



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

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Correspondence Memorandum

Date: August 23, 2019
To: Employee Trust Funds Board
From: Cindy Klimke-Armatoski, Chief Trust Finance Officer
Division of Trust Finance
Subject: Audit of Duty Disability Insurance Plan Actuarial Valuation

The Department of Employee Trust Funds (ETF) requests the Employee Trust Funds Board (Board) accept the audit report of the Duty Disability Insurance Plan actuarial valuation as of December 31, 2018, and direct ETF's consulting actuary to implement appropriate recommendations.

Segal Consulting completed an audit of the Duty Disability Insurance Plan actuarial valuation as of December 31, 2018. An actuarial audit is a valuable method of monitoring the quality of actuarial services performed on behalf of benefit plans. ETF contracted with Segal Consulting to perform a full-scope audit, which includes replicating the original actuarial valuation. This is based on the same census data, assumptions, and actuarial methods used by the plan's consulting actuary. In addition, the reviewing actuary examines the consulting actuary's methods and assumptions for reasonableness and consistency. The Government Finance Officers Association recommends actuarial audits at least once every five years.

Attached is the report from Segal Consulting communicating the results of the audit as well as a response from Milliman, the plan's consulting actuary who performed the original valuation. The original valuation was presented to the Board at its June 20, 2019, meeting. Segal Consulting found the valuation as of December 31, 2018, accurately reflects the results of the Duty Disability Insurance Plan and offered some minor recommendations.

Staff from Segal Consulting will be at the Board meeting to address any questions. Staff from Milliman will be available by phone during the meeting.

Attachment A: Actuarial Audit for the Actuarial Valuation of the Duty Disability Insurance Plan as of December 31, 2018

Attachment B: Milliman Response to Segal Audit Report on Duty Disability Insurance Valuation

Reviewed and approved by Robert J. Conlin, Secretary

Electronically Signed 9/4/19

Board	Mtg Date	Item #
ETF	9.19.19	4A2