



*Milwaukee County*  
**Department of Human Resources**  
INTER-OFFICE COMMUNICATION

Date: November 18, 2024

To: Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

From: Erika Bronikowski, Retirement Plan Services Director

**Subject: Proposed Amendments for the OBRA Pension Plan in Response to 2023 WI Act 12**

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**Background**

The Omnibus Budget Reconciliation Act of 1990 Retirement System of the County of Milwaukee (“OBRA”) is a tax-qualified retirement plan under the Internal Revenue Code (“Code”). In order to maintain its tax-qualified status, OBRA must comply with Code requirements applicable to governmental plans, including being administered in accordance with the Plan document, which consists of Milwaukee County Ordinance section 203 and Appendix B1. The Ordinance changes in this package are updates to the OBRA Plan document in response to 2023 WI Act 12.

In 2023, the Milwaukee County Board of Supervisors adopted the local option sales tax permitted by 2023 WI Act 12, which requires that new employees of Milwaukee County enter the Wisconsin Retirement System (“WRS”) if eligible for WRS and hired after December 31, 2024. This Ordinance package is intended to implement that requirement.

**Summary of Request**

Retirement Plan Services (“RPS”) is asking the County Board to consider Ordinance amendments that implement the transition of eligible new employees hired after December 31, 2024 to the WRS as required by 2023 WI Act 12.

To summarize, the changes include the following:

- Providing that individuals who are eligible for the WRS, will not be eligible for the OBRA retirement system.
- Clarifying when members of the OBRA retirement system may receive payment if they enter a position not covered by OBRA after earning a benefit in OBRA.
- Aligning the process for determining the definition actuarial equivalence with the same process in the Employees’ Retirement System of Milwaukee County.

RPS has worked with the Pension Board, Corporation Counsel, and external Counsel to the Pension Board and has consulted with the Comptroller’s Office on these outlined pension changes to the Milwaukee County Code of General Ordinances.

## **Description of Proposed Ordinance Amendments**

### **Section 1 of the Resolution – Future OBRA eligible members will enter WRS**

#### **Background.**

The amendment regarding future OBRA eligible members entering the WRS is in Ordinance Section 203 (2.8). This amendment adds language that revises the definition of a member in OBRA to exclude those that are eligible to participate in the WRS.

This update clarifies which individuals employed at Milwaukee County are eligible for OBRA benefits.

The defined term “member” is used later in the OBRA ordinance to indicate who is eligible for the OBRA retirement system. Without these revisions to the defined term “member” the literal reading of the Ordinance may give the impression that certain OBRA benefits are available to individuals who are not in OBRA. Additionally, an employee cannot be eligible for OBRA and the WRS, so this amendment clarifies that OBRA excludes WRS eligible members.

#### **Proposed Amendments.**

Ordinance section 203(2.8). The proposed amendment to Ordinance section 203(2.8) revises the definition of a “member” in the OBRA retirement system to exclude those eligible for the WRS on and after January 1, 2025.

Effective Date. Effective January 1, 2025.

### **Section 2 of the Resolution – OBRA Normal Pension Start Date Begins after Termination of All County Employment**

#### **Background.**

The amendments regarding the OBRA normal pension start date include changes to Ordinance Section 203(4.1). They provide clarification that one must terminate all County employment to be eligible to receive a normal retirement pension from the OBRA retirement system.

#### **Proposed Amendments.**

Ordinance section 203(4.1). The proposed amendment to Ordinance section 203(4.1) adds language clarifying that all County employment must be terminated before an OBRA normal retirement pension may be paid.

Effective Date. Effective upon passage.

### **Section 3 of the Resolution – OBRA Late Retirement Pension Eligibility**

#### **Background.**

The amendments regarding the OBRA late retirement benefit are in Ordinance Section 203(4.2). They provide the following:

- Currently, OBRA members who continue working beyond retirement age in an OBRA position receive their pension from OBRA while in service and their OBRA benefit is recalculated each year. This is intended to clarify that, while OBRA members may receive their OBRA pension while in County employment, their OBRA benefit will only be recalculated each year that they earn OBRA service credit.
- Provides that the Pension Board sets the definition of actuarial equivalence for the OBRA retirement system. This is consistent with the treatment of actuarial equivalence in the ERS.

Proposed Amendments.

Ordinance section 203(4.2). The proposed amendment to Ordinance section 203(4.2) adds language that clarifies that individuals who continue work in County employment, rather than simply continuing work, may be eligible to receive their late retirement pension that was earned in the OBRA retirement system.

Additionally, language is added that clarifies that only individuals who continue working past retirement age in a position eligible for the OBRA retirement system may receive a late retirement pension.

Finally, the explicit definition of actuarial equivalence is removed and the determination of the definition of actuarial equivalence is delegated to the Pension Board.

Effective Date. Effective upon passage.

#### **Section 4 of the Resolution – OBRA Small Benefit Cashout Eligibility**

Background.

The amendments regarding OBRA small benefit cashouts are in Ordinance Section 203 (4.4). The changes:

- Currently, OBRA members who continue working beyond retirement age in an OBRA position may receive small benefit cashout from OBRA while in service and their OBRA benefit is recalculated each year. This is intended to clarify that their OBRA benefit will only be recalculated each year that they earn OBRA service credit.
- Provides that the Pension Board sets the definition of actuarial equivalence for the OBRA retirement system. This is consistent with the treatment of actuarial equivalence in the ERS.

Proposed Amendments.

Ordinance section 203(4.4). The proposed amendment to Ordinance section 203(4.4(b)) adds language that clarifies that only individuals who continue working past retirement age in a position eligible for the OBRA retirement system may receive small benefit cash out in service.

Additionally, the explicit definition of actuarial equivalence is removed and the determination of the definition of actuarial equivalence is delegated to the Pension Board.

Effective Date. Effective upon passage.

## Section 5 of the Resolution – Mandatory Cashouts

### Background.

The amendments regarding OBRA mandatory cashouts are in Ordinance Section 203(4.5).

- They provide clarification that one must terminate all County employment to be eligible to receive a mandatory cashout from the OBRA retirement system.
- They provide that the Pension Board sets the definition of actuarial equivalence for the OBRA retirement system. This is consistent with the treatment of actuarial equivalence in the ERS.

### Proposed Amendments.

Ordinance section 203(4.5). The proposed amendment to Ordinance section 203(4.5(a(1) and (2))) adds language that clarifies that only individuals who terminate all employment with Milwaukee County may receive the OBRA mandatory cashout benefit.

Additionally, the explicit definition of actuarial equivalence is removed and the determination of the definition of actuarial equivalence is delegated to the Pension Board.

Effective Date. Effective upon passage.

CC: Supervisor Willie Johnson Jr., Chair, Finance Committee  
Supervisor Patti Logsdon, Chair, Personnel Committee  
David Crowley, County Executive  
Margo Franklin, Chief Human Resources Officer  
Finance Committee  
Personnel Committee  
Mary Jo Meyers, Chief of Staff, Office of the County Executive  
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