



STATE OF WISCONSIN
Department of Employee Trust Funds

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CORRESPONDENCE MEMORANDUM

DATE: February 17, 2005

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

FROM: Peg Narloch, Disability Programs Policy Advisor
Christina Licari, Ombudsperson

SUBJECT: Year 2004 Benefit Annuity Statistics

Attached for your review and comment are the Year 2004 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 2004 and has two parts:

1. **Retirement annuity summary data and graphs.** This section contains the total number of retirement benefit estimates requested and new retirement annuity benefits started in 2004, 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 2004. Finally, it has data on beneficiary annuities started in 2004.

2004 Retirement Annuity Highlights

- 18,667 retirement benefit estimates were completed in 2004. This is approximately 39 percent more retirement benefit estimates than the Department completed in 2003. The lower benefit estimate output during the last half of 2003 is due in part to staff turnover and a net loss of two positions. The increase or recovery in 2004 is due in part to the addition of two highly-experienced limited-term employees dedicated solely to working on retirement benefit estimates.
- The Department calculated 13,784 final retirement annuities for participants. This is nearly identical to the number of final retirement annuity calculations in 2003 (13,818).
- As in 2002 and 2003, 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 2004, 58 percent were higher as "money purchase" or defined contribution annuities while 42 percent of annuities were higher under the "formula" or defined benefit annuity. In 2003, 72 percent were higher as "money purchase" and 28 percent were higher as "formula." This shift can be attributed to the lower fixed interest and variable losses of recent years.

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- Similar to 2003, local government employees started 72 percent of new retirement annuities and state government retirees accounted for the remaining 28 percent of new retirement annuities.
 - Women accounted for 56 percent of new retirement annuities and men accounted for 44 percent. This is in line with new retirement annuities started in 2003 (54 percent women and 46 percent men).
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 2004 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.

2004 Disability Annuity Highlights

- The Department completed disability benefit estimates for 821 participants.
- Disability benefit annuities were started for 299 participants.
- For the disability annuity benefits approved by 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.”
- For the disability annuity benefits approved by the Teachers Retirement Board, the two most popular benefit options were “100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed” and “Life with 60 Payments Guaranteed.”

TEACHERS RETIREMENT BOARD DETAILS

- 80 percent of Teachers Retirement Board (TRB) disability applications (82) were approved. 6 percent terminated or cancelled, 5 percent were denied, and 8 percent were withdrawn/voided.
- 64 percent of TRB disability annuities started were for women and 36 percent were for men.
- 41 percent of TRB disability applications were for participants aged 51-55; 25 percent were for participants aged 56-60 and 12 percent were for participants aged 46-50.
- 57 percent of TRB disability applications had one of three disabilities:
 - Mental illness (29 percent)
 - Cancer (18 percent)
 - Neurology (10 percent)

WISCONSIN RETIREMENT BOARD DETAILS

- 83 percent of Wisconsin Retirement Board (WRB) disability applications (163) were approved. 8 percent were terminated or cancelled, 4 percent were denied, and 4 percent were withdrawn/voided.
- 47 percent of WRB disability annuities started were for women and 53 percent were for men.
- 33 percent of WRB disability applications were for participants aged 51-55, 29 percent were for participants aged 46-50, and 17 percent were for participants aged 56-60.
- 49 percent of the WRB disability applications had one of three disabilities:
 - Orthopedic problems (22 percent)
 - Neurology (14 percent)
 - Cancer (13 percent)