

From Retirement Plan Services, requesting amendments to Chapters 203(2.8), (4.1), (4.2), (4.4), and (4.5) of the Milwaukee County Code of General Ordinances reflecting eligibility changes to OBRA as required by State law by recommending adoption of the following:

**A RESOLUTION/ORDINANCE**

WHEREAS, Milwaukee County sponsors the OBRA 1990 Retirement System of the County of Milwaukee ("OBRA"), a defined benefit plan, for the exclusive benefit of certain of its employees; and

WHEREAS, OBRA is a tax-qualified retirement plan that must adhere to IRS requirements for defined benefit plans, including that OBRA be administered in accordance with its written plan document; and

WHEREAS, on June 20, 2023, the Wisconsin Legislature adopted Wisconsin Act 12; and

WHEREAS, Wisconsin Act 12 provided an avenue for the County to implement an increase to its sales tax; and

WHEREAS, as part of Wisconsin Act 12, if the County implemented the sales tax, certain changes, including the transition of new County employees to the Wisconsin Retirement System ("WRS"), were required; and

WHEREAS, on July 27, 2023, the County Board adopted the required Ordinances, and the sales tax was implemented; and

WHEREAS, effective January 1, 2025, the County will elect to join the Wisconsin Retirement System ("WRS"); and

WHEREAS, in order for the County to elect to participate in WRS, all OBRA members who meet the eligibility requirements must participate in WRS; and

WHEREAS, the County Board desires to amend the OBRA Ordinances to clarify the eligibility requirements;

BE IT RESOLVED, that the Milwaukee County Board of Supervisors hereby amends Chapters 203(2.8), (4.1), (4.2), (4.4), and (4.5) of the Milwaukee County Code of General Ordinances by adopting the following:

45 **AN ORDINANCE**

46  
47 The Milwaukee County Board of Supervisors does ordain as follows:

48  
49 **Section 1.** Chapter 203(2.8) of the Milwaukee County Code of General  
50 Ordinances is hereby amended as follows:

51 **2.8 - Member.**

52 "Member" means each person who is an employe other than an employe for  
53 whom the county is obligated to collect and contribute taxes under the Federal  
54 Insurance Contributions Act (other than the Medicare portion of the FICA tax  
55 described in Internal Revenue Code section 3121(u)) with respect to such  
56 employe either by virtue of a voluntary agreement between the state and the  
57 Secretary of Health and Human Services regarding voluntary coverage under  
58 section 218 of the Social Security Act or by any other provision of federal law.

59  
60 Effective January 1, 2025, Member shall exclude any employe eligible for the  
61 Wisconsin Retirement System pursuant to Chapter 40 of the Wisconsin Statutes.

62  
63 **Section 2.** Chapter 203(4.1) of the Milwaukee County Code of General  
64 Ordinances is hereby amended as follows:

65 **4.1 - Normal retirement pension.**

66 In the case of a member who terminates all County employment on his/her  
67 normal retirement date, his/her normal retirement pension shall commence on  
68 the member's normal retirement date. Such pension shall cease upon the  
69 member's death. The monthly amount of such pension shall be equal to (A)  
70 one-twelfth times (B) two (2) percent of the member's average compensation  
71 times (C) the member's years of service (not in excess of thirty (30) years).

72 **Section 3.** Chapter 203(4.2) of the Milwaukee County Code of General  
73 Ordinances is hereby amended as follows:

74 **4.2 - Late retirement pension.**

75 In the case of a member who works in County employment past his/her normal  
76 retirement date, such member's pension, as determined in section 4.1, shall  
77 nevertheless commence to be paid on his/her normal retirement date. Such  
78 pension shall cease upon the member's death. For each plan year subsequent  
79 to the plan year in which his/her normal retirement date occurs during which  
80 he/she continues in the employment of the county and earning service credit in  
81 OBRA, the amount of his/her pension shall be recomputed. The amount of such  
82 recomputed pension for each month during any such plan year shall be equal to  
83 (A) one-twelfth times (B) two (2) percent of the member's average  
84 compensation computed through the end of the prior plan year times (C) the

85 member's years of service (not in excess of thirty (30) years) computed through  
86 the end of the prior plan year; provided, however, that any increase in such  
87 recomputed pension over the pension previously payable shall be offset by the  
88 actuarial equivalent value as defined by Pension Board Rule (~~determined using~~  
89 ~~the UP-1984 mortality table and an interest rate of eight and five tenths (8.5)~~  
90 ~~compounded annually~~) of pension benefits actually distributed during the prior  
91 plan year.

92 **Section 4:** Chapter 203(4.4) of the Milwaukee County Code of General  
93 Ordinances is hereby amended as follows:

94 **4.4. - Small benefits.**

95 (a) If at the time a pension would otherwise become payable to a  
96 member under either section 4.1, 4.2 or 4.3 the actuarial equivalent lump sum  
97 value of that pension does not exceed five thousand dollars (\$5,000.00), such  
98 lump sum value shall be paid to the member in lieu of any monthly pension  
99 payments which would otherwise have been payable under section 4.1, 4.2 or  
100 4.3. Any mandatory lump sum payments of between one thousand dollars  
101 (\$1,000.00) and five thousand dollars (\$5,000.00) made under this section after  
102 March 28, 2005, will be paid directly into an individual retirement account (IRA) in  
103 the member's name, unless the member requests otherwise.

104 (b) In the case of a member who is working in the employment of the  
105 county after his/her normal retirement date and who had received a lump sum  
106 distribution of his/her pension pursuant to paragraph (a) of this section 4.4, such  
107 individual shall receive a single sum distribution in the month of January following  
108 each year in which he/she has employment that results in additional OBRA  
109 service credit subsequent to his/her normal retirement date if the amount  
110 determined in the next sentence does not exceed the five-thousand-dollar-  
111 amount (as adjusted) described in paragraph (a) above. The amount of such  
112 distribution shall be equal to (i) the actuarial equivalent lump sum value of a  
113 lifetime monthly pension equal to (A) one-twelfth ( 1/12 ) times (B) two (2)  
114 percent of the member's average compensation computed through the end of the  
115 prior plan year times (C) the member's years of service (not in excess of thirty  
116 (30) years) computed through the end of the prior plan year minus (ii) the amount  
117 of any lump sum distribution(s) which he/she has previously received from the  
118 system. If the amount determined in the preceding sentence exceeds the five-  
119 thousand-dollar-amount (as adjusted) described in paragraph (a) above, then a  
120 lifetime monthly pension shall instead commence in such month of January, and  
121 the amount of such pension shall equal (A) one-twelfth (1/2) times (B) two (2)  
122 percent of the member's average compensation computed through the end of the  
123 prior plan year times (C) the years of service earned in the prior plan year.

124 If a member begins receiving a lifetime monthly pension pursuant to  
125 the preceding paragraph, then for each plan year subsequent to the plan year in

126 which his or her lifetime monthly pension commenced during which he or she  
127 continues in the employment of the county and earning service credit in OBRA,  
128 the amount of his or her pension shall be recomputed. The amount of such  
129 recomputed pension for each month during any such plan year shall be equal to  
130 (A) one-twelfth ( $\frac{1}{2}$ ) times (B) two (2) percent of the member's average  
131 compensation computed through the end of the prior plan year times (C) the  
132 member's years of service (not in excess of thirty (30)) computed through the end  
133 of the prior plan year (but not taking into account any years of service earned  
134 prior to the member's normal retirement date or for which the member received a  
135 single lump sum distribution after his/her normal retirement date); provided,  
136 however, that any increase in such recomputed pension over the pension  
137 previously payable shall be offset by the actuarial equivalent value ~~(determined~~  
138 ~~using the UP-1984 mortality table and an interest rate of eight and five tenths~~  
139 ~~(8.5) compounded annually)~~ of pension benefits actually distributed during the  
140 prior plan year.

141 (c) Lump sum actuarial equivalent value shall be computed under this  
142 section 4.4 pursuant to Pension Board Rule ~~using the UP-1984 unisex mortality~~  
143 ~~table and an interest rate equal to eight and five tenths (8.5) percent~~  
144 ~~compounded annually.~~

145 **Section 5.** Chapter 203(4.5) of the Milwaukee County Code of General  
146 Ordinances is hereby amended as follows:

147 **4.5. - Mandatory cash out.**

148 (a) *Eligibility for mandatory cash out.* A member shall not receive the pension  
149 described in section 4.1, 4.2, or 4.3, and shall instead receive a single lump  
150 sum distribution of his or her benefit if, before attaining his or her normal  
151 retirement date and before death:

- 152 (1) The member terminates all county employment.
- 153 (2) The member is absent from all county employment for a period of five  
154 (5) years.
- 155 (3) The actuarial equivalent lump sum present value of his or her pension  
156 is five thousand dollars (\$5,000.00) or less, and
- 157 (4) An employe who became a member of OBRA prior to January 1,  
158 1994, consents to the cash out.

159 The mandatory cash out required under this subsection 4.5(a) shall be  
160 paid to the member as soon as practicable after the close of the plan  
161 year in which the member satisfies the conditions for the mandatory cash  
162 out. Any mandatory lump sum payments of between one thousand  
163 dollars (\$1,000.00) and five thousand dollars (\$5,000.00) made under

164 this section after March 28, 2005, will be paid directly into an individual  
165 retirement account (IRA) in the member's name, unless the member  
166 requests otherwise. No amount will be payable with respect to a member  
167 who dies after satisfying the conditions for a mandatory cash out but  
168 before the system makes payment in the following plan year.

169 (b) *Buy back after cash out.* Should any member who received a mandatory  
170 cash out under subsection 4.5(a) return to county employment, his service  
171 which he or she had at the time of such cash out shall be restored to him or her,  
172 provided he or she renders two (2) years of service subsequent to his or her  
173 restoration to membership and provided further that within the two-year period,  
174 he or she redeposits the amount of the mandatory cash out he or she received  
175 pursuant to subsection 4.5(a), with interest thereon to the date of redeposit. If  
176 he or she does not elect to restore his or her prior service by redepositing the  
177 amount of the mandatory cash out during this period of reemployment, the prior  
178 service shall remain canceled, and service shall be credited only from the date  
179 his or her most recently reemployment period with the county commenced.  
180 Interest for this purpose shall equal the aggregate rate of return earned by the  
181 system's assets during the period beginning on the date the member received  
182 the mandatory cash out and ending on the date the member redeposits the  
183 mandatory cash out (with interest).

184 (c) *Actuarial equivalent.* Lump sum actuarial equivalent value shall be  
185 computed under this section 4.5 ~~pursuant to Pension Board Rule using the UP-~~  
186 ~~1984 unisex mortality table and an interest rate equal to eight and five tenths~~  
187 ~~(8.5) percent compounded annually.~~

188 **Section 6.** The provisions of this Ordinance shall become effective upon  
189 passage and publication.