



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

Wisconsin Department
 of Employee Trust Funds
 PO Box 7931
 Madison WI 53707-7931
 1-877-533-5020 (toll free)
 Fax 608-267-4549
 etf.wi.gov

Correspondence Memorandum

Date: May 29, 2018
To: Employee Trust Funds Board
From: Cindy Klimke-Armatoski, CPA
 Chief Trust Finance Officer
Subject: December 31, 2017 Duty Disability Actuarial Valuation

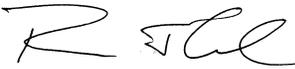
ETF requests the Employee Trust Funds Board (Board) approve the Duty Disability Plan Actuarial Review as of December 31, 2017, and the 2019 Contribution Rate Tiers.

Milliman has completed the December 31, 2017 actuarial valuation of the Duty Disability Plan. As explained in its report, Milliman performed the valuation following Governmental Accounting Standards Board (GASB) Statement No. 10 (*Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*) whereas past valuations have followed GASB Statement No. 43 (*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*). GASB Statement No. 43 was recently superseded by a new standard. As a result of reviewing the new standard, ETF has determined the Duty Disability program is not an Other Post-Employment Benefit (OPEB) as defined by GASB.

The results of the valuation as of December 31, 2017, are as follows:

Actuarial Liability	\$464,780,673
Reserve Balance	\$656,935,000
Surplus / (Deficit)	\$192,154,327
2019 Recommended Targeted Contribution Amount	\$7,375,192

Duty Disability contribution rates are based on an experience rated tier schedule. Annually, an actuarial adjustment rate 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 current funding needs.

Reviewed and approved by Robert J. Conlin, Secretary

 Electronically Signed 6/8/18

Board	Mtg Date	Item #
ETF	6.21.18	4C

To target the recommended contribution amount, each experience tier Base Contribution Rate will be reduced by 33%. The contribution rate schedule for 2019 is shown below.

Tier	Base Contribution Rate	Actuarial Adjustment Rate	2019 Contribution Rate	2018 Contribution Rate	# of Employers
1	0.25%	-0.08%	0.17%	0.23%	410
2	0.50%	-0.17%	0.34%	0.46%	44
3	1.00%	-0.33%	0.67%	0.92%	27
4	1.75%	-0.58%	1.17%	1.61%	10
5	2.75%	-0.91%	1.84%	2.53%	7
6	4.00%	-1.32%	2.68%	3.68%	4
7	5.50%	-1.82%	3.69%	5.06%	1
8	6.60%	-2.18%	4.42%	6.07%	2

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

Attachment: Actuarial Valuation of The Duty Disability Insurance Program as of December 31, 2017