

Notes to the Financial Statements Template

Instructions – The Notes to the Financial Statements template below includes sample language and schedules to be used as a guide by State Retiree Life Insurance Fund (SRLIF) employers in the development of their GASB 75 note disclosures. Please be aware of the highlighted and bracketed areas (refer to legend below) of the template where the notes require employer input and/or input from the “Supplement to Notes to Other Post-Employment Benefits (OPEB) Information” schedule under the GASB Statements section of the website. Additional Information may also come from the “RSI Schedule – Employer Proportionate Share Net OPEB Liability,” “Schedule of OPEB Amounts by Employer,” and “RSI Schedule – Employer Contributions.”

The information provided by the Wisconsin Department of Employee Trust Funds (ETF) is intended to provide participating SRLIF employers with guidance in accounting and financial reporting matters. It is not intended to be a substitute for professional advice, whether actuarial, accounting, legal, or otherwise. While efforts are made to verify the information, ETF expects employers work with their auditors to ensure the information is accurate and complete. Employers are solely responsible for accurately presenting their financial statements and related notes within the requirements of GASB.

If you have any questions or would like this document in Word format, please contact ETF at GASBmail@etf.wi.gov

Note: The GASB 75 employer template example for cost-sharing employers may be found in the [GASB 75 Implementation Guide](#), pages 169-194, Illustration B4-Note Disclosures, RSI, and Calculation of Certain Recognized Amounts for a Cost-Sharing Employer

[SRLIF Employer]
Notes to the Financial Statement
For the Year Ended [June 30, 2022]

(Dollar amounts in Thousands)

Summary of Significant Accounting Policies

Other Post-Employment Benefits (OPEB). The fiduciary net position of the State Retiree Life Insurance Fund (SRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the Net OPEB liability, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits, OPEB Expense (Revenue), and information about the fiduciary net position of the SRLIF and additions to/deductions from SRLIFs fiduciary net position have been determined on the same basis as they are reported by SRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Other Post-Employment Benefits

Plan description. The SRLIF is a single-employer defined benefit OPEB plan. SRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

Benefits provided. The SRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members and pre-65 retirees who pay for their coverage.

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of [December 31, 2021] are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	28% of member contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2021 are as listed below:

**Life Insurance
Member Contribution Rates*
For the year ended December 31, 2021**

Attained Age	Basic	Supplemental
Under 30	\$ 0.0463	\$ 0.0463
30-34	0.0463	0.0463
35-39	0.0463	0.0463
40-44	0.0695	0.0695
45-49	0.1158	0.1158
50-54	0.1852	0.1852
55-59	0.2547	0.2547
60-64	0.3473	0.3473
65-69	0.4515	0.4515

*Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the SRLIF recognized [\$xxxxxxx] in contributions from the employer

Insert from Schedule of Employer Allocations

OPEB Liabilities, OPEB Expense(Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

Insert item #19 from Supplement to Notes

At [June 30, 2022], the [SRLIF Employer] reported a liability (asset) of [\$xxxx] for its proportionate share of the Net OPEB Liability (Asset). The Net OPEB Liability (Asset) was measured as of December 31, 2021, and the Total OPEB Liability used to calculate the Net OPEB Liability (Asset) was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. The [SRLIF Employer]'s proportion of the Net OPEB Liability (Asset) was based on the [SRLIF Employer]'s share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the [SRLIF Employer]'s proportion was X%, which was an in/decrease of X% from its proportion measured as of December 31, 2020.

Enter results by subtracting item #4 from item #3 from the Supplement to Notes

Insert item #3 from Supplement to Notes

For the year ended [June 30, 2022], the [SRLIF Employer] recognized OPEB expense (revenue) of [\$xxxx].

Insert last item on Schedule of OPEB Amounts by Employer

At [June 30, 2022], the [SRLIF Employer] reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

[All items in chart below comes from Schedule of OPEB Amounts by Employer, use the Total columns]

	Deferred Outflows or Resources	Deferred Inflows of Resources
Differences between expected and actual experience	Insert Item #1	Insert item #5
Net differences between projected and actual earnings on OPEB plan investments	Insert net amount of item #2 & #6 (if net results in outflow)	Insert net amount of item #2 & #6 (if net results in inflow)
Changes in assumptions	Insert item #3	Insert itme #7
Changes in proportion and differences between employer contributions and proportional share of contributions	Insert item #4	Insert item #8
Employer contributions subsequent to the measurement date	Insert Employer Data Here	Insert Employer Data here
Total	\$xxxxx	\$xxxxx

You will need to fill in these amounts independently. ETF will not have this information to provide

[\$xxxxx reported as deferred outflows related to OPEB resulting from the SRLIF Employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability (Asset) in the year ended June 30, 2022]. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

[All items in chart below comes from Supplement to Notes]

Year ended June 20:	Deferred Outflow of Resources	Deferred Inflows of Resources
2022	Insert item #20	Insert item #27
2023	Insert item #21	Insert item #28
2024	Insert item #22	Insert item #29
2025	Insert item #23	Insert item #30
2026	Insert item #24	Insert item #31
2027	Insert item #25	Insert item #32
2028	Insert item #26	Insert item #33

Actuarial assumptions. The Total OPEB Liability in the , actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.15%
Salary Increases	
Wage Inflation:	3.00%
Seniority/Merit:	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

Long-term expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the SRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the SRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

State OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2021

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interm Credit	45.00%	1.68%
US Long Credit Bonds	Bloomberg US Long Credit	5.00%	1.82%
US Mortgages	Bloomberg US MBS	50.00%	1.94%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

Single Discount rate. A single discount rate of 2.15% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2033.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65. The current employer contribution schedule includes annual increases of 5% for nine years, as approved by the Group Insurance Board in August 2019.

Sensitivity of the [OPEB Employer]’s proportionate share of the Net OPEB Liability (Asset) to changes in the discount rate. The following presents the [OPEB Employer]’s proportionate share of the Net OPEB Liability (Asset) calculated using the discount rate of 2.15%, as well as what the [OPEB Employer]’s proportionate share of the Net OPEB Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.15%) or 1-percentage-point higher (3.15%) than the current rate:

	1% Decrease to Discount Rate (1.15%)	Current Discount Rate (2.15%)	1% Increase to Discount Rate (3.15%)
[SRLIF Employer]’s proportionate share of the Net OPEB Liability (Asset)	Insert item #16 from Supplement to Notes	Insert item #17 from Supplement to Notes	Insert item #18 from Supplement to Notes

Payables to the OPEB plan

If the SRLIF Employer reported payables to the defined benefit OPEB plan, it should disclose information required by paragraph 142 of Statement 75.

Schedules of Required Supplementary Information

SCHEDULE OF [SRLIF EMPLOYER]'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)

State Retiree Life Insurance Fund
Last 10 Fiscal Years*

[Employers will also need to include prior years amounts]

[Information below comes from RSI Schedule – Employer Proportionate Share Net OPEB Liability]

	202X
[SRLIF Employer]'s proportion of the Net OPEB Liability (Asset)	Insert Item #3
[SRLIF Employer]'s proportionate share of the Net OPEB Liability (Asset)	Insert item #5
[SRLIF Employer]'s covered-employee payroll	Insert item #6
[SRLIF Employer]'s collective Net OPEB Liability (Asset) as a percentage of the employer's covered-employee payroll	Insert item #5 / item #6
Plan Fiduciary Net Position as a percentage of the Total OPEB liability (Asset)	Insert item #8

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE OF [SRLIF EMPLOYER]'S CONTRIBUTIONS

State Retiree Life Insurance Fund
Last 10 Fiscal Years*

[Employers will also need to include prior years amounts]

[Information below comes from Supplement to Notes for Financial Statements]

	202X
Contractually required contributions	Insert item #34
Contributions in relation to the contractually required contributions	Insert Employer Data here
Contribution deficiency (excess)	Insert Row 1 less Row 2
[SRLIF Employer]'s covered-employee payroll	Insert Item #2
Contributions as a percentage of covered-employee payroll	Insert Row 1 / Row 4

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The tables will be built prospectively as the information becomes available.

**Notes to Required Supplementary Information
for the Year Ended June 30, 2022**

Changes in Benefit Terms and Assumptions related to SRLIF OPEB Liabilities (Assets)

Benefit Terms: There were no recent changes in benefit terms.

Assumptions: In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

---- End of Model Notes ----

Model Journal Entries for State Employers for OPEB Life Insurance

Employers will need to take their allocation percentage and multiply it by the numbers below in order to calculate the values for the journal entries below:

<u>Journal Entry #</u>		<u>Debit</u>	<u>Credit</u>
1	OPEB Expense	7,415,642	
	Deferred Outflows of Resources - Assumption Changes		6,981,242
	Deferred Outflows of Resources - Expected vs. Actual Investment Income		1,184,509
	Deferred Inflows of Resources - Expected vs. Actual Experience	750,109	
	<i>To record amortization of Calendar Year 2017 Deferred Inflows and Outflows of Resources</i>		
2	OPEB Expense		15,279,203
	Deferred Inflow of Resources - Assumption Changes	13,948,686	
	Deferred Outflows of Resources - Expected vs. Actual Investment Income		1,247,140
	Deferred Inflows of Resources - Expected vs. Actual Experience	2,577,657	
	<i>To record amortization of Calendar Year 2018 Deferred Inflows and Outflows of Resources</i>		
3	OPEB Expense	33,391,753	
	Deferred Outflows of Resources - Assumption Changes		33,038,400
	Deferred Outflows of Resources - Expected vs. Actual Investment Income		1,261,223
	Deferred Inflows of Resources - Expected vs. Actual Experience	907,869	
	<i>To record amortization of Calendar Year 2019 Deferred Inflows and Outflows of Resources</i>		
4	OPEB Expense	19,836,600	
	Deferred Outflows of Resources - Assumption Changes		20,486,158
	Deferred Outflows of Resources - Expected vs. Actual Investment Income		890,214
	Deferred Inflows of Resources - Expected vs. Actual Experience	1,539,772	
	<i>To record amortization of Calendar Year 2020 Deferred Inflows and Outflows of Resources</i>		
5	OPEB Expense	64,399,444	
	Deferred Outflow of Resources - Assumption Changes	11,400,273	
	Deferred Outflows of Resources - Expected vs. Actual Investment Income	3,919,390	
	Deferred Inflows of Resources - Expected vs. Actual Experience	2,719,361	
	Employer Contributions		1,669,854
	Net OPEB Asset (Liability)		80,768,614
	<i>To record the changes in Net OPEB Asset for Calendar Year 2021</i>		
6	OPEB Expense (Benefit)	\$ —	\$ —
	Deferred Outflows /(Inflows) of Resources - Change in Proportional Share & Difference in Actual Contributions [1]	\$ —	\$ —
	<i>To record the changes in OPEB Expense for Calendar Year 2021</i>		

NOTES:

[1] - The employers net amortization of deferred amounts from changes in proportional share & difference in actual contributions can be found at the bottom of the "Schedule Of OPEB Amounts by Employer" report.

Employers who have made subsequent contributions after the measurement date will also need to record the additional contributions.

Reconciliation of Net OPEB Liability	
Beginning NOL / (NOA)	(866,986,613.00)
Changes related to OPEB expenses & deferred in/outflow of resources	(80,768,614.00)
Ending NOL / (NOA)	<u>(947,755,227.00)</u>