



STATE OF WISCONSIN  
Department of Employee Trust Funds  
Robert J. Conlin  
SECRETARY

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**CORRESPONDENCE MEMORANDUM**

**DATE:** June 6, 2015  
**TO:** Employee Trust Funds Board  
**FROM:** Robert C. Willett, CPA  
Chief Trust Finance Officer  
**SUBJECT:** January 1, 2015 Duty Disability Actuarial Valuation

**Staff requests the Employee Trust Funds Board (Board) approve the Duty Disability Plan Actuarial Review as of January 1, 2015.**

Milliman, Inc. has completed the January 1, 2015 actuarial valuation of the Duty Disability program. The results of the valuation are as follows (millions \$):

	2015	2014
Actuarial Accrued Liability		
Active Employees	\$ 95	\$ 99
Disabled and Survivors	<u>353</u>	<u>414</u>
Total	448	513
Actuarial Value of Assets	<u>593</u>	<u>567</u>
Unfunded Actuarial Accrued Liability	(145)	(54)
Funded Ratio	132%	111%
Annual Required Contribution	\$3.3	\$8.2

This is the first Duty Disability valuation prepared by Milliman since being selected the disability programs actuary last year. Milliman has performed a thorough review of the program and past valuations, and proposed new assumptions to better measure plan liabilities. This has resulted in a reduction in plan liabilities of approximately 13%. Overall plan funding has increased to 132% of plan liabilities.

Reviewed and approved by Robert J. Conlin, Secretary

Electronically Signed 6/8/15

Board	Mtg Date	Item #
ETF	6.25.15	4C

Duty Disability contribution rates are based on an experience rated tier schedule. Annually, an Actuarial Rate Adjustment is applied to every tier in the schedule. While the contribution rate tier structure remains constant, the actual contribution rates for each tier are adjusted to meet the plan's funding needs.

The improved funded status of the plan has allowed the 2016 actuarially recommended Annual Required Contribution to be reduced from \$8.173 million in 2015 to \$3,269 million. Each experience tier Base Contribution Rate will be reduced by 65% to match this contribution target. The contribution rate schedule for 2016 is shown below.

Tier	Base Contribution Rate	Actuarial Adjustment Rate	<b>2016 Contribution Rate</b>	2015 Contribution Rate	# of Employers
1	0.25%	(0.16%)	<b>0.09%</b>	0.13%	415
2	0.50%	(0.33%)	<b>0.18%</b>	0.38%	43
3	1.00%	(0.65%)	<b>0.35%</b>	0.88%	29
4	1.75%	(1.14%)	<b>0.61%</b>	1.63%	9
5	2.75%	(1.79%)	<b>0.96%</b>	2.63%	9
6	4.00%	(2.60%)	<b>1.40%</b>	3.88%	1
7	5.50%	(3.58%)	<b>1.93%</b>	5.38%	2
8	6.60%	(4.29%)	<b>2.31%</b>	6.48%	2

Dan Skwire from Milliman will be at the Board meeting to discuss this report and answer any questions.

Attach: Duty Disability Expense and Liability Calculations Under GASB Statement 43