

COUNTY OF MILWAUKEE
Interoffice Memorandum

DATE: March 23, 2017

TO: Milwaukee County Board Supervisors

FROM: Supervisor Michael Mayo, Sr., Chairman, Pension Study Commission

SUBJECT: Review of the Proposed Amendment to create Chapter 201.24(8.23) of the Milwaukee County General Ordinances to adopt a requirement that Plan Sponsors be notified of any Voluntary Correction Program (VCP) filings with the Internal Revenue Service (File No. 17-321)

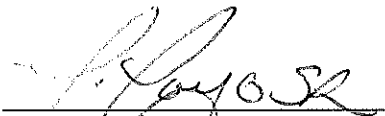
The Pension Study Commission (PSC) is charged with issuing a written report on the actuarial effect, cost implications and desirability of proposed changes to the pension system. At its meeting on March 23, 2017, the PSC reviewed File No. 17-321, which outlines a proposed amendment to Chapter 201.24 to create (8.23) of the Milwaukee County General Ordinances. File No. 17-321 aims to correct a situation in which the County Executive and the County Board of Supervisors were not promptly notified of an April 2014 Voluntary Correction Program filing with the Internal Revenue Service. The Internal Revenue Service (IRS) provides retirement plan sponsors an opportunity to self-report errors in the administration of the plan through the Voluntary Correction Program (VCP), which reduces the potential for penalties if discovered through an IRS audit.

The PSC reviewed File No. 17-321, the resolution/ordinance is scheduled for review by the Committee on Finance and Audit later today after the conclusion of the Pension Study Commission meeting.

The PSC heard testimony from the sponsor of the resolution/ordinance explaining that plan sponsors, including the County Executive and County Board of Supervisors, have a right to be promptly informed of any errors in the administration of the County's pension plan that warrant disclosure to the IRS. The proposed ordinance amendment would create new language that requires the Corporation Counsel, Human Resources Director, and Director of Retirement Plan Services, jointly or separately, to notify the County Executive and County Board within five (5) business days of any submission to the Internal Revenue Service under the IRS Voluntary Correction Plan related to errors in the administration of the retirement system. Since this proposed ordinance does not alter retirement benefits, no actuarial review is required. The accompanying fiscal note states that the only expenditure is staff time to notify plan sponsors of any VCP filing. Therefore, the proposed ordinance amendment would not create an additional cost on the retirement system.

Based on the information presented and contained in File No. 17-321, the Pension Study Commission voted (Vote X-X) to recommend that the County Board adopt the proposed change to the pension ordinances as outlined in the resolution/ordinance to require plan sponsor notification of any VCP filings with the IRS.

Respectfully submitted,



Michael Mayo, Sr., Chairman
Pension Study Commission

cc: County Executive Abele
Margaret Daun, Acting Corporation Counsel
Kerry Mitchell, Human Resources Director
Jim Carroll, Principal Assistant Corporation Counsel
Amy Pechacek, Interim Director, Retirement Plan Services
Steve Cady, Research and Policy Director, Office of the Comptroller
Shanin Brown, Committee Coordinator, County Clerk