	9	39	260	6.2%	6,658
6/30/2007	6	31	-	-	45	283	9.1%	6,298
6/30/2008	1	-	2	10	44	274	(3.4%)	6,223
6/30/2009	17	88	2	2	59	371	35.3%	6,281
6/30/2010	5	9	3	27	61	347	(6.5%)	5,685
6/30/2011	4	22	-	-	65	356	2.6%	5,477
6/30/2012	2	13	4	20	63	349	(2.0%)	5,536
6/30/2013	9	41	4	26	68	364	4.3%	5,362
6/30/2014 [2]	-	-	-	-	68	364	0.0%	5,362

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

[2] The valuation results as of June 30, 2014 were calculated using June 30, 2013 census data, adjusted for certain activity during fiscal year 2014.

[3] End of year annual allowances are not equal to the prior end of year annual allowances plus additions and less removals because of reductions for beneficiary benefits, data changes, and cost-of-living increases.

[4] Annual allowances reflect cost-of-living increases effective January 1 following the date of the census data, if provided.

E. Distribution of Active Members by Age and Service [1,2]

Attained Age	Distribution of Active Members by Age and Service as of June 30, 2013 [1]										
	Under 1 year	1 to 4 years	5 to 9 years	10 to 14 years	15 to 19 years	20 to 24 years	25 to 29 years	30 to 34 years	35 to 39 years	Over 40 years	Total
<25											
25-29											
30-34											
35-39											
40-44											
45-49											
50-54		1									1
55-59		2									2
60-64		1	2								3
65-69		3		1	1						5
70&Above		1	8	3	1						13
Total		8	10	4	2						24

[1] The valuation results as of June 30, 2014 were calculated using June 30, 2013 census data, adjusted for certain activity during fiscal year 2014.
[2] Creditable service as of November 8, 1989.

F. Distribution of Inactive Vested Members by Age and Service [1,2]

Attained Age	Distribution of Inactive Vested Members by Age and Service as of June 30, 2013 [1]							
	Under 5 years	5 to 9 years	10 to 14 years	15 to 19 years	20 to 24 years	25 to 29 years	Over 30 years	Total
<25								
25-29								
30-34								
35-39								
40-44								
45-49								
50-54		1						1
55-59		1	1					2
60-64		1						1
65-69				1				1
70&Above	3			1				4
Total	3	3	1	2				9

[1] The valuation results as of June 30, 2014 were calculated using June 30, 2013 census data, adjusted for certain activity during fiscal year 2014.

[2] Creditable service as of November 8, 1989.

G. Distribution of Retired Members, Beneficiaries, and Disabled Members by Age and Number of Years Retired [1,2]

Attained Age	Distribution of Retired Members, Beneficiaries, and Disabled Members by Age and Number of Years Retired as of June 30, 2013 [1]							
	Under 5 years	5 to 9 years	10 to 14 years	15 to 19 years	20 to 24 years	25 to 29 years	Over 30 years	Total
<40								
40-44								
45-49								
50-54								
55-59								
60-64	5	2						7
65-69	5	4	3					12
70-74	6	2	1	3				12
75-79	5	3	4	5	1			18
80-84	1	2	3	3	1			10
85-89		1	2	1	4			8
90&Above					1			1
Total	22	14	13	12	7			68

[1] The valuation results as of June 30, 2014 were calculated using June 30, 2013 census data, adjusted for certain activity during fiscal year 2014.

[2] One of the members does not have a date of retirement. For this member we assumed retirement occurred at age 65.

H. Schedule of Benefit Recipients by Type of Benefit Option [1]

Number of Benefit Recipients by Benefit Option as of June 30, 2013 [1]

Amount of Monthly Benefit	Retiree Single Life Annuity	Retiree 50% Joint and Survivor Annuity	Survivors	Disability	Total
$ 1 - 500	3	27	11	0	41
501 - 1,000	2	23	1	0	26
1,001 - 1,500	0	1	0	0	1
1,501 - 2,000	0	0	0	0	0
2,001 - 3,000	0	0	0	0	0
over 3,000	0	0	0	0	0
Total	5	51	12	0	68

I. Schedule of Average Benefit Payments as of June 30, 2013 [1,2]

	Years of Credited Service							
	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total
Average Monthly Defined Benefit	$ 459	$ 251	$ 351	$ 459	$ 629	$ 472	$ 669	$ 447
Average Final Average Salary	$ 18,784	$ -	$ 19,636	$ 29,430	$ 32,868	$ 27,614	$ 31,870	$ 24,372
Number of Benefit Recipients	11	6	21	14	7	2	7	68

[1] The valuation results as of June 30, 2014 were calculated using June 30, 2013 census data, adjusted for certain activity during fiscal year 2014. Distributions are based on monthly benefit amounts at July 1, 2013. No cost-of-living increases were provided on January 1, 2014 or January 1, 2015.

[2] For some members average salary at retirement and years of credited service was not available. The average salary for each group excluded these members.

ACTUARIAL ASSUMPTIONS AND METHODS

SECTION V - ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

The assumptions used in the valuation were selected and approved by the INPRS Board of Trustees. The demographic assumptions are reviewed every five years through a study of actual experience. In this way, the actuary provides guidance to the Board in selecting the assumptions. The actuary and other economic and investment professionals also provide advice to the Board for selecting the economic assumptions. In our opinion, the assumptions are reasonable for purposes of this valuation.

Interest Rate / Investment Return	
Funding:	6.75% (net of administrative and investment expenses)
Accounting:	6.75% (net of investment expenses)
Future Salary Increases	3.0% per year
Inflation	3.0% per year
Cost of Living Increases	1.0% per year in retirement beginning January 1, 2016. No cost-of-living increases were provided on January 1, 2014 or January 1, 2015, which is reflected in the liability valuation at June 30, 2014.
Mortality (Healthy and Disabled)	2013 IRS Static Mortality projected five (5) years with Scale AA
Disability	75% of 1964 OASDI Tables. Illustrative rates shown below:

Age	Rate
20	0.045%
25	0.064%
30	0.083%
35	0.111%
40	0.165%
45	0.270%
50	0.454%
55	0.757%
60	1.220%
65+	0.000%

A. Actuarial Assumptions (continued)

Termination

Sarason T-2 Tables. Illustrative rates shown below:

Age	Rate
20	5.4384%
25	5.2917%
30	5.0672%
35	4.6984%
40	3.5035%
45	1.7686%
50	0.4048%
55+	0.0000%

Retirement

Retirement rates based on actual experience of current retirees. Illustrative rates shown below:

Age	Rate
55	10%
56-57	8%
58-61	2%
62-64	5%
65+	100%

Decrement Timing

Decrements are assumed to occur at the beginning of the year.

Spouse/Beneficiary

90% of members are assumed to be married or to have a dependent beneficiary. Males are assumed to be three (3) years older than females.

Administrative Expense

Replacement basis. Administrative expenses incurred during the year prior to the valuation date are included in the calculation of funds to be appropriated to the LEDB Fund by the State.

A. Actuarial Assumptions (continued)

Missing Data Assumptions	Actives and inactives with no gender are assumed to be male. Spouse gender is assumed to be the opposite gender of the member. Retirees and disabled members that are not married and do not have a retirement option listed are assumed to elect a single life annuity. Retirees and disabled members that are married and do not have a retirement option listed are assumed to be receiving a 50% joint and survivor annuity. Beneficiaries that do not have a retirement option listed are assumed to receive monthly payments for life.
Changes in Assumptions	There were no changes in assumptions for the June 30, 2014 valuation.

B. Actuarial Methods

The actuarial methods used in this valuation were selected and approved by the Board. In general, the methods provide orderly funding of all benefits being accrued, as well as unfunded past-service benefit liabilities, over a period of thirty years. However, the smoothing method employed in determining the Actuarial Value of Assets may accelerate or lengthen the effective funding period, depending on whether gains or losses are experienced. In our opinion, the actuarial methods are reasonable for the purposes of this valuation.

1. Actuarial Cost Method

Funding: The actuarial cost method is Traditional Unit Credit.

The normal cost is calculated separately for each active member and is equal to actuarial present value of additional benefits expected to be accrued during the year following the valuation date. The actuarial accrued liability on any valuation date is the actuarial present value of the benefits earned for service prior to the valuation date. Since the benefits for all members of the Legislator's Defined Benefit Plan are fixed and no longer increasing with future service credit or future salary increases, applying the Traditional Unit Credit cost method results in the Actuarial Accrued Liability being equal to the Present Value of Future Benefits (i.e. all benefits are treated as though they are attributable to past service) and the Normal Cost being equal to $0. This is consistent with the actual status of member benefit accruals.

Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year period. The purpose of the method is to give a smooth progression of the costs from year to year and, at the same time, provide for an orderly funding of the unfunded liabilities.

Accounting: The actuarial cost method is Entry Age Normal - Level Percent of Payroll.

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

Gains and losses occurring from census experience different than assumed and assumption changes are amortized into expense over the average expected future service of all plan participants (active and inactive). Gains and losses occurring from investment experience different than assumed are amortized into expense over a 5-year period. The effect of plan changes on the plan liability are fully recognized in expense in the year in which they occur.

2. Asset Valuation Method

Actuarial Value of Assets is equal to a four-year smoothing of gains and losses on the Market Value of Assets, subject to a 20% corridor.

B. Actuarial Methods (continued)

3. State Appropriations

   Based on the assumptions and methods previously described, an actuarially determined contribution amount is computed. The Board considers this information when requesting funds from the State.

4. Changes in Actuarial Methods

   Member census data as of June 30, 2013 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2013 and June 30, 2014. Standard actuarial roll forward techniques were then used to project the liabilities computed as of June 30, 2013 to the June 30, 2014 measurement date. Prior to the June 30, 2014 valuation, census data as of the valuation date was used.

SUMMARY OF PLAN PROVISIONS

Summary of Plan Provisions

The benefit provisions for LEDB are set forth in IC 2-3.5-4. A summary of those defined pension benefit provisions is presented below:

Participation		All members of the Indiana General Assembly who (1) were serving on April 30, 1989, and (2) filed an election to participate in this plan under IC 2-3.5-3-1(b).

Eligibility for Defined Pension Benefits

a.	Normal Retirement	Age 65 with 10 or more years of creditable service Age 60 with 15 or more years of creditable service Age 55 with sum of age and creditable service equal to 85 or more
b.	Early Retirement	Age 55 with 10 or more years of creditable service
c.	Late Retirement	Subject to continued employment after normal retirement
d.	Disability Retirement	5 or more years of creditable service and qualified for Social Security disability benefits
e.	Termination	10 or more years of creditable service and no longer active (i.e. vested inactive)
f.	Pre-Retirement Death	10 or more years of creditable service

Summary of Plan Provisions (continued)

Amount of Benefits

a.	Normal Retirement	The normal retirement benefit is a monthly annuity payable for life with a 50% continuation to a surviving spouse or surviving children and is equal to the lesser of (1) $40 times years of creditable service in the General Assembly completed before November 8, 1989, or (2) 100% of average monthly earnings[1].
b.	Early Retirement	The early retirement benefit is the accrued retirement benefit determined as of the early retirement date and payable commencing at the normal retirement date. A participant may elect to have the benefit commence prior to normal retirement provided the benefit is reduced by 1/10% for each of the first 60 months and by 5/12% for each of the next 60 months that the benefit commencement date precedes the normal retirement date.
c.	Late Retirement	The late retirement benefit is calculated in the same manner as the normal retirement benefit.
d.	Disability Retirement	The disability retirement benefit is the accrued retirement benefit determined as of the disability date and payable commencing the month following disability date without reduction for early commencement.
e.	Termination	The termination benefit is the accrued retirement benefit determined as of the termination date and payable commencing as of the normal retirement date. The participant may elect to receive a reduced early retirement benefit.

1 Average monthly earnings is the monthly average of earnings, including business per diem and subsistence allowances, attributable to service as a legislator during the 3 years that produce the highest such average.

Summary of Plan Provisions (continued)

Amount of Benefits (continued)	
f. Death	The spouse or dependent beneficiary is entitled to receive 50% of the monthly life annuity the participant was receiving or was entitled to receive under the assumption that the participant retired on the later of age 55 or the day before the date of death.
Cost-of-Living Adjustments	Cost-of-living increases for retired members have historically been granted on an "ad hoc" basis. No increase in monthly benefits was provided to retired members, disabled members, or beneficiaries as of July 1, 2013.
Forms of Payment	
a. Single Life Annuity	Member will receive a monthly benefit for life, but there are no monthly payments to anyone after death.
b. Joint with One-Half Survivor Benefits	Member will be paid a monthly benefit for life. After death, one-half (1/2) of the benefit will be paid to the spouse for their lifetime or the dependent until age 18 unless disabled.
Withdrawal from Fund	If a member's employment is terminated prior to eligibility for a retirement annuity, the member may withdraw their contributions from the Fund.
Changes in Provisions	No changes since prior valuation.

DEFINITIONS OF TECHNICAL TERMS

SECTION VII - DEFINITIONS OF TECHNICAL TERMS

Definitions of Technical Terms

Actuarial Accrued Liability (AAL)	That portion, as determined by a particular Actuarial Cost Method, of the Present Value of Future Benefits (PVFB) and expenses which is not provided for by future Normal Costs. Generally, the portion of the PVFB attributable to past service.
Actuarial Assumptions	Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided pension benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.
Actuarial Cost Method	A mathematical procedure for allocating the Present Value of Future Benefits to service periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.
Actuarially Equivalent	Having the same Actuarial Present Value, based on a set of Actuarial Assumptions.
Actuarial Gain/(Loss)	The difference between actual Unfunded Actuarial Accrued Liability and anticipated Unfunded Actuarial Accrue Liability resulting from differences between actual and expected plan experience between two valuation dates.
Actuarial Present Value	The single amount that is equal to a payment or series of payments in the future. It is determined by discountin future payments using predetermined Actuarial Assumptions for interest and by probabilities of payment.
Actuarial Valuation	The determination, as of an Actuarial Valuation Date, of the Present Value of Future Benefits, Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values.
Actuarial Valuation Date	The date as of which an Actuarial Valuation is performed.
Actuarially Determined Contribution	The precise actuarial contribution rate (expressed as a percentage of covered payroll) or amount determined in accordance with a Funding Policy, which generally reflects the Normal Cost and amortization of any Unfunde Actuarial Accrued Liability.

Definitions of Technical Terms (continued)

Amortization	The payment of a present value financial obligation on an installment basis over a future period.
Annual Required Contribution of the Employer (ARC)	The employer's periodic required contributions to a defined benefit pension plan, calculated in accordance with the plan provisions, Actuarial Assumptions, Actuarial Cost Method and other requirements prescribed by Governmental Accounting Standards No. 25 and No. 27.
Creditable Service	Service credited under the system that was rendered before the date of the actuarial valuation.
Funding Policy	A set of principles, often including a prescribed Actuarial Cost Method, Actuarial Assumptions, and/or Unfunded Actuarial Accrued Liability Amortization Method, that guide the calculation of the Actuarially Determined Contribution and management decisions regarding funding.
Level Dollar Amortization	Amortization where the installments are equal dollar amounts during each period.
Level Percent Amortization	Amortization where the installments are an equal percent of employee payroll during each period.
Normal Cost (NC)	That portion of the Present Value of Future Benefits which is allocated to the year following the Actuarial Valuation Date by the Actuarial Cost Method. The normal cost is specific to the cost method used.
Plan Assets	Resources, usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, or equivalent arrangement, in which (a) employer contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer(s) or plan administrator, for the payment of benefits in accordance with the terms of the plan.
Plan Members	The individuals covered by the terms of a pension plan. The plan membership generally includes employees in active service, terminated employees who have accumulated benefits but are not yet receiving them, and retired employees and beneficiaries currently receiving benefits.

Definitions of Technical Terms (continued)

Present Value of Future Benefits (PVFB)	Projected benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members upon retirement) as a result of their service through the valuation date and their expected future service. The actuarial present value of projected future benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment (taking into account mortality, turnover, probability of participating in plan retirement, etc.). Alternatively, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay the projected benefits when due.
Unfunded Actuarial Accrued Liability (UAAL)	The difference between the Actuarial Accrued Liability and Plan Assets as of a particular date. Plan assets may be market value or a smoothed value.
Unfunded Actuarial Accrued Liability Amortization Method	A predetermined process by which any Unfunded Actuarial Accrued Liability will be amortized for calculating the Actuarially Determined Contribution.