

**COUNTY OF MILWAUKEE**  
**Interoffice Memorandum**

DATE: December 15, 2021

TO: Milwaukee County Board Supervisors

FROM: Supervisor Willie Johnson, Jr., Chairman, Pension Study Commission

**SUBJECT: A Resolution/Ordinance from the Retirement Plan Services Director, Department of Human Resources, clarifying the Milwaukee County Code of General Ordinances regarding correction of overpayment and underpayment errors and requesting authorization to amend Chapters 201.24(3.1) and (8.24) of the Milwaukee County Code of General Ordinances to reflect these changes. (File No. 21-1077)**

The Pension Study Commission (PSC) is charged with issuing a written report on the actuarial effect, cost implications and desirability of proposed changes to the pension system. At its meeting on December 15, 2021, the PSC reviewed File No. 21-1077, which outlines proposed amendments to Sections 201.24(3.1) and 201.24(8.4) of the Milwaukee County Code of General Ordinances. These amendments are necessary to align the correction procedures for overpayments and underpayments from the Employees' Retirement System (ERS) to participants to the direction provided by the Internal Revenue Service (IRS). These are the correction methods approved in the Voluntary Correction Program (VCP) Compliance Statement issued by the Internal Revenue Service (IRS) in February 2020.

The PSC reviewed File No. 21-1077, which includes a summary report, resolution/ordinance, fiscal analysis from the Office of the Comptroller, memo from the Office of Corporation Counsel and actuary report from Segal.

The memo from Retirement Plan Services Director outlined the need for the amendments to align County Ordinances with guidance directed by the IRS on the treatment of overpayments and underpayments from the ERS. In general, these amendments would require compound interest on corrections and establishing the appropriate interest rates for underpayments or overpayments, clarify the repayment period for members that have been overpaid, and revising the accounting procedures for funds collected by ERS to be sent to Milwaukee County.

The actuary review by Segal of the proposed amendments indicates there are no significant actuarial impacts from the proposed ordinance amendments. Moreover, the fiscal analysis provided by the Office of the Comptroller confirmed there is no budgetary impact from the proposed changes. The PSC learned that these changes would not increase or decrease the pension benefits of any current ERS members. The PSC also desires to keep the ERS in compliance with IRS directives. Based on the information presented and contained in File No. 21-1077, the Pension Study Commission voted (Vote 5-0) on the motion to recommend approval of the resolution/ordinance and recommend the Milwaukee County Board of Supervisors adopt the ordinance amendments.

Respectfully submitted,

*Willie Johnson, Jr.*

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Willie Johnson, Jr., Chairman  
Pension Study Commission

cc: County Executive David Crowley  
Margaret Daun, Corporation Counsel  
Erika Bronikowski, Director, Retirement Plan Services  
Judd Taback, Assistant Corporation Counsel  
Steve Cady, Research and Policy Director, Office of the Comptroller  
Shanin Brown, Committee Coordinator, County Clerk