

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

**DATE:** July 27, 2016

**TO:** Milwaukee County Board Supervisors

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

**SUBJECT:** **Review of Proposed Amendments to Chapter 201.24 (11.1), (12.4), and (12.8) of the Milwaukee County General Ordinances to adopt changes required by the Internal Revenue Service (IRS) in relation to a Voluntary Correction Program (VCP) filing by Milwaukee County in 2007 (File No. 16-411)**


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 July 27, 2016, the PSC reviewed File No. 16-411, which outlines proposed amendments to Chapter 201.24 (11.1), (12.4), and (12.8) of the Milwaukee County General Ordinances (M.C.G.O.). File No. 16-411 aims to implement technical corrections required by the Internal Revenue Service to ensure a final Voluntary Correction Program (VCP) Compliance Statement relevant to a filing by Milwaukee County in 2007. The VCP filing was primarily related to errors arising out of purchases of service credit, both buy ins and buy backs. The County Board adopted File No. 15-31 on February 5, 2015, which “corrected” most of the errors related to the buy ins and buy backs but the IRS has since requested some additional technical corrections to the Employees’ Retirement System of the County of Milwaukee (ERS) ordinances. The PSC reviewed a resolution/ordinance that was unanimously recommended for adoption by the Committee on Finance and Audit at its meeting on July 21, 2016.

The PSC heard testimony from a Pension Board attorney related to the VCP negotiations with the IRS who expressed the need to adopt these “technical” amendments in order to receive a favorable Compliance Statement and remain as a qualified retirement plan. The Director, Retirement Plan Services stated that the proposed amendments would not increase or decrease the number of participants whose errors were deemed to be corrected in File No. 15-31. Moreover, the PSC reviewed a written communication dated June 29, 2016, from Mr. Larry Langer of Buck Consultants Inc., the firm retained by the Pension Board and the County to provide actuarial services related to the ERS. Mr. Langer writes that “...these amendments will not change the ongoing cost of the ERS.”

The PSC reviewed the June 16, 2016, report from the Director, Retirement Plan Services, which was assembled with the assistance of the Pension Board’s attorney. The report outlines in detail each of the proposed ordinance amendments. In general, they correct the effective dates, Internal Revenue Code Section 415 limit cites, and the IRS’ preferred definition of compensation.

Based on the information presented and contained in File No. 16-411, the Pension Study Commission voted (Vote 3-0) to recommend that the County Board adopt the proposed changes to the pension ordinances as outlined in the resolution adopted July 21, 2016, by the Committee on Finance and Audit.

Respectfully submitted,



Michael Mayo, Sr., Chairman  
Pension Study Commission

cc: County Executive Abele  
Colleen Foley, Acting Corporation Counsel  
Jim Carroll, Principal Assistant Corporation Counsel  
Marian Ninneman, Director, Retirement Plan Services  
Steve Cady, Research and Policy Director, Office of the Comptroller  
Shanin Brown, Committee Coordinator, County Clerk