

**INTEROFFICE COMMUNICATION
COUNTY OF MILWAUKEE**

DATE: October 11, 2011

TO: Lee Holloway, Chairman, County Board of Supervisors

FROM: Mark A. Grady, Deputy Corporation Counsel
Chair, Employee Benefits Workgroup

SUBJECT: Rule of 75 for FNHP employees

It is requested that this matter be referred to the Committee on Finance and Audit and to the Committee on Personnel.

In September, the County Board adopted ordinance amendments to prevent the potential for increased pension benefits under the Rule of 75 that could occur as a result of any future change by an employee from a represented position to a nonrepresented position. The amendment limited eligibility for the Rule of 75 for nonrepresented employees to only those nonrepresented employees who were eligible for that benefit as of September 29, 2011. The amendment was not intended to change the current pension benefits of any employee.

However, since the adoption of the ordinance, it has been determined that the provision related to members of the Federation of Nurses and Health Professionals was inconsistent with their collective bargaining agreements and with negotiating history. Therefore, the amendment appears to have inappropriately changed the Rule of 75 benefit for current members of FNHP and must be corrected.

Sections 2.11 (2) and 2.11 (9) of the FNHP agreement both address the Rule of 75. The two sections contradict each other with respect to eligibility for the Rule of 75. Section 2.11(9) was agreed to as part of the negotiations for the 1997 agreement. It eliminated the Rule of 75 for members hired after January 1, 1997. Section 2.11(9) provides:

The following shall apply only to members of the Employees' Retirement System prior to January 1, 1997, and does not apply to employees who become members of the Employees' Retirement System on and after January 1, 1997: Members who retire on and after January 1, 1997, shall be eligible for a normal pension when the age of the member when added to his/her years of service equals 75, but this provision shall not apply to any member eligible under 4.5 of Chapter 201, Employees' Retirement System of the County of Milwaukee.

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Section 2.11(2) was agreed to as part of the negotiations for the 2001 agreement. It grants eligibility for the Rule of 75 to all current members of FNHP. Section 2.11(2) provides:

Employee-members retiring after February 18, 1982, shall be eligible for a normal pension if employee's employment is terminated on or after employee has attained age 55 and has completed 30 years of service; or if the employee's employment is terminated on or after the employee has attained age 60 and has completed 5 years of service, or if employee's age and pension credits equal 75.

Thus, section 2.11(2) is the later-agreed-upon section and is the governing section. Consequently, all current employees in FNHP bargaining unit positions remain eligible for the Rule of 75.

The attached amendment does two things: it corrects the previous language so that it accurately reflects the provisions of the FNHP collective bargaining agreement and, it eliminates eligibility for the Rule of 75 for members of FNHP hired after January 1, 2013; that is, immediately after the termination of FNHP's 2012 collective bargaining agreement.

An actuarial report related to this change has previously been provided (see attached fiscal note). Likewise, the Pension Study Commission and the Pension Board both reviewed this policy change in September. The attached amendment merely corrects the effective date of this benefit change in order to comply with the current collective bargaining agreement. Therefore, this is merely a technical correction to a drafting error and does not require further review by the Pension Study Commission or the Pension Board.



MARK A. GRADY
Deputy Corporation Counsel

Attachment

cc(w/att.): County Executive Chris Abele
Supervisor Paul Cesarz
Carol Mueller
Jodi Mapp
EBWG