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Correspondence Memorandum

Date: August 21, 2020
To: Employee Trust Funds Board
From: Jim Guidry, Director
 Benefit Services Bureau
 Division of Retirement Services
Subject: Duty Disability Program Experience Study

This memo is for informational purposes only. No Board action is required.

Milliman, Inc., recently performed an experience study for the Duty Disability program. In 2019, Segal Consulting performed an actuarial audit of the valuation of the Duty Disability program. Segal's audit included a recommendation that Milliman update the assumptions used in the annual program valuation prepared for ETF. Milliman's experience study used claims data from 2014 through 2019 to recommend updated actuarial assumptions for performing the December 31, 2019 valuation. This memo summarizes the changes recommended by Milliman as a result of these experience studies. The attached letter from Milliman provides additional details.

Milliman recommended updating the Duty Disability claim termination rate assumptions using mortality rates from the 2015-2017 WRS Experience Study, adjusted for recent program experience. Milliman updated separate termination rate assumptions for disabled members and for recipients of duty disability survivor benefits.

In addition, Milliman recommended updating estimated offset assumptions for Social Security, WRS, and Worker's Compensation benefits as well as employment earnings based on recent experience for the program.

Milliman's recommended assumption updates were included in the 2019 valuation of the Duty Disability program and approved by the Board at the June 18, 2020 meeting.

The resulting impact of the new valuation assumptions to the Duty Disability program was a slight increase (0.2%) to the estimated open claim liabilities when compared to the previous assumptions, with all else being equal.

Staff will be at the Board meeting to answer any questions.

Attachment A: Milliman Experience Studies for Duty Disability Program letter, May 18, 2020

Reviewed and approved by Matt Stohr, Administrator, Division of Retirement Services

Electronically Signed 8/28/20

Board	Mtg Date	Item #
ETF	9.17.20	5D