



# Indiana

**INDIANA'S STATE EMPLOYEE FUND** is in fine shape—but the state has long suffered from having one of the most underfunded teachers' pension systems in the country, which was only about 44% funded in 2006. On an aggregate level, Indiana has been uneven in funding its annual required contribution, mostly paying the full amount but sometimes falling short on payments. It is one of seven states that had not completed its actuarial valuation on its non-pension benefits at the time of Pew's report, but the liabilities are likely to be very small because the state is one of only two that offers no retiree health benefits for retirees over age 65. (There are some provisions for retirees who are not yet eligible for Medicare.) For non-pension benefits, this report looked only at state employees, not at teachers.

## PENSIONS

TOTAL BILL COMING DUE: **\$29 billion**<sup>1</sup>

FUNDS SET ASIDE: **\$18.4 billion**

PORTION UNFUNDED: **\$10.6 billion**

PERCENT FUNDED: **64 as of 2006**<sup>2</sup>

TEN YEAR FUNDING HIGH: **67% in 2003**

TEN YEAR FUNDING LOW: **61% in 1998**

HOW IS THE STATE DOING IN PAYING ITS ANNUAL BILL? 

**ASSUMPTIONS:** Indiana is conservative in its investment return assumptions compared with other states, assuming a 7.25% annual return (the median for the 50 states is 8%). It uses the equivalent of a four-year smoothing period to calculate the actuarial value of assets. The amortization period conforms to accounting standards.

<sup>1</sup> Pension funds include police, public employees, judges, prosecutors, legislators, teachers and school, judicial and municipal employees.

<sup>2</sup> 50-state mean was 82%.

KEY:  Top Performer  Needs Improvement  Below Par  Non-Pension Benefits are Minimal

This fact sheet stems from a 50-state analysis of states' retiree benefit obligations by Pew's Center on the States. The full report and 50 state fact sheets can be found at [www.pewcenteronthestates.org](http://www.pewcenteronthestates.org).

## OTHER BENEFITS

TOTAL BILL COMING DUE: **Not available**<sup>1</sup>

FUNDS SET ASIDE: **\$0**

PORTION UNFUNDED: **Not available**

PERCENT FUNDED: **0 as of 2006**

HOW IS THE STATE DOING IN MANAGING THIS BILL? 

<sup>1</sup> The state's actuarial valuation is not yet completed, but the amount is likely to be small.

**REFORMS:** In 2007, Indiana established a retirement medical benefit account to pay expenses after retirement, with annual contributions based on the age of the participant, according to the National Conference of State Legislatures.



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