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CORRESPONDENCE MEMORANDUM


DATE: August 28, 2015
TO: Teachers Retirement Board
Wisconsin Retirement Board
FROM: Deb Roemer, Director
Benefit Services Bureau
Division of Retirement Services
SUBJECT: April – June 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 April through June 2015. The report provides quarterly data on benefit payments, the number of annuities started, options selected, gender, determination, age and disability type.

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: 2nd Quarter Disability Benefit Statistical Report

Reviewed and approved by Matt Stohr, Administrator,
Division of Retirement Services
 Electronically Signed 9/9/15

Board	Mtg Date	Item #
JM	9.24.15	4E

2015 2nd 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 2nd Quarter Disability Benefit Statistical Report provides a statistical review of the Disability Annuity (40.63) and Duty Disability (40.65) programs for the months of April, May, and June 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 increased slightly when compared to the 2nd quarter of 2014 and the number of 40.65 claims decreased when compared to the same quarter in 2014. The annual trends and data are 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 second quarter of 2015 for the 40.63 and 40.65 programs.

Table 1.1. Disability Benefit Payments (40.63 and 40.65)

Program	Apr 2015	May 2015	Jun 2015	2 nd Qtr. 2015
40.63	9,455,970.17	9,690,708.84	9,723,680.57	28,870,359.58
40.65	2,742,587.13	2,750,952.03	2,708,974.56	8,202,513.72

Disability annuity benefit payments increased 2.8% when compared to 2nd quarter 2014 payments (\$28.1 million). Duty disability payments increased 3.4% compared to 2nd quarter 2014 payments (\$7.9 million).

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

Table 1.2. 40.63 and 40.65 Active Claimants

Program	Apr 2015	May 2015	Jun 2015
40.63	6472	6455	6455
40.65	992	995	992

At the beginning of 2014, there were 6,393 disability annuitants receiving benefits and 981 claimants receiving 40.65 benefits. However, the number of 40.63 annuitants is down slightly from the 2nd quarter 2015.

§ 40.63 Disability Annuity

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

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

	Apr	May	Jun	Quarter
2015 Disability Estimates Requested	28	31	51	110
2014 Disability Estimates Requested	51	53	34	138
2015 Disability Estimates Completed	27	41	50	118
2014 Disability Estimates Completed	37	57	33	127

There were four Teachers Retirement (TR) Board annuities started in the period examined, compared to seven TR annuities started in the same period in 2014. Two annuities were filed by women and two were filed by men, 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	Apr	May	Jun	2 nd Qtr 2015	2 nd Qtr 2014
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	1	1	0	2	1
Life Annuity with 60 Payments Guaranteed	0	0	0	0	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	1	1	2	1
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	1	2	1	4	7

There were 27 Wisconsin Retirement (WR) Board annuities started in the period examined, compared to 31 WR annuities started in the same period in 2014. Annuities in 2015 were made up of 14 female annuitants (52%) and 13 male annuitants (48%). In 2014 new annuities were similarly split between male (15) and female annuitants (16). 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	Apr	May	Jun	2 nd Qtr 2015	2 nd Qtr 2014
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	4	5	1	10	17
Life Annuity with 60 Payments Guaranteed	0	3	1	4	1
For Annuitant's Life Only	1	1	0	2	4
Life Annuity with 180 Payments Guaranteed	2	0	2	4	7
75% Continued to Named Survivor (Joint Survivor)	0	3	1	4	2
100% Continued to Named Survivor (Joint Survivor)	3	0	0	3	0
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
TOTAL	10	12	5	27	31

New Claim Demographics

There were seven TR Board disability applications filed in the 2nd quarter of 2015. Six applications were approved and one application was cancelled. By comparison seven applications were filed for the same period in 2014. All seven applications were approved. There were 30 WR Board disability applications filed in the second quarter of 2015. Twenty-six (26) were approved, three were denied, and one application was ineligible for the benefit. Of the 26 WR Board approvals, one application was originally denied and was later rescinded. There were 25 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 participants will be eligible for 40.63 disability annuity benefits.

Table 2.1. TR Board applications by age

Age	Apr	May	Jun	2nd Qtr 2015	2nd Qtr 2014
46-50	0	0	0	0	1
51-55	2	1	1	4	5
56-60	1	0	2	3	1
TOTAL	3	1	3	7	7

Table 2.2. WR Board applications by age

Age	Apr	May	Jun	2nd Qtr 2015	2nd Qtr 2014
41-45	0	0	0	0	1
46-50	1	2	3	6	4
51-55	4	2	9	15	8
56-60	4	0	3	7	8
61-65	2	0	0	2	4
TOTAL	11	4	15	30	25

Tables 2.3 and 2.4 show the breakdown of disability applications by disability type. Claims for this period are evenly distributed among disability types for TR Board applicants while WR Board claims are concentrated in orthopedic (25%), neurological (14%), cancer (14%), and claims with multiple medical problems (25%) .

Table 2.3 TR Board disability applications by disability type

Disability Type	Apr	May	Jun	2nd Qtr 2015	2nd Qtr 2014
Brain Injury	0	0	0	0	1
Cancer	0	0	0	0	2
Eye Disorders	1	0	0	1	0
Mental Illness	0	0	0	0	1
Multiple Medical Problems	1	0	0	1	2
Multiple Sclerosis	0	0	1	1	0
Neurology	1	0	1	2	1
Orthopedic	0	1	0	1	0
Respiratory	0	0	1	1	0
TOTAL	3	1	3	7	7

Table 2.4 WR Board disability applications by disability type

Disability Type	Apr	May	Jun	2nd Qtr 2015	2nd Qtr 2014
Brain Injury	0	0	0	0	1
Cancer	1	0	3	4	3
Cardiovascular	0	0	1	1	2
Diabetes	1	0	0	1	1
Eye Disorders	0	0	0	0	1
Gastro/Intestinal	0	0	0	0	1
Mental Illness	1	0	1	2	3
Multiple Medical Problems	1	1	5	7	2
Multiple Sclerosis	1	0	0	1	0
Muscle/Tissue	1	0	0	1	3
Nephrology	0	1	0	1	0
Neurology	1	0	3	4	3
Orthopedic	3	1	3	7	5
Other	0	1	0	1	0
TOTAL	10	4	16	30	25

§ 40.65 Duty Disability

There were nine 40.65 disability benefits started in the first quarter of 2015, compared with six benefits started in the same period in 2014. None of the 2015 claims were approved under the cancer, heart and lung, or infectious disease presumptive statutes. Six claims were for musculoskeletal disability, two claims were for psychiatric disability and one claim classified as “other” was a line-of-duty death benefit.