




COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

Office of the Comptroller
Scott B. Manske, Comptroller

DATE: November 6, 2023

TO: Milwaukee County Board of Supervisors

FROM: Cynthia (CJ) Pahl, Director of Financial Services, Office of the Comptroller 

RE: Fiscal Analysis – Various Changes to Milwaukee County Pension-Related Ordinances

The following provides a summary of the fiscal impact to the Employee Retirement System (ERS) and Milwaukee County if the Milwaukee County Ordinances are amended as requested.

The actual fiscal impact may be greater than or less than the impact that is estimated below. This review was based on information provided by employees of the ERS. According to the information provided, the proposed amendments are clarifying in nature and would have no material impact on the benefits provided by ERS to its members. Therefore, if the proposed amendments are adopted by the Milwaukee County Board of Supervisors, there would be no resulting fiscal impact to the ERS, since any potential cost or savings would be immaterial. Furthermore, since there is no fiscal impact expected on the ERS, there is no fiscal impact to Milwaukee County now or over the next five years.

Fiscal Impact Analysis

- **Amendments to Ordinance section 201.24(2.19)**
 - The proposal requires submission of a completed retirement application to RPS to be eligible for retirement and clarifies that the commencement of benefits will not occur until the first day of the month following the month that the member fulfills all requirements to retire, including submission of the completed retirement application.
 - Fiscal Impact: There is no material fiscal impact estimated from this proposed change.
- **New Ordinance section 201.24(2.24)**
 - The proposal clarifies and defines the term “active service.”
 - Fiscal Impact: There is no material fiscal impact estimated from this proposed change.
- **Amendments to Ordinance section 201.24(3.11)**
 - The proposal extends the employee contribution refund deadline to five (5) years after termination of employment from the current 180 days, which aligns with the time a nonvested member’s service credit remains valid with the ERS. The proposal limits interest paid on the employee contribution refund to no more than 180 days after the termination of employment.
 - Fiscal Impact: There is no material fiscal impact estimated from this proposed change.
- **Amendments to Ordinance section 201.24(3.5)**

- The proposal clarifies that the refunds of member contributions upon termination or death are applicable to beneficiaries as well as members and removes provisions related to the refund of member savings accounts since there are no longer any member savings accounts.
- Fiscal Impact: There is no material fiscal impact estimated from this proposed change.
- **Amendments to Ordinance section 201.24(4.1)**
 - The proposal clarifies eligibility for a normal retirement includes the submission of a completed retirement application and clarifies that eligibility for the Rule of 75 includes retirement from active service.
 - Fiscal Impact: There is no material fiscal impact estimated from this proposed change.
- **Amendments to Ordinance section 201.24(4.2)**
 - The proposal clarifies that a member applying for early retirement must also submit a retirement application on or before termination of employment and that an active employee in a non-ERS position may retire under this subsection.
 - Fiscal Impact: There is no material fiscal impact estimated from this proposed change.
- **Amendments to Ordinance section 201.24(4.3)**
 - The proposal amends current ordinances so that accidental disability retirements (ADR) can be granted pursuant to Wisconsin Statute Section 59.88 that allows for an ADR in certain cases of mental injury. The proposal would also amend current ordinances so that ADRs could be granted under three presumptions in Wisconsin State Statutes sections 891.45 through 891.455 specifically for disability benefits for fire fighters, correctional officers, emergency medical service providers and law enforcement officers: heart or respiratory impairment or disease; infectious diseases; and cancer.
 - Fiscal Impact: There is no material fiscal impact estimated from this proposed change.
- **Amendments to Ordinance section 201.24(4.5)**
 - The proposal clarifies that a member is eligible for a deferred vested pension if the member's employment terminates prior to fulfilling all the requirements of a normal retirement, including the submission of a retirement application. It further clarifies that a sworn law enforcement officer who terminates employment prior to retirement eligibility may apply for a deferred vested pension benefit at age 57 regardless of the member's years of service, or age 55, if the member earned at least 15 years of service at the time of termination, consistent with RPS past practice. It also removes the requirement that the Pension Board authorize a deferred vested member's early retirement.
 - Fiscal Impact: There is no material fiscal impact estimated from this proposed change.
- **Amendments to Ordinance section 201.24(4.6)**

- The proposal clarifies that for a member or beneficiary to receive a benefit from ERS, the individual must first submit an application to RPS, and no benefit is payable until such application is received. The amendments also clarify that ERS does not pay retroactive benefits and that an application is only valid for 180 days after submission. The proposal also updates ordinances to match IRS Code which requires tax-qualified retirement plans to commence benefits no later than a member's required start date, which was previously the April 1st after the member attained age 70-1/2 (effective January 1, 2023 the age is 73 and effective January 1, 2033 the age is 75).
- Fiscal Impact: There is no material fiscal impact estimated from this proposed change.
- **Amendments to Ordinance section 201.24(5.16)**
 - The proposal clarifies that a backDROP is only available to members who retire from active service and are eligible for a normal retirement benefit. It also clarifies that an individual who is employed by the County in a non-ERS covered position is not eligible to receive a backDROP.
 - Fiscal Impact: There is no material fiscal impact estimated from this proposed change.
- **Amendments to Ordinance section 201.24(6.1)**
 - This proposal provides for a death benefit under this section if a deputy sheriff meets the requirements of Ordinance section 201.24(4.3)(3)(b) and dies in active service as a result of the disease the deputy sheriff is presumed to have contracted through the deputy sheriff's employment. It further removes the requirement that the surviving spouse benefit terminate if the spouse remarries. The proposal further provides that the Ordinance section 201.24(6.1) benefit will be paid instead of the PSO if a deputy sheriff's beneficiary is eligible for both benefits.
 - Fiscal Impact: There is no material fiscal impact estimated from this proposed change.
- **Amendments to Ordinance section 201.24(6.3)**
 - This proposal clarifies that the lump sum death benefit is only payable for the death of a member in active service in ERS-covered employment.
 - Fiscal Impact: There is no material fiscal impact estimated from this proposed change.
- **Amendments to Ordinance section 201.24(6.4)**
 - This proposal clarifies that a survivor pension will not commence until RPS receives a completed application from the beneficiary. It further changes the termination date of a child's survivor benefit to age 22, regardless of marital status or school enrollment. If the surviving child attains age 22 before applying for the benefit, the only benefit payable to the child is a lump sum benefit of \$2,000 under Ordinance section 201.24(6.3). The proposal further requires a dependent spouse to reapply for benefits upon reaching age 60, removes the requirement to terminate the survivor benefit if the survivor remarries, and clarifies that the multiplier used in calculating

the benefit shall be the multiplier in effect at the time the survivor benefit is calculated.

- Fiscal Impact: There is no material fiscal impact estimated from this proposed change.
- **Amendments to Ordinance section 201.24(7.1)**
 - The proposal clarifies that to be eligible for a Protective Survivorship Option pension, the member must meet the age and service requirements for a normal retirement and die in active service. It also specifies that to be eligible for a PSO, the member must have elected the PSO option on a form approved by the Office of Corporation Counsel. The proposal further clarifies that a beneficiary is not eligible for the PSO if a benefit is payable under Ordinance section 201.24(6.1).
 - Fiscal Impact: There is no material fiscal impact estimated from this proposed change.
- **Amendments to Ordinance section 201.24(11.7)**
 - The proposal provides an exception to the anti-alienation provision so that a retiree may elect to have a post-tax deduction from their monthly pension benefit to pay retiree health insurance premiums.
 - Fiscal Impact: There is no material fiscal impact estimated from this proposed change.

Additional Considerations:

The fiscal impact provided in this report are based on draft amendments and a draft summary provided to the Office of the Comptroller on September 28, 2023. If additional amendments were proposed or changed in the final draft submitted for approval, those changes may not be accurately reflected in this fiscal note.