

***Benefit Services Bureau***

***2024 Fourth Quarter Disability Programs Update***



March 18, 2025

## Introduction

The Department of Employee Trust Funds (ETF) administers Wisconsin Retirement System (WRS) disability benefits and provides this quarterly report to the Employee Trust Funds, Teacher's Retirement, and Wisconsin Retirement boards. The *2024 Fourth Quarter Disability Programs Update* 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 October, November, and December 2024. 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 LTDI claims continued to decrease, while the number of 40.63 and 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.

In the fourth quarter, the Disability Program Section (Section) completed the annual adjustment of salaries, Social Security, and other employer earnings offsets for 40.65 benefits, and was in the process of reviewing more than 100 annual medical recertification forms for recipients of LTDI and 40.63 benefits. In addition, the Section was nearing completion on the review of nearly 1,000 tax returns and income statements for recipients of 40.65 benefits. The review of tax returns and/or income statements is required annually for recipients of 40.65 disability benefits to ensure that benefits were paid correctly for the prior year. The review takes a significant amount of staff time to complete and audit.

## Disability Benefit Payments

Table 1.1 shows the total amount of benefit payments made during the fourth quarter of 2024 and the totals for the prior four quarters for the 40.63, 40.65, and LTDI programs. Table 1.2 shows the total number of active claimants at the end of each quarter by program. The number of active LTDI claimants continues to decline due to the closure of the program to new claims in January 2018.

Compared to the fourth quarter of 2023, disability annuity (40.63) benefit payments have increased by 4.2%, duty disability (40.65) totals increased by 6.8%, and LTDI benefit payment totals decreased by 6.7%. As noted in Table 1.2, the number of claimants for 40.63 decreased slightly for the same time period, while the number of active 40.65 claimants increased slightly. Other factors that impact benefit payments include claim turnover, increases in average salary for new claims, and offset adjustments.

**Table 1.1.** Disability Benefit Payment Totals (40.63, 40.65, and LTDI)

Program	Q4-2023	Q1-2024	Q2-2024	Q3-2024	Q4-2024
40.63	44,066,731	44,020,768	44,977,711	45,713,583	45,899,039
40.65	10,158,731	10,388,895	10,547,326	10,633,509	10,844,715
LTDI	7,177,821	7,028,661	6,935,961	6,771,660	6,693,461

At the beginning of 2024, there were 6,464 disability annuitants, 1,000 claimants receiving duty disability, and 1,349 claimants receiving LTDI benefits. Table 1.2 shows the number of 40.63, 40.65, and LTDI benefit payments made in the last month of the fourth quarter of 2024, as well as the prior four quarters.

**Table 1.2.** 40.63, 40.65, and LTDI Payments in the Last Month of Each of the Last Five Quarters

Program	Q4-2023	Q1-2024	Q2-2024	Q3-2024	Q4-2024
40.63	6,464	6,431	6,437	6,436	6,433
40.65	1,000	1,001	1,002	1,010	1,007
LTDI	1,349	1,329	1,269	1,230	1,201

### § 40.63 Disability Annuity

Table 1.3 shows the number of 40.63 disability annuity estimates requested and completed in the fourth quarters of 2023 and 2024.

The number of estimates requested increased by 6.5%, and the number of estimates completed increased by 2.5%, compared to the fourth quarter of 2023.

**Table 1.3.** 40.63 Estimates Requested and Completed 2023-2024

	Oct	Nov	Dec	Q4
2024 Disability Annuity Estimates Requested	49	34	48	131
2023 Disability Annuity Estimates Requested	49	39	35	123
2024 Disability Annuity Estimates Completed	50	28	45	123
2023 Disability Annuity Estimates Completed	50	39	31	120

The number of 40.63 disability annuity applications received in the fourth quarter of 2024 (46) is less than the number received in the fourth quarter of 2023 (53), a decrease of 13.2% from last year.

### § 40.63 Benefit Determinations

There were 15 Teachers Retirement (TR) Board disability annuity claim determinations in the fourth quarter of 2024. Thirteen claims were approved, one was deemed approved, and one was denied. By comparison, there were 21 claim determinations for the same period in 2023, of which 18 were approved, one was canceled, and two were denied. This represents a decrease of 28.6% in TR claim determinations from the same period in 2023.

There were 27 Wisconsin Retirement (WR) Board disability annuity claim determinations in the fourth quarter of 2024. Twenty-five applications were approved, one was deemed approved, and one was denied. Additionally, there was one denial rescinded during this quarter. The number of claim determinations in the fourth quarter of 2024 represents a 32.5% decrease from the 40 WR Board disability annuity claim determinations in the same period in 2023.

Tables 1.4 and 1.5 show the breakdown of disability annuity claim determinations by age. This quarter, the number of TR Board claims are concentrated around the ages of 51-60, while the WR Board claims are concentrated around the ages of 51-65.

**Table 1.4. TR Board Claim Determinations by Age**

Age	Oct	Nov	Dec	Q4-2024	Q4-2023
31-35	0	1	0	1	1
41-45	1	0	1	2	3
46-50	0	1	1	2	2
51-55	3	1	1	5	8
56-60	1	1	1	3	6
61-65	1	0	1	2	1
<b>TOTAL</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>15</b>	<b>21</b>

**Table 1.5. WR Board Claim Determinations by Age**

Age	Oct	Nov	Dec	Q4-2024	Q4-2023
31-35	1	0	0	1	0
36-40	0	2	0	2	4
41-45	1	0	1	2	2
46-50	0	0	2	2	6
51-55	4	1	0	5	8
56-60	1	1	4	6	11
61-65	3	4	2	9	9
<b>TOTAL</b>	<b>10</b>	<b>8</b>	<b>9</b>	<b>27</b>	<b>40</b>

Tables 1.6 and 1.7 show the breakdown of fourth quarter 2024 disability annuity claim determinations by disability type. TR Board claim disability types consisted primarily of cancer (26.7%), mental illness (26.7%), and multiple medical problems (26.7%). WR Board claims consisted primarily of multiple medical problems (40.7%), cancer (18.5%), and neurology (14.8%).

**Table 1.6. TR Board Disability Annuity Claim Determinations by Disability Type**

Disability Type	Oct	Nov	Dec	Q4-2024	Q4-2023
Cancer	2	2	0	4	3
Mental Illness	1	2	1	4	2
Multiple Medical Problems	2	0	2	4	9
Neurology	1	0	2	3	4
Orthopedic	0	0	0	0	3
<b>TOTAL</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>15</b>	<b>21</b>

**Table 1.7. WR Board Disability Annuity Claim Determinations by Disability Type**

Disability Type	Oct	Nov	Dec	Q4-2024	Q4-2023
Cancer	1	1	3	5	6
Cardiovascular	0	0	0	0	3
Diabetes	1	0	0	1	0
Mental Illness	2	0	0	2	0
Multiple Medical Problems	3	6	2	11	9
Multiple Sclerosis	0	0	0	0	1
Muscle/Tissue	0	0	0	0	2
Neurology	2	1	1	4	7
Orthopedic	1	0	2	3	11
Other	0	0	0	0	1
Respiratory	0	0	1	1	0
<b>TOTAL</b>	<b>10</b>	<b>8</b>	<b>9</b>	<b>27</b>	<b>40</b>

#### § 40.63 Benefits Started

There were 13 TR Board disability annuities started in the fourth quarter of 2024. Ten of these (77%) were for female claimants, and three (23%) were for male claimants. In the fourth quarter of 2023, there were 16 disability annuities started, 50% for female claimants and 50% for male claimants.

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

**Table 1.8.** TR Board Disability Annuities Started by Option Selected

Option	Oct	Nov	Dec	Q4-2024	Q4-2023
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	0	2	1	3	7
Life Annuity with 60 Payments Guaranteed For Annuitant's Life Only	0	0	1	1	4
Life Annuity with 180 Payments Guaranteed	0	1	1	2	2
75% Continued to Named Survivor (Joint Survivor)	0	2	0	2	3
100% Continued to Named Survivor (Joint Survivor)	0	0	0	0	0
100% Continued to Named Survivor (Joint Survivor)	1	2	2	5	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>7</b>	<b>5</b>	<b>13</b>	<b>16</b>

There were 31 WR Board disability annuities started in the fourth quarter of 2024, compared to 37 disability annuities started in the same period in 2023. Disability annuities in this quarter were made up of 14 female annuitants (45%) and 17 male annuitants (55%). In the fourth quarter of 2023, new disability annuities were split between 19 female (51%) and 18 male (49%) annuitants.

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

**Table 1.9.** WR Board Disability Annuities Started by Option Selected

Option	Oct	Nov	Dec	Q4-2024	Q4-2023
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	8	5	4	17	17
Life Annuity with 60 Payments Guaranteed	1	0	0	1	2
For Annuitant's Life Only	4	1	1	6	8
Life Annuity with 180 Payments Guaranteed	3	1	1	5	8
75% Continued to Named Survivor (Joint Survivor)	0	1	0	1	0
100% Continued to Named Survivor (Joint Survivor)	0	0	0	0	2
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	1	0	1	0
<b>TOTAL</b>	<b>16</b>	<b>9</b>	<b>6</b>	<b>31</b>	<b>37</b>

#### § 40.65 Duty Disability

In the fourth quarter of 2024, three duty disability claims were approved, one was denied, and two were approved as rescinded denials.

Duty disability benefits were started for six claimants in the fourth quarter of 2024, compared with six claims started in the same period in 2023. Table 1.10 shows the breakdown of fourth quarter 2024 duty disability claims by disability type. None of the claims started in the fourth quarter of 2024 were approved under a presumptive statute. No duty disability death benefits were started during this period.

**Table 1.10.** Duty Disability Benefits Started by Disability Type

Disability Type	Oct	Nov	Dec	Q4-2024	Q4-2023
Cancer	0	0	0	0	2
Multiple Medical Problems	0	1	0	1	0
Musculoskeletal	2	0	1	3	3
Neurological	1	0	0	1	1
Other	0	1	0	1	0
<b>TOTAL</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>6</b>	<b>6</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. As Table 1.2 indicates, there were 1,201 open claims remaining in the program at the end of the fourth quarter, which is a 52.9% reduction since the program closed in 2018.

Thirty-seven claims were closed in the fourth quarter of 2024, including four deaths. The remaining claim closures were due to claimants reaching the maximum duration of their benefits, usually when they reach age 65.

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Thirty claims are expected to reach their maximum duration dates and be closed during the first quarter of 2025. Assuming all claims remain open until the date of their maximum duration, the number of open claims in 10 years will total 349, and in 20 years there will be 35 open LTDI claims. The final LTDI claim is scheduled to reach its maximum duration of benefits on November 30, 2052, but could terminate prior to that date (e.g., death of claimant, failure to submit required documentation, exceeding earnings limit twice).