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CORRESPONDENCE MEMORANDUM

DATE: March 9, 2004

TO: Employee Trust Funds Board
Teachers Retirement Board
Wisconsin Retirement Board

FROM: Peg Narloch
Shelly Schueller

SUBJECT: Year 2003 Benefit Annuity Statistics

Attached for your review and comment are the Year 2003 Wisconsin Retirement System (WRS) annuity statistics. The report provides information on the retirement benefit annuity and disability benefit annuity applications approved by the Boards throughout Year 2003 and has two parts:

1. **Retirement annuity summary data and graphs.** This section contains the total number retirement benefit estimates requested and new retirement annuity benefits started in 2003, along with a breakdown by option type selected and information on whether the formula benefit or the money purchase benefit yielded a higher annuity. It contains the total number of benefits at the maximum formula benefit and a breakdown of annuities by fund type (fixed or variable), employer, and gender. It also includes data on retirement annuity terminations by type of termination and the gross annuity payments paid out by ETF in 2003. Finally, it has data on beneficiary annuities started in 2003.

2003 Retirement Annuity Highlights

- Retirement benefit estimate requests were completed for 13,460 participants in 2003. This is approximately 15 percent fewer retirement benefit estimates than the Department completed in 2002 and reflects the loss of staff at the end of the 1999 Act 11 project.
- The Department calculated 13,800 final retirement annuities for participants, a 12 percent increase over the 12,175 that were started in 2002. This increase can be attributed to the Department "catching up" with the backlog of annuities needed to be finalized as a result of the increase in retirements resulting from 1999 Act 11.
- As in 2002, the two most popular retirement benefit options were "Life with 180 Payments Guaranteed" and "100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed."
- Of WRS annuities starting in 2003, 72 percent were higher as "money purchase" or defined contribution annuities. Only 28 percent of annuities were higher under the "formula" or defined benefit annuity.
- Similar to 2002, local government employees started 75 percent of new retirement annuities and state government retirees accounted for the remaining 25 percent of new retirement annuities.

- 54 percent of new retirement annuities were started by women and 46 percent by men. This is also quite similar to the 2002 gender division.
2. **Disability annuity summary data and graphs.** This section contains information similar to the retirement benefit summary, except that it is specific to the disability annuity programs. It has the number of disability benefit applications started in 2003 by option type selected and by gender. It also includes a breakdown of applications submitted to the Department by determination, by age, and by disability type.

2003 Disability Annuity Highlights

- The Department completed disability benefit estimate requests for 945 participants.
- Disability benefit annuities were started for 341 participants.
- For both the disability annuity benefits approved by the Teachers Board and the Wisconsin Retirement Board, the two most popular benefit options were "Life with 180 Payments Guaranteed" and "100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed."

TEACHERS BOARD DETAILS

- 77% of Teachers Board disability applications (104) were approved. 6% terminated or cancelled, 6% were denied, and 11% were withdrawn/void.
- 69% of Teachers Board disability annuities were started for women and 31% were started for men.
- 49% of Teachers Board disability applications came from participants aged 51-55; 17% from participants aged 56-60 and 17% from participants aged 46-50.
- 53% of Teacher Board disability applications had one of three disabilities:
 - Mental illness = 20%
 - Cancer = 20%
 - Neurology = 13%

WISCONSIN RETIREMENT BOARD DETAILS

- 82% of Wisconsin Retirement Board (WRB) disability applications (207) were approved. 5% were terminated or cancelled, 5% were denied, and 8% were withdrawn/void.
- 69% of WRB disability annuities were started for women and 31% were started for men.
- 32% of WRB disability applications came from participants aged 51-55, 23% from participants aged 46-50, and 21% from participants aged 56-60.
- 51% of the WRB disability applications had one of three disabilities:
 - Orthopedic problems = 21%
 - Mental Illness = 15%
 - Cancer = 15%