



Milwaukee County Retirement Plan Services

901 N. 9th Street, Courthouse, Room 210-C
Milwaukee, WI 53233
(414) 278-4207 (877) 652-6377
www.County.Milwaukee.Gov/Retirement

July 31, 2019

Jane Doe
1234 Main Street
Milwaukee, WI 53212

VIA CERTIFIED MAIL

RE: Notice of Overpayment / Clock ID: 123456
Please reply by August 31, 2019

Dear Jane Doe,

It is the mission of Milwaukee County Retirement Plan Services ("RPS") to provide secure retirement benefits with accuracy and integrity based on Milwaukee County Ordinances and Pension Board Rules. Carrying out that duty requires that we ensure all our members receive pension payments that accurately reflect the retirement benefits they earned during their employment with Milwaukee County. We routinely conduct audits and reviews of pension payments to confirm they are accurate and being paid in accordance with the controlling Milwaukee County Ordinances and Pension Board Rules. During a routine review, we discovered an error in your pension payment amount, which we are required to correct. Please accept our sincere apologies for the error. As County employees ourselves, we understand the importance of our members' pensions and will seek to:

- 1) help you better understand why the error occurred; and
- 2) work with you to make sure you understand your repayment options.

Please note that pension payment errors can occur for several reasons, including calculation error, incorrect and/or missing employment data, incorrect and/or missing salary information, and even system error. The error identified during our routine review of your pension payment was due to:

The Post Retirement Increase specified in Milwaukee County Ordinance 201.24(5.7) was applied to your monthly benefit incorrectly.

Our records indicate that you currently receive \$ 1,000.00 per month. When properly calculated, your monthly pension payment is \$900.00. Unfortunately, your pension payment has been overpaid.

Therefore, going forward, you will be paid the correct retirement benefit amount mentioned above. The overpayment must be paid back to the Employees' Retirement System ("ERS") pension trust. RPS has calculated that you have been overpaid in the amount of \$5,000.00, which consists of the Principal Amount Owed from overpayment \$4,500.00 ("PAO") and interest \$ 500.00 through August 31, 2019.

Milwaukee County Ordinance, Pension Board Rules, and governing federal regulations require that RPS pay all members the correct monthly benefit. Again, please accept our most sincere apologies for the overpayment of your pension. However, as indicated above, we are required to pay members a correct retirement benefit.

Interest is calculated based on 5% simple interest annually from the date that you began receiving the incorrect, overpaid pension payment. The interest accrues at the rate of 5% until payment is made to the ERS pension trust in whole. However, those members (or beneficiaries) that select to make repayment through **Option 1** – described below – will not have to pay the accumulated interest.

In general, members have two options for making repayment: **Option 1** and **Option 2**, as described in full detail in the next section of this “Notice of Overpayment”. Both repayment options are provided in accordance with the newly-enacted provision of Milwaukee County Ordinance §201.24(8.24).¹

Repayment Options

As stated above, you have two options for repayment. We understand that this may be a complicated choice. Therefore, we recommend that you review both repayment options carefully, as they have very distinct methods for making repayment to the ERS pension trust. RPS staff are ready and available to assist with any questions you may have about the repayment options.

Option 1

You will receive a correct pension payment going forward. By selecting **Option 1, you will not be responsible for interest** and will only be responsible for the Principal Amount Owed (“PAO”) as of September 1, 2019.

Under this option, Milwaukee County (“the County”) will make payment to the ERS pension trust on your behalf for the Total Amount Owed (“TAO”) listed above. You will be responsible for paying the PAO and the County will pay the interest.

Please note that if you select this option, you must agree to the benefit correction. You will be waiving any and all claims and rights to challenge the benefit correction and recoupment now and in the future.

In general, you have two ways to make repayment under **Option 1**:

- 1) A lump sum payment for the PAO; or
- 2) A monthly offset to your correct pension payment at a minimum 10% offset. This offset will continue until the PAO has been completely repaid. With a monthly offset of 10% you will receive a monthly pension benefit of **\$810.00**.

***Option 1** is not available if overpayment is due to fraud, material misrepresentation or material omission. It is also not available if there is an existing executed binding settlement, commitment correction, if the correction is in litigation or a court has made a final decision regarding your overpayment.*

¹The newly-enacted ordinance can be reviewed on the Milwaukee Legislative Information Website, <https://milwaukeecounty.legistar.com>, and performing a search under the *Legislation* tab for **file 18-802**. The Milwaukee County Ordinances governing the Employees’ Retirement System can be found on the Milwaukee County Municode website, https://library.municode.com/wi/milwaukee_county/codes/code_of_ordinances, and navigating to Section 201.

Option 2

You will receive a correct pension payment going forward. With this option, you will be responsible for the Total Amount Owed ("TAO"), which consists of the Principal Amount Owed ("PAO") and interest. The interest is applied at an annual rate of 5% from the date the overpayment began and will continue to accrue on this amount until the overpayment has been completely repaid.

By selecting **Option 2**, you retain the right to challenge the benefit correction and recoupment now and in the future.

You may appeal the determination reflected in this **Notice of Overpayment** by submitting a written request to RPS no later than one hundred twenty (120) days after you receive this letter. Please refer to the enclosed Milwaukee County Pension Board Rules 1016 and 1050 for additional information on the appeal process.

In general, you have two ways to make repayment under **Option 2**:

- 1) A lump sum payment for the TAO; or
- 2) A monthly offset to your correct pension payment at a minimum of 10%. With a monthly offset of 10% you will receive a monthly pension benefit of **\$810.00**. This offset will continue until the TAO has been completely repaid. Interest will continue to accumulate at the rate of 5% annual interest until the TAO has been repaid.

Please note, if you fail to select an option, you will automatically be placed in Option 2 with a 25% offset. With a monthly offset of 25% you will receive a monthly pension benefit of **\$675.00**. This offset will continue until the TAO has been completely repaid.

Important Information

You have **30 days** from the date of this letter to complete the enclosed **Overpayment Collection Form** and return it in the envelope provided to RPS. Keep in mind, selecting **Option 1** means you will not have to pay interest on the TAO, you will only be responsible for the PAO. To select **Option 1**, you will need to complete the enclosed **Overpayment Collection Form** and return it to RPS in the envelope provided.

If you do not respond by **October 10, 2019**, you will automatically be placed into **Option 2**. This represents the involuntary plan described in Milwaukee County Ordinance § 201.24 ((8.24) (3) (h) (iii)). If placed in **Option 2** you will be paid a correct pension amount going forward with a 25% offset until the TAO has been satisfied.

We understand this is a difficult decision and you may want to consult with your attorney. You also have the opportunity to set an appointment with RPS to review relevant documents and receive an explanation of the correction and the overpayment collection options. While RPS cannot make suggestions, we can ensure that you fully understand your options. Appointments are made by calling 414-278-4207 or by sending an email ers@milwaukeecountywi.gov.

Please complete the **Overpayment Collection Form** and return it in the envelope provided.

While we hope that the information provided in this **Notice of Overpayment** is clear and that you are able to determine which option best suits your circumstances, you may also revoke your decision within 7 days of submitting the enclosed **Overpayment Collection Form** to RPS. You may revoke your **Overpayment Collection Form** by providing written notice of intent to do so to RPS. Written notice may be received via mail, email to ERS at ers@milwaukeecountywi.gov, or fax to 414-223-1387.

Finally, should you determine that you face financial hardship and cannot repay with a monthly offset to your pension of at least 10%, you may also complete the **Hardship Application Form**, that is enclosed. The process is as follows:

- Follow the instructions on the **Hardship Application Form**, paying careful attention to the specific documentation requirements;
- Complete and submit the **Hardship Application Form** along with the required documentation to RPS within 30 days of the commencement of the collection;
- RPS will review the **Hardship Application Form** and documentation to confirm that the requirements for a financial hardship are met, as specified in the Milwaukee County Ordinance that provides for the repayment options described in this letter. RPS will review the **Hardship Application Form** and the documentation of financial hardship within 30 days of receipt; and
- You will be notified in writing of the decision regarding your hardship application.

RPS wants to assist you with understanding the reason for the overpayment and your repayment options. If you have any questions or concerns, feel free to contact our Service Center at (414) 278-4207 or Toll Free at (877) 652-6377. Our hours of operation are from 8:00am to 4:30pm Central Standard Time on non-holiday weekdays.

Sincerely,

Timothy D. Coyne
Director, Milwaukee County Retirement Plan Services

Enclosure(s)



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OVERPAYMENT COLLECTION FORM

The Milwaukee County Board of Supervisors recognizes that eligible retirees deserve to be paid an accurate pension that reflects the benefits accrued in their service to Milwaukee County. The Employees' Retirement System ("ERS") must adhere to Milwaukee County Ordinances and Pension Board Rules ("the plan document") to maintain its tax-qualified status granted by the Internal Revenue Service ("IRS"). ERS is required by Milwaukee County Ordinance, Pension Board rules, and governing federal regulations to rectify payment errors. As explained in your **Notice of Overpayment**, an error was identified in your pension benefit by Retirement Plan Services ("RPS") which resulted in an overpayment. You will be paid the correct benefit amount going forward. You are required to repay the overpayment.

Below are repayment options and methods provided under the newly-enacted ordinance provision in the plan document, Milwaukee County General Ordinance § 201.24 (8.24). You are to select either Option 1 or Option 2 and then select a repayment method. **You must make your selection and return this form within 30 days of the date of the Overpayment Collection letter.**

Important information: Please note that if you do not clearly select Option 1 or Option 2 on this form and return to RPS within 30 days Milwaukee County General Ordinance § 201.24 (8.24) requires that you be placed into Option 2, which requires a 25% offset of your pension benefit until the entirety of the overpayment has been recouped.

Step 1: Payment Options (Please check the box next to your selection and initial the corresponding lines)

Option 1 (Please initial all the lines below if you choose Option 1)

Your Total Amount Owed ("TAO") is **\$5,000.00**, which includes the Principal Amount Owed ("PAO") and interest through September 30, 2019.

Your corrected monthly benefit amount (without repayment reduction) is **\$900.00**

If you select Option 1, you do *not* pay interest on the TAO. You will only pay the principal amount, or PAO, **\$4,500.00**.

If you select Option 1, you agree to the corrected benefit amount of **\$900.00**. You also waive your right to challenge the benefit correction and recoupment now and in the future. Please initial each line to acknowledge and accept the terms of Option 1.

_____ I elect Option 1 whereby Milwaukee County will make a payment on my behalf to the Employees' Retirement System ("ERS") for the TAO **\$5,000.00**, which consists of the principal amount owed and interest through August 31, 2019.

_____ I agree to the corrected monthly pension benefit (without repayment reduction) **\$900.00**

_____ I agree that I waive any and all claims and rights to challenge the benefit correction and recoupment now and in the future.

_____ I understand that I will only be responsible for PAO **\$4,500.00** as of September 1, 2019.

_____ I understand that interest will not accrue on the PAO.

OR

Option 2 (Please initial all the lines below if you choose Option 2)

Your Total Amount Owed ("TAO") is \$5,000.00, which includes the Principal Amount Owed ("PAO") and interest through August 31, 2019.

Your corrected expected monthly benefit amount (before repayment reduction) is \$900.00.

If you select Option 2, you are responsible for paying the TAO. Please note, this includes the Principal Amount Owed and interest. The interest will continue to accrue at an annual interest rate of 5% simple.

If you select Option 2, you will retain your right to challenge the benefit correction and recoupment now and in the future. Please initial each line to acknowledge and accept the terms of Option 2.

_____ I elect Option 2 whereby I will be solely responsible for the TAO \$5,000.00, which includes principal and interest through August 31, 2019.

_____ I understand that simple interest will keep accruing on the TAO at the rate of 5%.

_____ I understand that I can appeal this decision under ERS Rules 1016 and 1050 (enclosed for reference).

Step 2: Method (Please select one of the following Methods applied to Option 1 & Option 2)

Method 1: I will repay the amount owed under the above chosen Option in a Lump Sum Payment.

Method 2: I will repay the amount owed under the above chosen Option, by agreeing to have my pension benefit reduced by _____ (fill in percentage, must be at minimum 10% of corrected monthly benefit).

Method 3: I will repay the amount owed under the above selected Option 1 or Option 2 but I claim hardship and wish to apply to have my pension benefit amount reduced by a less than 10% per month. I will complete the enclosed **Hardship Application Form** and provide appropriate documentation to apply to RPS for a hardship exception.

Step 3:

Acknowledgements

I understand that ERS recommends that I consult legal counsel before selecting an overpayment collection option or signing this **Overpayment Collection Form**.

I understand that I have the option to schedule an in-person meeting with a representative of RPS to review relevant documents, receive an explanation related to the correction and collection and/or to receive an explanation of the overpayment collection options.

I understand that my monthly pension benefit will be reduced if I do not repay using Method 1 (lump sum), whether I select Option 1 or Option 2. This also applies to the selection of Option 2, regardless of whether any action of appeal is filed to challenge any element, calculation, or process related to the correction of the monthly benefit amount and/or collection of any overpayment and/or any applicable interest.

I understand that I have seven (7) days to revoke the **Overpayment Collection Form** in writing, following the date of execution of the **Overpayment Collection Form**.

I understand that after the seven (7) days have lapsed, the repayment options and methods selected on the **Overpayment Collection Form** will be processed by the RPS office and will be deducted from my pension benefit until the amount is paid in full.

I understand if no option is selected, I will automatically be placed in Option 2, with a 25% reduction of the corrected monthly benefit.

SIGNATURE	
PRINT NAME Jane Doe	CLOCK NUMBER 123456
SIGNATURE	PHONE NUMBER

STATE OF WISCONSIN
COUNTY OF MILWAUKEE

On this _____ day of _____, 20____, the above named _____, appeared before me and executed the above application and upon being duly sworn acknowledged that the statements set forth above are true and correct.

Notary Public, State of Wisconsin
My commission expires: _____



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PENSION OVERPAYMENT HARDSHIP APPLICATION FORM

We understand that it may pose a financial burden for members to resolve benefit overpayment errors. Milwaukee County and the Employees' Retirement System are seeking to make the repayment process as simple and responsive to member concerns as possible. To ease the financial burden of repayment, the recently enacted Milwaukee County General Ordinance amendment provides a process for members with pension benefit overpayments to claim financial hardship.

As the **Notice of Overpayment** letter states, you may apply for an overpayment hardship by completing:

- the **Overpayment Collection Form**;
- this **Pension Overpayment Hardship Application Form**;
- your most recent IRS form 1040; and
- the completed **Pension Overpayment Hardship Worksheet**.

It's important to note that claiming hardship and having your claim approved does not provide for a waiver of repayment. Even if your application for overpayment hardship is approved, you are still required to repay the amount of the pension benefit that was overpaid, and you will still receive the corrected monthly benefit amount going forward. An approved hardship claim does, however, provide for a lower offset percentage to the monthly pension benefit.

Overpayment Hardship Criteria

The process for applying for an overpayment hardship and for approval of an overpayment hardship is defined in Milwaukee County General Ordinance 201.24, (8.24(3)(g)) and is quite specific. You must present the **Overpayment Collection Form** and verifiable documentation to Retirement Plan Services ("RPS") that either of the following conditions is met prior to the commencement of the collection of the overpayment:

1. Your adjusted gross household income is at or below the federal poverty threshold as established by the United States Department of Health and Human Services, in which case the monthly repayment amount shall not exceed five (5%) of the total monthly pension benefit; or
2. You are determined to be entitled to an equitable adjustment to your monthly repayment amount, as determined by RPS, which shall not be appealable to the Pension Board. This is based upon:
 - a. the financial status of your household;
 - b. the amount of the overpayment;
 - c. the amount of the monthly benefit payment;
 - d. your culpability in the circumstances that gave rise to the overpayment;
 - e. extraordinary medical or long-term care expenses;
 - f. whether you support claimed dependents; and
 - g. fairness to taxpayers.

To apply for an overpayment hardship, you will need to submit the following documentation with your completed **Pension Overpayment Hardship Application Form**:

- most recent IRS form 1040; and
- complete disclosure of all assets including investments, real estate, savings, checking, or any other assets, as well as the same documents and statement of assets for any claimed dependent and/or spouse. Please use the enclosed **Pension Overpayment Hardship Worksheet** to disclose all assets and liabilities.

The following table reflects the 2019 Federal poverty guidelines based on family size:

2019 FEDERAL POVERTY GUIDELINES ¹	
PERSONS IN FAMILY/HOUSEHOLD	POVERTY GUIDELINE
1	\$12,490
2	\$16,910
3	\$21,330
4	\$25,750
5	\$30,170
6	\$34,590
7	\$39,010
8	\$43,430
For families/households with more than 8 persons, add \$4,420 for each additional person.	

Determining Eligibility for Overpayment Hardship

Retirement Plan Services (“RPS”) will review your completed **Overpayment Hardship Form** and supporting documentation to evaluate eligibility for a hardship. If the hardship claim meets the criteria described in this **Pension Overpayment Hardship Form**, you will be notified in writing. The notification will include the following:

- confirmation that your hardship claim was approved;
- the corrected monthly pension payment amount with and without offset (to resolve the overpayment);
- the amount of the monthly offset to your pension payment; and
- duration of the overpayment collection process.

If your hardship claim does not meet the specific qualifying criteria, you will be notified in writing as well. That notification will detail why the hardship claim did not meet the qualifying criteria and will also provide the following information:

- the corrected amount of your monthly benefit with and without the offset;
- the amount of the monthly offset to your pension; and
- duration of the overpayment collection process.

RPS wants to assist you with determining whether you may qualify for an overpayment hardship. Please contact our Service Center at (414) 278-4207 or Toll Free at (877) 652-6377. Our hours of operation are from 8:00am to 4:30pm Central Standard Time on non-holiday weekdays.

Acknowledgements

¹ United States Department of Health and Human Services

I have read, understand, and meet the hardship eligibility requirements above.

The information I have provided is true and correct.

I will provide the documentation identified above to support my hardship eligibility.

SIGNATURE	
PRINT NAME <u>Jane Doe</u>	CLOCK NUMBER <u>123456</u>
SIGNATURE	PHONE NUMBER



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PENSION OVERPAYMENT HARDSHIP WORKSHEET

As the **Notice of Overpayment** letter states, you may apply for an overpayment hardship by completing the enclosed **Pension Overpayment Hardship Application Form**, and this **Pension Overpayment Hardship Worksheet**. Please note that the **Pension Overpayment Hardship Worksheet** is designed to assist those members who are claiming financial hardship with documenting that they meet the specific criteria defined in Milwaukee County General Ordinance 201.24, subsection 8.24(3)(g)¹.

Please note that even if your application for overpayment hardship is approved you are still required to repay the amount of the pension benefit that was overpaid, and you will still receive the corrected monthly benefit amount going forward. An approved hardship claim does, however, provide for a lower offset percentage to the monthly pension benefit.

Completing the Pension Overpayment Hardship Worksheet

The **Pension Overpayment Hardship Worksheet** consists of three parts. Part I requires that you provide the fair market value (FMV) of your assets. Part II requires that you list your total liabilities. Part III requires that you subtract your total liabilities from your total assets to determine total hardship. Please complete each of the three parts of the **Pension Overpayment Hardship Worksheet** beginning with Part I.

¹ Please refer to the "Pension Overpayment Hardship Form" for a description of the specific conditions that must be met to qualify for a hardship.

Pension Overpayment Hardship Worksheet

Part I, total assets, is below. Please list all liabilities as described in the table below. Part II, total liabilities, is on the following page. Please list all assets as described in the table on below. Part III, subtract total liabilities from total assets to determine your total hardship, is also on page three.

Please complete all three parts of the *Pension Overpayment Hardship Worksheet*, sign, and return with your completed and signed *Pension Overpayment Hardship Application Form*.

Part I. Fair market value (FMV) of assets owned (don't include the FMV of the same asset in more than one category)		
	Assets	Values (as of Application Date)
1	Cash and bank account balances	\$
2	Real property, including the value of land (can be main home, any additional home, or property held for investment or used in a trade or business)	\$
3	Cars and other vehicles	\$
4	Computers	\$
5	Household goods and furnishings (for example, appliances, electronics, furniture, etc.)	\$
6	Tools	\$
7	Jewelry	\$
8	Clothing	\$
9	Books	\$
10	Stocks and bonds	\$
11	Investments in coins, stamps, paintings, or other collectibles	\$
12	Firearms, sports, photographic, and other hobby equipment	\$
13	Interest in retirement accounts (IRA accounts, 401(k) accounts, and other retirement accounts)	\$
14	Interest in a pension plan	\$
15	Interest in education accounts	\$
16	Cash value of life insurance	\$
17	Security deposits with landlords, utilities, and others	\$
18	Interests in partnerships	\$
19	Value of investment in a business	\$
20	Other investments (for example, annuity contracts, guaranteed investment contracts, mutual funds, commodity accounts, interests in hedge funds, and options)	\$
21	Other assets not included above	\$
22	FMV of total assets immediately before the cancellation. Add lines 1 through 21.	\$

Part II. Total liabilities (do not include the same liability in more than one category)

	Liabilities (debts)	Amounts (as of Application Date)
23	Credit card debt	\$
24	Mortgage(s) on real property (including first and second mortgages and home equity loans) (mortgage(s) can be on main home, any additional home, or property held for investment or used in a trade or business)	\$
25	Car and other vehicle loans	\$
26	Medical bills owed	\$
27	Student loans	\$
28	Accrued or past-due mortgage interest	\$
29	Accrued or past-due real estate taxes	\$
30	Accrued or past-due utilities (water, gas, electric)	\$
31	Accrued or past-due child care costs	\$
32	Federal or state income taxes remaining due (for prior tax years)	\$
33	Judgments	\$
34	Business debts (including those owed as a sole proprietor or partner)	\$
35	Margin debt on stocks and other debt to purchase or secured by investment assets other than real property	\$
36	Other liabilities (debts) not included above	\$
37	Total liabilities Add lines 23 through 36	\$

Part III. Hardship

38	Subtract line 37 from line 22	\$
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SIGNATURE

PRINT NAME

Jane Doe

CLOCK NUMBER

123456

SIGNATURE

PHONE NUMBER