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Via Email

November 7, 2025

Cynthia (CJ) Pahl
Financial Services Manager
Milwaukee County Office of the Comptroller

Re: Pension Cost Impact - Proposed ERS Ordinance Amendment for Additional ERS Members

Dear CJ:

As requested, we estimated the actuarial impact on the Employees' Retirement System of the County of Milwaukee (ERS) of the amendment to Ordinance section 201.24(2.4). This letter summarizes the potential actuarial impact of this amendment.

Actuarial Impact

If a change to an ordinance would affect Segal's calculation of the actuarial assets or actuarial liabilities, then there is an actuarial impact from the change.

Amendment to Ordinance Section 201.24(2.4)

We estimated the actuarial impact on ERS of the amendment to Ordinance 201.24(2.4), as it relates to the definition of ERS-Employee membership. The populations impacted by the rule change include the following:

1. A County employee who was employed by the County and earning OBRA service credit on December 31, 2024, and who on or after January 1, 2025, was promoted or otherwise transferred to an ERS-eligible position without a termination of employment.
2. A County employee who was employed by the County but not enrolled in either ERS or OBRA on December 31, 2024, and who on or after January 1, 2025, was promoted or otherwise transferred to an ERS-eligible position without a termination of employment.

There were 5 individuals in non-ERS eligible positions as of December 31, 2024, and who transitioned to full time this year without terminating employment to be covered by the pension. The actuarial impact on ERS due to the rule change impacting these individuals is considered immaterial. The Normal Cost (NC) increases by about \$800. There is no impact on the Actuarial Accrued Liability (AAL).

There are 336 non-ERS eligible employees who were active on December 31, 2024, and have not terminated in 2025. The actuarial impact on ERS due to the rule change impacting these individuals is considered immaterial. If those employees are included in ERS, the NC increases by about \$54,000. There is no impact on the AAL.

If the NC changes had been included in the January 1, 2025, actuarial valuation, the Actual Funding Contribution (AFC) for fiscal year 2025 of \$83.8 million would have immaterially changed.

Methods

The NC amount is calculated using the actuarial assumptions and plan provisions described in the Actuarial Valuation and Review as of January 1, 2025, for ERS, dated May 20, 2025. The change to the Normal Cost is determined as of January 1, 2025.

The liability impact of the individuals provided is assumed to be proportional to the impact of vesting all non-vested active members that were included in the January 1, 2025, actuarial valuation. Any proposed amendments adopted would not change the January 1, 2025, actuarial valuation results, and these are used as a proxy for the effect on plan costs.

Data

Erika Bronikowski provided 5 known affected individuals who were in non-ERS eligible positions as of December 31, 2024, and who transitioned to full time this year without terminating employment. Erika also confirmed that there are currently 336 non-ERS eligible positions who were active on December 31, 2024, and have not terminated in 2025. This information was provided to Segal on August 19, 2025.

Risk Disclosure

Actuarial valuation results depend on a single set of assumptions, however, there is risk that emerging results may differ as actual experience may unfold differently than assumed. Our analysis assumes that the expected retirement pattern (i.e., the inactive vested retirement assumption) remains unchanged after the amendment. To the extent that these amendments alter the timing and rate at which inactive vested members retire, the impact on the Actuarial Accrued Liability, funded percentage, AFC, etc., may be different than shown in this analysis. As detailed in our valuation report, this would be defined as a “demographic risk.”

Legal Considerations

Segal is not a law firm and we cannot offer legal advice. Our comments are based on our many years of consulting to employee benefit plans. To the extent that any user requires a legal opinion, that user should consult with appropriate legal counsel.

Certification

The information in this letter is subject to the caveats and limitations of use described in the 2025 actuarial valuation report. This letter has been prepared for the Milwaukee County Office of the Comptroller.

I am a member of the American Academy of Actuaries and I meet the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please let me know if you have any questions. My cell phone number is 312-597-4175, or I can be contacted at gbridges@segalco.com.

Sincerely,



Geoffrey Bridges, FSA, MAAA, EA

cc: Erika Bronkowski
Matt Strom