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Correspondence Memorandum

Date: November 13, 2020

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

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

Subject: July – September 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 Third Quarter Disability Benefit Statistical Report* for the period July 2020 through September 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 both 40.63 and 40.65 claimants remains largely stable. Additionally, the effects of suspensions and reinstatements of benefits relating to the submission of annual earnings statements may be seen on the payment totals 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 if you have comments or questions.

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

Attachment: 2020 Third Quarter Disability Statistical Report

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

 Electronically Signed 11/19/20

Board	Mtg Date	Item #
ETF	12.10.20	5G
TR	12.09.20	4E
WR	12.10.20	4E

Benefit Services Bureau

2020 Third Quarter Disability Benefit Statistical Report



November 13, 2020

Introduction

The Department of Employee Trust Funds administers disability benefit claims and provides quarterly reports to the appropriate boards. The *2020 Third 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 July, August, and September 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 plateaued this quarter. The number of active 40.65 claims has remained largely stable over the past three 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 third 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 August show a slight dip due to the impact of benefit suspensions in July, and subsequent reinstatements in August and September. 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 third quarter of 2019, disability annuity (40.63) benefit payments have increased by 3.1%, duty disability (40.65) totals increased by 1.1%, and LTDI benefit payment totals decreased by 7.9%.

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

Program	Jul 2020	Aug 2020	Sep 2020	3 rd Qtr 2020*	3 rd Qtr 2019*
40.63	12,761,980	12,646,273	12,711,650	38,119,903	36,991,432
40.65	3,048,425	3,037,941	3,055,917	9,142,283	9,042,629
LTDI	2,952,306	2,915,805	2,947,054	8,815,164	9,573,321

*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 third quarter of 2020.

Table 1.2. 40.63, 40.65, and LTDI active claimants

Program	Jul 2020	Aug 2020	Sep 2020
40.63	6,403	6,396	6,403
40.65	1,023	1,025	1,025
LTDI	1,970	1,932	1,931

§ 40.63 Disability Annuity

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

The number of estimates requested decreased by 6.2%, compared to the third quarter of 2019, and the number of estimates completed was identical, compared to the same period in 2019. However, the third quarter 2020 estimates still represent a 297% (for requested) and a 365% (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

	Jul	Aug	Sep	3 rd Quarter
2020 Disability Annuity Estimates Requested	37	84	46	167
2019 Disability Annuity Estimates Requested	63	58	57	178
2020 Disability Annuity Estimates Completed	46	78	48	172
2019 Disability Annuity Estimates Completed	64	58	50	172

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 third quarter of 2020 (86) is only slightly lower than the number received in the third quarter of 2019 (94), and the numbers remain well above 2017 levels, as anticipated.

§ 40.63 Benefit Determinations

There were 21 Teachers Retirement (TR) Board disability annuity claim determinations in the third quarter of 2020. Of those, 19 claims were approved, one was canceled, and one was denied. By comparison, there were 21 claim determinations for the same period in 2019, of which 19 were approved, and two were denied. This represents no change in TR claim determinations from the same period in 2019.

There were 69 Wisconsin Retirement (WR) Board disability annuity claim determinations in the third quarter of 2020. Sixty applications were approved, three were canceled, one was deemed approved, and five were denied. The number of claim determinations in the third quarter of 2020 represents a 13.1% increase from the 61 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	Jul	Aug	Sep	3 rd Qtr 2020	3 rd Qtr 2019
31-35	0	0	1	1	0
36-40	0	0	1	1	1
41-45	1	1	0	2	2
46-50	0	1	1	2	3
51-55	2	1	2	5	5
56-60	3	2	3	8	7
61-65	1	1	0	2	3
TOTAL	7	6	8	21	21

Table 1.5. WR Board claim determinations by age

Age	Jul	Aug	Sep	3 rd Qtr 2020	3 rd Qtr 2019
31-35	1	1	0	2	0
36-40	1	1	1	3	2
41-45	1	2	3	6	5
46-50	3	5	4	12	6
51-55	3	4	7	14	15
56-60	5	9	7	21	21
61-65	7	1	3	11	12
TOTAL	21	23	25	69	61

Tables 1.6 and 1.7 show the breakdown of third quarter 2020 disability annuity claim determinations by disability type. TR Board claim disability types consisted primarily of neurology (29%), cancer (19%), multiple medical problems (14%), and mental illness (14%). WR Board claims consisted primarily of neurology (20%), mental illness (19%), multiple medical problems (16%), and orthopedic (16%).

Table 1.6 TR Board disability annuity claim determinations by disability type

Disability Type	Jul	Aug	Sep	3 rd Qtr 2020	3 rd Qtr 2019
Cancer	1	3	0	4	8
Hearing Disorder	0	0	0	0	1
Mental Illness	1	0	2	3	3
Multiple Medical Problems	1	0	2	3	5
Multiple Sclerosis	0	1	0	1	0
Muscle/Tissue	1	0	0	1	2
Neurology	2	1	3	6	1
Orthopedic	1	1	0	2	1
Other	0	0	1	1	0
TOTAL	7	6	8	21	21

Table 1.7 WR Board disability annuity claim determinations by disability type

Disability Type	Jul	Aug	Sep	3 rd Qtr 2020	3 rd Qtr 2019
Brain Injury	0	0	0	0	1
Cancer	3	1	2	6	10
Cardiovascular	0	0	0	0	2
Eye Disorders	0	1	0	1	1
Mental Illness	4	4	5	13	5
Multiple Medical Problems	2	7	2	11	12
Multiple Sclerosis	0	1	0	1	2
Muscle/Tissue	2	2	2	6	2
Nephrology	1	0	2	3	2
Neurology	3	4	7	14	13
Orthopedic	4	3	4	11	9
Other	2	0	1	3	0
Respiratory	0	0	0	0	2
TOTAL	21	23	25	69	61

§ 40.63 Benefits Started

There were 13 TR Board disability annuities started in the third quarter of 2020. Nine of these (69%) were for female claimants, and four (31%) were for male claimants. In the third quarter of 2019, there were 19 disability annuities started: 79% for female claimants and 21% 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	Jul	Aug	Sep	3 rd Qtr 2020	3 rd Qtr 2019
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	1	2	4	7	6
Life Annuity with 60 Payments Guaranteed	0	0	0	0	0
For Annuitant's Life Only	1	0	0	1	3
Life Annuity with 180 Payments Guaranteed	2	1	2	5	3
75% Continued to Named Survivor (Joint Survivor)	0	0	0	0	2
100% Continued to Named Survivor (Joint Survivor)	0	0	0	0	5
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
TOTAL	4	3	6	13	19

There were 64 WR Board disability annuities started in the third quarter of 2020, compared to 55 disability annuities started in the same period in 2019. Disability annuities in this quarter were made up of 28 female annuitants (44%) and 36 male annuitants (56%). In 2019, new disability annuities were split between 30 female (55%) and 25 male (45%) 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	Jul	Aug	Sep	3 rd Qtr 2020	3 rd Qtr 2019
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	5	14	14	33	20
Life Annuity with 60 Payments Guaranteed	1	2	0	3	3
For Annuitant's Life Only	2	0	6	8	9
Life Annuity with 180 Payments Guaranteed	5	3	2	10	11
75% Continued to Named Survivor (Joint Survivor)	1	1	1	3	2
100% Continued to Named Survivor (Joint Survivor)	1	2	4	7	10
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
TOTAL	15	22	27	64	55

§ 40.65 Duty Disability

In the third quarter of 2020, four duty disability claims were approved, and four duty disability claims were denied.

Duty disability benefits were started for nine claimants in the third quarter of 2020, compared with three claims started in the same period in 2019. Table 1.10 shows the breakdown of third quarter 2020 duty disability claims by disability type. One of the claims started in the third quarter of 2020 was approved under the presumptive statutes. One duty disability death benefit was started during this period.

Table 1.10 Duty Disability benefits started by disability type

Disability Type	Jul	Aug	Sep	3 rd Qtr 2020	3 rd Qtr 2019
Cancer	0	1	0	1	0
Cardiovascular	1	0	0	1	0
Multiple Medical Problems	0	1	0	1	0
Musculoskeletal	1	1	2	4	2
Orthopedic	0	0	0	0	1
Other	0	1	0	1	0
Psychiatric	1	0	0	1	0
TOTAL	3	4	2	9	3

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.

Sixty-two claims were closed in the third quarter of 2020, including 12 deaths; three that failed to submit the required annual earnings statement, and one that exceeded the earnings limit for a second time. The remaining claim closures were due to claimants reaching the maximum duration of their benefits, usually when they reach age 65. There were 1,896 open LTDI claims and six suspended LTDI claims at the end of the quarter.

Thirty-three claims are expected to reach their maximum duration dates and be closed during the fourth 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 (e.g. death of claimant, failure to submit required documentation, exceeding earnings limit two times). The number of open claims in 10 years will total 618, 109 in 20 years, and in 30 years, there will be two open LTDI claims, based on their maximum duration date.