

January 14, 2016

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County of Milwaukee
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Re: Proposed Pension Board Fiscal Review Ordinance Change

Dear Mark:

You requested that Buck provide a report on the actuarial impact of an amendment to require a fiscal analysis before the Pension Board makes decisions that would affect the benefits of two or more members. This letter presents our analysis. This letter solely addresses the actuarial impact and does not provide any analysis on the legal implications or any other matters.

Proposed Ordinance Amendment under Consideration

The proposed ordinance change updates the process for fiscal review of proposed ordinances to the ERS or OBRA. The ordinance change reads:

“In exercising its powers under section 8.17(a) or under section 8.6, on any question potentially affecting the rights of two or more current or future members, the board shall not take action before receiving and reviewing a fiscal analysis. The comptroller shall be requested to prepare the fiscal analysis. The director of performance strategy and budget shall be requested to approve the analysis. The actuary shall be requested to assist in or verify the analysis. The analysis shall be requested to include a) the effect of the proposal on the county budget for the next five (5) years and b) the effect of the proposal on the liabilities and assets of the funds of the system and required contributions to the funds of the system for the relevant future period.”

Analysis

The proposed ordinance amendment would have no impact on the actuarial cost of the ERS. We note that as a practical matter that this fiscal review policy could have an impact on Pension Board decisions on questions that are presented to it in the future.

Please call if you have any questions.

Sincerely,



Larry Langer, ASA, EA, MAAA
Principal, Consulting Actuary

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