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Correspondence Memorandum

Date: August 11, 2025 (Revised)

To: Group Insurance Board

From: Luis Caracas, Health Policy Advisor and Accident and Life Insurance Plan Manager
Office of Strategic Health Policy

Subject: Group Life Insurance Program Audit and Annual Reports

The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) accept the annual Wisconsin Public Employers (WPE) Group Life Insurance 2024 Policy Year Report by Securian Financial Group (Securian) and approve a \$0.35 increase to the Local Spouse and Dependent Premium.

The WPE Group Life Insurance Program (Program) is a benefit provided under the Wisconsin Retirement System and is available to employees of the State of Wisconsin and employees of participating Wisconsin local government employers. The Program is governed under [Chapter 40](#) of Wisconsin State Statutes, [Chapter 60](#) of the Wisconsin Administrative Code, and the [Third Party Administration of the Wisconsin Public Employers Group Life Insurance Program Contract](#) between the Board and Securian. The Board is the policyholder and is responsible for Program oversight. ETF has overall responsibility for the administration of the Program. Securian underwrites and assists ETF with the administration of the Program.

The 2024 policy year experience results are highlighted at the beginning of the Financial Experience Report (see Attachment A) in the letter from Securian Vice President and Actuary, Susan Munson-Regala. Securian met with ETF staff on June 19, 2025, to review and answer questions regarding the Financial Experience Report. ETF recommends that the Board accept the Securian Annual Report.

State Government Life Insurance Plan Experience

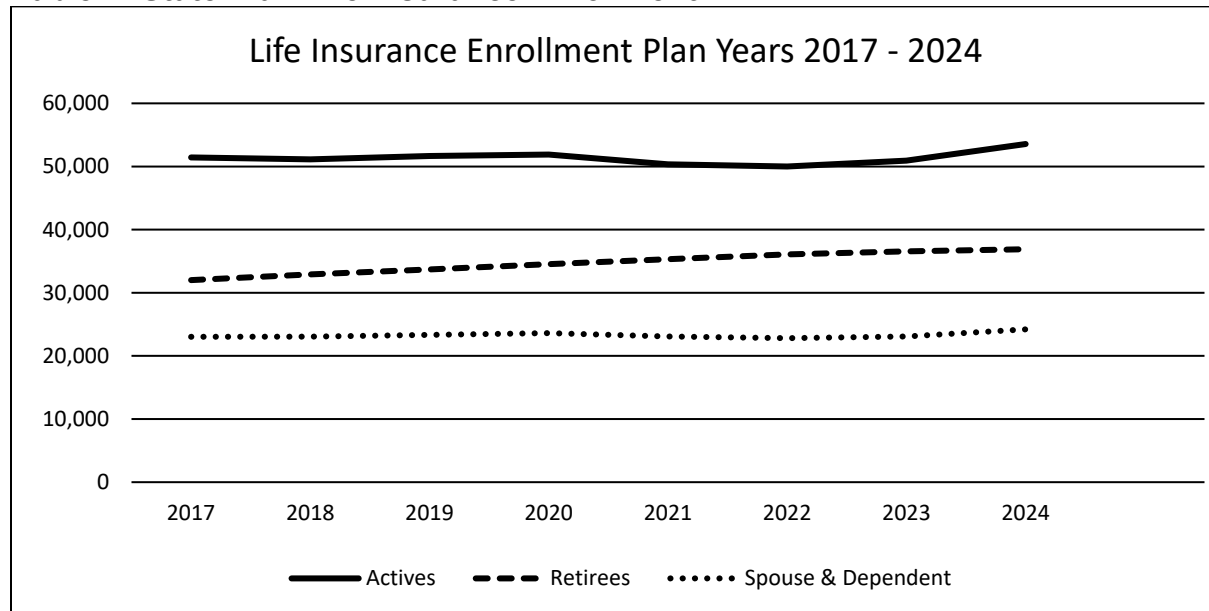
As of December 31, 2024, the state life insurance plan (State plan) covered 90,451 total lives, an increase of 2,964 from 2023. There are 53,559 active employees and 36,892 retirees enrolled in the plan. The total number of insured active employees increased by 2,626, and the number of insured retirees increased by 338 from plan year 2023. There are 24,204 employees who have elected spouse and dependent coverage, an increase of 1,133 from 2023. Table 1 illustrates enrolled membership from the past eight years.

Reviewed and approved by Renee Walk, Director, Office of Strategic Health Policy
Electronically Signed 07/30/2025

Board	Mtg Date	Item #
GIB	08.13.25	6

Retiree enrollment has remained relatively consistent, while active employee and spouse and dependent enrollment increased roughly 5% since the previous year.

Table 1: State Plan Life Insurance Enrollment



Total life insurance coverage for active employees, retirees, and spouse and dependents increased to \$15.1 billion.

Claims on both the employee plan and the state spouse and dependent plan were lower than expected.

The overall average interest-earning rate on all reserve funds held for the plan was 3.23%. This result reflects a conservative investment strategy involving primarily high-grade corporate bonds invested over several years. The plan ended 2024 with funding at 94.7% of liabilities, higher than the 2023 ratio of 88.2%.

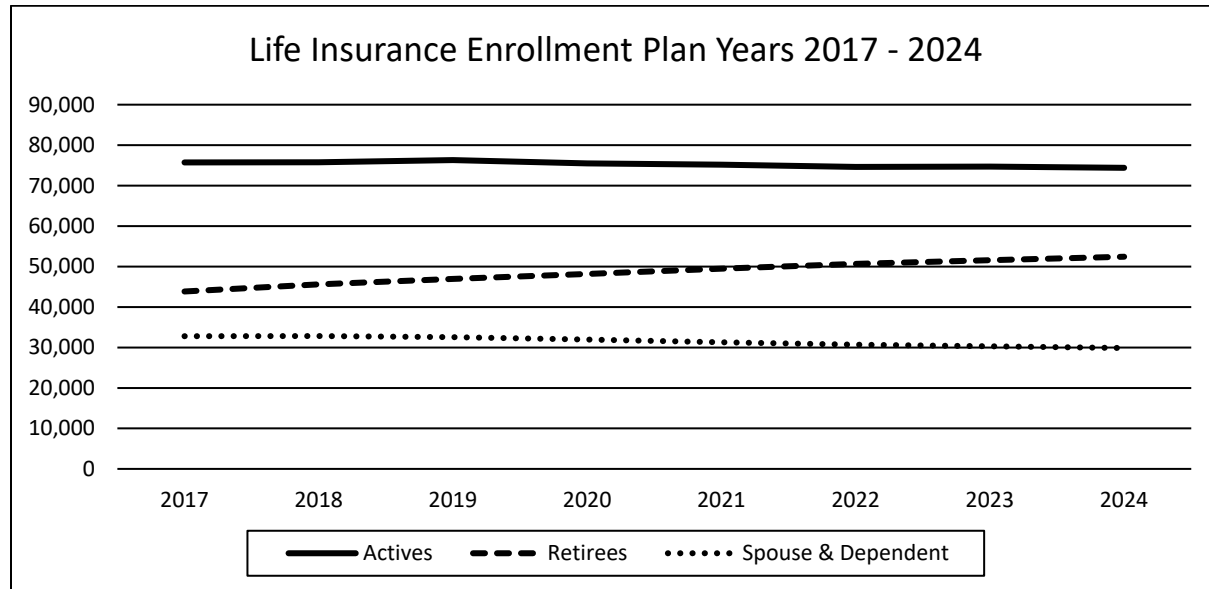
Local Government Life Insurance Plan Experience

Local government employers are eligible to offer the Basic, Additional, and Supplemental plans to their employees. A local employer may elect to offer only the Basic Plan with either, or both the Supplemental Plan and the Additional Plan. The employer may also select a benefit reduction schedule for the Basic Plan at either 50% or 25%.

As of December 31, 2024, there were 764 local government employers participating in the local government life insurance plan (Local plan). The Local plan covered 127,140 total lives. That is an increase of 863 from plan year 2023. There are 74,396 active employees and 52,424 retirees enrolled in the plan. The total number of insured active employees decreased by 320, and the number of insured retirees increased by 863

from 2023. There are 29,868 employees who have elected spouse and dependent coverage, a decrease of 432 from 2023. Table 2 illustrates the enrolled membership from the past eight years. Active enrollment has remained relatively consistent. Retiree enrollment has increased 1.6%, and the spouse and dependent enrollment has decreased 1.4% since 2023.

Table 2: Local Plan Life Insurance Enrollment



Claim payments for the local employee plan were lower than expected. Claims on the Local spouse and dependent plan were higher than expected, but consistent with the goal of bringing the premium stabilization reserve closer to the target level.

The overall average interest-earning rate on all reserve funds held for the plan was 3.19%. This result reflects a conservative investment strategy involving primarily high-grade corporate bonds invested over several years. The plan ended 2024 with funding at 105.7% of liabilities, lower than the 2023 ratio of 110.6%.

Premiums

In 2019, the Board adopted a [plan](#) that authorized a 5% annual premium increase to the State plan, effective April 2020 through April 2028. This action was taken with the goal of maintaining and managing the program at a 100% funding level for each plan type. As a condition of approving the annual 5% premium increase, the Board also agreed to review the premium increase annually to determine if it remains appropriate. ETF recommends the Board maintains the previously agreed upon premium increase of 5%. The State plan valuation assumes premium contribution rates will increase 5% per year through 2028, as approved by the Group Insurance Board in August 2019, and remain at their 2028 levels thereafter.

Table 3 reflects the updated premiums effective April 1, 2025, as approved by the Board

on August 21, 2019.

Table 3: State Life Insurance Monthly Premiums Per \$1,000 of Insurance – Effective April 1, 2025

Attained Age	Current (2025)			Effective 4/1/2026		
	Basic	Supplemental	Additional	Basic	Supplemental	Additional
Under 30	\$0.06	\$0.06	\$0.08	\$0.06	\$0.06	\$0.09
30-34	\$0.06	\$0.06	\$0.08	\$0.06	\$0.06	\$0.09
35-39	\$0.06	\$0.06	\$0.08	\$0.06	\$0.06	\$0.09
40-44	\$0.08	\$0.08	\$0.13	\$0.09	\$0.09	\$0.13
45-49	\$0.14	\$0.14	\$0.21	\$0.15	\$0.15	\$0.22
50-54	\$0.23	\$0.23	\$0.34	\$0.24	\$0.24	\$0.35
55-59	\$0.31	\$0.31	\$0.46	\$0.33	\$0.33	\$0.49
60-64	\$0.42	\$0.42	\$0.63	\$0.44	\$0.44	\$0.66
65-69*	\$0.55	\$0.55	\$0.80	\$0.58	\$0.58	\$0.84
70 and older	**	**	**	**	**	**

There is no recommended premium action for the Local plan (Basic, Supplemental and Additional). The plan ended 2024 with a valuation of 105.7%. This funding level reflects a rate hold strategy through 2025. Premium rates will reflect plan experience beginning in 2026.

Table 4 illustrates the Local plan premiums, effective July 1, 2025.

Table 4: Local Life Insurance Premiums Per \$1,000 of Insurance – Effective July 1, 2025

Attained Age	Basic, Supplemental, and Additional
Under 30	\$0.05
30-34	\$0.06
35-39	\$0.07
40-44	\$0.08
45-49	\$0.12
50-54	\$0.22
54-59	\$0.39
60-64	\$0.49
65-69*	\$0.57
70 and older	**

An insured employee may elect either one or two units of coverage for their spouse and dependents. Each unit provides \$10,000 of life insurance for an insured spouse and \$5,000 for each insured dependent child. A dependent child is eligible until age 19 or until age 25 if they are a fulltime student. The monthly premium per unit is \$2.10 for the State Plan and \$1.60 for the Local Plan. There is no premium action being recommended by ETF on the spouse and dependent premiums for the State. Based on

analysis of recent experience and the size of the stabilization reserve balance, ETF recommends a \$0.35 increase to spouse and dependent premiums for the Local Plan from \$1.60 to \$1.95 monthly for each unit of insurance effective July 1, 2026.

Value Add Services

Securian offers LifeStyle Benefits to all active employees enrolled in the Program. LifeStyle Benefits offer legal, financial and grief resources; travel assistance; legacy planning resources; and beneficiary financial counseling. Spouses and insurance eligible children can also use these resources. Legal, financial, and grief and legacy planning resources are available to retirees enrolled in the Program.

Securian contracts with the benefit providers to provide these services at no additional cost to the plan. There are no administrative responsibilities for ETF or employers. These services have been offered since 2011.

In addition to the resources listed above, a new benefit was added as of January 1, 2025, called Empathy. Empathy offers a holistic approach to bereavement support. Insured individuals can receive personalized guidance and care for the administrative, emotional, legal, and financial challenges both when preparing for a loss, and after their loved one passes away. Like the LifeStyle Benefits, there is no additional fee associated with this service to ETF, employers, or members. These services are available to all members enrolled in the life insurance program and their immediate family members and may be accessed on a voluntary basis.

Plan Reserves

The cost of life insurance for retired employees is funded in advance by employer premium contributions and by dividends from premiums paid by active employees. Each year the values of the plans' assets are compared to the present values of future benefit liabilities for retired employees and the present values of future benefits in excess of future premiums for active employees. Table 5 summarizes the reserves as of December 31, 2024.

Table 5: Plan Reserves as of December 31, 2024

	State Plan	Local Plan
1. Assets		
a. Retiree Premium Deposit Fund	\$273,058,855	\$231,851,711
b. Active Stabilization Reserves for Post-Retirement Funding	\$94,998,367	\$114,046,742
c. Total	\$368,057,223	\$345,898,453
2. Liabilities		
a. Post-Age 65 Retirees	\$475,922,220	\$299,387,574
b. Pre-Age 65 Retirees	\$43,462,606	\$32,152,333
c. Active Employers	\$(130,895,004)	\$(4,254,793)
d. Total	\$388,489,822	\$327,285,144

	State Plan	Local Plan
3. Unfunded Accrued Liability	\$20,432,599	\$(18,613,339)
4. Total Assets as a Percent of Total Liabilities	94.7%	105.7%

Plan Assets and Funding Structure

The assets and funding structure for active life and retiree life are described below. The target range for valuation is +/- 15% of 100%. Valuations are calculated based on projections using assumptions for future cash flows.

Table 6 summarizes the valuation calculations from the past seven years.

Table 6: WPE Group Life Insurance Valuation – Assets as a Percentage of Net Liabilities (\$ Millions)

Date	State Plan	Local Plan
12/31/2024	94.7	105.7
12/31/2023	88.2	110.6
12/31/2022	88.5	105.8
12/31/2021	85.4	117.5
12/31/2020	96.5	108.0
12/31/2019	99.1	106.1
12/31/2018	74.3	115.7

Active Employees

The cost of Basic, Supplemental, and Additional life insurance benefits for active employees is covered by employee and employer premiums. These plans are fully insured by Securian, and the annual premium amounts are intended to be at least sufficient to cover each year's claims and expenses. In the financial agreement, Securian guarantees the funding of these plans. This means the board does not accept any financial risk other than the timely payment of premiums.

Benefits for active employees are paid from the Stabilization Reserve. The Stabilization Reserve is available to support both active employee and retirees. The Stabilization Reserve is funded by the experience credit from active employees along with an interest credit on the prior balance.

At the August 2018 Board meeting, the Board approved a strategy to simplify plan management and financial reporting by reducing the number of experience accounts held by Securian to support the plan. As a result, the funds in the Active Premium Deposit Fund (PDF) were transferred to the Retiree PDF, and the Active PDF was closed.

Retirees Life Benefits

The cost of post-65 retiree life benefits is supported by premiums paid by employers and by the pre-65 retirees. These programs are paid through age 65 and are intended

to pre-fund the cost of post-65 retiree life benefits. Retiree life benefits are insured by Securian. However, in their financial agreement with ETF, Securian does not guarantee that existing retiree life assets will be enough to cover the full cost of future retiree life benefits. ETF bears the funding risk for this portion of the plan if the current premium rate schedule is inadequate.

Benefits for pre-65 and post-65 retirees are paid from the Retiree PDF. The Retiree PDF is funded by employer contributions on behalf of active employees and interest credits on the prior PDF balance. Withdrawals include the amount of any post-65 death claims and related expenses.

Performance Standards

The Board's contract with Securian includes nine quantitative performance standards for providing timely outcomes for customer service and administration. Securian met or exceeded all nine performance standards in 2024. Securian managed a total of 34,958 transactions and met or exceeded the performance guarantee in 99.89% of those transactions.

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

Attachment A: [Financial Experience Report State of Wisconsin – Group Insurance Board \(January 1, 2024, through December 31, 2024\) with Highlights Letter](#)

Attachment B: [Group Life Insurance Plan Coverages for State Employees and Their Spouses and Dependents: Report to the Group Insurance Board of the State of Wisconsin](#)

Attachment C: [Group Life Insurance Plan Coverages for Local Government Employees and Their Spouses and Dependents: Report to the Group Insurance Board of the State of Wisconsin](#)