



Office of the Comptroller

# Milwaukee County

Scott B. Manske • Comptroller

To: Theodore Lipscomb, Sr., Chairman, Milwaukee County Board of Supervisors

From: Scott B. Manske, Comptroller  
Cynthia J. (CJ) Pahl, Financial Services Manager, Office of the Comptroller

Date: March 6, 2018

Re: Fiscal Analysis of Proposed Pension Ordinance Changes

The Comptroller’s Office has reviewed the proposed ordinance changes to the Milwaukee County General Ordinances (MGO) that modify the current pension ordinances relating to forfeiture of benefits when a member or beneficiary is convicted or pleads guilty or no defense to certain crimes.

The table below and each section thereafter provides a description of the proposed ordinance change, and whether the proposed change creates any of the following:

- *Fiscal Impact to County.* This change has a direct impact to the County’s finances. Generally, the County will be required to pay an additional amount beyond what would have previously been required. The payment will either be through the annual required contribution or through some other direct contribution to the pension system.
- *Fiscal Impact to RPS.* This change will have an impact on the cash flows of the pension system or the overall payments to and from the system. Generally, if the proposed change results in additional benefit payments being made by or in benefit payments being collected by RPS, then there is a fiscal impact.
- *Actuarial Impact to RPS.* Generally, if the pension system’s actuarial assets or actuarial liabilities change due to the proposed ordinance change, then there is an actuarial impact.

Section	Proposed Change	Fiscal Impact to County	Fiscal Impact to RPS	Actuarial Impact to RPS
11.7	(a) – (c) Inclusion of provisions providing for the possible forfeiture or garnishment of benefits and pensions pursuant to Section 14.8 (forfeiture of benefits following a felon); a lien or levy imposed on the member or beneficiary by the Internal Revenue Service; or a lien or levy imposed on the member or beneficiary by the Wisconsin Department of Revenue.	No	No	No
14.8	(a) – (f) Inclusion of forfeiture of benefits when a member or beneficiary is convicted or pleads guilty or no defense to a Class A, B, C,	Depends	Yes	Depends

Section	Proposed Change	Fiscal Impact to County	Fiscal Impact to RPS	Actuarial Impact to RPS
	or D felony as defined in Wisconsin Criminal Code §§ 939-951 Wisc. Stats. or an analogous offense under Federal law; or is convicted or pleads guilty or no defense to a Class E, F, G, H or I felony as defined in Wisconsin Criminal Code §§ 939-951 Wisc. Stats. or an analogous offense under Federal law and such felony or offense is related to the member's employment with the County.			

**Sections 11.7 (a) – (c) Inclusion of provisions providing for the possible forfeiture or garnishment of benefits and pensions pursuant to Section 14.8 (forfeiture of benefits following a felon); a lien or levy imposed on the member or beneficiary by the Internal Revenue Service; or a lien or levy imposed on the member or beneficiary by the Wisconsin Department of Revenue.**

- *County Fiscal Impact* – None
- *RPS Fiscal Impact* – None
- *RPS Actuarial Impact* – None

**Sections 14.8 (a) – (f) Inclusion of forfeiture of benefits when a member or beneficiary is convicted or pleads guilty or no defense to a Class A, B, C, or D felony as defined in Wisconsin Criminal Code §§ 939-951 Wisc. Stats. or an analogous offense under Federal law; or is convicted or pleads guilty or no defense to a Class E, F, G, H or I felony as defined in Wisconsin Criminal Code §§ 939-951 Wisc. Stats. or an analogous offense under Federal law and such felony or offense is related to the member's employment with the County.**

- *County Fiscal Impact* – Depends. In most situations, a single instance of benefits forfeiture would not cause a fiscal impact to the County. However, in a situation where a significant number of retirees or beneficiaries forfeited their benefits, it is possible that upon subsequent valuation of the pension system, the overall pension system liability would decrease, which subsequently may decrease the County's annual required contribution (although this would only be one of many components that generate the final annual required contribution).
- *RPS Fiscal Impact* – Yes. If a retiree or beneficiary were to lose their benefit, then RPS would incur a fiscal savings due to paying out less than anticipated.
- *RPS Actuarial Impact* – Depends. In most situations, a single instance of benefits forfeiture would not cause an actuarial impact as any single change is likely negligible. However, in a situation where a significant number of retirees or beneficiaries forfeited their benefits, it is possible that upon subsequent valuation of the pension system, the overall pension system liability would decrease, which subsequently may decrease the County's annual required contribution (although this would only be one of many components that generate the final annual required contribution).