

1 Supervisor James "Luigi" Schmitt, Chairperson,
2 From the Committee on Finance, Personnel, and Audit, reporting on:

3
4 File No. 15-759

5
6 (ITEM) From the Pension Board of the Employees' Retirement System of the
7 County of Milwaukee, requesting authorization to amend Sections 201.24 (7.1) and
8 (7.2) of the Milwaukee County Code of General Ordinances relating to optional forms of
9 benefits, by recommending the adoption of the following:

10
11 **A RESOLUTION/ORDINANCE**

12
13 WHEREAS, the Pension Board of the Employees' Retirement System of the
14 County of Milwaukee (the Pension Board) acts as a fiduciary for and oversees
15 administration and operation of the Employees' Retirement System of the County of
16 Milwaukee (ERS); and

17
18 WHEREAS, Sections 201.24(7.1) and 201.24(7.2) of the Milwaukee County
19 Code of General Ordinances (the Code) and ERS Rule 1013 provide several optional
20 forms of benefits that ERS members may elect, including an Option 1 benefit; and

21
22 WHEREAS, because Option 1 requires the balance of a member's membership
23 account to be tracked after retirement, Option 1 may increase the administrative burden
24 on the Retirement Office; and

25
26 WHEREAS, the Pension Board recommends that Section 201.24(7.1) of the
27 Code be amended to eliminate Option 1; and

28
29 WHEREAS, the Pension Board recommends that Section 201.24(7.1) of the
30 Code be amended to include all optional forms of benefits that members may elect,
31 including options currently offered under ERS Rule 1013; and

32
33 WHEREAS, Section 201.24(7.2) of the Code authorizes the Pension Board to
34 grant a member's request to be paid a form of benefit not expressly set forth in the
35 ordinances or ERS rules; and

36
37 WHEREAS, because ERS Rule 1013 limits the Pension Board's authority to
38 grant other forms of benefits, the Pension Board recommends that Section 201.24(7.2)
39 of the Code be amended to remove the Pension Board's ability to grant an optional form
40 of benefit not otherwise available under the ordinances and ERS rules; and

41
42 WHEREAS, the proposed amendments have been referred to the pension fund
43 actuary, who has submitted a report on actuarial effect; and

44

45 WHEREAS, the Committee on Finance, Personnel, and Audit, at its meeting of
46 December 10, 2015, recommended adoption of the Pension Board's request (vote 6-0);
47 and

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49 WHEREAS, the Pension Study Commission reviewed the actuary's report on
50 December 17, 2015, and recommended adoption of the Pension Board's request to the
51 Milwaukee County Board of Supervisors (vote 4-0); now, therefore,

52
53 BE IT RESOLVED, the Employees' Retirement System of the County of
54 Milwaukee's (ERS) ordinances are hereby amended to clarify the optional forms of
55 benefit available at retirement to members of ERS; and

56
57 BE IT FURTHER RESOLVED, to ensure the above-noted revisions are properly
58 codified, the Milwaukee County Board of Supervisors hereby adopts the following:

59
60 **AN ORDINANCE**

61
62 To amend Sections 201.24(7.1) and (7.2) of the General Ordinances of Milwaukee
63 County as appropriate to clarify the optional forms of benefit available at retirement to
64 members of the Employees' Retirement System of the County of Milwaukee.

65
66 The County Board of Supervisors of the County of Milwaukee does ordain as follows:

67
68 **Section 1.** Section 201.24(7.1) is amended to read as follows:

69
70 **7.1. Optional benefits.**

71 (1) By filing an application with the board prior to the date on which the
72 member'shis pension is due to commence a member may elect to convert the
73 member'shis pension payable only during his or her life into another form in accordance
74 with the following options:

75
76 ~~Option 1. A reduced pension payable during his life, with the provision that the~~
77 ~~balance in his accumulated membership account as of the date of his retirement~~
78 ~~over the payments he has received that are attributable to that account,~~
79 ~~disregarding any post-retirement pension adjustment, shall be paid to his~~
80 ~~beneficiary.~~

81
82 (a) 50% survivor benefit~~Option 2. A reduced pension payable during the~~
83 member'shis life, with the provision that after the member'shis death a
84 pension at one-half (1/2) of the member'shis reduced pension shall be
85 continued during the life of, and shall be paid to, the member'shis
86 beneficiary as the member shall have nominated by written designation
87 duly executed and filed with the system at the time of retirement.

88
89 (b) 100% survivor benefit~~Option 3. A reduced pension payable during the~~
90 member'shis life, with the provision that after the member'shis death it

91 shall continue in the same amount during the life of, and shall be paid to,
92 such beneficiary as ~~the member~~ he shall have nominated by written
93 designation duly executed and filed with the ~~system~~ board at the time of
94 retirement.

95
96 (c) 25% survivor benefit. A reduced pension payable during the member's
97 life, with the provision that after the member's death a pension at twenty-
98 five percent (25%) of the member's reduced pension shall be continued
99 during the life of, and shall be paid to, such beneficiary as the member
100 shall have nominated by written designation duly executed and filed with
101 the system at the time of retirement.

102
103 (d) 75% survivor benefit. A reduced pension payable during the member's
104 life, with the provision that after the member's death a pension at seventy-
105 five percent (75%) of the member's reduced pension shall be continued
106 during the life of, and shall be paid to, such beneficiary as the member
107 shall have nominated by written designation duly executed and filed with
108 the system at the time of retirement.

109
110 (e) Ten-year certain annuity. This form of benefit provides a reduced monthly
111 benefit payable to the member for his or her lifetime. If a member who is
112 receiving this form of benefit dies before receiving one hundred twenty
113 (120) monthly payments, then monthly payments in the amount payable at
114 the time of the member's death shall continue to the member's designated
115 beneficiary until a total of one hundred twenty (120) payments have been
116 made in the aggregate to the member and his or her designated
117 beneficiary (or, if the member's designated beneficiary has predeceased
118 the member or dies before a total of one hundred twenty (120) payments
119 have been made, then to the member's spouse, or, if none, then to the
120 member's estate). The amount of the benefit shall be computed pursuant
121 to tables supplied by the actuary to the board.

122
123 (2) ~~The aggregate of the pension payments expected to be paid to the member~~
124 ~~under option 1 or to the member and the member's~~ his contingent pensioner under
125 ~~paragraphs (1)(a) through (e) above~~ option 2 or 3 shall be the actuarial equivalent of the
126 pension which the member is otherwise entitled to receive upon retirement.

127
128 (3) ~~Any member in active service who has attained age fifty-five (55) and has~~
129 ~~completed thirty (30) years of service or has attained age sixty (60), or who, pursuant to~~
130 ~~section 4.1 or a collective bargaining agreement, has attained~~ is eligible to retire and
131 ~~receive~~ for a pension, or if a deputy sheriff has either attained age fifty-seven (57), or
132 ~~attained age fifty-five (55) and completed fifteen (15) years of service, [he] may elect a~~
133 protective survivorship option by selecting the 100% survivor benefit option 2 or 3 in the
134 manner hereinafter set forth, which option shall then become effective at the
135 ~~member's~~ death with the same force and effect as if such member had retired under
136 such option immediately prior to his or her death. The election of such option shall be in

137 writing on a form prescribed by the board and may be revoked at any time prior to
138 retirement. If the designated beneficiary shall die or if the designated beneficiary is the
139 member's spouse and a divorce is granted prior to the member's retirement, the
140 election shall be automatically revoked. If any member eligible to elect an option shall
141 die in active service, without electing ~~an option~~ 100% survivor benefit, ~~the member's~~ this
142 surviving spouse shall be paid a survivorship pension equal to the amount that would
143 have been payable if such member had retired ~~under option 3~~ and elected a 100%
144 survivor benefit immediately prior to his or her death ~~except where the member has~~
145 ~~designated a beneficiary to receive in lieu of the survivorship pension payable under~~
146 ~~option 3 a lump sum payment of the balance in his membership account plus the death~~
147 ~~benefit payable under section 6.3.~~

148
149 ~~The foregoing provision shall apply with retroactive effect to all employees who~~
150 ~~died in active service since July 15, 1969, provided, however, that any spouse who has~~
151 ~~received a lump sum benefit shall not be entitled to a pension unless such lump sum is~~
152 ~~repaid on or before June 1, 1972.~~

153
154 (4) During any month in which a survivor's pension is payable under section 6.1
155 or 6.4 the amount of the survivorship pension payable under this section shall be
156 reduced by such amounts.

157
158 **Section 2.** Section 201.24(7.2) is repealed.

159
160 ~~**7.2 Other forms of payment.**~~

161
162 ~~The board may, in its sole discretion, at the request of a member or contingent~~
163 ~~pensioner, direct that any benefit provided by the system be paid in some form other~~
164 ~~than that expressly set forth in the system, provided that payments in such other form~~
165 ~~shall be the actuarial equivalent of the benefit otherwise payable. The board shall, if it~~
166 ~~deems it appropriate, require a member or contingent pensioner to submit evidence of~~
167 ~~good health as a condition to receipt of any such other form of payment particularly any~~
168 ~~lump sum payment.~~

169
170 ~~Notwithstanding anything herein to the contrary, if the actuarial value of a~~
171 ~~member's benefit under any optional benefit is less than fifty (50) percent of the value of~~
172 ~~the benefit otherwise payable to the member, the optional benefit shall be adjusted so~~
173 ~~that the value of the member's benefit under the option will be equal to fifty (50) percent~~
174 ~~of the value of the benefit otherwise payable to the member.~~

175
176 **Section 3.** The provisions of this ordinance shall be effective upon passage and
177 publication.

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180 jmj
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