



Meeting Minutes

Milwaukee County
Retirement Sustainability Taskforce (RST)
February 27, 2018 2:30 PM
Milwaukee Area Technical College Room M616
700 W State Street Milwaukee WI 53233

Members Present:

Margaret Daun, Norb Gedemer, Ralph Hollmon, Waylon Hurlburt, Rep. Dale Kooyenga, Maria Lopez Vento, Scott Manske, Jodi Mapp, Tom Meaux, Kerry Mitchell, David Sartori, Tim Sheehy, Julie Siegel, Greg Smith, Sup. Sheldon Wasserman, Raisa Koltun (on behalf of Chris Abele)

Meeting called to order at 2:36 pm

Item 1 Presentation by David Draine: Options for New Plan Design – Transitioning New Hires and Current Employees to WRS

Full presentation available at <http://county.milwaukee.gov/RST>

Questions/Discussion:

Q: Comptroller Manske raised several questions regarding the change to employer and employee contributions shown in the presentation under a partial freeze. Specifically, he asked how the increase in cost to \$300 million could be attributed mostly to the loss of employee contributions; how active employees who would be covered by both ERS and WRS would be treated in terms of contributions to both plans; and how the impact to the unfunded liability under the partial freeze had been calculated.

A: Pew researchers will consult with actuary and report answers at next meeting.

Q: What is the WRS position on accepting active employees who are vested in ERS and administering their benefits?

A: WRS has indicated it will not accept or administer benefits for previous years of service, but will for years of service going forward if we join.

Q: How do you cover the gap when new employees aren't paying into ERS?

A: County would have to cover it, either through increased property taxes, cuts in services, or combination.

Q: What happens if you kick the can down the road and do not make your full contributions to ERS for its unfunded liability?

A: Lose the benefit of compound interest. It's like taking out a 30-year mortgage every year. You'll never pay it off.

Q: If \$300 million comes from county property tax, how much is that per household?

A: That's probably not a relevant question as property tax is capped, so the County likely would have to cut services unless the Legislature adjusted the cap. If the County could use the levy, this would be about a 5% increase on current tax levy per year. Even getting a 1% increase is an uphill battle. And we are already 30% higher than neighboring counties.

Q: Is there a precedent for asking employees to contribute to the closed system?

A: Mr. Draine said that in his experience, no. Others noted that it would not be fair to assign to new employees a debt they didn't create; and that assigning past debt to new employees would negatively impact the County's ability to hire new talent in a low unemployment labor market. It also was noted that a decision to protect new employees would shift the responsibility to taxpayers.

Q: Were there no missed contributions to ERS by the County?

A: There were on a couple of occasions, but they were made up later.

Q: If you changed the benefits or levels, would that flatten the line on chart (i.e. lower the cost increases the County would incur under partial freeze option)?

A: You can't change the pre 2034 line, as those benefits are current responsibilities. You can potentially impact the gap after that by changing benefit levels, but this analysis is based on the assumption that Milwaukee County wanted to get out of managing the ERS and essentially wanted to close it under a partial freeze option. The partial freeze could conceivably reduce the backdrop benefit and a hard freeze would do so.

Q: Can you take another look at the total projected liabilities graph? It seems that it should drop off more (going from 8900 to 2500 employees)

A: Yes

Q: Will the hybrid analysis have hard freeze/soft freeze options?

A: We can probably do the equivalent, will check with the actuaries.

The next meeting (March) will look at defined contribution. Have asked Pew to start looking at a hybrid model because the WRS costs were higher than expected. This will be discussed at the April meeting.

Please note that there is a **date change** for the March meeting.

The new date will be **Thursday, March 29, 2018**. The time and location will be the same.

Meeting adjourned at 4:03 pm.