

Benefit Services Bureau

2025 First Quarter Disability Programs Update



June 4, 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 *2025 First 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 January, February, and March 2025. 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 first 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 first quarter of 2025 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. Benefit payment amounts are impacted by the active number of claimants, 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 | Q1-2024 | Q2-2024 | Q3-2024 | Q4-2024 | Q1-2025 |
|---------|------------|------------|------------|------------|------------|
| 40.63 | 44,020,768 | 44,977,711 | 45,713,583 | 45,899,039 | 45,496,157 |
| 40.65 | 10,388,895 | 10,547,326 | 10,633,509 | 10,844,715 | 10,960,113 |
| LTDI | 7,028,661 | 6,935,961 | 6,771,660 | 6,693,461 | 6,473,620 |

Table 1.2 shows the number of 40.63, 40.65, and LTDI benefit payments made in the last month of the first quarter of 2025, 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 | Q1-2024 | Q2-2024 | Q3-2024 | Q4-2024 | Q1-2025 |
|---------|---------|---------|---------|---------|---------|
| 40.63 | 6,431 | 6,437 | 6,436 | 6,433 | 6,400 |
| 40.65 | 1,001 | 1,002 | 1,010 | 1,007 | 1,006 |
| LTDI | 1,329 | 1,269 | 1,230 | 1,201 | 1,160 |

§ 40.63 Disability Annuity

Table 1.3 shows the number of 40.63 disability annuity estimates completed in the first quarters of 2024 and 2025.

Table 1.3. 40.63 Estimates Completed 2024-2025

| | Jan | Feb | March | Q1 |
|---|-----|-----|-------|-----|
| 2025 Disability Annuity Estimates Completed | 45 | 57 | 52 | 154 |
| 2024 Disability Annuity Estimates Completed | 67 | 50 | 51 | 168 |

§ 40.63 Benefit Determinations

There were 20 Teachers Retirement (TR) Board disability annuity claim determinations in the first quarter of 2025. Eighteen claims were approved, two were denied. By comparison, there were 14 claim determinations for the same period in 2024.

There were 40 Wisconsin Retirement (WR) Board disability annuity claim determinations in the first quarter of 2025. Thirty-three applications were approved, five were cancelled, and two were denied. There were 39 WR Board disability annuity claims determinations in the same period in 2024.

Tables 1.4 and 1.5 show the breakdown of disability annuity claim determinations by age.

Table 1.4. TR Board Claim Determinations by Age

| Age | Jan | Feb | Mar | Q1-2025 | Q1-2024 |
|--------------|----------|----------|----------|-----------|-----------|
| 31-40 | 0 | 0 | 0 | 0 | 2 |
| 41-45 | 1 | 2 | 1 | 4 | 3 |
| 46-50 | 2 | 1 | 0 | 3 | 1 |
| 51-55 | 0 | 1 | 2 | 3 | 3 |
| 56-60 | 1 | 2 | 4 | 7 | 2 |
| 61-65 | 1 | 1 | 1 | 3 | 3 |
| TOTAL | 5 | 7 | 8 | 20 | 14 |

Table 1.5. WR Board Claim Determinations by Age

| Age | Jan | Feb | Mar | Q1-2025 | Q1-2024 |
|--------------|-----------|-----------|----------|-----------|-----------|
| 31-35 | 0 | 1 | 0 | 1 | 0 |
| 36-40 | 1 | 1 | 0 | 2 | 0 |
| 41-45 | 1 | 0 | 2 | 3 | 2 |
| 46-50 | 0 | 1 | 0 | 1 | 7 |
| 51-55 | 7 | 4 | 5 | 16 | 8 |
| 56-60 | 6 | 2 | 0 | 8 | 12 |
| 61-65 | 6 | 1 | 2 | 9 | 10 |
| TOTAL | 21 | 10 | 9 | 40 | 39 |

Tables 1.6 and 1.7 show the breakdown of first quarter 2025 disability annuity claim determinations by disability type compared to the first quarter of 2024.

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

| Disability Type | Jan | Feb | Mar | Q1-2025 | Q1-2024 |
|---------------------------|----------|----------|----------|-----------|-----------|
| Cancer | 0 | 1 | 0 | 1 | 5 |
| Mental Illness | 2 | 0 | 0 | 2 | 4 |
| Multiple Medical Problems | 2 | 3 | 1 | 6 | 4 |
| Neurology | 1 | 1 | 4 | 6 | 0 |
| Nephrology | 0 | 0 | 1 | 1 | 0 |
| Orthopedic | 0 | 0 | 0 | 0 | 1 |
| Cardiovascular | 0 | 1 | 1 | 2 | 0 |
| Eye Disorder | 0 | 0 | 1 | 1 | 0 |
| Muscle/Tissue | 0 | 1 | 0 | 1 | 0 |
| TOTAL | 5 | 7 | 8 | 20 | 14 |

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

| Disability Type | Jan | Feb | Mar | Q1-2025 | Q1-2024 |
|---------------------------|-----------|-----------|----------|-----------|-----------|
| Cancer | 3 | 1 | 1 | 5 | 10 |
| Cardiovascular | 0 | 1 | 0 | 1 | 0 |
| Diabetes | 0 | 0 | 0 | 0 | 0 |
| Eye Disorder | 1 | 0 | 2 | 3 | 0 |
| Mental Illness | 1 | 1 | 2 | 4 | 4 |
| Multiple Medical Problems | 9 | 4 | 2 | 15 | 9 |
| Multiple Sclerosis | 0 | 0 | 0 | 0 | 1 |
| Muscle/Tissue | 0 | 0 | 1 | 1 | 3 |
| Nephrology | 1 | 0 | 0 | 1 | 0 |
| Neurology | 3 | 1 | 1 | 5 | 6 |
| Orthopedic | 2 | 2 | 0 | 4 | 4 |
| Other | 1 | 0 | 0 | 1 | 2 |
| TOTAL | 21 | 10 | 9 | 40 | 39 |

§ 40.63 Benefits Started

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 | Jan | Feb | Mar | Q1-2025 | Q1-2024 |
|--|----------|----------|----------|-----------|-----------|
| 100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed | 1 | 0 | 4 | 5 | 5 |
| Life Annuity with 60 Payments Guaranteed | 1 | 1 | 0 | 2 | 0 |
| For Annuitant's Life Only | 0 | 1 | 0 | 1 | 4 |
| Life Annuity with 180 Payments Guaranteed | 1 | 1 | 1 | 3 | 2 |
| 75% Continued to Named Survivor (Joint Survivor) | 0 | 0 | 0 | 0 | 0 |
| 100% Continued to Named Survivor (Joint Survivor) | 0 | 0 | 1 | 1 | 2 |
| 75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 3 | 3 | 6 | 12 | 13 |

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 | Jan | Feb | Mar | Q1-2025 | Q1-2024 |
|--|----------|-----------|----------|-----------|-----------|
| 100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed | 3 | 2 | 1 | 6 | 9 |
| Life Annuity with 60 Payments Guaranteed | 0 | 1 | 0 | 1 | 0 |
| For Annuitant's Life Only | 3 | 3 | 2 | 8 | 2 |
| Life Annuity with 180 Payments Guaranteed | 3 | 3 | 0 | 6 | 9 |
| 75% Continued to Named Survivor (Joint Survivor) | 0 | 0 | 0 | 0 | 0 |
| 100% Continued to Named Survivor (Joint Survivor) | 0 | 1 | 0 | 1 | 1 |
| 75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either | 0 | 0 | 0 | 0 | 2 |
| TOTAL | 9 | 10 | 3 | 22 | 23 |

§ 40.65 Duty Disability

Table 1.10 shows the breakdown of first quarter 2025 duty disability claims by disability type. One of the claims started in the first quarter of 2025 were approved under a presumptive statute. One duty disability death benefit was started during this period.

Table 1.10. Duty Disability Benefits Started by Disability Type

| Disability Type | Jan | Feb | Mar | Q1-2025 | Q1-2024 |
|---------------------------|----------|----------|----------|----------|----------|
| Cancer | 0 | 0 | 1 | 1 | 1 |
| Multiple Medical Problems | 1 | 0 | 0 | 1 | 0 |
| Musculoskeletal | 2 | 1 | 1 | 4 | 1 |
| Neurological | 0 | 0 | 0 | 0 | 1 |
| Other | 0 | 0 | 0 | 0 | 2 |
| TOTAL | 3 | 1 | 2 | 6 | 5 |

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 1,160 open claims remaining in the program at the end of the first quarter.

Forty claims were closed in the first quarter of 2025, including five deaths, one claimant whose WRS retirement offset exceeds the LTDI benefit payment, and four claimants who failed to return the annual earnings statement. The remaining claim closures were due to claimants reaching the maximum duration of their benefits, usually when they reach age 65. 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).