



# Milwaukee County Retirement Plan Services

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Date: August 15, 2022

To: Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

From: Erika Bronikowski, Director, Retirement Plan Services *EJB*

**Subject: From the Director, Retirement Plan Services, Department of Human Resources, providing an informational report on 2022 Milwaukee County Pension Contributions**

File Type: Informational Report

## REQUEST/POLICY

Milwaukee County General Ordinance Chapter 201.24, Section 3.1 "[current year contributions](#)" requires that the Milwaukee County Pension Board "furnish to the committees on finance and personnel of the county board, annually, in time for the first county board committee cycle after the summer recess, a statement of the actual contribution required for the current year compared with the amount provided in the budget".

## BACKGROUND

This mid-year report provides an update on 2022 pension contributions. The expected 2022 Pension Contribution, inclusive of employee contributions, is \$74,441,000. This was provided in the January 1, 2021 ERS and OBRA valuations that were completed in early 2021:

ERS Employee Contributions	\$12,250,000
ERS County Contributions	\$61,988,000
OBRA County Contributions	\$203,000
<b>Total</b>	<b>\$74,441,000</b>

As of July 31, 2022, \$21,203,000 has been contributed to the ERS and OBRA by Milwaukee County, excluding employee contributions. The schedule of pension contributions for 2022 is as follows:

Description	Employees' Retirement System			OBRA*	Total
	Employee Contributions	County Contributions	Total		
<i>Payments Through 7/31/22</i>	\$7,680,303	\$21,000,000	\$28,680,303	\$203,000	\$28,883,303
<i>Upcoming Payment 9/15/22</i>	\$1,531,250	\$20,988,000	\$22,519,250	-	\$22,519,250
<i>Upcoming Payment 12/15/22</i>	\$3,038,447	\$20,000,000	\$23,038,447	-	\$23,038,447
<b>Total Commitment</b>	<b>\$12,250,000</b>	<b>\$61,988,000</b>	<b>\$74,238,000</b>	<b>\$203,000</b>	<b>\$74,441,000</b>

*\*all OBRA contributions are made by Milwaukee County*

The report is to provide “a statement of the actual contribution required for the current year compared with the amount provided in the budget”. These amounts are listed below with further explanation.

<b>Budgeted ERS Contribution for 2022</b>	<b>Actual ERS Contribution Requested for 2022</b>	<b>Estimated Funding Variance</b>
<b>\$74,238,000</b>	\$72,494,000	\$1,744,000

Each year, a valuation is completed by the plan’s actuary that determines the upcoming year’s pension contributions. Because the valuation is completed using information as of January 1<sup>st</sup> of a given year to produce the costs for the next year, assumptions are made about investment performance and census data (such as retirement rates and mortality). When the valuation is completed in the first half of the year to determine the following year’s contributions, the investment performance and census data of the pension fund for the remainder of that year is unknown. The following year, information about the investment performance of the fund and census data is available for the remainder of that year and at that time, the contribution request is recalculated. Milwaukee County generally plans their contributions based on the Budgeted amount because it is available in time for the following year’s budget planning process. To the extent that the Budgeted amount is higher or lower than the Actual contribution amount (after recalculation), the County pays the Budgeted amount, and a “Funding Variance” amount is created which is amortized over five years.

During the valuation completed for January 1, 2021 in early 2021, an estimate of the 2022 contribution was completed that resulted in the County budgeting \$74,238,000 for 2022 ERS pension contributions. Upon completion of the January 1, 2022 valuation, the actuary revised the 2022 contribution request to \$72,494,000 after accounting for the investment performance and census experience of the pension fund during 2021. The lower revised contribution request is based on the investment performance of the pension fund, the amount of benefit payments, and contributions for 2021. The reconciliation of the Budget Contribution to the Actual Contribution can be found on page 29 of the [January 1, 2022 ERS valuation](#). Since Milwaukee County contributes based on the Budgeted calculation, this results in a positive variance of \$1.74 million, based on the revised 2022 contribution request. The positive variance is amortized over a five-year period to reduce contributions in the future.

The final variance between the 2022 actual funding contribution by the County and the 2022 revised contribution request will not be determined until next actuarial report is completed in early 2023. This will reflect the final investment performance in 2022. For example, the contribution variance between the 2021 budgeted/funded contribution and the 2021 revised contribution request was a positive \$1.47 million, as of January 1, 2021. The final 2021 contribution variance between the 2021 actual funded contribution and the 2021 revised contribution request was a positive \$4.3 million, as of January 1, 2022 this schedule can be found on pages 25 and 26 of the [January 1, 2022 ERS valuation](#).

Please let me know if you have any questions.

**FISCAL EFFECT**

Fiscal Note Not Required

**TERMS**

N/A

**VIRTUAL MEETING INVITES**

- [Erika.Bronikowski@milwaukeecountywi.gov](mailto:Erika.Bronikowski@milwaukeecountywi.gov)
- [Margo.Franklin@milwaukeecountywi.gov](mailto:Margo.Franklin@milwaukeecountywi.gov)

**PREPARED BY:**

Erika Bronikowski, Director, Retirement Plan Services

**APPROVED BY:**

Margo Franklin, Chief Human Resources Officer

**ATTACHMENTS:**

None

Cc:

Supervisor Liz Sumner, Chair, Finance Committee  
Supervisor Willie Johnson Jr., Chair, Personnel Committee  
David Crowley, County Executive  
Margo Franklin, Chief Human Resources Officer  
Finance Committee  
Personnel Committee  
Mary Jo Meyers, Chief of Staff, Office of the County Executive  
Aaron Hertzberg, Director, Department of Administrative Services  
Scott Manske, Comptroller  
Jennifer Folliard Director of Audit, Office of the Comptroller  
Steve Cady, Research and Policy Director, Office of the Comptroller  
Margaret Daun, Corporation Counsel