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Correspondence Memorandum

Date: March 1, 2021

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

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

Subject: October – December 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 Fourth Quarter Disability Benefit Statistical Report* for the period October 2020 through December 2020. The report provides quarterly data on benefit payments, the number of annuities started, options selected, gender, determination, age, and disability type. It may be noted that the number of LTDI claimants continues to decrease this quarter, while the number of 40.65 claimants has remained largely stable over the past four quarters. As expected, the number of incoming 40.63 claims continue to maintain their elevated levels since the program was reopened in 2018.

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 if you have comments or questions.

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

Attachment: 2020 Fourth Quarter Disability Statistical Report

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

Electronically Signed 3/11/21

Board	Mtg Date	Item #
JM	3.25.21	4F

Benefit Services Bureau

2020 Fourth Quarter Disability Benefit Statistical Report



March 1, 2021

Introduction

Prepared for the Joint Meeting of the Retirement Boards, March 25, 2021

The Department of Employee Trust Funds administers disability benefit claims and provides quarterly reports to the appropriate boards. The *2020 Fourth 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 October, November, and December 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 continues to decrease, while the number of active 40.63 claims showed a very small increase this quarter. The number of active 40.65 claims has remained largely stable over the past four 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 fourth 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. 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 fourth quarter of 2019, disability annuity (40.63) benefit payments have increased by 4.7%, duty disability (40.65) totals decreased by 1.8%, and LTDI benefit payment totals decreased by 8.3%.

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

Program	Oct 2020	Nov 2020	Dec 2020	4 th Qtr 2020*	4 th Qtr 2019*
40.63	12,880,685	12,899,068	12,781,081	38,560,834	36,830,280
40.65	3,031,015	3,012,343	3,005,428	9,048,786	9,215,318
LTDI	2,890,794	2,847,700	2,835,239	8,573,733	9,346,455

*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 fourth quarter of 2020.

Table 1.2. 40.63, 40.65, and LTDI active claimants

Program	Oct 2020	Nov 2020	Dec 2020
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40.63	6,419	6,431	6,437
40.65	1,029	1,028	1,026
LTDI	1,915	1,894	1,883

§ 40.63 Disability Annuity

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

The number of estimates requested decreased by 36%, compared to the fourth quarter of 2019, and the number of estimates completed decreased by 38% compared to the same period in 2019.

Table 1.3. 40.63 estimates requested and completed 2019-2020

	Oct	Nov	Dec	4 th Quarter
2020 Disability Annuity Estimates Requested	36	46	37	119
2019 Disability Annuity Estimates Requested	70	54	62	186
2020 Disability Annuity Estimates Completed	35	49	36	120
2019 Disability Annuity Estimates Completed	84	42	67	193

In 2017, prior to closing LTDI and reopening 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 increase in volume proved stable, as there were 360 applications received in 2019. The number of applications received in the fourth quarter of 2020 (68) is considerably lower than the number received in the fourth quarter of 2019 (91), however, there were still 332 applications received in 2020, and the numbers remain well above 2017 levels, as anticipated.

§ 40.63 Benefit Determinations

There were 24 Teachers Retirement (TR) Board disability annuity claim determinations in the fourth quarter of 2020. Of those, 21 claims were approved, two were canceled, and one was denied. By comparison, there were 17 claim determinations for the same period in 2019, of which 14 were approved, two were canceled, and one was denied. This represents an increase of 41.2% in TR claim determinations from the same period in 2019.

There were 49 Wisconsin Retirement (WR) Board disability annuity claim determinations in the fourth quarter of 2020. Forty-three applications were approved, four were canceled, and two were denied. The number of claim determinations in the fourth quarter of 2020 represents a 18.3% decrease from the 60 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 51-55 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, however, claims this quarter are more evenly spread through the 51-65 age range.

Table 1.4. TR Board claim determinations by age

Age	Oct	Nov	Dec	4 th Qtr 2020	4 th Qtr 2019
31-35	0	0	0	0	0
36-40	0	0	0	0	4
41-45	0	1	1	2	0
46-50	1	1	2	4	4
51-55	5	1	3	9	5
56-60	3	1	0	4	4
61-65	1	1	3	5	0
TOTAL	10	5	9	24	17

Table 1.5. WR Board claim determinations by age

Age	Oct	Nov	Dec	4 th Qtr 2020	4 th Qtr 2019
31-35	0	0	0	0	0
36-40	1	1	0	2	0
41-45	3	2	3	8	4
46-50	1	1	0	2	13
51-55	6	4	6	16	17
56-60	4	2	3	9	14
61-65	2	4	6	12	12
TOTAL	17	14	18	49	60

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

(38%), and multiple medical problems (25%). WR Board claims consisted primarily of multiple medical problems (24%), orthopedic (18%), and neurology (14%).

Table 1.6 TR Board disability annuity claim determinations by disability type

Disability Type	Oct	Nov	Dec	4 th Qtr 2020	4 th Qtr 2019
Cancer	5	3	1	9	4
Cardiovascular	0	0	1	1	1
Hearing Disorder	0	0	0	0	1
Mental Illness	1	0	0	1	3
Multiple Medical Problems	1	2	3	6	4
Multiple Sclerosis	1	0	1	2	0
Muscle/Tissue	1	0	1	2	1
Neurology	0	0	1	1	2
Orthopedic	1	0	1	2	1
TOTAL	10	5	9	24	17

Table 1.7 WR Board disability annuity claim determinations by disability type

Disability Type	Oct	Nov	Dec	4 th Qtr 2020	4 th Qtr 2019
Brain Injury	0	0	0	0	2
Cancer	1	1	2	4	13
Cardiovascular	1	1	2	4	3
Diabetes	0	0	1	1	1
Eye Disorders	0	0	0	0	1
Gastro/Intestinal	0	0	0	0	1
Hearing Disorder	0	0	0	0	1
Mental Illness	2	1	0	3	5
Multiple Medical Problems	5	4	3	12	11
Multiple Sclerosis	0	0	0	0	1
Muscle/Tissue	2	1	0	3	5
Nephrology	0	0	2	2	0
Neurology	2	3	2	7	8
Orthopedic	2	2	5	9	5
Other	1	0	0	1	2
Respiratory	1	1	0	2	1
Unknown	0	0	1	1	0
TOTAL	17	14	18	49	60

§ 40.63 Benefits Started

There were 12 TR Board disability annuities started in the fourth quarter of 2020. Ten of these (83%) were for female claimants, and two (17%) were for male claimants. In the fourth quarter of 2019, there were 9 disability annuities started: 78% for female claimants and 22% 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	Oct	Nov	Dec	4 th Qtr 2020	4 th Qtr 2019
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	2	1	1	4	3
Life Annuity with 60 Payments Guaranteed For Annuitant's Life Only	1	0	0	1	0
Life Annuity with 180 Payments Guaranteed	3	0	1	4	0
75% Continued to Named Survivor (Joint Survivor)	2	0	0	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	1	0	0	1	4
TOTAL	9	1	2	12	9

There were 51 WR Board disability annuities started in the fourth quarter of 2020, compared to 62 disability annuities started in the same period in 2019. Disability annuities in this quarter were made up of 31 female annuitants (61%) and 20 male annuitants (39%). In 2019, new disability annuities were split between 35 female (56%) and 27 male (44%) 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	Oct	Nov	Dec	4 th Qtr 2020	4 th Qtr 2019
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100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	7	8	9	24	27
Life Annuity with 60 Payments Guaranteed	0	2	2	4	0
For Annuitant's Life Only	5	2	3	10	16
Life Annuity with 180 Payments Guaranteed	6	1	2	9	8
75% Continued to Named Survivor (Joint Survivor)	0	1	0	1	5
100% Continued to Named Survivor (Joint Survivor)	0	2	1	3	6
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
TOTAL	18	16	17	51	62

§ 40.65 Duty Disability

In the fourth quarter of 2020, three duty disability claims were approved, and one duty disability claim was denied.

Duty disability benefits were started for four claimants in the fourth quarter of 2020, compared with seven claims started in the same period in 2019. Table 1.10 shows the breakdown of fourth quarter 2020 duty disability claims by disability type. None of the claims started in the fourth 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	Oct	Nov	Dec	4 th Qtr 2020	4 th Qtr 2019
Musculoskeletal	3	0	0	3	5
Neurological	0	1	0	1	0
Psychiatric	0	0	0	0	2
TOTAL	3	1	0	4	7

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.

Forty-five claims were closed in the fourth quarter of 2020, including 9 deaths; one claim was closed because the claimant's doctor certified that they were no longer disabled, another was closed for exceeding the earnings limit for a second time, and one was closed because it 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 1,863 open LTDI claims and four suspended LTDI claims at the end of the quarter.

Thirty-six claims are expected to reach their maximum duration dates and be closed during the first quarter of 2021. 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 two times). Assuming all claims remain open until the date of their maximum duration, the number of open claims in 10 years will total 607, 105 in 20 years, and in 30 years, there will be two open LTDI claims, based on their maximum duration date.