

Duty Disability Insurance Employer Rates 2023

Item 4C – Employee Trust Funds Board

Cindy Klimke-Armatoski, Chief Trust Finance Officer
Division of Trust Finance





Action Needed

ETF requests the Employee Trust Funds Board approve the Duty Disability Insurance Program Actuarial Valuation as of December 31, 2021 and set 2023 contribution rates at 50% of current rates.

Duty Disability Program Reserves

	2020	2021
Actuarial Liability	\$467,720,173	\$523,760,207
Reserve Balance	\$693,226,275	\$744,560,957
Surplus / (Deficit)	\$225,506,102	\$220,800,750
Funded Ratio	148%	142%

Duty Disability Rates

- Employer paid contributions
- Contribution rates based on experience-rated tier schedule

Tier	Number of Claims	Claims as a % of Covered Payroll	2022 Contribution Rate as a % of Covered Payroll
1	1	≤1.5%	0.04%
2	2	>1.5% but ≤ 3.0%	0.08%
3	3	>3.0% but ≤ 4.5%	0.17%
4	4	>4.5% but ≤ 6.0%	0.30%
5	5	>6.0% but ≤ 7.5%	0.47%
6	6	>7.5% but ≤ 9.0%	0.68%
7	7	>9.0% but ≤ 10.5%	0.93%
8	8 or more	Claims > 10.5%	1.12%

Recommended 2023 Rates (reduction of ~50% of 2022 rates)

Tier	Base Contribution Rate	Actuarial Adjustment Rate	Recommended 2023 Contribution Rate	# of Employers
1	0.25%	-0.23%	0.02%	424
2	0.50%	-0.46%	0.04%	41
3	1.00%	-0.91%	0.09%	24
4	1.75%	-1.60%	0.15%	12
5	2.75%	-2.51%	0.24%	3
6	4.00%	-3.65%	0.35%	4
7	5.50%	-5.02%	0.48%	2
8	6.60%	-6.03%	0.57%	1

The background is a dark blue gradient with numerous out-of-focus light spots in shades of blue and purple, creating a bokeh effect.

Questions?

Thank you



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1-877-533-5020