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Correspondence Memorandum

Date: October 29, 2025

To: Group Insurance Board

From: Gene Janke, Benefit Services Bureau Director
Division of Benefits Administration

Subject: Income Continuation Insurance Funding Target Policy Review Scheduled for February 2026

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

The Department of Employee Trust Funds (ETF), after consulting with disability program actuaries, is aligning the review of the Income Continuation Insurance (ICI) Funding Target Policy to coincide with the ICI program three-year experience study that is due to be completed in February of 2026. This will ensure that the Group Insurance Board (Board) receives the most up-to-date information from the experience study that informs the reserve balance target analysis. The reserve balance target for the ICI program guides the Board in making decisions about changes to ICI premiums that are sufficient to fund plan liabilities, protect the financial integrity of the program, and maintain premium rates that are adequate, stable, and equitable.

The ICI programs are voluntary disability income replacement benefits. ICI coverage is available to all Wisconsin Retirement System (WRS) eligible state employees and all WRS local employees if their employer participates. There are separate programs for state and local employees. The programs provide short- and long-term disability benefits equal to 75% of an employee's salary until the employee reaches age 65 (or longer in certain instances). Qualifying disabilities do not have to be work-related. The ICI program is authorized by Wis. Stat. § 40.62 and is funded by premiums paid by employees and employers. The reserve target established by the Board under this policy is used in determining annual premium rates to be paid by program enrollees.

The Board has established a reserve balance target for the ICI programs to be reviewed and adopted every three years. The current ICI Reserve Policy and the reserve targets of 135% and 150% (State and Local ICI plans, respectively) of plan liabilities were adopted by the Board on May 18, 2022, and have remained consistent since the first adoption on November 13, 2019. This adjustment will ensure that the most recent experience data will be used in developing the target policy.

Staff will be at the Board meeting to answer any questions

Patti Epstein

Reviewed and approved by Patti Epstein, Chief Benefits Officer, Division of Benefits Administration
Electronically Signed 10/20/2025

Board	Mtg Date	Item #
GIB	11.12.25	13D