

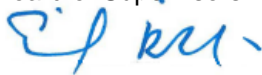


Milwaukee County Retirement Plan Services

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www.County.Milwaukee.Gov/Retirement

Date: July 13, 2019

To: Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

From: Erika Bronikowski, Director, Retirement Plan Services 

Subject: 2021 Milwaukee County Pension Contributions

Milwaukee County General Ordinance Chapter 201.24, Section 3.1 "[budget year contributions](#)" requires that the Milwaukee County Pension Board "furnish to the County Executive, prior to June 1 of each year an estimated budget contribution required by the County, including contributions required under Section 3.3, to pay the following year's cost and to amortize the amount of the unfunded obligation of the County..." and that the County Executive "...submit an informational report to the committees on finance and audit and personnel for consideration during the June committee cycle, providing for an estimated contribution amount for the next year's budget..."

A letter from the Milwaukee County Pension Board, signed by Pension Board Chairman Michael Harper, was provided to the County Board in accordance with the above-mentioned provisions of Section 201.24(3.1) in June 2020. Please reference File number [20-440](#). After submission, an update was made to the 2019 valuation that affected the 2021 Pension Contribution.

The attached letter from the Milwaukee County Pension Board reflects the values in the revised 2019 actuarial valuation, which has been included with this file. Revisions to the valuation report were required after determining some 2019 County Contributions should be categorized differently. In 2019, the County over-contributed roughly \$2,000,000 to the Pension Fund which was included in the original 2021 valuation as a contribution made in 2019. After discussion with the actuary and County Comptroller's office, we have determined that the excess contributions should not be included in the 2019 valuation and will count toward the County's 2020 contribution. Removing those excess contributions from the 2019 valuation results in an increase to the 2021 Pension Contribution as outlined below.

The letter reflects the following:

- The County should budget \$76,263,000 (inclusive of employee contributions) for an annual pension contribution in 2021:
 - \$75,504,000 for ERS
 - \$759,000 for OBRA
- The fund's investment return in 2019 was 16.00% (*this increase is unrelated to the contribution change. During the valuation process each year, we do not receive statements from some investment managers until June so estimated returns are used. We have received the final 2019 returns from additional investment managers which were stronger than estimated, resulting in an increase to the fund's return for 2019*)
- The recommended employee contribution rates for 2021 are:
 - 6.2% for General Employees

- 9.7% for Public Safety Employees
- The funded ratios of the pension systems are as follows:
 - 74.5% for ERS
 - 41.4% for OBRA

Please note, this report is informational only at this time. If you have any questions, please do not hesitate to reach out to me.

Thank you.

Cc:

Supervisor Jason Haas, Chairman, Finance and Audit Committee
Supervisor Eddie Cullen, Chairman, Personnel Committee
David Crowley, County Executive
Margo Franklin, Chief Human Resources Officer
Finance and Audit Committee
Personnel Committee
Mary Jo Meyers, Chief of Staff, Office of the County Executive
Julie Landry, Director, Department of Administrative Services
Scott Manske, Comptroller
Jennifer Folliard Director of Audit, Office of the Comptroller
Steve Cady, Research and Policy Director, Office of the Comptroller
Margaret Daun, Corporation Counsel