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CORRESPONDENCE MEMORANDUM

DATE: May 28, 2015

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

FROM: Deb Roemer, Director
Benefit Services Bureau
Division of Retirement Services

SUBJECT: January – March 2015 Quarterly Disability Annuity Statistics

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

Attached is the Wisconsin Retirement System (WRS) *Disability Benefit Statistical Report* for January through March 2015. The report provides quarterly data on: benefit payments, the number of annuities started, options selected, gender, determination, age, and disability type.

This report presents information differently from previous reports although the information itself consists of primarily the same data. Quarterly benefit payment information has been added for your information.

We would appreciate any feedback you may offer for improving this report. Please contact Deb Roemer at (608) 266-5387 or deb.roemer@etf.wi.gov if you have comments or questions.

Attachment: 1st Quarter Disability Benefit Statistical Report

Reviewed and approved by Matt Stohr, Administrator,
Division of Retirement Services

Electronically Signed 6/8/15

Board	Mtg Date	Item #
JM	6.25.15	4C

2015 1st Quarter Disability Benefit Statistical Report

Introduction

The Board delegated authority to the Department to review and approve disability claims so long as staff provides quarterly reports to the Board. The 2015 1st Quarterly Disability Benefit Statistical Report provides a statistical review of the Disability Annuity (40.63) and Duty Disability (40.65) programs for the months of January, February, and March 2015. This report provides a review of benefit payments, the number of individuals receiving benefits, and other demographic data. As you will see from the data below, the number of 40.63 claims slightly increased when compared to the 1st quarter of 2014 and the number of 40.65 claims decreased when compared to the same quarter in 2014. The annual trends and data is included in the annual report, which is typically shared at the first Board meeting of the year.

Claim Payments

Table 1.1 shows the monthly net claim payments made during the first quarter of 2015 for the 40.63 and 40.65 programs.

Table 1.1. Disability Benefit Payments (40.63 and 40.65)

Program	Jan 2015	Feb 2015	Mar 2015	1 st Qtr. 2015
40.63	9,479,438.54	9,503,049.21	9,462,132.83	28,443,620.58
40.65	2,611,498.23	2,744,713.05	2,733,052.67	8,089,263.95

Benefit payments are down when compared to 2014. In 2014, 40.63 payments averaged \$33.5 million per quarter, while 40.65 payments averaged \$8.1 million per quarter.

The number of active claimants receiving 40.63 and 40.65 benefits in the first quarter 2015 are described in table 1.2.

Table 1.2. 40.63 and 40.65 active claimants

Program	Jan 2015	Feb 2015	Mar 2015
40.63	6495	6491	6480
40.65	989	990	990

The number of claimants is rising. At the beginning of 2014, there were 6,393 disability annuitants receiving benefits and 981 claimants receiving 40.65 benefits.

§ 40.63 Disability Annuity

40.63 disability estimates requested and completed in the first quarter of 2014 and 2015 are shown in Table 1.3.

Table 1.3. 40.63 disability estimates requested and completed 2014-2015

	Jan	Feb	Mar	Quarter
2014 Disability Estimates Requested	42	57	33	132
2015 Disability Estimates Requested	38	34	43	115
2014 Disability Estimates Completed	45	64	34	143
2015 Disability Estimates Completed	22	50	36	108

There were two Teachers Retirement (TR) Board annuities started in the period examined, compared to seven TR annuities started in the same period in 2014. Both annuities in 2015 were for female applicants, while in 2014 six annuities (86%) were started for females and one male annuity (14%) was started. Table 1.4 shows the breakdown of options selected by new annuitants.

Table 1.4. TR Board annuities started by option selected

Option	Jan	Feb	Mar	1 st Qtr 2015	1 st Qtr 2014
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	1	0	0	1	2
Life Annuity with 60 Payments Guaranteed	1	0	0	1	0
For Annuitant's Life Only	0	0	0	0	2
Life Annuity with 180 Payments Guaranteed	0	0	0	0	2
75% Continued to Named Survivor (Joint Survivor)	0	0	0	0	0
100% Continued to Named Survivor (Joint Survivor)	0	0	0	0	1
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
TOTAL	2	0	0	2	7

There were 20 Wisconsin Retirement (WR) Board annuities started in the period examined, compared to 30 WR annuities started in the same period in 2014. Annuities in 2015 were made up of 14 female annuitants (70%) and six male annuitants (30%). In 2014 new annuities were evenly split between male and female annuitants with 15 each. Table 1.5 shows the breakdown of options selected by new WR Board annuitants.

Table 1.5. WR Board annuities started by option selected

Option	Jan	Feb	Mar	1 st Qtr 2015	1 st Qtr 2014
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	4	2	3	9	13
Life Annuity with 60 Payments Guaranteed	1	0	1	2	0
For Annuitant's Life Only	1	0	1	2	1
Life Annuity with 180 Payments Guaranteed	1	1	2	4	7
75% Continued to Named Survivor (Joint Survivor)	1	1	0	2	0
100% Continued to Named Survivor (Joint Survivor)	1	0	0	1	5
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
TOTAL	9	4	7	20	30

New Claim Demographics

There were three TR Board disability applications filed in the 1st quarter of 2015. All three were approved. By comparison seven applications were filed for the same period in 2014. Six were approved and one application was denied. There were 28 WR Board disability applications filed in the first quarter of 2015. Twenty-five (25) were approved, one application was cancelled, one was denied, and one was terminated. Of the 25 WR Board approvals, one application was originally denied and was later rescinded. There were 30 WR Board disability annuity applications in 2014.

Tables 2.1 and 2.2 show the breakdown of disability applications by age. As is typical, the greatest number of claims are concentrated in the 51-55 age range. This range will continue to increase over time as fewer younger members will be eligible for 40.63 disability annuity benefits.

Table 2.1. TR Board applications by age

Age	Jan	Feb	Mar	1 st Qtr 2015	1 st Qtr 2014
46-50	0	0	0	0	1
51-55	1	0	1	0	5
56-60	0	1	0	1	1
TOTAL	1	1	1	3	7

Table 2.2. WR Board applications by age

Age	Jan	Feb	Mar	1 st Qtr 2015	1 st Qtr 2014
41-45	1	0	0	1	2
46-50	2	2	2	6	3
51-55	2	3	5	10	10
56-60	2	2	2	6	11
61-65	2	1	2	5	9
TOTAL	9	8	11	28	35

Tables 2.3 and 2.4 show the breakdown of disability applications by disability type. While there does not appear to be any significant trends that can be determined from a 3-month period of time, mental illness claims make up the majority of TR Board claims and neurology claims make up nearly 36% of all WR Board claims, the most of any disability type.

Table 2.3 TR Board disability applications by disability type

Disability Type	Jan	Feb	Mar	1 st Qtr 2015	1 st Qtr 2014
Cancer	0	0	0	0	2
Cardiovascular	0	0	0	0	1
Mental Illness	1	1	0	2	1
Multiple Medical Problems	0	0	0	0	1
Neurology	0	0	1	1	2
TOTAL	1	1	1	3	7

Table 2.4 WR Board disability applications by disability type

Disability Type	Jan	Feb	Mar	1 st Qtr 2015	1 st Qtr 2014
Cancer	1	2	1	4	4
Cardiovascular	1	0	0	1	1
Mental Illness	0	2	0	2	1
Multiple Medical Problems	3	0	1	4	5
Multiple Sclerosis	0	0	0	0	1
Muscle/Tissue	0	1	0	1	3
Nephrology	0	0	0	0	1
Neurology	4	2	4	10	9
Orthopedic	0	0	4	4	7
Respiratory	0	0	0	0	3
TOTAL	9	8	11	28	35

§ 40.65 Duty Disability

There were a total of two 40.65 disability benefits started in the first quarter of 2015, compared with six benefits started in the same period in 2014. Neither of the 2015 claims were approved under the cancer, heart and lung, or infectious disease presumptive statutes. One claim was for musculoskeletal disability (2 in 2014), while the other claim was for psychiatric disability (4 in 2014).