

GROUP LIFE INSURANCE PLANS
FOR EMPLOYEES OF
THE STATE OF WISCONSIN
AND
LOCAL GOVERNMENT EMPLOYERS

2005 POLICY YEAR REPORT
TO
THE STATE OF WISCONSIN
GROUP INSURANCE BOARD

Submitted by
Minnesota Life Insurance Company

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GROUP LIFE INSURANCE PLANS

I. Plan Summary

The group life insurance plan for State of Wisconsin employees began on January 1, 1958; the group life insurance plan for local government employees began on January 1, 1960. These plans provide term life insurance for both active and retired employees. Employees may also insure their spouses and dependent children.

A. State of Wisconsin - Employee Insurance

Both active and retired State employees are eligible for a basic term insurance plan. Employees also receive accidental death and dismemberment insurance equal to their life insurance until age 65. If an insured employee continues in employment, benefits continue beyond age 65 until the earlier of retirement or attainment of age 70. The waiver-of-premium benefit provides free insurance to disabled employees under age 70.

Insurance for all employees under age 65 and for active employees ages 65 to 69 is equal to earnings under the Wisconsin Retirement System for the previous calendar year rounded to the next higher thousand dollars. At age 65, insurance reduces to 75% of the insurance then in force. At age 66, insurance reduces to 50% of the insurance in force prior to age 65. For active employees over age 65, these reductions are delayed until the earlier of retirement or attainment of age 70. A retired employee retains lifetime coverage in a reduced amount.

A supplemental insurance plan provides added term insurance for active employees equal to 100% of insurance under the basic plan. Prior to April 24, 1990, an employee could alternatively select supplemental insurance equal to 50% of insurance under the basic plan. Employees enrolled under that alternative may maintain that level of coverage. The supplemental insurance terminates on the later of the employee's 65th birthday or retirement but in no event beyond the employee's 70th birthday.

An additional insurance plan offers extra coverage on an employee-pay-all basis. Effective May 1, 1998, an employee may elect up to three units of additional insurance. Each unit provides coverage equal to 100% of insurance under the basic plan. The additional insurance terminates on the later of the employee's 65th birthday or retirement. An employee who continues in active employment beyond age 70 may maintain the additional insurance coverage by continued payment of premiums.

Employees pay premiums to cover the major portion of the cost of the basic and supplemental coverages during active employment. Employees pay premiums to cover the entire cost of the additional insurance. Employee premium rates in effect during 2005 were as shown in the table on the following page.

GROUP LIFE INSURANCE PLANS

Monthly Premium per \$1,000 of Insurance

<u>Attained Age</u>	<u>01-01-2005 Through 12-31-2005</u>		
	<u>Basic</u>	<u>Supplemental</u>	<u>Additional</u>
Under 30	\$.05	\$.05	\$.06
30-34	.05	.05	.07
35-39	.05	.05	.07
40-44	.07	.07	.09
45-49	.11	.11	.15
50-54	.18	.18	.24
55-59	.28	.28	.38
60-64	.38	.38	.51
65-69	.50	.50	.68

Retired employees pay no further premiums. The State contributes premiums equal to 63% of employee contributions for basic insurance and 35% of employee contributions for supplemental insurance. These contributions are allocated to cover the cost of continuing the basic plan after retirement and to cover the State's portion of the cost of the basic and supplemental plans for active employees.

B. State of Wisconsin - Spouse and Dependent Insurance

The spouse and dependent insurance plan for State employees was introduced in 1981. Insured State employees may purchase life insurance benefits for spouses and dependents. A dependent child is eligible until age 19 or until age 25 as long as the dependent is a full-time student. A physically or mentally disabled dependent may qualify to continue the coverage past age 25. Premiums for this insurance are paid entirely by employees.

An insured employee may elect either one or two units of coverage. Each unit provides \$10,000 of life insurance for an insured spouse and \$5,000 for each insured dependent child. During 2005, the monthly premium was \$2.00 for each unit of coverage.

C. Local Government Employers - Employee Insurance

All three insurance plans are available to employees of local government employers. A local government employer may elect to offer only the basic plan or may offer the basic plan with either or both the supplemental plan and the additional plan. The employer may select a benefit reduction schedule for the basic plan identical to the State plan or a plan with an age 67 benefit reduction to 25% of insurance in force prior to age 65.

GROUP LIFE INSURANCE PLANS

Employees pay premiums to cover the entire cost of basic, supplemental, and additional insurance during active employment. Employee premium rates in effect during 2005 were as follows:

Monthly Premium per \$1,000 of Insurance for Basic, Supplemental, and Additional

<u>Attained Age</u>	<u>01-01-2005 Through 12-31-2005</u>
Under 30	\$.05
30-34	.06
35-39	.07
40-44	.09
45-49	.15
50-54	.29
55-59	.47
60-64	.53
65-69	.60

The employer's contribution for the basic plan with a 50% ultimate benefit at ages 66 and later is 40% of employee contributions. For the plan with a benefit reduction to 25% at age 67 and later, the contribution is 20% of employee contributions.

D. Local Government Employers - Spouse and Dependent Insurance

The spouse and dependent insurance plan for local government employees was introduced in 1983. The benefits are the same as those under the plan for State employees.

During 2005, the monthly premium for this plan was \$2.00 for each unit of coverage.

GROUP LIFE INSURANCE PLANS

E. Funding Status

The cost of insurance for retired employees is funded in advance by employer premium contributions and by dividends from the premiums paid by active employees. Each year the values of the plans' assets are compared to the present values of future benefit liabilities for retired employees and the present values of future benefits in excess of future premiums for active employees. The following table summarizes this comparison as of December 31, 2005:

	State Plan	Local Government Employers Plan
1. Assets		
a. Premium Deposit Fund	\$288,655,047	\$123,117,809
b. Contingent Liability Reserve	<u>29,423,280</u>	<u>75,305,226</u>
c. Total	\$318,078,327	\$198,423,035
2. Liabilities		
a. Retired Lives	\$142,098,082	\$ 77,821,777
b. Active Lives	<u>175,930,471</u>	<u>116,743,306</u>
c. Total	\$318,028,553	\$194,565,083
3. Unfunded Accrued Liability (2c - 1c)	\$ (49,774)	\$ (3,857,952)
4. Total Assets as a Percent of Total Liabilities (1c / 2c)	100.0%	102.0%
5. Assets Available for Active Lives Liability After Funding Retired Lives (1c - 2a)	\$175,980,245	\$120,601,258
6. Active Lives Assets as a Percent of Active Lives Liabilities (5 / 2b)	100.0%	103.3%

F. Underwriters

The group life insurance plan is underwritten by Minnesota Life Insurance Company. With the consent of the Group Insurance Board, the EPIC Life Insurance Company reinsured a portion of the plan during 2005.

G. Financial Basis

The financial agreement between the Group Insurance Board and Minnesota Life establishes the basis for plan finances. All calculations in this policy year report are made in accordance with the financial agreement.

STATE OF WISCONSIN

II. State of Wisconsin Plan

Report on operations for 2005, the forty-eighth year of the plan.

A. Employee Coverage

	<u>12-31-2004</u>	<u>12-31-2005</u>
1. Employees Insured for Pre-Retirement Insurance ⁽¹⁾		
Basic Plan	56,437	56,594
Supplemental Plan	41,095	41,049
Additional Plan	24,202	24,474
2. Pre-Retirement Life and AD&D Insurance ⁽¹⁾		
Basic Plan	\$2,649,332,000	\$2,719,404,000
Supplemental Plan	1,958,599,000	2,003,210,000
Additional Plan	2,153,059,000	2,276,487,000
3. Employees Insured for Post-Retirement Insurance	13,392	13,720
4. Post-Retirement Life Insurance	\$ 261,620,000	\$ 277,559,750
B. Spouse and Dependent Coverage		
1. Employees Insured	25,077	24,583
2. Estimated Spouse and Dependent Life Insurance	\$ 592,275,000	\$ 582,575,000

⁽¹⁾ Retirees under age 65 are included in this group.

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C. Premium Summary

Employee Contributions

Basic Plan	\$5,470,054	
Supplemental Plan	4,078,931	
Additional Plan	4,545,657	
Spouse and Dependent Plan	<u>1,032,840</u>	\$15,127,482

State Contributions to Premium Deposit Fund

Basic Plan	\$2,675,764	
Supplemental Plan	<u>1,126,915</u>	<u>3,802,679</u>

Total Premium \$18,930,161

D. Employee Claims

	<u>Basic Plan</u>	<u>Supplemental Plan</u>	<u>Additional Plan</u>	<u>Total</u>
1. Pre-Retirement Life and AD&D Insurance				
Life	\$5,855,986	\$4,279,359	\$3,343,955	\$13,479,300
AD&D	523,062	513,191	752,132	1,788,385
Living Benefit	76,000	60,000	179,000	315,000
Disability	<u>651,295</u>	<u>585,945</u>	<u>1,046,536</u>	<u>2,283,776</u>
Total	\$7,106,343	\$5,438,495	\$5,321,623	\$17,866,461
2. Post-Retirement Life Insurance				
Life	\$7,520,973			\$ 7,520,973
Living Benefit	<u>25,500</u>			<u>25,500</u>
Total	\$7,546,473			\$ 7,546,473

E. Spouse and Dependent Claims

	<u>Spouse</u>	<u>Dependent</u>	
Life	\$934,484	\$141,496	\$ 1,075,980
Living Benefit	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$934,484	\$141,496	\$ 1,075,980

STATE OF WISCONSIN

F. Financial Experience - Pre-Retirement Employee Insurance

1. Premium

Employee Contributions	\$14,094,642
Withdrawal From Premium Deposit Fund on 12-31-2005	<u>4,270,815</u>

Total Premium \$18,365,457

2. Claim Charges

Death Claims	\$13,479,300
AD&D Claims	1,788,385
Living Benefit Claims	315,000
Increase in Disability Claim Reserve	2,283,776
Pooled Claims	0
Pool Charge	213,495
Conversion Charge	0
Catastrophic Loss Credit	<u>0</u>

Total Claim Charges \$18,079,956

3. Expense Charges

Minnesota Life Expenses	\$ 644,304
Reinsurance Expense	2,864
Risk Charge	<u>17,262</u>

Total Expense Charges \$ 664,430

4. Tax Charges

State Premium Tax	\$ 367,309
Federal Income Tax	<u>34,781</u>

Total Tax Charges \$ 402,090

5. Interest Credits/Charges

On Premium	\$ 366,914
On Disability Claim Reserve	890,137
On Claims Paid	(237,891)
On Expense Charges and Conversion Charge	<u>(29,768)</u>

Total Interest Credits/Charges \$ 989,392

6. State Internal Administration Expense \$ 208,373

7. Actuarial Service Charge \$ 0

8. Legal Expense \$ 0

9. Experience Credits \$ 0
 Experience Credit [(1)-(2)-(3)-(4)+(5)-(6)-(7)]

The Experience Credit is deposited in the Contingent Liability Reserve.

STATE OF WISCONSIN

G. Financial Experience - Post-Retirement Employee Insurance

1. Premium Deposit Fund

Premium Deposit Fund on 12-31-2004	\$273,479,546
Contributions for 2005	3,802,679
Withdrawals on 12-31-2005	(4,270,815)
Withdrawals of Post-Retirement Life Insurance Values to Pay Health and Long-Term Care Insurance Premiums	(316,819)
Interest on Premium Deposit Fund in 2005	<u>15,960,456</u>
Premium Deposit Fund on 12-31-2005	\$288,655,047

2. Contingent Liability Reserve

Contingent Liability Reserve on 12-31-2004	\$ 35,338,788
Contributions on 12-31-2005	0
Post-Retirement Death Claims	(7,546,473)
Minnesota Life Expenses	(117,099)
State Premium Tax	(156,399)
Interest on Contingent Liability Reserve in 2005	<u>1,904,463</u>
Contingent Liability Reserve on 12-31-2005	\$ 29,423,280

Interest Rate on Premium Deposit Fund and Contingent Liability Reserve in 2005	5.84%
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STATE OF WISCONSIN

G. Financial Experience - Post-Retirement Employee Insurance (cont'd)

3. Summary of Assets and Liabilities on December 31

	<u>2004</u>	<u>2005</u>
a. Assets		
i. Premium Deposit Fund	\$ 273,479,546	\$288,655,047
ii. Contingent Liability Reserve	<u>35,338,788</u>	<u>29,423,280</u>
iii. Total	\$ 308,818,334	\$318,078,327
b. Liabilities		
i. Retired Lives	\$ 133,620,605	\$142,098,082
ii. Active Lives	<u>178,813,423</u>	<u>175,930,471</u>
iii. Total	\$ 312,434,028	\$318,028,553
c. Unfunded Accrued Liability [b(iii) - a(iii)]	\$ 3,615,694	\$ (49,774)
d. Total Assets as a Percent of Total Liabilities [a(iii) / b(iii)]	98.8%	100.0%
e. Assets Available for Active Lives Liability After Funding Retired Lives [a(iii) - b(i)]	\$ 175,197,729	\$175,980,245
f. Active Lives Assets as a Percent of Active Lives Liabilities [e / b(ii)]	98.0%	100.0%

Liabilities numbers are the present values of future net liabilities, i.e., the excess of future claims over future premiums.

Funding Assumptions appear on page 29 of this report.

H. Stop-Loss Calculation for Employee Insurance

Stop-Loss Limit	\$ 30,466,787
Claim Charges	\$ 25,250,615
Expense Charges	<u>1,305,237</u>
Total Charges	\$ 26,555,852
Catastrophic Loss Credit	\$ 0

STATE OF WISCONSIN

I. Financial Experience - Spouse and Dependent Insurance

1. Premium		\$1,032,840
2. Claim Charges		
Death Claims	\$1,075,980	
Living Benefit Claims	0	
Conversion Charge	0	
Catastrophic Loss Credit	<u>0</u>	
Total Claim Charges		\$1,075,980
3. Expense Charges		
Minnesota Life Expenses	\$ 23,755	
Risk Charge	<u>2,066</u>	
Total Expense Charges		\$ 25,821
4. Tax Charges		
State Premium Tax	\$ 20,657	
Federal Income Tax	<u>(177)</u>	
Total Tax Charges		\$ 20,480
5. Interest Credits/Charges		
On Premium	\$ 21,896	
On Claims Paid	(13,862)	
On Expense Charges and Conversion Charge	<u>(1,791)</u>	
Total Interest Credits/Charges		\$ 6,243
6. State Internal Administration Expense		\$ 43,261
7. Addition to Stabilization Reserve [(1)-(2)-(3)-(4)+(5)-(6)]		\$ (126,459)
8. Stabilization Reserve		
Stabilization Reserve on 12-31-2004		\$ 824,987
Addition to Reserve on 12-31-2005		(126,459)
Interest on Stabilization Reserve in 2005		<u>51,404</u>
Stabilization Reserve on 12-31-2005		\$ 749,932

J. Stop-Loss Calculation for Spouse and Dependent Insurance

Stop-Loss Limit		\$1,342,692
Claim Charges		1,034,620
Expense Charges		<u>46,478</u>
Total Charges		\$1,081,098
Catastrophic Loss Credit		\$ 0

STATE OF WISCONSIN

K. Cumulative Financial Experience on Employee Insurance - 1958 Through 2005

Employee Contributions		\$272,972,077
State Contributions		
Basic Plan	\$ 76,655,290	
Supplemental Plan	<u>33,945,391</u>	<u>110,600,681</u>
Total Premium		\$383,572,758
Death Claims	\$350,470,903	
AD&D Claims	19,070,786	
Living Benefit Claims	2,978,000	
Increase in Disability Claim Reserve	17,595,661	
Pooled Claims	(119,478)	
Pool Charge	523,587	
Conversion Charge	362,072	
Catastrophic Loss Credit	<u>0</u>	
Total Claim Charges		\$390,881,531
Contingent Liability Reserve on 12-31-2005	\$ 29,423,280	
Premium Deposit Fund on 12-31-2005	<u>288,655,047</u>	
Total		\$318,078,327
Payments to State		
State Premium Tax	\$ 8,120,414	
State Internal Administration Expense	3,412,093	
Actuarial Service Charge	14,451	
Audit/Consultant Service Charge	43,036	
Legal Expense	<u>39,790</u>	
Total		\$ 11,629,784
Payment From Contingent Liability Reserve for Premiums		\$ 3,530,569
Withdrawals of Post-Retirement Life Insurance Values to Pay Health and Long-Term Care Insurance Premiums		\$ 3,720,939
Excess of Disbursement and Reserves Over Premium		\$344,268,392
Minnesota Life Expenses	\$ 9,152,531	
Reinsurance Expense	174,353	
Risk Charge	1,502,230	
Federal Income Tax Charge	<u>885,494</u>	
Total	\$ 11,714,608	
Interest Credited to Plan	<u>355,983,000</u>	
Interest Credited to Plan Less Cost		\$344,268,392

STATE OF WISCONSIN

L. Cumulative Financial Experience on Spouse and Dependent Insurance - 1981 Through 2005

Employee Contribution		\$19,945,884
Death Claims	\$18,795,781	
Living Benefit Claims	30,000	
Conversion Charge	198,615	
Catastrophic Loss Credit	<u>(313,347)</u>	
Total Claim Charges		\$18,711,049
Stabilization Reserve on 12-31-2005		\$ 749,932
Payments to State		
State Premium Tax	\$ 398,920	
State Internal Administration Expense	790,678	
Audit/Consultant Service Charge	<u>13,203</u>	
Total		\$ 1,202,801
Payment From Stabilization Reserve for Premiums		\$ 35,399
Excess of Disbursement and Reserves Over Premium		\$ 753,297
Minnesota Life Expenses	\$ 339,918	
Risk Charge	32,922	
Federal Income Tax Charge	<u>60,292</u>	
Total	\$ 433,132	
Interest Credited to Plan	<u>1,186,429</u>	
Interest Credited to Plan Less Cost		\$ 753,297

STATE OF WISCONSIN

M. Historical Statistics - Employee Insurance

Year	Insurance In Force at End of Year		Year	Employee Contributions	State Contributions		Total Premium
	Pre-Retirement	Post-Retirement			Basic Plan	Supplemental Plan	
2005	\$6,999,101,000	\$277,559,750	2005	\$ 14,094,642	\$ 2,675,764	\$ 1,126,915	\$ 17,897,321
2004	6,760,990,000	261,620,000	2004	13,436,167	2,609,471	1,103,938	17,149,576
2003	6,377,422,000	248,541,250	2003	13,564,722	2,682,055	1,139,067	17,385,844
2002	6,100,363,000	234,159,250	2002	13,377,914	2,672,759	1,141,597	17,192,270
2001	5,601,752,000	219,827,750	2001	12,057,622	2,448,473	1,054,664	15,560,759
2000	4,965,080,000	207,848,750	2000	10,944,386	2,273,603	985,914	14,203,903
1999	4,593,228,000	195,619,000	1999	10,249,171	2,217,950	941,962	13,409,083
1998	4,252,269,000	184,580,000	1998	10,102,741	2,235,849	970,180	13,308,770
1997	3,681,951,000	176,424,750	1997	8,946,462	2,208,860	852,028	12,007,350
1996	3,584,824,000	164,237,000	1996	9,164,244	2,690,952	543,024	12,398,220
1995	3,447,425,000	150,884,500	1958-1995	<u>157,034,006</u>	<u>51,939,554</u>	<u>24,086,102</u>	<u>233,059,662</u>
			Total	\$272,972,077	\$76,655,290	\$33,945,391	\$383,572,758

Claims

Year	Death Losses			Total	Living Benefits	Disability Losses	Total Claims
	Pre-Retirement Life	Pre-Retirement AD&D	Post-Retirement Life				
2005	\$ 13,479,300	\$ 1,788,385	\$ 7,520,973	\$ 22,788,658	\$ 340,500	\$ 2,283,776	\$ 25,412,934
2004	13,872,722	940,858	7,554,908	22,368,488	601,500	(602,109)	22,367,879
2003	14,695,689	780,605	6,867,758	22,344,052	488,500	1,435,671	24,268,223
2002	11,458,035	1,041,829	6,811,293	19,311,157	242,500	690,982	20,244,639
2001	10,842,443	469,215	6,156,890	17,468,548	361,500	1,312,119	19,142,167
2000	9,303,701	738,921	6,183,157	16,225,779	166,000	714,191	17,105,970
1999	11,419,416	1,166,970	5,990,105	18,576,491	77,250	672,318	19,326,059
1998	10,449,799	1,216,350	5,146,711	16,812,860	141,000	1,497,976	18,451,836
1997	7,417,928	316,976	4,527,978	12,262,882	116,750	(908,019)	11,471,613
1996	8,604,923	887,877	4,428,322	13,921,122	13,500	808,101	14,742,723
1958-1995	<u>136,358,137</u>	<u>9,722,800</u>	<u>41,380,715</u>	<u>187,461,652</u>	<u>429,000</u>	<u>9,690,655</u>	<u>197,581,307</u>
Total	\$ 247,902,093	\$ 19,070,786	\$102,568,801	\$369,541,689	\$2,978,000	\$17,595,661	\$390,115,350

Year	Total Claims	Conversion Charge	Pooled Claims	Pool Charge	Total Claim Charges
2005	\$ 25,412,934	\$ 0	\$ 0	\$213,495	\$ 25,626,429
2004	22,367,879	0	(40,116)	172,047	22,499,810
2003	24,268,223	0	(79,362)	138,045	24,326,906
2002	20,244,639	0	0	0	20,244,639
2001	19,142,167	1,800	0	0	19,143,967
2000	17,105,970	5,400	0	0	17,111,370
1999	19,326,059	14,820	0	0	19,340,879
1998	18,451,836	21,000	0	0	18,472,836
1997	11,471,613	14,400	0	0	11,486,013
1996	14,742,723	7,980	0	0	14,750,703
1958-1995	<u>197,581,307</u>	<u>296,672</u>	<u>0</u>	<u>0</u>	<u>197,877,979</u>
Total	\$390,115,350	\$362,072	\$(119,478)	\$523,587	\$390,881,531

STATE OF WISCONSIN

M. Historical Statistics - Employee Insurance (cont'd)

Year	Overhead Cost						State Internal Administration Expense	Actuarial Service Charge	Audit/Consultant Charge	Legal Expense	Interest Credits/Charges
	Insurance Company Expense	Reinsurance Expense	Risk Charge	State Premium Tax	Federal Income Tax	Total					
2005	\$ 761,403	\$ 2,864	\$ 17,262	\$ 523,708	\$ 34,781	\$ 1,340,018	\$ 208,373	\$ 0	\$ 0	\$ 0	\$ 99,255
2004	723,308	2,703	0	459,084	33,016	1,218,111	181,758	905	0	39,790	47,974
2003	681,447	3,043	6,533	495,966	42,214	1,229,203	253,423	1,700	18,633	0	83,487
2002	640,332	4,893	60,795	411,517	46,884	1,164,421	150,150	1,745	0	0	46,486
2001	576,218	5,323	56,204	387,097	34,496	1,059,338	107,850	1,650	0	0	67,341
2000	532,568	13,125	52,944	344,786	28,148	971,571	38,008	1,402	8,727	0	53,830
1999	472,366	14,071	26,028	389,658	33,123	935,246	0	1,391	0	0	49,296
1998	414,812	13,309	56,964	375,376	46,762	907,223	137,490	1,153	0	0	94,563
1997	357,849	11,840	18,695	228,842	46,369	663,595	133,276	923	0	0	64,433
1996	312,003	15,800	62,776	299,163	64,153	753,895	229,781	835	7,676	0	51,177
1958-1995	<u>3,680,225</u>	<u>87,382</u>	<u>1,144,029</u>	<u>4,205,217</u>	<u>475,548</u>	<u>9,592,401</u>	<u>1,971,984</u>	<u>2,747</u>	<u>8,000</u>	<u>0</u>	<u>1,720,562</u>
Total	\$9,152,531	\$174,353	\$1,502,230	\$8,120,414	\$885,494	\$19,835,022	\$3,412,093	\$14,451	\$43,036	\$39,790	\$2,378,404

Year	Reserves			Total
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	
2005	\$17,595,661	\$29,423,280	\$288,655,047	\$335,673,988
2004	15,311,885	35,338,788	273,479,546	324,130,219
2003	15,913,994	40,413,306	256,750,262	313,077,562
2002	14,478,323	44,476,613	241,655,917	300,610,853
2001	13,787,341	48,211,931	223,143,852	285,143,124
2000	12,475,222	50,992,413	206,330,935	269,798,570
1999	11,761,031	53,505,251	189,675,567	254,941,849
1998	11,088,713	55,999,169	177,584,817	244,672,699
1997	9,590,737	57,505,153	166,585,300	233,681,190
1996	10,498,756	55,889,932	152,267,757	218,656,445
1995	9,690,655	56,262,396	139,684,073	205,637,124

Year	Interest Credits on Reserves				Withdrawals to Pay Health and LTC Premiums
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	Total	
2005	\$ 890,137	\$ 1,904,463	\$ 15,960,456	\$ 18,755,056	\$ 316,819
2004	937,441	2,796,523	15,200,843	18,934,807	537,217
2003	948,032	3,105,807	15,745,232	19,799,071	407,499
2002	938,590	3,352,789	15,343,979	19,635,358	536,412
2001	890,592	3,621,720	14,805,993	19,318,305	601,165
2000	837,693	3,782,331	13,637,481	18,257,505	241,630
1999	745,309	3,732,430	12,112,018	16,589,757	173,788
1998	653,225	3,848,131	11,326,953	15,828,309	219,407
1997	775,255	4,112,878	11,421,091	16,309,224	164,436
1996	731,764	4,230,434	10,733,510	15,695,708	190,995
1958-1995	<u>9,472,368</u>	<u>73,024,067</u>	<u>91,985,061</u>	<u>174,481,496</u>	<u>331,571</u>
Total	\$17,820,406	\$107,511,573	\$228,272,617	\$353,604,596	\$3,720,939

STATE OF WISCONSIN

N. Historical Statistics - Spouse and Dependent Insurance

Year	Employee Contributions	Death Losses	Living Benefits	Conversion Costs	Total Claim Charges
2005	\$ 1,032,840	\$ 1,075,980	\$ 0	\$ 0	\$ 1,075,980
2004	1,073,227	1,191,246	0	0	1,191,246
2003	1,303,679	1,363,388	0	0	1,363,388
2002	1,273,884	922,027	0	0	922,027
2001	1,186,792	1,017,237	0	0	1,017,237
2000	961,460	959,803	0	11,220	971,023
1999	947,828	1,212,835	0	12,660	1,225,495
1998	935,641	1,098,067	0	18,120	1,116,187
1997	918,706	882,263	0	18,120	900,383
1996	915,839	729,915	0	25,860	755,775
1981-1995	<u>9,395,988</u>	<u>8,343,020</u>	<u>30,000</u>	<u>112,635</u>	<u>8,485,655</u>
Total	\$19,945,884	\$18,795,781	\$30,000	\$198,615	\$19,024,396

Year	Overhead Cost						State Internal Administration Expense	Audit/ Consultant Charge
	Insurance Company Expense	Risk Charge	Catastrophic Loss Credit	State Premium Tax	Federal Income Tax	Total		
2005	\$ 23,755	\$ 2,066	\$ 0	\$ 20,657	\$ (177)	\$ 46,301	\$ 43,261	\$ 0
2004	23,699	2,146	0	21,465	432	47,742	39,520	0
2003	23,988	2,607	0	26,074	3,315	55,984	58,793	4,052
2002	23,439	2,548	0	25,478	3,462	54,927	27,200	0
2001	22,580	2,374	0	23,736	2,941	51,631	22,050	0
2000	22,114	1,923	(109,139)	19,229	1,072	(64,801)	0	3,273
1999	20,146	1,896	(73,018)	18,957	1,863	(30,156)	0	0
1998	18,245	1,871	(31,395)	18,713	2,769	10,203	32,981	0
1997	17,460	1,837	0	18,374	3,604	41,275	5,185	0
1996	16,027	1,832	(397)	18,317	4,586	40,365	86,159	2,878
1981-1995	<u>128,465</u>	<u>11,822</u>	<u>(99,398)</u>	<u>187,920</u>	<u>36,425</u>	<u>265,234</u>	<u>475,529</u>	<u>3,000</u>
Total	\$339,918	\$32,922	\$(313,347)	\$398,920	\$60,292	\$518,705	\$790,678	\$13,203

Year	Insurance In Force at End of Year	Stabilization Reserve	Interest Credits	
			On Stabilization Reserve	Current Premium Less Charges
2005	\$582,575,000	\$ 749,932	\$ 51,404	\$ 6,243
2004	592,275,000	824,987	56,455	1,721
2003	590,340,000	972,092	65,191	4,070
2002	585,955,000	1,081,369	51,361	11,326
2001	572,335,000	748,952	45,334	5,361
2000	555,905,000	602,383	38,945	4,096
1999	547,785,000	507,377	50,286	950
1998	535,540,000	703,652	59,703	1,049
1997	531,800,000	866,630	62,185	6,576
1996	527,605,000	826,006	56,663	4,222
1981-1995	<u>526,045,000</u>	<u>734,459</u>	<u>537,284</u>	<u>66,004</u>
Total			\$1,074,811	\$111,618

WISCONSIN LOCAL GOVERNMENTS

III. Wisconsin Local Government Plan

Report on operations for 2005, the forty-sixth year of the plan.

A. Employee Coverage

	<u>12-31-2004</u>	<u>12-31-2005</u>
1. Employees Insured for Pre-Retirement Insurance ⁽¹⁾		
Basic Plan	83,598	84,180
Supplemental Plan	18,901	20,882
Additional Plan	30,926	31,986
2. Pre-Retirement Life and AD&D Insurance ⁽¹⁾		
Basic Plan	\$3,391,695,000	\$3,540,667,000
Supplemental Plan	797,296,000	910,482,000
Additional Plan	2,515,802,000	2,746,798,000
3. Employees Insured for Post-Retirement Insurance	17,750	18,421
4. Post-Retirement Life Insurance	\$ 161,093,937	\$ 173,746,187
B. Spouse and Dependent Coverage		
1. Employees Insured	35,710	36,075
2. Estimated Spouse and Dependent Life Insurance	\$ 855,995,000	\$ 868,055,000

⁽¹⁾ Retirees under age 65 are included in this group.

WISCONSIN LOCAL GOVERNMENTS

C. Premium Summary

Employee Contributions

Basic Plan	\$8,751,881	
Supplemental Plan	1,776,305	
Additional Plan	5,248,140	
Spouse and Dependent Plan	<u>1,483,313</u>	\$17,259,639

Employer Contributions to Premium

Basic Plan	\$ 863,803	
Supplemental Plan	<u>16,796</u>	<u>880,599</u>
		\$18,140,238

Employer Contributions to Premium Deposit Fund

Basic Plan	\$1,523,359	
Supplemental Plan	<u>0</u>	<u>1,523,359</u>
		\$19,663,597

Total Premium

D. Employee Claims

	<u>Basic Plan</u>	<u>Supplemental Plan</u>	<u>Additional Plan</u>	<u>Total</u>
1. Pre-Retirement Life and AD&D Insurance				
Life	\$6,082,473	\$1,265,950	\$3,040,557	\$10,388,980
AD&D	420,662	170,281	289,023	879,966
Living Benefit	39,000	39,000	37,000	115,000
Disability	<u>191,656</u>	<u>250,872</u>	<u>362,322</u>	<u>804,850</u>
Total	\$6,733,791	\$1,726,103	\$3,728,902	\$12,188,796
2. Post-Retirement Life Insurance				
Life	\$4,145,891			\$ 4,145,891
Living Benefit	<u>9,500</u>			<u>9,500</u>
Total	\$4,155,391			\$ 4,155,391

E. Spouse and Dependent Claims

	<u>Spouse</u>	<u>Dependent</u>		<u>Total</u>
Life	\$1,320,064	\$106,164		\$ 1,426,228
Living Benefit	<u>20,000</u>	<u>0</u>		<u>20,000</u>
Total	\$1,340,064	\$106,164		\$ 1,446,228

WISCONSIN LOCAL GOVERNMENTS

F. Financial Experience - Pre-Retirement Employee Insurance

1. Premium

Employee Contributions	\$15,776,326
Employer Contributions	<u>880,599</u>

Total Premium \$16,656,925

2. Claim Charges

Death Claims	\$10,388,980
AD&D Claims	879,966
Living Benefit Claims	115,000
Pooled Claims	0
Pool Charge	19,746
Increase in Disability Claim Reserve	804,850
Conversion Charge	26,640
Catastrophic Loss Credit	<u>0</u>

Total Claim Charges \$12,235,182

3. Expense Charges

Minnesota Life Expenses	\$ 1,254,440
Reinsurance Expense	2,909
Risk Charge	<u>42,714</u>

Total Expense Charges \$ 1,300,063

4. Tax Charges

State Premium Tax	\$ 262,117
Federal Income Tax	<u>61,415</u>

Total Tax Charges \$ 323,532

5. Interest Credits/Charges

On Premium	\$ 373,762
On Disability Claim Reserve	816,982
On Claims Paid	(192,197)
On Expense Charges and Conversion Charge	<u>(37,567)</u>

Total Interest Credits/Charges \$ 960,980

6. State Internal Administration Expense \$ 208,373

7. Actuarial Service Charge \$ 0

8. Experience Credits

Experience Credit [(1)-(2)-(3)-(4)+(5)-(6)-(7)] \$ 3,550,755

The Experience Credit is deposited in the Contingent Liability Reserve.

WISCONSIN LOCAL GOVERNMENTS

G. Financial Experience - Post-Retirement Employee Insurance

1. Premium Deposit Fund

Premium Deposit Fund on 12-31-2004	\$ 114,855,712
Contributions for 2005	1,523,359
Withdrawal on 12-31-2005	0
Withdrawals of Post-Retirement Life Insurance Values to Pay Health Insurance Premiums	0
Interest on Premium Deposit Fund in 2005	<u>6,738,738</u>
Premium Deposit Fund on 12-31-2005	\$123,117,809

2. Contingent Liability Reserve

Contingent Liability Reserve on 12-31-2004	\$ 72,017,608
Contributions on 12-31-2005	3,550,755
Post-Retirement Death Claims	(4,155,391)
Minnesota Life Expenses	(135,232)
State Premium Tax	(87,529)
Interest on Contingent Liability Reserve in 2005	<u>4,115,015</u>
Contingent Liability Reserve on 12-31-2005	\$ 75,305,226

Interest Rate on Premium Deposit Fund and Contingent Liability Reserve in 2005	5.83%
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WISCONSIN LOCAL GOVERNMENTS

G. Financial Experience - Post-Retirement Employee Insurance (cont'd)

3. Summary of Assets and Liabilities on December 31

	<u>2004</u>	<u>2005</u>
a. Assets		
i. Premium Deposit Fund	\$114,855,712	\$123,117,809
ii. Contingent Liability Reserve	<u>72,017,608</u>	<u>75,305,226</u>
iii. Total	\$186,873,320	\$198,423,035
b. Liabilities		
i. Retired Lives	\$ 72,080,108	\$ 77,821,777
ii. Active Lives	<u>117,888,901</u>	<u>116,743,306</u>
iii. Total	\$189,969,009	\$194,565,083
c. Unfunded Accrued Liability [b(iii) - a(iii)]	\$ 3,095,689	\$ (3,857,952)
d. Total Assets as a Percent of Total Liabilities [a(iii) / b(iii)]	98.4%	102.0%
e. Assets Available for Active Lives Liability After Funding Retired Lives [a(iii) - b(i)]	\$114,793,212	\$120,601,258
f. Active Lives Assets as a Percent of Active Lives Liabilities [e / b(ii)]	97.4%	103.0%

Liabilities numbers are the present values of future net liabilities, i.e., the excess of future claims over future premiums.

Funding Assumptions appear on page 29 of this report.

H. Stop-Loss Calculation for Employee Insurance

Stop-Loss Limit	\$ 25,587,763
Claim Charges	\$ 16,328,400
Expense Charges	<u>1,784,941</u>
Total Charges	\$ 18,113,341
Catastrophic Loss Credit	\$ 0

WISCONSIN LOCAL GOVERNMENTS

I. Financial Experience - Spouse and Dependent Insurance		
1. Premium		\$1,483,313
2. Claim Charges		
Death Claims	\$1,426,228	
Living Benefit Claims	20,000	
Conversion Charge	<u>25,800</u>	
Total Claim Charges		\$1,472,028
3. Expense Charges		
Minnesota Life Expenses	\$ 68,974	
Risk Charge	<u>2,967</u>	
Total Expense Charges		\$ 71,941
4. Tax Charges		
State Premium Tax	\$ 29,666	
Federal Income Tax	<u>(1,788)</u>	
Total Tax Charges		\$ 27,878
5. Interest Credits/Charges		
On Premium	\$ 34,530	
On Claims Paid	(22,973)	
On Expense Charges and Conversion Charge	<u>(3,378)</u>	
Total Interest Credits/Charges		\$ 8,179
6. State Internal Administration Expense		\$ 43,261
7. Addition to Stabilization Reserve [(1)-(2)-(3)-(4)+(5)-(6)]		\$ (123,616)
8. Stabilization Reserve		
Stabilization Reserve on 12-31-2004		\$2,904,184
Addition to Reserve on 12-31-2005		(123,616)
Interest on Stabilization Reserve in 2005		<u>177,232</u>
Stabilization Reserve on 12-31-2005		\$2,957,800
J. Stop-Loss Calculation for Spouse and Dependent Insurance		
Stop-Loss Limit		\$2,150,804
Claim Charges		1,427,299
Expense Charges		<u>101,607</u>
Total Charges		\$1,528,906
Catastrophic Loss Credit		\$ 0

WISCONSIN LOCAL GOVERNMENTS

K. Cumulative Financial Experience on Employee Insurance - 1960 Through 2005

Employee Contributions		\$211,770,344
Employer Contributions		
Premium Credited to Plan	\$ 32,159,353	
Premium Deposit Fund	<u>32,430,757</u>	
		<u>64,590,110</u>
Total Premium		\$276,360,454
Death Claims	\$237,921,119	
AD&D Claims	14,095,117	
Living Benefit Claims	2,098,750	
Increase in Disability Claim Reserve	14,393,637	
Pooled Claims	0	
Pool Charge	51,251	
Conversion Charge	269,730	
Catastrophic Loss Credit	<u>(178,106)</u>	
Total Claim Charges		\$268,651,498
Contingent Liability Reserve on 12-31-2005	\$ 75,305,226	
Premium Deposit Fund on 12-31-2005	<u>123,117,809</u>	
Total		\$198,423,035
Payments to State		
State Premium Tax	\$ 5,766,409	
State Internal Administration Expense	3,419,774	
Actuarial Service Charge	14,452	
Audit/Consultant Service Charge	43,036	
Research Survey Cost	<u>10,520</u>	
Total		\$ 9,254,191
Payment From Contingent Liability Reserve for Premiums		\$ 1,883,923
Withdrawals of Post-Retirement Life Insurance Values to Pay Health Insurance Premiums		\$ 36,966
Excess of Disbursement and Reserves Over Premium		\$201,889,159
Minnesota Life Expenses	\$ 15,311,135	
Reinsurance Expense	125,277	
Risk Charge	1,244,274	
Catastrophic Loss	178,106	
Federal Income Tax Charge	<u>816,032</u>	
Total	\$ 17,674,824	
Interest Credited to Plan	<u>\$219,563,983</u>	
Interest Credited to Plan Less Cost		\$201,889,159

WISCONSIN LOCAL GOVERNMENTS

L. Cumulative Financial Experience on Spouse and Dependent Insurance - 1983 Through 2005

Employee Contribution		\$27,416,250
Death Claims	\$23,446,890	
Living Benefit Claims	80,000	
Conversion Charge	<u>215,085</u>	
Total Claim Charges		\$23,741,975
Stabilization Reserve on 12-31-2005		\$ 2,957,800
Payments to State		
State Premium Tax	\$ 548,326	
State Internal Administration Expense	735,358	
Audit/Consultant Service Charge	<u>13,203</u>	
Total		\$ 1,296,887
Payment From Stabilization Reserve for Premiums		\$ 41,392
Excess of Disbursement and Reserves Over Premium		\$ 621,804
Minnesota Life Expenses	\$ 1,036,977	
Risk Charge	49,108	
Federal Income Tax Charge	<u>84,833</u>	
Total	\$ 1,170,918	
Interest Credited to Plan	<u>1,792,722</u>	
Interest Credited to Plan Less Cost		\$ 621,804

WISCONSIN LOCAL GOVERNMENTS

M. Historical Statistics - Employee Insurance

Year	Insurance In Force at End of Year		Year	Premium			Total Premium
	Pre-Retirement	Post-Retirement		Employee Contributions	Employer Contributions	Employer PDF Contributions	
	2005	\$7,197,947,000		\$173,746,187	2005	\$ 15,776,326	
2004	6,704,793,000	161,093,937	2004	14,659,344	833,183	1,488,778	16,981,305
2003	6,344,520,000	152,082,937	2003	13,898,798	804,687	1,461,837	16,165,322
2002	5,965,707,000	141,320,687	2002	12,512,375	741,180	1,374,756	14,628,311
2001	5,505,865,000	134,879,000	2001	11,320,435	571,653	1,274,766	13,166,854
2000	4,964,213,000	125,537,000	2000	10,116,720	537,353	1,378,975	12,033,048
1999	4,559,369,000	115,355,750	1999	9,455,950	525,820	1,329,891	11,311,661
1998	3,729,857,000	106,349,250	1998	8,935,636	520,786	1,305,749	10,762,171
1997	3,388,947,000	101,841,000	1997	7,726,042	500,583	1,217,745	9,444,370
1996	3,163,553,000	94,016,500	1996	7,082,005	464,015	1,129,605	8,675,625
1995	2,550,220,000	80,734,250	1960-1995	100,286,713	25,779,494	18,945,296	145,011,503
Total				\$211,770,344	\$32,159,353	\$32,430,757	\$276,360,454

Claims

Year	Death Losses			Total	Living Benefits	Disability Losses	Total Claims
	Pre-Retirement Life	Pre-Retirement AD&D	Post-Retirement Life				
2005	\$ 10,388,980	\$ 879,966	\$ 4,145,891	\$ 15,414,837	\$ 124,500	\$ 804,850	\$ 16,344,187
2004	12,627,796	1,015,277	4,283,601	17,926,674	200,000	(605,989)	17,520,685
2003	12,350,259	1,669,819	3,986,298	18,006,376	487,000	549,221	19,042,597
2002	9,734,737	1,236,492	3,852,234	14,823,463	458,750	1,332,365	16,614,578
2001	9,365,292	628,839	3,562,572	13,556,703	123,000	1,869,808	15,549,511
2000	7,971,710	769,460	3,348,041	12,089,211	23,750	1,086,269	13,199,230
1999	7,612,827	720,856	3,340,578	11,674,261	283,750	332,907	12,290,918
1998	7,828,959	587,626	3,261,026	11,677,611	177,000	901,549	12,756,160
1997	5,788,561	223,923	2,796,384	8,808,868	(19,000)	284,627	9,074,495
1996	5,023,613	216,522	2,607,352	7,847,487	3,500	661,038	8,512,025
1960-1995	83,172,335	6,146,337	30,872,073	120,190,745	236,500	7,176,992	127,604,237
Total	\$171,865,069	\$14,095,117	\$66,056,050	\$252,016,236	\$2,098,750	\$14,393,637	\$268,508,623

Year	Total Claims	Conversion Charge	Pooled Claims	Pool Charge	Total Claim Charges
2005	\$ 16,344,187	\$ 26,640	\$0	\$19,746	\$ 16,390,573
2004	17,520,685	26,640	0	17,119	17,564,444
2003	19,042,597	16,860	0	14,386	19,073,843
2002	16,614,578	22,500	0	0	16,637,078
2001	15,549,511	16,380	0	0	15,565,891
2000	13,199,230	8,940	0	0	13,208,170
1999	12,290,918	4,740	0	0	12,295,658
1998	12,756,160	1,500	0	0	12,757,660
1997	9,074,495	1,920	0	0	9,076,415
1996	8,512,025	3,480	0	0	8,515,505
1960-1995	127,604,237	140,130	0	0	127,744,367
Total	\$268,508,623	\$269,730	\$0	\$51,251	\$268,829,604

WISCONSIN LOCAL GOVERNMENTS

M. Historical Statistics - Employee Insurance (cont'd)

Year	Overhead Cost						State Internal Administration Expense	Actuarial Service Charge	Audit/ Consultant Charge	Research Survey Cost	Interest Credits/ Charges
	Insurance Company Expense	Reinsurance Expense	Risk Charge*	State Premium Tax	Federal Income Tax	Total					
2005	\$ 1,389,672	\$ 2,909	\$ 42,714	\$ 349,646	\$ 61,415	\$ 1,846,356	\$ 208,373	\$ 0	\$ 0	\$ 0	\$ 143,998
2004	1,285,912	2,675	29,069	371,621	59,267	1,748,544	181,758	905	0	0	89,217
2003	1,221,501	2,639	54,756	401,966	60,462	1,741,324	253,424	1,700	18,633	0	121,600
2002	1,117,501	4,175	46,950	348,868	52,727	1,570,221	150,150	1,745	0	0	87,189
2001	1,003,151	4,517	47,021	325,213	44,602	1,424,504	107,850	1,650	0	0	92,006
2000	919,839	11,163	46,654	276,155	41,480	1,295,291	38,007	1,402	8,727	0	74,225
1999	842,497	11,704	39,389	256,390	45,544	1,195,524	0	1,391	0	0	61,178
1998	781,429	10,963	67,869	269,165	51,662	1,181,088	137,490	1,153	0	0	66,448
1997	654,127	9,422	43,533	189,988	48,267	945,337	133,276	923	0	0	73,970
1996	525,188	11,398	77,198	179,650	49,782	843,216	229,781	835	7,676	0	67,296
1960-1995	<u>5,570,318</u>	<u>53,712</u>	<u>749,121</u>	<u>2,797,747</u>	<u>300,824</u>	<u>9,471,722</u>	<u>1,979,665</u>	<u>2,748</u>	<u>8,000</u>	<u>10,520</u>	<u>1,570,458</u>
Total	\$15,311,135	\$125,277	\$1,244,274	\$5,766,409	\$816,032	\$23,263,127	\$3,419,774	\$14,452	\$43,036	\$10,520	\$ 2,447,585

*Risk charge reflects for 1987 catastrophic loss credit of \$178,106.

Year	Reserves			Total
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	
2005	\$14,393,637	\$75,305,226	\$123,117,809	\$212,816,672
2004	13,588,787	72,017,608	114,855,712	200,462,107
2003	14,194,776	70,683,368	107,040,743	191,918,887
2002	13,645,555	70,171,487	100,249,667	184,066,709
2001	12,313,190	69,463,315	92,628,705	174,405,210
2000	10,443,382	68,348,884	85,827,691	164,619,957
1999	9,357,113	66,759,288	78,788,609	154,905,010
1998	9,024,206	65,206,883	72,488,388	146,719,477
1997	8,122,657	64,306,104	67,178,644	139,607,405
1996	7,838,030	61,079,501	61,363,768	130,281,299
1995	7,176,992	58,118,087	55,947,591	121,242,670

Year	Interest Credits on Reserves				Withdrawals to Pay Health Premiums
	Disability Reserve	Contingent Liability Reserve	Premium Deposit Fund	Total	
2005	\$ 816,982	\$ 4,115,015	\$ 6,738,738	\$ 11,670,735	\$ 0
2004	823,287	4,424,860	6,337,309	11,585,456	11,118
2003	867,360	4,707,408	6,542,089	12,116,857	11,898
2002	827,016	4,782,466	6,363,346	11,972,828	0
2001	745,750	4,865,755	6,146,276	11,757,781	1,301
2000	667,981	4,744,914	5,660,107	11,073,002	0
1999	610,273	4,391,757	4,970,330	9,972,360	0
1998	551,337	4,327,436	4,580,522	9,459,295	12,649
1997	581,259	4,500,700	4,597,131	9,679,090	0
1996	545,985	4,399,126	4,299,221	9,244,332	0
1960-1995	<u>6,788,783</u>	<u>63,658,632</u>	<u>38,137,247</u>	<u>108,584,662</u>	<u>0</u>
Total	\$13,826,013	\$108,918,069	\$94,372,316	\$217,116,398	\$36,966

WISCONSIN LOCAL GOVERNMENTS

N. Historical Statistics - Spouse and Dependent Insurance

<u>Year</u>	<u>Employee Contributions</u>	<u>Death Losses</u>	<u>Living Benefits</u>	<u>Conversion Costs</u>	<u>Total Claim Charges</u>
2005	\$ 1,483,313	\$ 1,426,228	\$20,000	\$ 25,800	\$ 1,472,028
2004	1,461,808	1,186,010	0	18,540	1,204,550
2003	1,450,770	1,344,795	0	19,680	1,364,475
2002	1,438,021	1,443,830	0	22,500	1,466,330
2001	1,387,334	1,585,553	20,000	3,360	1,608,913
2000	1,683,726	1,708,753	0	13,020	1,721,773
1999	2,004,228	1,392,740	40,000	13,560	1,446,300
1998	2,013,825	1,203,916	0	9,840	1,213,756
1997	1,995,888	1,220,563	0	8,580	1,229,143
1996	1,644,265	1,183,862	0	13,920	1,197,782
1983-1995	<u>10,853,072</u>	<u>9,750,640</u>	<u>0</u>	<u>66,285</u>	<u>9,816,925</u>
Total	\$27,416,250	\$23,446,890	\$80,000	\$215,085	\$23,741,975

<u>Year</u>	<u>Overhead Cost</u>				<u>Total</u>	<u>State Internal Administration Expense</u>	<u>Audit/ Consultant Charge</u>
	<u>Insurance Company Expense</u>	<u>Risk Charge</u>	<u>State Premium Tax</u>	<u>Federal Income Tax</u>			
2005	\$ 68,974	\$ 2,967	\$ 29,666	\$ (1,788)	\$ 99,819	\$ 43,261	\$ 0
2004	67,974	2,924	29,236	(1,772)	98,362	39,520	0
2003	67,461	2,902	29,015	(1,614)	97,764	58,792	4,052
2002	66,868	2,876	28,760	(1,441)	97,063	27,200	0
2001	64,511	2,775	27,747	(1,677)	93,356	22,050	0
2000	62,662	3,367	33,675	2,536	102,240	0	3,273
1999	62,131	4,008	40,085	7,958	114,182	0	0
1998	62,429	4,028	40,277	10,281	117,015	32,981	0
1997	60,875	3,992	39,918	12,297	117,082	5,185	0
1996	57,201	3,289	32,885	10,425	103,800	86,159	2,878
1983-1995	<u>395,891</u>	<u>15,980</u>	<u>217,062</u>	<u>49,628</u>	<u>678,561</u>	<u>420,210</u>	<u>3,000</u>
Total	\$1,036,977	\$49,108	\$548,326	\$84,833	\$1,719,244	\$735,358	\$13,203

<u>Year</u>	<u>Insurance In Force at End of Year</u>	<u>Stabilization Reserve</u>	<u>Interest Credits</u>	
			<u>On Stabilization Reserve</u>	<u>Current Premium Less Charges</u>
2005	\$868,055,000	\$2,957,800	\$ 177,232	\$ 8,179
2004	855,995,000	2,904,184	158,903	10,220
2003	844,175,000	2,615,685	167,387	8,299
2002	845,205,000	2,514,312	169,119	8,816
2001	829,425,000	2,488,949	181,673	4,938
2000	794,480,000	2,639,323	175,805	12,820
1999	771,135,000	3,184,815	131,088	15,723
1998	779,930,000	2,003,701	81,995	25,715
1997	769,810,000	1,245,918	38,746	26,770
1996	759,600,000	535,924	18,367	15,569
1983-1995	<u>531,232,500</u>	<u>231,442</u>	<u>254,315</u>	<u>101,043</u>
Total			\$1,554,630	\$238,092

STATE OF WISCONSIN
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IV. Funding Assumptions

A. Salaries increase annually in accordance with the following schedule:

<u>Age</u>	Percentage Increase	
	<u>State</u>	<u>Local</u>
20	9.0	10.0
25	8.3	9.0
30	7.3	7.2
35	6.4	6.0
40	5.8	5.5
45	5.6	5.1
50	5.4	4.9
55	5.2	4.6
60	4.8	4.5
65	4.6	4.4

B. Annual employee withdrawal rates are as follows:

<u>Age</u>	Withdrawals per 1,000	
	<u>State</u>	<u>Local</u>
20	61	47
25	61	47
30	54	39
35	42	27
40	31	20
45	23	16
50	19	14
55	15	12
60	11	9

C. Annual interest rates are 7% for active employees and 5% for retired employees.

D. Expected mortality and morbidity are based on studies of the actual experience of the plan during the years 2002 through 2004. Annual accidental death rates of .15 deaths per thousand for State employees and .21 deaths per thousand for employees of participating public employers are assumed at all ages under 65. These rates are also based on plan experience during 2002 through 2004.

E. No explicit allowance is made for insurance company expenses or State premium taxes.

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V. Conversion of Post-Retirement Life Insurance Values to Pay Health or Long-Term Care Insurance Premiums

Report on operations for 2005, the eleventh year of the benefit.

	<u>State Retirees</u>	<u>Local Retirees</u>
A. Number of Retirees Utilizing Benefit		
1. Utilization on December 31, 2004	95	2
2. Conversions Effective in 2005	31	0
3. Terminations During 2005		
a. Exhaustion of Conversion Account Balance	31	0
b. Death	0	0
c. Revocation of Conversion	0	0
d. Reversion to Life Insurance Plan Reserve	<u>0</u>	<u>0</u>
e. Total Terminations (a+b+c+d)	31	0
4. Utilization on December 31, 2005 (1+2-3e)	95	2
B. Conversion Account Activity		
1. Conversion Account Balances on December 31, 2004	\$701,216.71	\$16,530.90
2. Conversion Account Balances Established in 2005	\$316,818.50	\$ 0.00
3. Payments From Conversion Accounts During 2005		
a. Health Insurance Premiums	\$356,367.71	\$ 5,775.60
b. Long-Term Care Insurance Premiums	\$125,486.66	\$ 0.00
c. Death Benefits	\$ 0.00	0.00
d. Revocation of Conversion	\$ 0.00	\$ 0.00
e. Reversion to Life Insurance Plan Reserve	<u>\$ 0.00</u>	<u>\$ 0.00</u>
f. Total Payments (a+b+c+d+e)	\$481,854.37	\$ 5,775.60
4. Conversion Account Balances on December 31, 2005 (1+2-3f)	\$536,180.84	\$10,755.30

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	<u>State Retirees</u>	<u>Local Retirees</u>
C. Cumulative Number of Retirees Utilizing Benefit - 1995 Through 2005		
1. Conversions	362	7
2. Terminations		
a. Exhaustion of Conversion Account Balance	245	5
b. Death	18	0
c. Revocation of Conversion	2	0
d. Reversion to Life Insurance Plan Reserve	<u>2</u>	<u>0</u>
e. Total Terminations (a+b+c+d)	267	5
3. Utilization on December 31, 2005 (1-2e)	95	2
D. Cumulative Conversion Account Activity - 1995 Through 2005		
1. Conversion Account Balances Established	\$3,747,568.25	\$36,966.00
2. Payments From Conversion Accounts		
a. Health Insurance Premiums	\$2,641,074.94	\$26,210.70
b. Long-Term Care Insurance Premiums	\$ 469,712.66	\$ 0.00
c. Death Benefits	\$ 72,962.57	\$ 0.00
d. Revocation of Conversion	\$ 26,922.00	\$ 0.00
e. Reversion to Life Insurance Plan Reserve	<u>\$ 715.24</u>	<u>\$ 0.00</u>
f. Total Payments (a+b+c+d+e)	\$3,211,387.41	\$26,210.70
3. Conversion Account Balances on December 31, 2005 (1-2f)	\$ 536,180.84	\$10,755.30