

**COUNTY OF MILWAUKEE**  
**Interoffice Memorandum**

DATE: May 14, 2014

TO: Milwaukee County Board Supervisors

FROM: Supervisor Michael Mayo, Sr., Chairman, Pension Study Commission

SUBJECT: **Review of Proposed Amendments to Chapter 201.24 of the Milwaukee County General Ordinances to Comply with Internal Revenue Service Code Requirements (File No. 14-244)**

The Pension Study Commission (PSC) is charged with issuing a written report on the actuarial effect, cost implications and the desirability of proposed changes to the pension system. At its meeting on May 13, 2014, the PSC reviewed File No. 14-244 which outlines proposed amendments to Chapter 201.24 of the Milwaukee County General Ordinances (M.C.G.O.) to comply with Internal Revenue Service (IRS) code requirements related to the Employees' Retirement System (ERS).

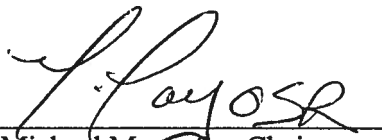
The PSC individually reviewed each of the sixteen (16) proposed amendments to the M.C.G.O. that were recommended by the Pension Board of the Employees' Retirement System of the County of Milwaukee. The ERS is a tax-qualified governmental retirement plan that must comply with the applicable provisions of the Internal Revenue Code of 1986 and, the Pension Board, acting as the fiduciary for and overseeing administration of ERS, is seeking to maintain the ERS' tax-qualified status. The proposed amendments are required in order to maintain compliance with federal legislative changes and accompanying regulations under the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART) and the Pension Protection Act of 2006 (PPA). A detailed summary of the changes is attached to this file.

The PSC heard testimony from Pension Board attorneys that the ERS has operationally complied with the IRS Code as it has changed due to the aforementioned Acts but the ordinances related to the ERS Plan must still be updated, retroactively, to various dates beginning January 1, 2001. These changes are also necessary to successfully receive periodic "determination letters" from the IRS confirming ERS's compliance with IRS Code requirements.

The PSC also reviewed the written actuarial report to the PSC Chairman dated January 31, 2014, and heard testimony from Mr. Larry Langer of Buck Consultants, the firm retained by the Pension Board and the County to provide actuarial services related to the ERS. Mr. Langer noted "that the ERS staff currently administers the ERS in compliance with these amendments, which means that these amendments will not change the ongoing cost of the ERS." In addition, the PSC was presented a memo dated January 15, 2014, from the Pension Board related to this matter that the adoption of the proposed ordinance amendments "would not result in additional administrative or programming cost to the System."

Based on the information presented to the Committee and contained in File No. 14-244, the Pension Study Commission voted (Vote 5-0) to recommend that the County Board adopt the proposed changes to the pension ordinances as outlined in the resolution.

Respectfully submitted,



Michael Mayo, Sr., Chairman  
Pension Study Commission

cc: County Executive Abele  
Paul Bargren, Corporation Counsel  
Mark Grady, Deputy Corporation Counsel