



State of Wisconsin  
Department of Employee Trust Funds  
Robert J. Conlin  
SECRETARY

801 W Badger Road  
PO Box 7931  
Madison WI 53707-7931  
1-877-533-5020 (toll free)  
Fax 608-267-4549  
etf.wi.gov

## Correspondence Memorandum

**Date:** November 10, 2016  
**To:** Teachers Retirement Board  
Wisconsin Retirement Board  
**From:** Deb Roemer, Director  
Benefit Services Bureau  
Division of Retirement Services  
**Subject:** July - September 2016 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 July through September 2016. 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 that you may offer for improving this report. Please contact Deb Roemer at (608) 266-5387 or [deb.roemer@etf.wi.gov](mailto:deb.roemer@etf.wi.gov) if you have comments or questions.

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

Attachment: 2016 Third Quarter Disability Benefit Statistical Report

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

Electronically Signed 11/23/16

Board	Mtg Date	Item #
JM	12.15.16	4D

***Benefit Services Bureau***

***2016 Third Quarter Disability Benefit Statistical Report***



November 9, 2016

## Introduction

The Board delegated authority to the Department to review and approve disability claims as long as staff provides quarterly reports to the Board. The 2016 3rd 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 July, August, and September 2016. 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 active 40.63 claims is down slightly from the beginning of 2016 while the number of active 40.65 claims has remained level. Annual trends and data are included in the annual report, which is typically shared at the first Board meeting of the year.

The Disability Programs Section (DPS) has been working with its actuary, Milliman, Inc., on a comprehensive study of ETF's disability programs. The goal of this study is to review and evaluate current program structures; evaluate the impact of changes to ETF's disability programs; and offer other suggestions for program improvement. The current phase of this study is focused on evaluating the plan design of the Income Continuation Insurance and Long-Term Disability Insurance programs and any plan design changes that would improve efficiencies and reduce program overlap.

During the third quarter, the ETF Board voted to close the LTDI program and reopen the 40.63 program to new claims. DPS has begun the process to make changes to the administrative rules and internal systems that will enable this change to move forward. The target date for this change is January 1, 2018. We are also developing a comprehensive communications plan for this project.

In recent months, DPS has continued to review and implement some policies and processes related to disability medical certifications. If additional information is needed, an Independent Medical Examination (IME) may be used to provide medical clarification.

## Claim Payments

Table 1.1 shows the monthly total claim payments made during the third quarter of 2016 for the 40.63 and 40.65 programs.

Table 1.1. Disability Benefit Payments (40.63 and 40.65)

Program	Jul 2016	Aug 2016	Sep 2016	3rd Qtr 2016*
40.63	11,603,841	11,697,089	11,694,730	34,995,661
40.65	2,890,834	2,839,752	2,963,121	8,693,707

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

Disability annuity benefit payments increased 0.15% when compared to third quarter 2015 payments (\$34.94 million). Duty disability payments increased 2.6% compared to third quarter 2015 payments (\$8.4 million).

The number of active claimants receiving 40.63 and 40.65 benefits in the third quarter 2016 are described in table 1.2.

Table 1.2. 40.63 and 40.65 active claimants

Program	Jul 2016	Aug 2016	Sep 2016
40.63	6,399	6,395	6,403
40.65	1,002	1,000	1,001

There were 6,449 disability annuitants at the beginning of 2016 and 1,001 claimants receiving 40.65 benefits. Table 1.2 shows the continuing trend of slow but steady decline in the number of claimants receiving monthly 40.63 benefit payments. The number of monthly duty disability claimants continues to fluctuate in a very narrow range and is largely unchanged since the end of 2015.

## § 40.63 Disability Annuity

40.63 disability estimates requested and completed in the third quarter of 2015 and 2016 are shown in Table 1.3.

Table 1.3. 40.63 3<sup>rd</sup> Quarter disability estimates requested and completed 2015-2016

	Jul	Aug	Sep	Quarter
2016 Disability Estimates Requested	20	28	25	73
2015 Disability Estimates Requested	29	30	37	96
2016 Disability Estimates Completed	21	25	23	69
2015 Disability Estimates Completed	25	38	32	95

There were seven Teachers Retirement (TR) Board annuities started in the period examined compared to nine TR annuities started in the same period in 2015. Five of those annuities (71%) were filed by women and two (29%) were filed by men. In the third quarter of 2015 seven of the TR Board annuities (78%) were started for women and two (22%) were started for men. Table 1.4 shows the breakdown of annuity options selected by new annuitants.

Table 1.4. TR Board annuities started by option selected

	Jul	Aug	Sep	3 <sup>rd</sup> Qtr 2016	3 <sup>rd</sup> Qtr 2015
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	0	2	0	2	5
Life Annuity with 60 Payments Guaranteed	0	0	1	1	0
For Annuitant's Life Only	0	0	0	0	1
Life Annuity with 180 Payments Guaranteed	0	1	0	1	2
75% Continued to Named Survivor (Joint Survivor)	0	0	0	0	1
100% Continued to Named Survivor (Joint Survivor)	2	1	0	3	0
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
<b>TOTAL</b>	2	4	1	7	9

There were 28 Wisconsin Retirement (WR) Board annuities started in the period examined, compared to 24 WR annuities started in the same period in 2015. WR Board annuities in 2016 were made up of 15 female annuitants (54%) and 13 male annuitants (46%). In 2015 new WR Board annuities were 12 female (50%) and 12 male annuitants (50%). 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	Jul	Aug	Sep	3 <sup>rd</sup> Qtr 2016	3 <sup>rd</sup> Qtr 2015
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	2	6	4	12	11
Life Annuity with 60 Payments Guaranteed	1	1	0	2	1
For Annuitant's Life Only	3	0	1	4	5
Life Annuity with 180 Payments Guaranteed	2	1	0	3	2
75% Continued to Named Survivor (Joint Survivor)	2	0	2	4	1
100% Continued to Named Survivor (Joint Survivor)	1	1	0	2	3
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	1	0	0	1	1
<b>TOTAL</b>	12	9	7	28	24

## New 40.63 Claims

There were eight TR Board disability applications filed in the third quarter of 2016. All eight applications were approved. By comparison, 13 applications were filed for the same period in 2015. There were 23 WR Board disability applications filed in the third quarter of 2016. A total of 22 applications were approved and one claim was canceled. There were 28 WR Board disability annuity applications in 2015.

Tables 2.1 and 2.2 show the breakdown of disability annuity applications by age. The greatest number of claims are concentrated in the 51-60 age range. Claims for 40.63 benefits will continue to be concentrated in this age range as fewer younger participants will be eligible for the benefit.

Table 2.1. TR Board applications by age

Age	Jul	Aug	Sep	3 <sup>rd</sup> Qtr 2016	3 <sup>rd</sup> Qtr 2015
46-50	2	0	0	2	1
51-55	2	0	0	2	6
56-60	0	2	0	2	5
61-65	1	1	0	2	2
<b>TOTAL</b>	<b>5</b>	<b>3</b>	<b>0</b>	<b>8</b>	<b>14</b>

Table 2.2. WR Board applications by age

Age	Jul	Aug	Sep	3 <sup>rd</sup> Qtr 2016	3 <sup>rd</sup> Qtr 2015
41-50	0	1	0	1	1
46-50	1	0	0	1	5
51-55	4	6	1	11	9
56-60	1	2	3	6	10
61-65	2	2	0	4	3
<b>TOTAL</b>	<b>8</b>	<b>11</b>	<b>4</b>	<b>23</b>	<b>28</b>

Tables 2.3 and 2.4 show the breakdown of third quarter 2016 disability applications by disability type. Cancer claims made up 38% of TR claims and neurological claims were 25% of claims while WR Board claims are primarily comprised of multiple medical problems (35%), cancer (17%), neurological (17%), and orthopedic (13%) claims.

Table 2.3 TR Board disability applications by disability type

Disability Type	Jul	Aug	Sep	3 <sup>rd</sup> Qtr 2016	3 <sup>rd</sup> Qtr 2015
Cancer	1	2	0	3	0
Cardiovascular	0	0	0	0	2
Mental Illness	1	0	0	1	4
Multiple Medical Problems	0	0	0	0	3
Muscle/Tissue	0	1	0	1	0
Neurology	2	0	0	2	3
Orthopedic	1	0	0	1	1
Other	0	0	0	0	1
<b>TOTAL</b>	<b>5</b>	<b>3</b>	<b>0</b>	<b>8</b>	<b>14</b>

Table 2.4 WR Board disability applications by disability type

Disability Type	Jul	Aug	Sep	3 <sup>rd</sup> Qtr 2016	3 <sup>rd</sup> Qtr 2015
Brain Injury	0	0	0	0	1
Cancer	3	1	0	4	2
Cardiovascular	0	0	0	0	1
Eye Disorders	0	1	0	1	0
Gastro/Intestinal	0	0	0	0	1
Mental Illness	0	1	0	1	3
Multiple Medical Problems	4	2	2	8	2
Multiple Sclerosis	0	0	0	0	1
Muscle/Tissue	0	1	0	1	4
Neurology	0	2	2	4	6
Orthopedic	1	2	0	3	6
Other	0	0	0	0	1
Respiratory	0	1	0	1	0
<b>TOTAL</b>	<b>8</b>	<b>11</b>	<b>4</b>	<b>23</b>	<b>28</b>

## § 40.65 Duty Disability

There were three duty disability benefits started in the third quarter of 2016, compared with 11 duty disability benefits started in the same period in 2015. One claim was approved under the cancer, heart and lung, or infectious disease presumptive statutes. Table 3.1 shows the breakdown of duty disability applications by disability type. Additionally, one survivor benefit was also started during the third quarter of 2016.

Table 3.1 Duty Disability applications by disability type

<b>Disability Type</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>3<sup>rd</sup> Qtr 2016</b>	<b>3<sup>rd</sup> Qtr 2015</b>
Musculoskeletal	0	0	1	1	6
Cancer	0	0	0	0	1
Cardiovascular	0	0	1	1	1
Psychiatric	0	0	0	0	1
Multiple Medical Problems	1	0	0	1	0
Other	0	0	0	0	2
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>11</b>