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March 6, 2018

Ms. Margaret Daun  
Corporation Counsel  
Milwaukee County Employees' Retirement System  
901 N. 9<sup>th</sup> St., Room 303  
Courthouse  
Milwaukee, WI 53233

Re: **Actuary's Review of Proposed Ordinance Amendments to the Milwaukee County Employees' Retirement System - Updated**

Dear Margaret:

As requested, we have reviewed the proposed changes and present this letter detailing our findings. A summary of the proposed amendments to the Milwaukee County Employees' Retirement System (ERS) follows, as well as our comments on the cost impact to the system.

*This letter has been updated to reflect only potential changes to sections 11.7 and 14.8, as requested by county staff.*

### **Actuarial Impact**

If a change to the ordinance would affect Segal's calculation of the actuarial assets or actuarial liabilities, then there is an actuarial impact from the proposed change.

### **Section 11.7**

This section of the ordinance concerns the exemption of funds and benefits from taxation, execution and assignment.

The section is amended to allow forfeiture or garnishment of benefits and pensions in the following situations:

- Newly added section 14.8, which provides for forfeiture of benefits following certain criminal convictions (discussed under section 14.8 below).
- The member is subject to a lien or levy imposed by either the Internal Revenue Service or the Wisconsin Department of Revenue.

### Segal Comments on Section 11.7

In valuing the plan, there is no assumption as to any future criminal convictions that might result in a forfeiture of benefits. Therefore, there is no actuarial cost associated with this provision.

The garnishment of a pension changes the recipient of one or more payments, but it does not change the obligation of the system to make the payment. There is no actuarial cost associated with this provision.

### **Section 14.8**

This provision provides that if a member is convicted of certain criminal offenses, the member may forfeit benefits from the System. The provision further provides that if there is a loss to the county or government entity, the System will pay the amount of the loss from the member's accumulated contributions. This provision applies with respect to the portion of the member's benefit that is accrued on and after February 1, 2018.

### Segal Comments on Section 14.8

In valuing the plan, there is no assumption as to any future criminal convictions that might result in a forfeiture of benefits. There is no actuarial cost associated with this provision.

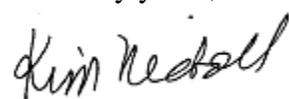
### **Caveats**

Segal is not a law firm and we cannot offer legal advice. The comments in this letter are based on our many years of consulting to employee benefit plans. Readers of this letter should consider retaining appropriate legal counsel if legal advice is needed.

The undersigned is a Member of the American Academy of Actuaries and meets the Academy's Qualification Standards to issue this Statement of Actuarial Opinion

Please let me know if you have any questions. My direct dial is 312 984 8527, or I can be contacted at [knicholl@segalco.com](mailto:knicholl@segalco.com).

Sincerely yours,



Kim Nicholl, FSA, MAAA, EA  
Senior Vice President and National Public Sector Retirement Practice Leader