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**Correspondence Memorandum**

**Date:** May 22, 2020

**To:** Employee Trust Funds Board  
 Teachers Retirement Board  
 Wisconsin Retirement Board

**From:** Jim Guidry, Director  
 Benefit Services Bureau  
 Division of Retirement Services

**Subject:** January – March 2020 Quarterly Disability Annuity Statistics


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

Attached is the Wisconsin Retirement System (WRS) *2020 First Quarter Disability Benefit Statistical Report* for the period January 2020 through March 2020. The report provides quarterly data on benefit payments, the number of annuities started, options selected, gender, determination, age, and disability type. Most notably, the 40.63 claim volume increase continues to meet expectations related to reopening the program to all participants.

We appreciate any feedback or suggestions you may offer for future inclusion in this report. Please contact Jim Guidry at (608) 266-5387 or [jim.guidry@etf.wi.gov](mailto:jim.guidry@etf.wi.gov) if you have comments or questions.

Staff will be at the Board meeting to answer any questions.

Attachment: 2020 First Quarter Disability Statistical Report

Reviewed and approved by Matt Stohr, Administrator, Div. of Retirement Services  
  
 Electronically Signed 6/4/20

Board	Mtg Date	Item #
ETF	6.18.20	6G
TR	6.18.20	4G
WR	6.18.20	4G

**Benefit Services Bureau**

*2020 First Quarter Disability Benefit Statistical Report*



May 22, 2020

## Introduction

The Department of Employee Trust Funds reviews and approves disability claims and provides quarterly reports to the appropriate board. The *2020 First Quarter Disability Benefit Statistical Report* provides a statistical review of the Disability Annuity (40.63), Duty Disability (40.65), and Long-Term Disability Insurance (LTDI) programs for the months of January, February, and March 2020. This report provides a review of benefit payments, the number of individuals receiving benefits, and other demographic data. As indicated by the data presented below, the number of active 40.63 claims show a gradual increase during this quarter in continued response to the reopening of the 40.63 program in 2018, and the number of active 40.65 claims remained largely stable. Annual trends and data are included in the annual report, which is typically presented at the first Board meeting of each year.

## Disability Benefit Payments

Table 1.1 shows the monthly totals of benefit payments made during the first quarter of 2020 for the 40.63, 40.65, and LTDI programs. Table 1.2 shows the total number of active claimants each month by program. There is a decline in both LTDI benefit payment totals and the number of active LTDI claimants due to the closure of the program to new claims in January 2018.

Compared to the first quarter of 2019, disability annuity (40.63) benefit payments have increased by 0.8%, duty disability (40.65) totals increased by 2.4%, and LTDI benefit payment totals decreased by 10.9%.

Table 1.1. Disability benefit payment totals (40.63, 40.65, and LTDI)

Program	Jan 2020	Feb 2020	Mar 2020	1 <sup>st</sup> Qtr 2020*	1 <sup>st</sup> Qtr 2019*
40.63	12,254,059	12,349,236	12,230,277	36,833,572	36,527,759
40.65	2,997,131	3,074,601	3,180,149	9,251,881	9,035,911
LTDI	3,051,998	3,021,620	3,041,437	9,115,055	10,229,417

\*Quarterly totals may not equal the sum of monthly figures due to rounding

At the beginning of 2020, there were 6,374 disability annuitants, 1,026 claimants receiving duty disability, and 2,080 claimants receiving LTDI benefits. Table 1.2 shows the number of active claimants receiving 40.63, 40.65, and LTDI benefits in the first quarter of 2020.

Table 1.2. 40.63, 40.65, and LTDI active claimants

Program	Jan 2020	Feb 2020	Mar 2020
40.63	6,343	6,360	6,361
40.65	1,023	1,023	1,024
LTDI	2,073	2,053	2,048

## § 40.63 Disability Annuity

Table 1.3 shows the number of 40.63 disability annuity estimates requested and completed in the first quarters of 2019 and 2020.

The number of estimates requested decreased by 7.2%, compared to the first quarter of 2019. The number of estimates completed decreased by 2.2%, compared to the same period in 2019. The first quarter 2020 estimates represent a 298% (for requested) and a 370% (for completed) increase from third quarter 2017, when fewer participants were eligible for the program.

Table 1.3. 40.63 estimates requested and completed 2019-2020

	Jan	Feb	Mar	1 <sup>st</sup> Quarter
2020 Disability Estimates Requested	67	56	44	167
2019 Disability Estimates Requested	67	46	67	180
2020 Disability Estimates Completed	68	55	51	174
2019 Disability Estimates Completed	63	46	69	178

In 2017, prior to the closure of LTDI and the reopening of 40.63, there were 89 new applications for the 40.63 program. In 2018, there were 350 applications received, representing a 293% increase in application volume. This additional volume proved stable, as there were 360 applications received in 2019. The number of applications received in the first quarter of 2020 (84) is substantially more than first quarter of 2019 (51), and the numbers remain well above 2017 levels, as anticipated.

## § 40.63 Benefit Determinations

There were 23 Teachers Retirement (TR) Board disability claim determinations in the first quarter of 2020. Of those, all 23 claims were approved. By comparison, there were 14 claim

determinations for the same period in 2019, all of which were approved. This represents a 64% increase in TR claim determinations from the same period in 2019.

There were 59 Wisconsin Retirement (WR) Board disability claim determinations in the first quarter of 2020. Forty-nine applications were approved, nine were cancelled, and one was denied. The number of claim determinations in the first quarter of 2020 represents a 11.9% decrease from the 67 WR Board disability claim determinations in the same period in 2019.

Tables 1.4 and 1.5 show the breakdown of disability claim determinations by age. The greatest number of TR Board claims are concentrated in the 51-60 age range, but claims have been extending into younger age ranges now that the program is available to all eligible employees. The WR Board claims have also extended into to younger age ranges, though claims remain concentrated in the 51-60 age range.

Table 1.4. TR Board claim determinations by age

Age	Jan	Feb	Mar	1 <sup>st</sup> Qtr 2020	1 <sup>st</sup> Qtr 2019
36-40	1	0	1	2	3
41-45	0	0	0	0	2
46-50	0	1	2	3	5
51-55	0	1	5	6	6
56-60	3	4	3	10	1
61-65	2	0	0	2	1
<b>TOTAL</b>	<b>6</b>	<b>6</b>	<b>11</b>	<b>23</b>	<b>18</b>

Table 1.5. WR Board claim determinations by age

Age	Jan	Feb	Mar	1 <sup>st</sup> Qtr 2020	1 <sup>st</sup> Qtr 2019
31-35	2	0	1	3	3
36-40	1	0	1	2	3
41-45	1	1	1	3	3
46-50	2	1	1	4	5
51-55	8	3	6	17	14
56-60	10	4	7	21	14
61-65	1	4	4	9	5
<b>TOTAL</b>	<b>25</b>	<b>13</b>	<b>21</b>	<b>59</b>	<b>47</b>

Tables 1.6 and 1.7 show the breakdown of first quarter 2020 disability claim determinations by disability type. TR Board claim disability types consisted primarily of cancer (26%), neurology

(26%), and multiple medical problems (17%). WR Board claims consisted primarily of multiple medical problems (27%), cancer (20%), neurology (14%), and orthopedic (14%).

Table 1.6 TR Board disability claim determinations by disability type

Disability Type	Jan	Feb	Mar	1 <sup>st</sup> Qtr 2020	1 <sup>st</sup> Qtr 2019
Brain Injury	0	0	1	1	0
Cancer	0	0	6	6	3
Cardiovascular	1	0	0	1	0
Mental Illness	1	1	0	2	1
Multiple Medical Problems	1	2	1	4	3
Multiple Sclerosis	0	0	0	0	1
Muscle/Tissue	1	0	0	1	1
Neurology	2	2	2	6	3
Orthopedic	0	0	0	0	2
Other	0	0	1	1	0
Respiratory	0	1	0	1	0
<b>TOTAL</b>	<b>6</b>	<b>6</b>	<b>11</b>	<b>23</b>	<b>14</b>

Table 1.7 WR Board disability claim determinations by disability type

Disability Type	Jan	Feb	Mar	1 <sup>st</sup> Qtr 2020	1 <sup>st</sup> Qtr 2019
Cancer	5	2	5	12	10
Cardiovascular	0	1	2	3	5
Diabetes	2	0	0	2	1
Eye Disorders	0	0	1	1	0
Gastro/Intestinal	1	0	1	2	0
Mental Illness	0	0	0	0	6
Multiple Medical Problems	8	4	4	16	19
Multiple Sclerosis	1	0	0	1	0
Muscle/Tissue	2	0	2	4	3
Nephrology	2	0	0	2	1
Neurology	3	4	1	8	6
Orthopedic	1	2	5	8	13
Other	0	0	0	0	1
Respiratory	0	0	0	0	1
Unknown	0	0	0	0	1
<b>TOTAL</b>	<b>25</b>	<b>13</b>	<b>21</b>	<b>59</b>	<b>67</b>

## § 40.63 Benefits Started

There were nine TR Board annuities started in the first quarter of 2020. Eight of these (89%) were for female claimants, and one (11%) was for a male claimant. In the first quarter of 2019, there were five TR Board annuities started; 60% for female claimants and 40% for male claimants.

Table 1.8 shows the breakdown of annuity options selected by new annuitants.

Table 1.8. TR Board annuities started by option selected

Option	Jan	Feb	Mar	1 <sup>st</sup> Qtr 2020	1 <sup>st</sup> Qtr 2019
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	0	2	3	5	2
Life Annuity with 60 Payments Guaranteed	0	2	0	2	1
For Annuitant's Life Only	1	0	0	1	1
Life Annuity with 180 Payments Guaranteed	0	0	1	1	0
75% Continued to Named Survivor (Joint Survivor)	0	0	0	0	1
100% Continued to Named Survivor (Joint Survivor)	0	0	0	0	0
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
<b>TOTAL</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>9</b>	<b>5</b>

There were 37 WR Board annuities started in the first quarter of 2020, compared to 43 WR Board annuities started in the same period in 2019. WR Board annuities in this quarter were made up of 27 female annuitants (73%) and 10 male annuitants (27%). In 2019, new WR Board annuities were split between 27 female (63%) and 16 male (37%) annuitants.

Table 1.9 shows the breakdown of options selected by new WR Board annuitants.

Table 1.9. WR Board annuities started by option selected

Option	Jan	Feb	Mar	1 <sup>st</sup> Qtr 2020	1 <sup>st</sup> Qtr 2019
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	9	4	3	16	14
Life Annuity with 60 Payments Guaranteed	1	0	2	3	0
For Annuitant's Life Only	1	0	2	3	6
Life Annuity with 180 Payments Guaranteed	5	3	0	8	15
75% Continued to Named Survivor (Joint Survivor)	1	2	0	3	3
100% Continued to Named Survivor (Joint Survivor)	2	0	2	4	4
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	1
<b>TOTAL</b>	<b>19</b>	<b>9</b>	<b>9</b>	<b>37</b>	<b>43</b>

## § 40.65 Duty Disability

In the first quarter of 2020, four duty disability claims were approved, and no duty disability claims were denied.

Duty disability benefits were started for two claimants in the first quarter of 2020, compared with four claims started in the same period in 2019. Table 1.10 shows the breakdown of first quarter 2020 duty disability claims by disability type. None of the claims started in the first quarter of 2020 was approved under the presumptive statutes. No duty disability death benefits were started during this period.

Table 1.10 Duty Disability benefits started by disability type

Disability Type	Jan	Feb	Mar	1 <sup>st</sup> Qtr 2020	1 <sup>st</sup> Qtr 2019
Multiple Medical Problems	0	1	0	1	0
Musculoskeletal	0	1	0	1	3
Neurological	0	0	0	0	1
<b>TOTAL</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>4</b>

## LTDI

As noted above, the Long-Term Disability Insurance (LTDI) program was closed to new claims on January 1, 2018. At that time, there were 2,548 claimants receiving LTDI benefits.

Sixty claims were closed in the first quarter of 2020, including 10 deaths; four that failed to return a medical recertification form; and one that was terminated because they exceeded the



earnings limit for the second time. The remaining claim closures were due to claimants reaching the maximum duration of their benefits, usually when they reach age 65. There were 2,009 open LTDI claims and 7 suspended LTDI claims at the end of the quarter.

Forty claims are expected to reach their maximum duration dates and be closed during the second quarter of 2020.