State of Wisconsin

Notice of **Material Information** #2008-18
Dated August 15, 2008

Information Cover Sheet

This page is a cover sheet to the attached document that is being submitted to and filed with each of the Nationally Recognized Municipal Securities Information Repositories. At this time, no State Information Depository has been established for the State of Wisconsin. This page is not intended to be part of the filing; rather, it is intended to only assist with the filing and classification of the attached submittal.

Issuer: State of Wisconsin

CUSIP Numbers:

977053 Prefix (All)	977055 Prefix (All)
977056 Prefix (All)	97705L Prefix (All)
977087 Prefix (All)	977092 Prefix (All)
977100 Prefix (All)	977109 Prefix (All)
977123 Prefix (All)	

This filing relates to all securities issued by the State of Wisconsin that contain these six-digit base CUSIP numbers.

Type of Filing: Electronic. The following submission is also available on the State of Wisconsin Capital Finance web site at:

www.doa.wi.gov/capitalfinance

Type of Information: Other Secondary Market Information
Other Post Employment Benefits

State of Wisconsin Retiree Health Program
January 1, 2007 - Actuarial Valuation

The undersigned represents that he is the Capital Finance Director, State of Wisconsin Capital Finance Office (which is the office of the State of Wisconsin responsible for providing annual reports and giving notice of listed material events when notice is required by the State's Master Agreement on Continuing Disclosure) and is authorized to distribute this information publicly.

Frank R. Hoadley, Capital Finance Director
State of Wisconsin
Wisconsin Department of Administration
Capital Finance Office
101 East Wilson Street, FLR 10
Madison, WI 53703
Phone: (608) 266-2305
Fax: (608) 266-7645
E-mail: DOACapitalFinanceOffice@wisconsin.gov
Website: www.doa.state.wi.us/capitalfinance

State of Wisconsin
Notice of **Material Information** #2008-18
Dated August 15, 2008

The State of Wisconsin is voluntarily making this filing, which provides information that may be material to financial evaluation of one or more obligations of the State of Wisconsin. Neither the preparation nor submission of this document constitutes a Listed Event pursuant to the State's Master Agreement on Continuing Disclosure. This page is part of the official filing and is intended to provide additional comment or information on the attached material.

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Type of Information: Other Secondary Market Information
Other Post Employment Benefits (OPEB)

State of Wisconsin Retiree Health Program
January 1, 2007 - Actuarial Valuation

Additional Comment: The attached actuarial valuation of the State of Wisconsin Retiree Health Program was prepared for the Wisconsin Department of Employee Trust Funds by Deloitte Consulting LLP. The actuarial valuation establishes, as of January 1, 2007, a total unfunded OPEB liability of $1.473 billion, consisting of a $935 million implicit rate subsidy, and a $538 million Medicare Part D subsidy.

State of Wisconsin Retiree Health Program

January 1, 2007
Actuarial Valuation

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April 2008

ACTUARIAL VALUATION CERTIFICATION

This report presents results of the actuarial valuation of the **STATE OF WISCONSIN RETIREE HEALTH PROGRAM** as of January 1, 2007. To the best of our knowledge, this report is complete and accurate and presents fairly the actuarial position of the Plan in accordance with our understanding of the requirements of Statement No. 45 of the Government Accounting Standards Board ("GASB 45") and generally accepted actuarial principles as prescribed by the American Academy of Actuaries.

In preparing this report, we have relied upon information regarding plan provisions and plan participants provided by the **STATE OF WISCONSIN DEPARTMENT OF EMPLOYEE TRUST FUNDS**. We reviewed this information for reasonableness and assumed that it was accurate and complete but we have not audited this information. Estimates were made where data was missing or unavailable. The assumptions used in this report were selected by the **DEPARTMENT OF EMPLOYEE TRUST FUNDS.**

In our opinion, all costs, liabilities, rates of interest, and other factors under the Plan have been determined on the basis of actuarial assumptions and methods which are each reasonable (taking into account the experience of the Plan and future expectations) and which, when combined, represent a reasonable estimate of anticipated experience under the Plan. As noted above, the calculations we present in this report were prepared in accordance with our understanding of the requirements of GASB 45. Calculations prepared for purposes other than governmental employer accounting may be significantly different.

Any tax advice included in this written communication was not intended or written to be used, and it cannot be used by the taxpayer, for the purpose of avoiding any penalties that may be imposed by any governmental taxing authority or agency.

Deloitte Consulting LLP

Michael de Leon, EA, FCA, MAAA*	**Timothy D. Gustafson, FSA, MAAA***
Senior Manager	**Principal**

*Collectively, meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

State of Wisconsin
Retiree Health Program
January 1, 2007
Actuarial Valuation

Section I - Background and Comments

The Governmental Accounting Standards Board released the Statements of Governmental Accounting Standards No. 43 ("GASB 43") and No. 45 ("GASB 45") in 2004. These statements require trusts (GASB 43) and employers (GASB 45) to accrue the cost of Postretirement Welfare Plans while employees who will receive these benefits are providing services to the employer. The information related to GASB 45 will be reported in the financial statements of the Department of Employee Trust Funds ("ETF"). The State of Wisconsin is a Phase 1 entity for implementation of GASB 45; therefore, ETF will be required to adopt GASB 45 for the financial period beginning January 1, 2007. The purpose of this report is to provide the information required under GASB 45 to be disclosed on ETF's financial statements for the financial periods ending December 31, 2007 and December 31, 2008.

Plan Overview

The State of Wisconsin provides access to postretirement medical benefits to qualifying retirees in the Wisconsin Retirement System ("WRS"). Single and family coverage is available, and coverage for the retiree and their spouse may continue for life. Retirees must pay 100% of the premium rate. Non-Medicare eligible retirees pay the same premium rate as active members. Any available sick leave conversion credit may be used to pay a retiree's premiums. Once the sick leave conversion credit is exhausted, the retiree pays 100% of the premium rate. The value of the sick leave benefit is not included in this valuation (it is determined under GASB 16); however, sick leave eligibility is used to determine assumed participation rates.

Implicit Rate Subsidy

GASB 43 and 45 require that trusts and employers recognize the Implicit Rate Subsidy that exists in most postretirement medical plans provided by governmental employers. The Implicit Rate Subsidy refers to the concept that retirees under the age of 65 (i.e. not eligible for Medicare) generate higher claims on average than active participants.

When a medical plan is self insured or fully insured through a third-party administrator, a premium is usually determined by analyzing the claims of the entire population in that plan and adjusting for administrative costs. The resulting premium is called a blended premium because it blends the claims of active and retired participants. Since individuals generally have more and higher claims as they get older, the blended premium paid for retirees is lower than their expected claims. Another way of considering this is that if the retirees were removed from the plan, the premium for the active group would be lower; therefore, the retirees' premiums are being subsidized by the active group. Since the employer generally pays a large portion or all of the premiums for the active group, this subsidy creates a liability for the employer. The difference between the expected claims for the retiree group and the blended premium is called the Implicit Rate Subsidy.

Medical Costs for Medicare-Eligible Retirees

Except as noted in the next section, medical coverage for retirees over the age of 65 was not considered in this valuation. Medicare eligible retirees are charged a different premium than non-Medicare eligible retirees. While these retirees are in the same risk pool as all other retirees, their premiums are determined such that they will fully cover the estimated cost of a Medicare eligible population. Since these premiums are rated only for Medicare eligible retirees and the retirees pay 100% of the premium, no implicit rate subsidy exists for this group.

Medicare Part D Subsidy

GASB Technical Bulletin No. 2006-1 states that expected future Medicare Part D subsidies payable from the federal government should not be reflected in the determination of OPEB liabilities. Currently, the State's Retiree Health Program's premiums for Medicare-eligible retirees are reduced by the anticipated Medicare Part D subsidy reimbursement payments. As a result, a liability is valued for all current and future Medicare-eligible retirees equal to the projected Medicare Part D premium subsidies.

Assumptions

Where applicable, the assumptions used in this actuarial valuation were based on the assumptions used for the December 31, 2006 actuarial valuation of the Wisconsin Retirement System ("WRS"). Some additional or differing assumptions were required to handle issues unique to the Retiree Health Program. The actuarial methods and assumptions are described in Section VI of this report.

The ETF elected to use a discount rate of 4.00%. Since the State's retiree health program is not being funded by assets in a separate trust, GASB 45 requires that the discount rate be based on the estimated long-term investment yield on the general assets of the State. The general assets refer to any investments held by the State that are not earmarked for a specific purpose (i.e. building funds, agency funds, etc.).

Actuarial Value of Assets

There are no assets held in an irrevocable trust for paying these retiree health benefits.

Section II – Summary of Actuarial Valuation Results as of January 1, 2007

Presented below are the January 1, 2007 actuarial valuation results for the State of Wisconsin Retiree Health Program. Dollar amounts are in thousands.

	WHEDA*	Other State Members**
a. Actuarial Accrued Liability		
- Actives		
- Implicit Rate Subsidy	$ 2,392	$ 778,842
- Medicare Part D Subsidy	940	349,961
- Retirees and Beneficiaries		
- Implicit Rate Subsidy	256	156,278
- Medicare Part D Subsidy	237	187,693
- Total	$ 3,825	$ 1,472,774
b. Actuarial Value of Assets	$ 0	$ 0
c. Unfunded Actuarial Accrued Liability (UAAL), (a) – (b)	$ 3,825	$ 1,472,774
d. Funded ratio (b / a)	0.0%	0.0%
e. UAAL as a percentage of covered payroll (c / h.2)	42.9%	51.8%
f. Normal Cost		
- Implicit Rate Subsidy	$ 198	$ 66,974
- Medicare Part D Subsidy	83	28,253
- Total	$ 281	$ 95,227
g. Discount rate	4.00%	4.00%

* *Wisconsin Housing and Economic Development Authority.*

** *"Other State Members" does not include WHEDA, UW Hospital and Clinics Board and UW Hospital and Clinics Authority members.*

State of Wisconsin
Retiree Health Program
January 1, 2007
Actuarial Valuation

Section II – Summary of Actuarial Valuation Results as of January 1, 2007 (continued)

Presented below are the January 1, 2007 actuarial valuation results for the State of Wisconsin Retiree Health Program. Dollar amounts are in thousands.

	WHEDA	Other State Members
h. Census data used		
1. Count of Covered Participants		
- Actives	157	55,117
- Retirees and Beneficiaries		
Non-Medicare	11	4,959
Medicare	17	16,144
- Total	185	76,220
2. Covered payroll*	$ 8,920	$ 2,842,917
3. Benefit payments		
- Expected 2007		
Implicit Rate Subsidy	$ 74	$ 33,130
Medicare Part D Subsidy	13	11,203
Total	$ 87	$ 44,333
- Expected 2008		
Implicit Rate Subsidy	$ 81	$ 36,945
Medicare Part D Subsidy	14	11,850
Total	$ 95	$ 48,795

**"Covered Payroll" was based on the "Current Year Earnings" of the active WRS members as of December 31, 2006, increased by one year's assumed payroll growth of 4.10%.*

Section III – Determination of Annual Required Contribution

GASB 45 requires the disclosure of the annual OPEB cost. A component of the annual OPEB cost is the Annual Required Contribution. The following is a brief explanation of the components of the Annual Required Contribution:

- **Normal Cost:** The portion of the total present value of benefits attributed to employee service during the current fiscal year.

- **Amortization Payments:** closed, 30-year level percent of pay amortization of the initial unfunded actuarial accrued liability, and closed 15-year level percent of pay amortizations of any future gains and losses. The total amortization of the UAAL, determined by the preceding method, will not be less than the amount necessary to create an equivalent single amortization period of 30 years (consistent with GASB 45 requirements for disclosure).

Presented below is an illustration of the Annual Required Contribution for the fiscal years ending December 31, 2007 and December 31, 2008. Dollar amounts are in thousands.

**Annual Required Contribution
for Fiscal Year Ending
December 31, 2007**

		WHEDA	Other State Members
a.	Normal Cost	$ 281	$ 95,227
b.	Amortization Payment	126	48,411
c.	Interest to end of year*	15	4,859
d.	Annual Required Contribution (a) + (b) + (c)	$ 422	$ 148,497

**Annual Required Contribution
for Fiscal Year Ending
December 31, 2008**

		WHEDA	Other State Members
a.	Normal Cost	$ 293	$ 99,131
b.	Amortization Payments	153	57,294
c.	Interest to end of year*	16	5,281
d.	Annual Required Contribution (a) + (b) + (c)	$ 462	$ 161,706

**Includes interest on expected benefit payments made throughout the year.*

Section III – Determination of Annual Required Contribution (continued)

Schedule of Amortization Payments – 2007
(In Thousands)

WHEDA

	Date Established	Initial Amount	Initial Years	Remaining Years	1/1/2007 Balance	Amortization
Initial UAAL	1/1/2007	$ 3,825	30 years	30 years	$ 3,825	$ 126

All Other State Members

	Date Established	Initial Amount	Initial Years	Remaining Years	1/1/2007 Balance	Amortization
Initial UAAL	1/1/2007	$1,472,774	30 years	30 years	$1,472,774	$ 48,411

Section III – Determination of Annual Required Contribution (continued)

Schedule of Amortization Payments – 2008
(In Thousands)

WHEDA

	Date Established	Initial Amount	Initial Years	Remaining Years	1/1/2008 Balance	Amortization
Initial UAAL	1/1/2007	$ 3,825	30 years	29 years	$ 3,847	$ 131
Contribution Deficiency	1/1/2008	335	15 years	15 years	335	22
Total					$ 4,182	$ 153

All Other State Members

	Date Established	Initial Amount	Initial Years	Remaining Years	1/1/2008 Balance	Amortization
Initial UAAL	1/1/2007	$1,472,774	30 years	29 years	$1,481,338	$ 50,396
Contribution Deficiency	1/1/2008	104,164	15 years	15 years	104,164	6,898
Total					$1,585,502	$ 57,294

Section IV – Disclosure Information Pursuant to Statement No. 45 of the Governmental Accounting Standards Board

Governmental Accounting Standards Board ("GASB") Statement No. 45 requires disclosure of notes to the financial statements and supplementary information that includes information shown in three schedules, which are laid out on the following pages: the Schedule of Funding Progress (Table A), the Schedule of Employer Contributions (Table B), and the Development of NOO (Net OPEB Obligation) and Annual OPEB Cost (Table C).

Table A
GASB No. 45 Schedule of Funding Progress
(In Thousands)

WHEDA

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
January 1, 2007	$ 0	$ 3,825	$ 3,825	0.0%	$ 8,920	42.9%

Other State Members

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
January 1, 2007	$ 0	$ 1,472,774	$ 1,472,774	0.0%	$2,842,917	51.8%

Section IV – Disclosure Information Pursuant to Statement No. 45 of the Governmental Accounting Standards Board (continued)

Table B
GASB No. 45 Schedule of Employer Contributions
(In Thousands)

WHEDA

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2007	$ 422	$ 87	20.6%	$ 335
December 31, 2008	452	95	21.0%	692

Other State Members

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2007	$ 148,497	$ 44,333	29.9%	$ 104,164
December 31, 2008	158,699	48,795	30.8%	214,068

Section IV – Disclosure Information Pursuant to Statement No. 45 of the Governmental Accounting Standards Board (continued)

Table C
Development of NOO and Annual OPEB Cost Pursuant to GASB No. 45
(In Thousands)

WHEDA

Year Ended	(a) Annual Required Contribution (ARC)	(b) Employer Contribution	(c) Interest on NOO	(d) ARC Adjustment w/Interest (h / e x 1.04)	(e) Amortization Factor	(f) Annual OPEB Cost (a + c - d)	(g) Change in NOO (f - b)	(h) NOO Balance LY + (g)
December 31, 2006								$ 0
December 31, 2007	$ 422	$ 87	$ 0	$ 0	N/A	$ 422	$ 335	335
December 31, 2008	462	95	13	23	15.1014*	452	357	692

Other State Members

Year Ended	(a) Annual Required Contribution (ARC)	(b) Employer Contribution	(c) Interest on NOO	(d) ARC Adjustment w/Interest (h / e x 1.04)	(e) Amortization Factor	(f) Annual OPEB Cost (a + c - d)	(g) Change in NOO (f - b)	(h) NOO Balance LY + (g)
December 31, 2006								$ 0
December 31, 2007	$ 148,497	$ 44,333	$ 0	$ 0	N/A	$ 148,497	$ 104,164	104,164
December 31, 2008	161,706	48,795	4,167	7,174	15.1014*	158,699	109,904	214,068

**15- year amortization using 4.0% interest and 4.10% payroll growth.*

Section V – 10-Year Projection of Employer Benefit Payments

Presented below are the projected employer benefit payments for the next ten years starting in 2007 based on the current plan design. These projected benefit payments are based on the actuarial assumptions shown in Section VI. If actual experience differs from that expected by the actuarial assumptions, the actual employer benefit payments will vary from those presented below. Dollar amounts are in thousands.

WHEDA

Year	Medical Implicit Subsidy	Part D Premium Subsidy	Total
2007	$ 74	$ 13	$ 87
2008	81	14	95
2009	89	17	106
2010	111	19	130
2011	110	22	132
2012	106	25	131
2013	109	27	136
2014	124	30	154
2015	148	32	180
2016	177	35	212

Other State Members

Year	Medical Implicit Subsidy	Part D Premium Subsidy	Total
2007	$ 33,130	$ 11,203	$ 44,333
2008	36,945	11,850	48,795
2009	42,927	12,843	55,770
2010	49,901	13,975	63,876
2011	58,666	15,127	73,793
2012	64,167	16,760	80,927
2013	69,843	18,539	88,382
2014	75,366	20,500	95,866
2015	81,103	22,682	103,785
2016	85,176	25,287	110,463

Section VI - Summary of Actuarial Methods and Assumptions

Actuarial Cost Method

The Actuarial Cost Method used in this valuation to determine the Actuarial Accrued Liability and the Annual Required Contribution (ARC) was the Entry Age Normal method.

This method is one of the family of projected benefit cost methods. An estimate of the projected benefit payable at retirement is initially required to determine costs and liabilities under this method.

The normal cost is the sum of the annual contributions required for each participant from his entry date to his assumed retirement date so that the accumulated contribution at retirement is equal to the liability for the projected benefit. The projected benefits are based on estimates of future years of service. The normal cost is developed as a level dollar amount.

The present value of future benefits is equal to the value of the projected benefit payable at retirement discounted back to the participant's current age. Discounts include such items as interest and mortality. The present value of future normal cost contributions is equal to the discounted value of the normal costs payable from the member's current age to retirement age.

The difference between the present value of future benefits and the present value of future normal cost contributions represents the actuarial liability at the participant's current age.

This actuarial cost method is one of the GASB 45 approved methods.

The Actuarial Accrued Liability for participants currently eligible for retirement and participants currently receiving payments is calculated as the actuarial present value of future benefits expected to be paid. No normal cost is payable for these participants.

Amortization of Unfunded Accrued Actuarial Liability

The Unfunded Accrued Actuarial Liability (UAAL) is the excess of the Accrued Actuarial Liability over the Actuarial Value of Assets. This excess will be amortized in the following ways:

- Closed, 30-year level percent of pay amortization periods for the initial UAAL; and
- Closed, 15-year level percent of pay amortization periods for future gains and losses.

The total amortization of the UAAL, determined by the preceding method, will not be less than the amount necessary to create an equivalent single amortization period of 30 years (consistent with GASB 45 requirements for disclosure).

Section VI - Summary of Actuarial Methods and Assumptions (continued)

Valuation Date: January 1, 2007

Census Date: January 1, 2007

Discount Rate: 4.00%

Pre-Retirement Mortality: This assumption applies to death while in service. Rates follow the Wisconsin Projected Experience Table – 2005 for death-in-service for males and females. Sample rates of mortality are as follows:

Age	Males	Females
25	0.0337%	0.0085%
35	0.0434	0.0203
45	0.0805	0.0446
55	0.2317	0.1281

Post-Retirement Mortality: This assumption applies to retirees and beneficiaries. Rates follow the Wisconsin Projected Experience Table – 2005 for healthy retired males and females. Sample rates of mortality are as follows:

Age	Males	Females
45	0.1610%	0.0891%
55	0.4634	0.2561
65	1.0355	0.6650
75	3.3399	1.9501
85	10.2681	6.5117

Section VI - Summary of Actuarial Methods and Assumptions (continued)

Withdrawal: Percent of employees expected to terminate each year within the first five years of employment are as follows:

	General		University		Public School		Protective		Executive and
Service	Male	Female	Male	Female	Male	Female	with SS	w/out SS	Elected
0	21.0%	20.0%	20.0%	20.0%	14.0%	11.0%	12.0%	5.0%	16.0%
1	13.0	14.0	16.0	17.0	11.0	9.0	6.5	3.0	14.0
2	9.5	10.0	13.0	14.0	7.0	7.0	4.5	2.0	12.0
3	7.5	8.0	11.0	12.0	5.2	6.0	4.1	1.5	10.0
4	5.5	7.0	9.0	10.0	4.0	5.0	3.2	1.4	9.5

Percent of employees expected to terminate each year after the first five years of employment are as follows:

	General		University		Public School		Protective		Executive and
Age	Male	Female	Male	Female	Male	Female	with SS	w/out SS	Elected
25	3.0%	4.0%	3.5%	5.5%	2.0%	2.5%	2.0%	0.9%	7.0%
30	3.0	3.7	3.5	5.5	1.8	2.2	2.0	0.8	7.0
35	2.6	3.2	3.5	5.5	1.4	1.8	1.8	0.8	7.0
40	2.0	2.7	3.4	4.7	1.2	1.4	1.4	0.8	5.8
45	1.6	2.2	2.8	3.4	1.1	1.2	1.2	0.7	4.7
50	1.3	1.9	1.9	2.1	0.9	1.0	1.0	0.7	4.2
55	1.3	1.8	1.5	1.6	0.9	1.0	1.0	0.7	4.0
60	1.3	1.8	1.5	1.6	0.9	1.0	1.0	0.7	4.0

Payroll Growth: 4.10% annually

Section VI - Summary of Actuarial Methods and Assumptions (continued)

Disability: Percent of employees expected to become disabled each year are as follows.

	General		University		Public School		Protective		Executive and
Age	Male	Female	Male	Female	Male	Female	with SS	w/out SS	Elected
20	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.02%	0.05%	0.01%
25	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.05	0.01
30	0.01	0.04	0.01	0.01	0.01	0.01	0.02	0.05	0.01
35	0.02	0.05	0.01	0.04	0.01	0.01	0.03	0.06	0.01
40	0.05	0.07	0.01	0.06	0.02	0.02	0.05	0.08	0.01
45	0.10	0.10	0.03	0.05	0.05	0.08	0.07	0.16	0.02
50	0.23	0.15	0.05	0.10	0.14	0.16	0.11	0.92	0.04
55	0.43	0.28	0.15	0.15	0.26	0.23	1.73	0.68	0.15
60	0.77	0.39	0.20	0.23	0.43	0.34	2.92	0.20	0.19

All disabled members are assumed to qualify for Medicare.

Retirement: Percent of employees expected to retire each year are as follows.

Eligible for WRS Normal Retirement benefit:

	General		University		Public School		Protective		Executive and
Age	Male	Female	Male	Female	Male	Female	with SS	w/out SS	Elected
50	0%	0%	0%	0%	0%	0%	8%	3%	0%
51	0	0	0	0	0	0	8	3	0
52	0	0	0	0	0	0	8	7	0
53	0	0	0	0	0	0	30	25	0
54	0	0	0	0	0	0	20	30	0
55	0	0	0	0	0	0	20	30	0
56	0	0	0	0	0	0	18	30	0
57	25	20	20	15	40	30	18	35	15
58	25	20	15	15	35	30	18	30	15
59	25	20	15	15	30	30	18	20	15
60	25	20	15	15	30	30	18	20	15
61	20	20	17	25	30	35	18	20	15
62	35	30	17	25	40	40	20	20	10
63	35	30	17	20	40	35	30	20	10
64	25	25	17	20	25	25	20	20	10
65	25	25	20	20	25	30	30	40	10
66	25	25	20	20	25	25	25	40	20
67	10	15	20	20	15	25	25	40	20
68	10	10	20	20	15	20	25	40	20
69	10	10	20	20	20	20	25	40	20
70	10	10	20	20	20	20	100	100	10
71	10	10	20	20	20	20	100	100	10
72	10	10	20	20	20	20	100	100	10
73	10	10	20	20	20	20	100	100	10
74	10	10	20	20	20	20	100	100	10
75	100	100	100	100	100	100	100	100	100

Section VI - Summary of Actuarial Methods and Assumptions (continued)

Retirement: Eligible for WRS Early Retirement benefit:

	General		University		Public School		Executive and
Age	Male	Female	Male	Female	Male	Female	Elected
55	8%	5%	5%	6%	15%	11%	6%
56	8	5	5	6	15	11	6
57	4	4	3	5	15	11	4
58	5	5	4	6	15	12	4
59	5	5	4	8	10	12	4
60	8	8	5	10	15	15	6
61	7	8	8	8	15	15	6
62	18	15	10	15	25	25	
63	18	15	9	15	25	20	
64	15	15	8	15	15	15	

Active Members Included: All current WRS active State members were included. However, this valuation report does not include UW Hospital & Clinics Board or UW Hospital & Clinics Authority members.

Future Service: All members earn a full year of service in each calendar year.

Marital Status: Based on actual marital status of retirees and active employees.

Post-retirement Coverage Election: Participation was based on the reported experience of the Unused Sick Leave Program. 100% of members who are assumed to have Unused Sick Leave available to pay premiums (retirement with WRS immediate benefit or 20 years of service) were assumed to elect coverage for a period of ten years. After ten years, 38% are assumed to continue coverage for their lifetime. No other members were assumed to elect coverage.

Retirement Ages of Current Retirees: Current retirees are assumed to have retired at the earlier of age 60 or their age at the valuation date.

Post-retirement Plan Election: Members who are assumed to elect post-retirement coverage are also assumed to remain in the same plan that they had before retirement.

Spouse Coverage: Based on the reported “Single” or “Family” coverage status of retirees and active employees. For example, active members who currently have “Family” coverage are assumed to have a covered spouse in the postretirement plan.

Section VI - Summary of Actuarial Methods and Assumptions (continued)

Age of Spouse: Based on actual age. If actual age is unavailable, males are assumed to be three years older than females.

Dependent Coverage: No dependent children are assumed to be covered at retirement.

Annual Medical Trend Assumptions: Trend rates are used to project current medical claims into the future. The appropriateness of these trend rates can be determined by analyzing the implied projected portion of the per capita gross domestic product (GDP) allocated for medical care services. Medical care currently accounts for approximately 16.3% of GDP. A continuation of current spreads between medical inflation and general inflation will eventually result in 100% of GDP being allocated for medical care services. Since this is unrealistic, a reasonable portion of GDP that ultimately will be allocated to medical care must be estimated, and then medical inflation (trend) rates must be determined in such a way to obtain this ultimate portion of GDP. The derived medical trend rates illustrated below follow this framework. They are based on a general GDP growth assumption of 5.0% and capping the medical component of GDP at approximately 20% of GDP.

These trend rates were applied to the assumed medical claims costs, Medicare Part D subsidies, and premiums:

Year	Trend
2007*	6.20%
2008	8.55
2009	7.97
2010	7.38
2011	6.94
2012	6.51
2013	6.17
2014	5.98
2015	5.78
2016	5.69
2017	5.63
2018	5.60
2019	5.55
2020 – 2026	5.50
2027 and later	5.00

*2007 trend rate is the average actual trend calculated using 2008 premiums

Section VI - Summary of Actuarial Methods and Assumptions (continued)

Medicare Part D Subsidies: The "cost" valued for Medicare-eligible retirees is the annual premium reduction to members to adjust for Medicare Part D. The annual amounts in 2007 are $466.80 for "Medicare + $1,000,000" members and $454.32 for all other members. These costs were not age-adjusted.

Medical Claim Costs: State of Wisconsin currently offers several plans to members. Starting claims costs were developed based on 2007 premium information provided by the ETF. The premiums for each plan were blended based on the percentage of participants in each plan as of 1/1/2007 and the coverage elected by each participant. This method resulted in an average system-wide annual claims cost (including administrative costs, stop-loss insurance, and profit margin, as applicable) per participant of $5,632.33.

Annual costs by age were developed by applying appropriate age and sex factors to the average annual claims cost per participant. The average annual cost per participant reflects the average age of pre-65 employees, retirees, spouses, and children currently participating in the plans.

Starting Annual Medical Claims Costs for Year Ending December 31, 2007

Age	Claims Cost
48	$ 6,096
49	6,410
50	6,741
51	7,089
52	7,455
53	7,839
54	8,178
55	8,532
56	8,901
57	9,286
58	9,688
59	10,137
60	10,607
61	11,099
62	11,614
63	12,102
64	12,610

Section VII - Summary of Substantive Plan Provisions

Participants Included: State active employees covered under State of Wisconsin' health insurance program, and retirees and their survivors who are currently receiving retiree health program benefits.

Benefit Eligibility: Members must satisfy one of the following:

- receiving a WRS annuity or lump sum, or
- terminated employment with 20 years of service.

Member Benefits: Single or family coverage continues after retirement for life as long as the member pays the required premium. Spouse coverage continues after the retiree's death.

Contributions: Members pay 100% of the premium. Pre-Medicare retired members pay the same premium as active employees.

Unused Sick Leave: Retiring members who are eligible for an immediate WRS annuity or lump sum and those who have 20 years of service are eligible for unused sick leave credits. Those credits are available for the sole purpose of paying retiree health premiums. When the unused sick leave credits have been exhausted, the retired member must pay the premiums from their WRS annuity or pay them out-of-pocket. The value of the sick leave benefit is not reported under GASB 45. It is only used in this valuation to determine assumed participation rates.

WRS Early Retirement Eligibility: Age 55. Age 50 for Protective occupation participants.

WRS Normal Retirement Eligibility:

General & Teachers		Protective		Executive & Elected	
Age	Service	Age	Service	Age	Service
65	Any	54	Any	62	Any
57	30	53	25	57	30

Medical Benefit Provisions: Medical benefit provisions were based on the member handbooks "It's Your Choice 2007 - Annuitants/Continuants" and "It's Your Choice 2008 - Annuitants/Continuants".

Section VII - Summary of Substantive Plan Provisions (continued)

	HMOs and State Maintenance Plan	Standard Plan
Healthcare Benefits:		
Policy Copayments:	None	None
Policy Deductible:	None	Single: $100 in-network $500 out-of-network Family: $200 in-network $1,000 out-of-network
Policy Coinsurance:	100%	100% in-network 80% out-of-network
Benefit Maximum: (Includes Prescription Drugs)	$2,000,000 lifetime	$2,000 per year per individual, $4,000 per year per family, $2,000,000 lifetime
Emergency Room:	$60 per visit	100%
Medical Supplies:	80%. Maximum $500 annual out-of-pocket.	100% in-network 80% out-of-network
Mental Health/ Alcohol/ Drug Abuse Services:	Inpatient: Lesser of 30 days or $6,300 per year Outpatient: $1,800 maximum	Inpatient: Lesser of 30/120 days or $6,300 per year Outpatient: 90% of first $2,000 per year
Prescription Drugs:		
Formulary Generic and Low Cost Brand Name (Level 1):	$5.00	$5.00
Formulary Brand Name and High Cost Generic (Level 2):	$15.00	$15.00
Covered Non-Formulary (Level 3):	$35.00	$35.00
Out-of-Pocket Maximum (only applies to Level 1, Level 2, and Insulin):	Single: $350 Family: $700	Single: $1,000 Family: $2,000

Section VIII - Summary of Participant Demographic Information

The participant data used in the valuation was provided by the ETF as of January 1, 2007. While the participant data was checked for reasonableness, the data was not audited, and the valuation results presented in this report are dependent upon the accuracy of the participant data provided. The table below presents a summary of the basic participant information for the active and inactive participants covered under the terms of the Plan.

		WHEDA	Other State Members
a.	Active participants		
	Count	157	55,117
	Average Age	45.2	46.5
	Average Service	9.3	9.9
b.	Retirees and Beneficiaries		
	Count		
	Non-Medicare	11	4,959
	Medicare	17	16,144
	Total	28	21,103
	Average Age		
	Non-Medicare	61.5	60.3
	Medicare	68.2	76.0
	Total	65.6	72.3

Distribution of inactive participants by age

Age Group	WHEDA	Other State Members
Under 50	0	99
50-54	0	218
55-59	2	1,614
60-64	9	3,439
65-69	12	3,800
70-74	3	3,346
75-79	2	3,117
80-84	0	2,696
85-89	0	1,736
90+	0	1,038
Total	**28**	**21,103**

Section VIII - Summary of Participant Demographic Information (continued)

Distribution by Age, Service and Average– Actives

WHEDA

Age Group	0-4 Years	5-9 Years	10-14 Years	15-19 Years	20-24 Years	25 -29 Years	30 Years +	All Years
0-19	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0
25-29	8	0	0	0	0	0	0	8
30-34	9	3	1	0	0	0	0	13
35-39	8	9	0	1	0	0	0	18
40-44	12	13	7	11	0	0	0	43
45-49	6	5	4	7	3	1	0	26
50-54	5	4	4	3	2	1	0	19
55-59	6	2	2	6	3	0	0	19
60-64	0	0	1	6	1	0	0	8
65 & Up	1	1	0	1	0	0	0	3
Total	**55**	**37**	**19**	**35**	**9**	**2**	**0**	**157**

Other State Employees

Age Group	0-4 Years	5-9 Years	10-14 Years	15-19 Years	20-24 Years	25 -29 Years	30 Years +	All Years
0-19	4	0	0	0	0	0	0	4
20-24	818	19	0	0	0	0	0	837
25-29	2,722	637	3	0	0	0	0	3,362
30-34	2,611	1,888	195	3	0	0	0	4,697
35-39	2,582	2,370	1100	172	4	0	0	6,228
40-44	2,182	2,302	1441	821	121	2	0	6,869
45-49	2,183	2,483	1785	1585	522	224	9	8,791
50-54	1,856	2,159	2189	2156	683	577	245	9,865
55-59	1,344	1,759	2067	2094	640	510	578	8,992
60-64	521	832	1137	955	273	236	283	4,237
65 & Up	115	222	422	262	55	53	106	1,235
Total	**16,938**	**14,671**	**10,339**	**8,048**	**2,298**	**1,602**	**1,221**	**55,117**