

September 15, 2011

Supervisor Paul M. Cesarz
Chairman
Pension Study Commission
901 N. 9th St.
Milwaukee, WI 53233

Re: Actuary's Review of Non-Represented Employees Ordinance Amendment of Rule of "75" to the Employees' Retirement System

Dear Supervisor Cesarz:

As requested, we have analyzed the actuarial impact on the Milwaukee County Employees' Retirement System of the attached, proposed ordinance amendment to Section 201.24(4.1) of the Milwaukee County Code of General Ordinances as it pertains to the "Rule of 75." Currently, there are various employee groups within the county which could become eligible for the "Rule of 75" if these groups become non-represented. This amendment, if adopted, would eliminate the "Rule of 75" for various represented members who become non-represented.

Actuarial Analysis

The ordinance amendment maintains "status-quo" in the Retirement System in the event that current represented members become non-represented. Specifically, the amendment provides that an employee who is eligible for the Rule of 75 on September 29, 2011 will maintain that eligibility regardless of any change in their position or any change in their union status; conversely, any employee who is not eligible for the Rule of 75 on that date will not become eligible regardless of any change in their position or any change in their union status. Because the amendment does not change any current employee's current eligibility for this benefit, there is no actuarial impact by adopting the proposed ordinance amendment.

There is an actuarial impact, however, if this proposed amendment *is not* adopted. If this amendment is not adopted, and some unknown number of employees changes their status at some unknown date in the future, Retirement System costs will increase. Because of the unknown circumstances regarding any employee's future changes in status, a projection of future savings cannot be calculated. In other similar circumstances, we have calculated a savings (see our report dated April 13, 2011). In this case, we have roughly estimated the impact of not adopting this amendment to be roughly \$10,000 to \$50,000 per member of affected groups that become non-represented and eligible for "Rule of 75," depending on the classification of the employees potentially involved.

The undersigned is a Member of the American Academy of Actuaries and meets the Academy's Qualification Standards to issue this Statement of Actuarial Opinion.

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Please call if you have any questions.

Sincerely,



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

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cc: Mark Grady
Marco Ruffini