

COUNTY OF MILWAUKEE
Interoffice Memorandum

DATE: February 5, 2019

TO: Milwaukee County Board Supervisors

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

SUBJECT: **Review of the Proposed Amendment to Chapter 201.24 of the Milwaukee County General Ordinances to improve the accuracy of benefit calculations, and to provide procedures to resolve payment errors (File No. 18-802)**

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 February 4, 2019, the PSC reviewed File No. 18-802, which outlines a proposed amendment to Chapter 201.24 of the Milwaukee County General Ordinances. The ordinance amendments aim to improve the accuracy of benefit calculations and provide procedures to resolve payment errors, as well as to establish a statute of limitations related to benefit calculations, to fix an interest rate for error corrections at 5 percent simple, and to define the process for members to request an adjustment to a repayment plan in the case of benefit overpayments based on financial hardship, among other best practice improvements.

The PSC reviewed File No. 18-802, which includes an amended resolution/ordinance, a fiscal and actuarial analysis, and summary data of known pension overpayments. The file also contains a communication from the Milwaukee County Pension Board in support of the legislation's effort to reduce payment errors and resolve discrepancies. The PSC heard testimony from a sponsor of the resolution/ordinance, the Director of Retirement Plan Services, Corporation Counsel, and staff from the Office of the Comptroller. Public testimony was also received that helped clarify various provisions within the proposed ordinance amendment.

The Pension Study Commission learned that the proposed legislation modifies the dates on which retirement benefit calculations begin and end, so it is based on whole months rather than partial months, which is the source of a majority of the current pension payment errors. The legislation would also promulgate procedures on how payment errors are remedied, including the calculation of principal and interest charges and factors that may warrant an adjustment to a repayment amount based on the financial status of the pensioner or beneficiary.

Based on the information presented and contained in File No. 18-802, along with the testimony from elected officials, professional staff, and the public, the Pension Study Commission voted (Vote 3-0) to recommend the County Board adopt the proposed change to the pension ordinances as outlined in the resolution/ordinance to improve the accuracy of benefit calculations and provide procedures to resolve payment errors.

Respectfully submitted,

A handwritten signature in black ink that reads "Willie Johnson, Jr." The signature is written in a cursive style with a horizontal line underneath the name.

Willie Johnson, Jr., Chairman
Pension Study Commission

cc: County Executive Chris Abele
Margaret Daun, Corporation Counsel
Tim Coyne, Director, Retirement Plan Services
Anne Kearney, Deputy Corporation Counsel
CJ Pahl, Office of the Comptroller
Steve Cady, Research and Policy Director, Office of the Comptroller
Shanin Brown, Committee Coordinator, County Clerk