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## Correspondence Memorandum

**Date:** August 21, 2020

**To:** Employee Trust Funds Board  
Teachers Retirement Board  
Wisconsin Retirement Board

**From:** Jim Guidry, Director  
Benefit Services Bureau  
Division of Retirement Services

**Subject:** April – June 2020 Quarterly Disability Annuity Statistics

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

Attached is the Wisconsin Retirement System (WRS) *2020 Second Quarter Disability Benefit Statistical Report* for the period April 2020 through June 2020. The report provides quarterly data on benefit payments, the number of annuities started, options selected, gender, determination, age, and disability type. Most notably, the number of active Long-Term Disability Insurance (LTDI) claims dropped below 2,000 this quarter.

We appreciate any feedback or suggestions you may offer for future inclusion in this report. Please contact Jim Guidry at (608) 266-5387 or [jim.guidry@etf.wi.gov](mailto:jim.guidry@etf.wi.gov) if you have comments or questions.

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

Attachment: 2020 Second Quarter Disability Statistical Report

Reviewed and approved by Matt Stohr, Administrator, Div. of Retirement Services

Electronically Signed 8/28/20

Board	Mtg Date	Item #
JM	9.17.20	4D

***Benefit Services Bureau***

***2020 Second Quarter Disability Benefit Statistical Report***



August 21, 2020

## Introduction

The Department of Employee Trust Funds reviews and approves disability claims and provides quarterly reports to the appropriate board. The *2020 Second Quarter Disability Benefit Statistical Report* 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 April, May, and June 2020. 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 has dropped below 2,000 this quarter, and the number of active 40.63 claims has continued its gradual increase in response to the closing of LTDI and the reopening of the 40.63 program in 2018. In contrast, the number of active 40.65 claims has remained largely stable over the past two quarters. Annual trends and data are included in the annual report, which is typically presented at the first Board meeting of each year.

## Disability Benefit Payments

Table 1.1 shows the monthly totals of benefit payments made during the second quarter of 2020 for the 40.63, 40.65, and LTDI programs. Table 1.2 shows the total number of active claimants each month by program. Although the number of claimants is decreasing, LTDI payments in May show a slight increase due to the impact of the annual benefit adjustment. However, both the LTDI benefit payment totals and the number of active LTDI claimants continue to decline due to the closure of the program to new claims in January 2018.

Compared to the second quarter of 2019, disability annuity (40.63) benefit payments have increased by 3.4%, duty disability (40.65) totals increased by 0.5%, and LTDI benefit payment totals decreased by 8.3%.

Table 1.1. Disability benefit payment totals (40.63, 40.65, and LTDI)

Program	Apr 2020	May 2020	Jun 2020	2 <sup>nd</sup> Qtr 2020*	2 <sup>nd</sup> Qtr 2019*
40.63	12,399,335	12,672,614	12,814,993	37,886,942	36,629,622
40.65	3,046,847	3,058,516	3,117,579	9,222,942	9,179,054
LTDI	2,995,432	3,009,851	2,987,216	8,992,498	9,807,490

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

At the beginning of 2020, there were 6,374 disability annuitants, 1,026 claimants receiving duty disability, and 2,080 claimants receiving LTDI benefits. Table 1.2 shows the number of active claimants receiving 40.63, 40.65, and LTDI benefits in the second quarter of 2020.

Table 1.2. 40.63, 40.65, and LTDI active claimants

Program	Apr 2020	May 2020	Jun 2020
40.63	6,368	6,391	6,385
40.65	1,020	1,021	1,022
LTDI	2,021	2,005	1,990

## § 40.63 Disability Annuity

Table 1.3 shows the number of 40.63 disability annuity estimates requested and completed in the second quarters of 2019 and 2020.

The number of estimates requested decreased by 25.3%, compared to the second quarter of 2019, and the number of estimates completed decreased by 24.6%, compared to the same period in 2019. However, the second quarter 2020 estimates still represent a 238% (for requested) and a 273% (for completed) increase from third quarter 2017, when fewer participants were eligible for the program.

Table 1.3. 40.63 estimates requested and completed 2019-2020

	Apr	May	Jun	2 <sup>nd</sup> Quarter
2020 Disability Annuity Estimates Requested	30	49	63	142
2019 Disability Annuity Estimates Requested	71	59	60	190
2020 Disability Annuity Estimates Completed	27	50	61	138
2019 Disability Annuity Estimates Completed	70	56	57	183

In 2017, prior to the closure of LTDI and the reopening of 40.63, there were 89 new applications for the 40.63 program. In 2018, there were 350 applications received, representing a 293% increase in application volume. This additional volume proved stable, as there were 360 applications received in 2019. The number of applications received in the second quarter of 2020 (94) is very similar to the number received in the second quarter of 2019 (93), and the numbers remain well above 2017 levels, as anticipated.

## § 40.63 Benefit Determinations

There were 25 Teachers Retirement (TR) Board disability annuity claim determinations in the second quarter of 2020. Of those, 24 claims were approved, and one was canceled. By comparison, there were 20 claim determinations for the same period in 2019, of which 18 were

approved, one was canceled, and one was denied. This represents a 25% increase in TR claim determinations from the same period in 2019.

There were 65 Wisconsin Retirement (WR) Board disability annuity claim determinations in the second quarter of 2020. Fifty-five applications were approved, six were canceled, and four were denied. The number of claim determinations in the second quarter of 2020 represents a 4.8% increase from the 62 WR Board disability annuity claim determinations in the same period in 2019.

Tables 1.4 and 1.5 show the breakdown of disability annuity claim determinations by age. The greatest number of TR Board claims are concentrated in the 51-60 age range, but claims have been extending into younger age ranges now that the program is available to all eligible employees. The WR Board claims have also extended into to younger age ranges, and claims this quarter are more evenly spread through the 46-65 age range.

Table 1.4. TR Board claim determinations by age

Age	Apr	May	Jun	2 <sup>nd</sup> Qtr 2020	2 <sup>nd</sup> Qtr 2019
41-45	0	0	0	0	1
46-50	1	1	2	4	2
51-55	3	1	4	8	9
56-60	4	3	4	11	4
61-65	0	1	1	2	4
<b>TOTAL</b>	<b>8</b>	<b>6</b>	<b>11</b>	<b>25</b>	<b>20</b>

Table 1.5. WR Board claim determinations by age

Age	Apr	May	Jun	2 <sup>nd</sup> Qtr 2020	2 <sup>nd</sup> Qtr 2019
31-35	0	0	0	0	1
36-40	4	1	0	5	2
41-45	0	0	1	1	3
46-50	9	3	4	16	8
51-55	5	3	2	10	20
56-60	7	4	7	18	17
61-65	5	5	5	15	11
<b>TOTAL</b>	<b>30</b>	<b>16</b>	<b>19</b>	<b>65</b>	<b>62</b>

Tables 1.6 and 1.7 show the breakdown of second quarter 2020 disability annuity claim determinations by disability type. TR Board claim disability types consisted primarily of multiple

medical problems (32%), cancer (24%), and mental illness (20%). WR Board claims consisted primarily of multiple medical problems (32%), cancer (17%), mental illness (9%), neurology (9%), and muscle/tissue (8%).

Table 1.6 TR Board disability annuity claim determinations by disability type

Disability Type	Apr	May	Jun	2 <sup>nd</sup> Qtr 2020	2 <sup>nd</sup> Qtr 2019
Cancer	2	2	2	6	7
Mental Illness	0	1	4	5	2
Multiple Medical Problems	4	2	2	8	5
Multiple Sclerosis	0	0	1	1	0
Neurology	2	1	1	4	3
Orthopedic	0	0	1	1	3
<b>TOTAL</b>	<b>8</b>	<b>6</b>	<b>11</b>	<b>25</b>	<b>20</b>

Table 1.7 WR Board disability annuity claim determinations by disability type

Disability Type	Apr	May	Jun	2 <sup>nd</sup> Qtr 2020	2 <sup>nd</sup> Qtr 2019
Cancer	6	3	2	11	7
Cardiovascular	1	0	1	2	2
Eye Disorders	1	0	0	1	3
Gastro/Intestinal	0	1	1	2	0
Mental Illness	4	0	2	6	9
Multiple Medical Problems	10	6	5	21	18
Multiple Sclerosis	0	1	0	1	0
Muscle/Tissue	2	1	2	5	3
Nephrology	2	0	2	4	1
Neurology	2	2	2	6	6
Orthopedic	1	2	1	4	9
Respiratory	0	0	1	1	3
Unknown	1	0	0	1	1
<b>TOTAL</b>	<b>30</b>	<b>16</b>	<b>19</b>	<b>65</b>	<b>62</b>

## § 40.63 Benefits Started

There were 20 TR Board disability annuities started in the second quarter of 2020. Sixteen of these (80%) were for female claimants, and four (20%) were for male claimants. In the second quarter of 2019, there were 14 disability annuities started; 86% for female claimants and 14% 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	Apr	May	Jun	2 <sup>nd</sup> Qtr 2020	2 <sup>nd</sup> Qtr 2019
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	5	2	1	8	5
Life Annuity with 60 Payments Guaranteed	1	0	1	2	0
For Annuitant's Life Only	2	1	2	5	2
Life Annuity with 180 Payments Guaranteed	1	0	0	1	3
75% Continued to Named Survivor (Joint Survivor)	1	0	0	1	2
100% Continued to Named Survivor (Joint Survivor)	0	1	1	2	1
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	1	1	1
<b>TOTAL</b>	<b>10</b>	<b>4</b>	<b>6</b>	<b>20</b>	<b>14</b>

There were 89 WR Board disability annuities started in the second quarter of 2020, compared to 76 disability annuities started in the same period in 2019. Disability annuities in this quarter were made up of 59 female annuitants (66%) and 30 male annuitants (34%). In 2019, new disability annuities were split between 34 female (52%) and 31 male (48%) 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	Apr	May	Jun	2 <sup>nd</sup> Qtr 2020	2 <sup>nd</sup> Qtr 2019
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	21	6	8	35	28
Life Annuity with 60 Payments Guaranteed	3	2	4	9	3
For Annuitant's Life Only	4	4	5	13	16
Life Annuity with 180 Payments Guaranteed	10	4	5	19	15
75% Continued to Named Survivor (Joint Survivor)	1	1	3	5	5
100% Continued to Named Survivor (Joint Survivor)	4	2	0	6	9
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	1	0	1	2	0
<b>TOTAL</b>	<b>44</b>	<b>19</b>	<b>26</b>	<b>89</b>	<b>76</b>

## § 40.65 Duty Disability

In the second quarter of 2020, eight duty disability claims were approved, and two duty disability claims were denied.

Duty disability benefits were started for five claimants in the second quarter of 2020, compared with nine claims started in the same period in 2019. Table 1.10 shows the breakdown of second quarter 2020 duty disability claims by disability type. None of the claims started in the second quarter of 2020 was approved under the presumptive statutes. No duty disability death benefits were started during this period.

Table 1.10 Duty Disability benefits started by disability type

Disability Type	Apr	May	Jun	2 <sup>nd</sup> Qtr 2020	2 <sup>nd</sup> Qtr 2019
Cancer	0	0	0	0	1
Cardiovascular	0	0	0	0	1
Musculoskeletal	1	1	1	3	6
Neurological	0	0	1	1	0
Psychiatric	0	1	0	1	0
Respiratory	0	0	0	0	1
<b>TOTAL</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>9</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.

Fifty claims were closed in the second quarter of 2020, including seven deaths; two that exceeded the earnings limit for a second time; and one whose benefit was completely offset by their WRS benefit. The remaining claim closures were due to claimants reaching the maximum duration of their benefits, usually when they reach age 65. There were 1,967 open LTDI claims and seven suspended LTDI claims at the end of the quarter.

Forty-six claims are expected to reach their maximum duration dates and be closed during the third quarter of 2020. The final LTDI claim is scheduled to reach its maximum duration of benefits on November 30, 2052 but could terminate prior to that date (i.e. death of claimant). The number of open claims in 10 years will total 618, 109 in 20 years, and in 30 years there will be 2 open LTDI claims, based on their max duration date.