



Milwaukee County Retirement Plan Services

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Date: September 16, 2021
To: Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors
From: Erika Bronikowski, Director, Retirement Plan Services

Subject: 2021 Milwaukee County Pension Contributions

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".

Information on the status of 2021 pension contributions has been provided. Upon further review, the report submitted on September 7, 2021 does not fully address the content in Milwaukee County General Ordinance Chapter 201.24, Section 3.1.

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.

Budgeted Contribution for 2021	Actual Contribution Requested for 2021	Estimated Funding Variance
\$75,504,000	\$74,035,425	\$1,468,575

Each year, a valuation is completed by the Plan actuary that determines the upcoming year's pension contributions. Because the valuation is completed using information as of January 1 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, the investment performance and census data of the pension fund for the remainder of the year is unknown. The following year, new information about the investment performance of the fund and census data is available and at that time, the contribution request is recalculated. The County generally plans their contributions based on the Budgeted amount. To the extent that the Budget is higher or lower than the Actual contribution amount, 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, 2020, an estimate of the 2021 contribution was completed that resulted in the County budgeting \$75,504,000 for 2021 pension contributions. Upon completion of the January 1, 2021 valuation, the actuary revised the 2021 contribution request to \$74,035,425 after accounting for the investment performance and census

experience of the pension fund during 2020. The lower revised contribution request is based on the investment performance of the pension fund, the amount of benefit payments, and contributions for 2020. The reconciliation of the Budget Contribution to the Actual Contribution can be found on page 29 of the [January 1, 2021 ERS valuation](#). Since the County contributes based on the budgeted calculation, this would have resulted in a positive variance of \$1.47 million, based on the revised 2021 contribution request. The positive variance would be amortized over a five-year period to reduce contributions in the future.

The final variance between 2021 actual funding contribution by the County and the 2021 revised contribution request will not be determined until next actuarial report is completed. For example, the contribution variance between the 2020 budgeted/funded contribution and the 2020 revised contribution request was a positive \$2.3 million, as of January 1, 2020. The final 2020 contribution variance between the 2020 actual funded contribution and the 2020 revised contribution request was a positive \$5.2 million, as of January 1, 2021.

Please let me know if you have any questions.

Cc:
Supervisor Jason Haas, Chairman, Finance and Audit Committee
Supervisor Eddie Cullen, Chairman, Personnel Committee
David Crowley, County Executive
Margo Franklin, Chief Human Resources Officer
Finance and Audit 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