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Employees' Retirement System of the City of Milwaukee

Actuarial Valuation Report of the
86th Annual Actuarial Valuation
as of January 1, 2024
For Determining Actuarially
Determined Employer Contributions
For Plan Year 2025

June 14, 2024





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June 14, 2024

Annuity and Pension Board
Employees' Retirement System of the City of Milwaukee
789 North Water Street, Suite 300
Milwaukee, WI 53202

Members of the Board:

At your request, we performed this Eighty-Sixth Annual Actuarial Valuation of the Employees' Retirement System of the City of Milwaukee (referred to as "ERS" or "System") as of January 1, 2024 to be used for determining actuarially determined employer contributions for Plan Year 2025. For the purposes of this report, Plan Year 2025 refers to the allowable employer contribution window, as defined under Chapter 36 of the City Charter, beginning January 1, 2025 and ending December 31, 2025. The major findings of the valuation are contained in this report, which reflects the benefit provisions and funding policy in place on January 1, 2024.

The primary purposes of the valuation report are to determine the actuarially determined employer contribution for Plan Year 2025, to describe the current financial condition of ERS, and to analyze changes in such conditions. Use of this report for any other purposes, or by anyone other than ERS and its auditors, may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the report for that purpose. The attached pages should not be provided without a copy of this cover letter. Because of the risk of misinterpretation of actuarial results, you should ask Cavanaugh Macdonald Consulting (CavMac) to review any statement you wish to make on the results contained in this report. CavMac will not accept any liability for any such statement made without prior review.

In preparing our report, we relied, without audit, on information (some oral and some in writing) supplied by ERS staff. This information includes, but is not limited to, statutory provisions, member data and financial information. Although reviewed for reasonableness and consistency with the prior valuation, these elements have not been audited by CavMac and we cannot certify as to the accuracy and completeness of the data supplied. The valuation results depend on the integrity of this information. If any of the information is inaccurate or incomplete, our results may be different, and our calculations may need to be revised. The valuation results are also based on the actuarial assumptions, benefit provisions and funding policy as disclosed in this report. If you have reason to believe that the plan provisions are incorrectly described, that important plan provisions relevant to this valuation are not disclosed, or that



conditions have changed since the calculations were made, you should contact the authors of this actuarial report prior to relying on this information.

The Board has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix C. We believe that these assumptions are appropriate and reasonable and also comply with all applicable Actuarial Standards of Practice (ASOPs). We certify that all costs and liabilities have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the plan and reasonable expectations) and which, in combination, offer the best estimate of anticipated experience affecting the plan. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions.

In order to prepare the results in this report, we have utilized appropriate actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the necessary results. Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period) and changes in plan provisions or applicable law. Due to the limited scope of this assignment, CavMac has not performed an analysis of the potential range of such future measurements.

Actuarial computations presented in this report are for purposes of evaluating the funding of the Plan and determining actuarially determined employer contributions for the following plan year. Actuarial computations for purposes of fulfilling financial accounting requirements under Governmental Accounting Standard Number 67 and 68 are provided in separate reports. The calculations in the enclosed report have been made on a basis consistent with our understanding of the Plan's funding requirements and goals. Determinations for other purposes may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.



On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualifications Standards to render the actuarial opinions contained in this report. In addition, this report has been prepared in accordance with all applicable Actuarial Standards of Practice. We are available to answer questions about it or to provide additional information, as needed.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'LL'.

Larry Langer, ASA, EA, FCA, MAAA
Principal and Consulting Actuary

A handwritten signature in blue ink, appearing to read 'Patrice Beckham'.

Patrice A. Beckham, FSA, EA, FCA, MAAA
Consulting Actuary

A handwritten signature in blue ink, appearing to read 'Aaron Chochon'.

Aaron Chochon, ASA, EA, FCA, MAAA
Senior Actuary





SECTION I: EXECUTIVE SUMMARY

Introduction and Background

The law governing the Employees' Retirement System (ERS) requires the Actuary and Pension Board to "...prepare an annual valuation of the assets and liabilities of the funds of the retirement system" (Section 36-15-15 of the Milwaukee City Charter (MCC)). Cavanaugh Macdonald Consulting, the Actuary, has completed the eighty-sixth annual actuarial valuation of the ERS as of January 1, 2024. The primary purposes of performing a valuation are to:

- estimate the liabilities for future benefits expected to be paid by the System;
- determine the actuarially determined employer contributions required to fund the System on an actuarial basis in accordance with 2023 Wisconsin Act 12 (Act 12);
- disclose certain asset and liability measures, and the funded status, as of the valuation date;
- assess and disclose the key risks associated with funding the System;
- monitor any deviation between actual plan experience and experience projected by the actuarial assumptions, and
- analyze and report on any significant trends in contributions, assets and liabilities over the past several years.

Events Impacting this January 1, 2024 Actuarial Valuation for Determining Actuarially Determined Employer Contributions During Plan Year 2025

5.8% Employee Pension Contribution Offset Lawsuit (Lawsuit): The Milwaukee City Charter entitles Policemen and Firemen injured on the job to duty disability retirement (DDR) benefits. DDR benefits provide for monthly wage replacement payments to members who are unable to continue active service due to injuries sustained while on duty. Under collective bargaining agreements certain members were entitled to a 5.8% pension contribution offset payment. This 5.8% pension offset payment was not included in the development of the DDR benefits for these members. The court recently ruled that the pension offset amounts should be included in the calculation of these benefits. This ruling results in increased benefits for both current and potential future recipients of DDR benefits, as well as retroactive lump sum payments for members whose DDR benefit determination did not include the pension offset payment.

The increase in UAAL due to the Lawsuit will be amortized over a closed 10-year period, which is the period to be used for actuarial experience resulting in increased liabilities. Consideration was given to amortizing the impact over a period shorter than ten years used for plan provision changes affecting members in payment status as well. Given the ambiguity of the nature of the change, in our judgment a period of ten years or less is reasonable. Lawsuit resulted in an increase to the System's UAAL of \$22.9 million, as well as an increase to the Plan Year 2025 actuarial determined employer contributions of \$1.0 million for Policemen and \$2.3 million for Firemen. The actuarial determined employer contribution amounts for all other employers were unaffected by the Lawsuit.

System Experience during 2023: System experience was mixed during 2023 as noted below:

- **Investment Experience:** There was favorable investment experience on the market value of assets during calendar year 2023, resulting in a return on assets of 9.98% as reported by Northern Trust. Due to the asset smoothing method the return on the actuarial value of assets was 7.64%, which is above the assumed rate of return of 6.80% for 2023. This resulted in an actuarial gain on assets.
- **Liability Experience:** Liability gains (losses) result from actual experience that results in lower (higher) liability than expected based on the actuarial assumptions. Overall, there was unfavorable experience during 2023 for the System's liabilities, as expressed by a larger actuarial accrued liability than expected. The largest sources of unfavorable experience were larger cost-of-living



SECTION I: EXECUTIVE SUMMARY

adjustments and salary increases than expected during 2023.

- The Global Pension Settlement (GPS) provides that members enrolled through June 28, 2000, must provide written consent to the ERS in order to be eligible for the benefit enhancements of GPS. Members enrolled after June 28, 2000 are automatically participants in the Combined Fund. Since the January 1, 2023 valuation, seven individuals who were eligible for ERS benefits as of June 28, 2000 – and who had not previously consented to GPS – have now consented. As a result, assets will be transferred from the non-consenter funds in which these members previously participated to the Combined Fund. Due to the small number of individuals who consented and the associated liability, this did not have a significant impact on the valuation results and we did not isolate the impact.

Fiscal Impact of Events

In this section, we discuss the fiscal impact of the events above on the UAAL, funded ratio and the actuarially determined employer contribution for CMERS.

A summary of the changes to the UAAL from the *Second* January 1, 2023 valuation to the January 1, 2024 valuations is shown in the table and discussion below:

| | (\$ in millions) | |
|---|------------------|---------|
| Unfunded Actuarial Accrued Liability as of 01/01/2023 | \$ | 1,783.6 |
| - Expected Change | | 12.9 |
| - Actual Contributions Versus Actuarial Contributions | | (0.7) |
| - Investment Experience | | (48.0) |
| - Demographic Experience | | 37.2 |
| - 5.8% Employee Pension Contribution Offset Lawsuit | | 22.9 |
| - Other Experience | | 13.0 |
| Unfunded Actuarial Accrued Liability as of 01/01/2024 | \$ | 1,820.9 |

The UAAL was *expected* to increase by 12.9 million during 2023 because the employer contributions for Plan Year 2023 were based on the *first* January 1, 2023 actuarial valuation, which was based on an investment return assumption of 7.50%.

Actual contributions which were greater than the actuarial determined employer contribution amount decreased the UAAL by \$0.7 million

There was favorable *investment experience* on the market value of assets during calendar year 2023, resulting in a return on assets of 9.98% as reported by Northern Trust. Due to the asset smoothing method the return on the actuarial value of assets was 7.64%, which is above the assumed rate of return of 6.80% for 2023. As a result, the unfunded actuarial accrued liability decreased by \$48.0 million. Due to the favorable investment experience on the market value of assets during 2023, the net deferred investment loss of \$321 million in last year's valuation has decreased to \$212 million. Absent offsetting favorable experience in the future, the net deferred investment loss will decrease the funded ratio and increase the actuarially determined employer contribution as it flows through the asset smoothing method.



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The purpose of conducting an actuarial valuation of a retirement system is to estimate the costs and liabilities for the benefits provided by the system, to determine the annual level of actuarially determined employer contributions required to support these benefits and, finally, to analyze the system’s actual experience as it compares with the actuarial assumptions used in the valuation. The costs and liabilities reported in the valuation depend not only upon the dollar amount of the benefits to be paid, but also upon factors such as mortality rates, termination rates, and retirement rates. The net liability **demographic experience** for the System during 2023 was an actuarial loss of \$37.2 million. The largest sources of unfavorable experience were larger cost-of-living adjustments and salary increases than expected during 2023.

The **5.8% Employee Pension Contribution Offset Lawsuit** increased the UAAL by \$22.9 million.

Other experience increased the UAAL by \$13.0 million. This includes the impact due to seven **GPS Non-consenters** who elected to participate in the Combined Fund during 2023. They represent about 3% of the total non-consenters. Due to the small number of individuals who consented and the associated liability, this did not have a significant impact on the valuation results and we did not isolate the impact above. Other experience also includes the impact of transferring the assets under the Securities Lending Fund to the Global Combined Fund as of January 1, 2023 as directed by the Legislative Audit Bureau.

The **funded ratio** is the ratio of assets to the actuarial accrued liabilities of the System. Traditionally the measurement is based on the actuarial value of assets, but we have included the measurement on the market basis as well. Generally, increases in the UAAL result in decreases in the funded ratio. A summary of the changes to the funded ratio on both an actuarial and market basis from the *Second* January 1, 2023 valuation to the January 1, 2024 valuation is shown in the table and discussion below. Unless noted, our discussion focuses on the funded ratio based on actuarial value of assets:

| | Funded Ratio Based On | |
|---|------------------------------|---------------------------|
| | Actuarial Value of Assets | Market Value of Assets |
| January 1, 2023 Funded Ratio | 76.6% | 72.4% |
| - Expected Change | 0.2% | 0.0% |
| - Actual Contributions Versus Actuarial Contributions | 0.0% | 0.0% |
| - Investment Experience | 0.5% | 2.2% |
| - Demographic Experience | (0.3%) | (0.3%) |
| - 5.8% Employee Pension Contribution Offset Lawsuit | (0.3%) | (0.3%) |
| - Other Experience | <u>0.0%</u> | <u>0.0%</u> |
| - Total change | 0.1% | 1.6% |
| January 1, 2024 Funded Ratio | 76.7% | 74.0% |

The funded ratio was **expected** to increase by 0.2% during 2023. **Actual contributions**, which were greater than the actuarial determined employer contribution amount, were not significant enough to impact the funded ratio.

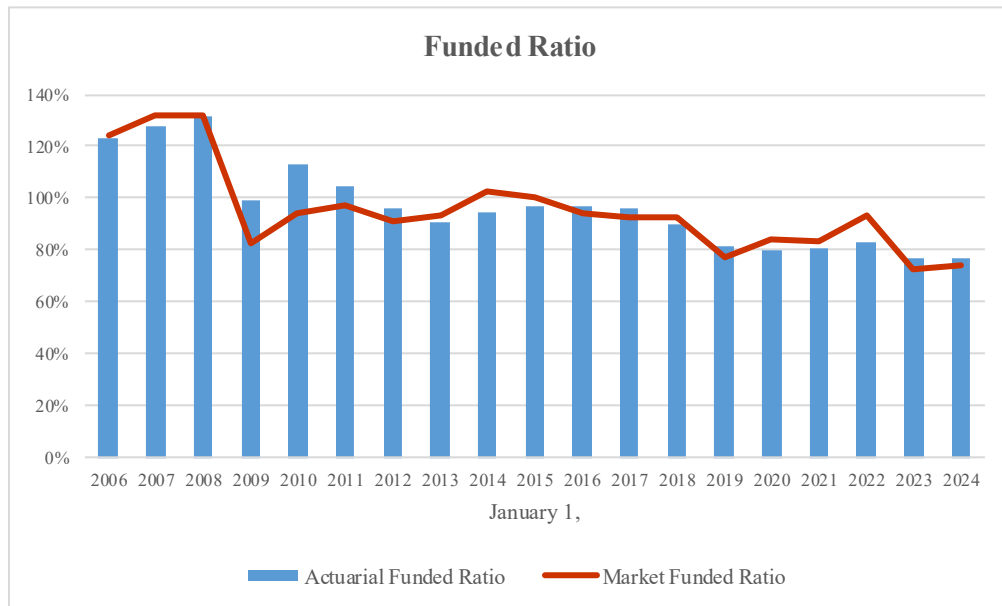
Investment experience on an actuarial, or smoothed, basis increased the funded ratio by 0.5% due to a



SECTION I: EXECUTIVE SUMMARY

7.64% rate of return, which was greater than the 6.80% expected return for 2023. On a market basis, the increase was 2.2% due to the reflection of the 9.98% investment return during 2023. **Demographic experience** decreased the funded ratio by 0.3%. The **5.8% Employee Pension Contribution Offset Lawsuit** decreased the funded ratio by 0.3%.

The following graph shows the historical funded ratio using both the market value and actuarial value of assets.



Note that the funded ratio does not necessarily indicate whether or not additional funding is needed, nor does it indicate whether or not the plan has sufficient funds to settle all current obligations.

A summary of the changes in the **Actuarially Determined Employer Contributions** for the System is shown below:

| (\$ Millions) | |
|---|----------|
| Actuarially Determined Employer Contribution for 2024 Plan Year | \$ 217.2 |
| - Expected Change | 0.0 |
| - Change in Employer Normal Cost | (0.8) |
| - Actual Contributions Versus Actuarial Contributions | (0.1) |
| - Investment Experience | (3.8) |
| - Demographic Experience | 5.2 |
| - 5.8% Employee Pension Contribution Offset Lawsuit | 3.3 |
| - Other Experience | (0.4) |
| Actuarially Determined Employer Contribution for 2025 Plan Year | \$ 220.6 |

The actuarial determined employer contribution amount is **expected** to be very stable from year-to-year due



SECTION I: EXECUTIVE SUMMARY

to the Systems' level-dollar UAAL amortization policy, with changes only expected to occur due to the elimination of amortization bases and changes in employer normal cost. **Actual contributions**, which were greater than the actuarial contribution rate, decreased the Plan Year 2025 actuarial determined employer contribution amount by \$0.1 million.

Investment experience on an actuarial, or smoothed, basis resulted in a reduction of \$3.8 million in the actuarial determined employer contribution as the actuarial return was above the assumed return of 6.80% for 2023. **Demographic experience** increased the actuarial determined employer contribution by \$5.2 million. The changes due to the **5.8% Employee Pension Contribution Offset Lawsuit** increased the actuarial determined employer contribution by \$3.3 million.

Other experience decreased the actuarial determined employer contribution by \$0.4 million. This includes the impact due to seven **GPS Non-consenters** who elected to participate in the Combined Fund during 2023. Other experience also includes the impact of transferring the assets under the Securities Lending Fund to the Global Combined Fund as of January 1, 2023.

Summary of Key Valuation Results

This report, prepared as of January 1, 2024, presents the results of the eighty-sixth annual valuation of the System. The actuarially determined employer contributions for Plan Year 2025, which reflect the prescribed funding policy under 2023 Wisconsin Act 12 (Act 12), are summarized below:

| Total Employer Contribution Across All Funds | | | | | |
|---|----------------------|------------------------|--|--|---------------|
| | Combined Fund | Retirement Fund | General Employees' Duty Disability Fund | Combined Retirement & Disability Fund | Total |
| Employer | | | | | |
| 1) City of Milwaukee | | | | | |
| a) General* | \$48,887,113 | \$5,795 | \$47 | \$103,990 | \$48,996,945 |
| b) Policemen | 86,552,616 | 0 | 0 | 42,461 | 86,595,077 |
| c) Firemen | 42,404,770 | 0 | 0 | 23 | 42,404,793 |
| d) Total City | \$177,844,499 | \$5,795 | \$47 | \$146,474 | \$177,996,815 |
| 2) Non-City Agencies | | | | | |
| a) Water Department | \$4,550,018 | \$0 | \$0 | \$132 | \$4,550,150 |
| b) School Board | 28,002,464 | 14,672 | 201 | 109,858 | 28,127,195 |
| c) Milwaukee Technical College | 214,982 | 0 | 0 | 0 | 214,982 |
| d) Sewerage Commission | 5,373,803 | 0 | 0 | 3,308 | 5,377,111 |
| e) Veolia | 1,372,756 | 0 | 0 | 0 | 1,372,756 |
| f) Wisconsin Center District | 1,065,711 | 0 | 0 | 1,384 | 1,067,095 |
| g) Housing Authority | 1,893,932 | 0 | 0 | 1,442 | 1,895,374 |
| h) Total Non-City | \$42,473,666 | \$14,672 | \$201 | \$116,124 | \$42,604,663 |
| 3) Total System: 1d + 2h | \$220,318,165 | \$20,467 | \$248 | \$262,598 | \$220,601,478 |

* Includes Elected Officials and Redevelopment Authority

Note: Amounts shown as of January 1, 2025. Interest accrues at 6.80% for contributions made after January 1, 2025.



SECTION I: EXECUTIVE SUMMARY

Key Takeaways

- The 5.8% Employee Pension Contribution Offset Lawsuit resulted in an increase to the System's UAAL of \$22.9 million, as well as an increase to the Plan Year 2025 actuarial determined employer contributions of \$1.0 million for Policemen and \$2.3 million for Firemen.
- Due to the positive investment return on the market value of assets during 2023, the net deferred investment loss (actuarial value of assets greater than market value) of \$321 million in last year's valuation has decreased to \$212 million in the current valuation. Absent offsetting favorable experience in the future, the net deferred investment loss will decrease the funded ratio and increase the actuarially determined employer contribution as it flows through the asset smoothing method. While this will have a negative impact on future valuation results, other actuarial experience may offset the impact of the deferred investment losses.

At the February 27, 2023 Retirement Board meeting, one of our recommendations, which the Retirement Board adopted, was the use of a 10-year level dollar amortization of the UAAL if CMERS was closed. However, Act 12 prescribed a 30-year amortization of the January 1, 2024 UAAL, which is inconsistent with our recommendation. While not required under ASOP 4, we will be disclosing the actuarially determined employer contribution based on our pre-Act 12 recommendation of a closed 10-year amortization period using level dollar payments as adopted by the Retirement Board. Under a 10-year level dollar amortization policy, the actuarially determined employer contribution would increase by \$106.8 million, from \$220.6 million to \$327.4 million.

A typical retirement plan faces many different risks. The term "risk" is most commonly associated with an outcome with undesirable results. However, in the actuarial world risk can be translated as uncertainty. The actuarial valuation process uses many actuarial assumptions to project how future actuarially determined employer contributions and investment returns will meet the cash flow needs for future benefit payments. Of course, we know that actual experience will not unfold exactly as anticipated by the assumptions and that uncertainty, whether favorable or unfavorable, creates risk. Actuarial Standard of Practice Number 51 defines risk as the potential of actual future measurements to deviate from expected results due to actual experience that is different than the actuarial assumptions. Risk evaluation is an important part of managing a defined benefit plan. Please see the Risk Considerations section of this report for an in-depth discussion of the specific risks facing CMERS.

We conclude this executive summary by presenting comparative statistics and actuarial information from both the *Second* January 1, 2023 and this January 1, 2024 valuations.



SECTION I: EXECUTIVE SUMMARY

Summary of Principal Results

| | January 1, 2024 | January 1, 2023 | % Change |
|--|-------------------|-------------------|----------|
| 1. Membership Data | | | |
| a. Active Members | | | |
| (i) Count | | | |
| - General Employees | 7,816 | 7,509 | 4.1% |
| - Policemen | 1,601 | 1,592 | 0.6% |
| - Firemen | <u>691</u> | <u>699</u> | (1.1%) |
| - Total | 10,108 | 9,800 | 3.1% |
| (ii) Total Estimated Payroll | | | |
| - General Employees | \$453,218,000 | \$390,258,000 | 16.1% |
| - Policemen | 147,304,000 | 146,653,000 | 0.4% |
| - Firemen | <u>61,714,000</u> | <u>62,373,000</u> | (1.1%) |
| - Total | \$662,236,000 | \$599,284,000 | 10.5% |
| b. Retirees, Beneficiaries and Disabled Members | | | |
| (i) Number | 13,867 | 13,853 | 0.1% |
| (ii) Total Annual Benefits | \$465,940,000 | \$451,053,000 | 3.3% |
| (iii) Average Annual Benefit | \$33,601 | \$32,560 | 3.2% |
| 2. Assets and Liabilities | | | |
| a. Asset Values (includes contributions receivable) | | | |
| (i) Actuarial Value of Assets (AVA) | \$6,008,486,000 | \$5,847,404,000 | 2.8% |
| (ii) Market Value of Assets (MVA) | \$5,796,501,000 | \$5,525,958,000 | 4.9% |
| b. Actuarial Accrued Liability (AAL) | \$7,829,371,000 | \$7,631,007,000 | 2.6% |
| c. Funded Status | | | |
| (i) Unfunded AAL (Based on AVA) | \$1,820,885,000 | \$1,783,603,000 | 2.1% |
| (ii) Funded Ratio (Based on AVA) | 76.7% | 76.6% | 0.1% |
| (iii) Unfunded AAL (Based on MVA) | \$2,032,870,000 | \$2,105,049,000 | (3.4%) |
| (iv) Funded Ratio (Based on MVA) | 74.0% | 72.4% | 2.2% |
| 3. Total Employer Contribution (All Funds)* | Due 01/01/2025 | Due 01/01/2024 | |
| 1) City of Milwaukee | | | |
| a) General* | \$48,996,945 | \$48,609,007 | 0.8% |
| b) Policemen | 86,595,077 | 86,009,793 | 0.7% |
| c) Fire | <u>42,404,793</u> | <u>40,444,032</u> | 4.8% |
| d) City Subtotal | \$177,996,815 | \$175,062,832 | 1.7% |
| 2) Non-City Agencies | | | |
| a) Water Department | \$4,550,150 | \$4,493,408 | 1.3% |
| b) School Board | 28,127,195 | 27,499,578 | 2.3% |
| c) Milwaukee Technical College | 214,982 | 259,247 | (17.1%) |
| d) Sewerage Commission | 5,377,111 | 5,564,646 | (3.4%) |
| e) Veolia | 1,372,756 | 1,408,947 | (2.6%) |
| f) Wisconsin Center District | 1,067,095 | 981,530 | 8.7% |
| g) Housing Authority | <u>1,895,374</u> | <u>1,951,107</u> | (2.9%) |
| 3) Total | \$220,601,478 | \$217,221,295 | 1.6% |

* Interest accrues at 6.80% per year for contributions made after the due date shown above.



SECTION I: EXECUTIVE SUMMARY

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SECTION II: SCOPE OF THE REPORT

This report presents the actuarial valuation of the Employees' Retirement System of the City of Milwaukee as of January 1, 2024, and reflects the statutory changes brought forth under Act 12, as well as any subsequent actions taken by the Annuity and Pension Board. This valuation was prepared at the request of the System's Annuity and Pension Board. The report is based on the funding policy, plan provisions, actuarial assumptions, and actuarial methods in effect as of January 1, 2024.

Please pay particular attention to our cover letter, where the guidelines employed in the preparation of this report are outlined. We also comment on the sources and reliability of both the data and the actuarial assumptions upon which our findings are based. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

A summary of the findings resulting from this valuation is presented in the previous section. Section III summarizes the membership data as of the valuation date. Section IV describes the assets and investment experience of the System. Section V discloses the obligations (liabilities) of the System and Section VI includes the calculation of actuarially determined employer contributions for the following plan year. Section VII discloses key maturity measurements and discusses the key risks facing the funding of the System.

This report includes several appendices:

- Appendix A Schedules of valuation data classified by various categories of members.
- Appendix B A summary of the current benefit structure, as determined by the provisions of governing law on the valuation date.
- Appendix C A summary of the actuarial methods and assumptions used to estimate liabilities and determine actuarially determined employer contributions.
- Appendix D A glossary of actuarial terms.



SECTION II: SCOPE OF THE REPORT

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SECTION III: MEMBER DATA SUMMARY

TABLE 1

Member Counts by Vested Status

| Number of Members | 1/1/2024 | | | 1/1/2023 |
|-----------------------------------|--------------|--------------|---------------|---------------|
| | Vested | Non-Vested | Total | Total |
| Active | | | | |
| - General Employees | 5,143 | 2,673 | 7,816 | 7,509 |
| - Policemen | 1,338 | 263 | 1,601 | 1,592 |
| - Firemen | <u>514</u> | <u>177</u> | <u>691</u> | <u>699</u> |
| - Total Active Members | 6,995 | 3,113 | 10,108 | 9,800 |
| Inactive | | | | |
| - Deferred Retirees | | | 3,658 | 3,578 |
| - Refunds Payable | | | <u>2,478</u> | <u>2,382</u> |
| - Total Inactive Members | | | 6,136 | 5,960 |
| Benefit Recipients | | | | |
| - Combined Fund | | | | |
| General Employees | | | 9,753 | 9,761 |
| Policemen | | | 2,675 | 2,670 |
| Firemen | | | <u>1,428</u> | <u>1,411</u> |
| - Combined Fund Subtotal | | | 13,856 | 13,842 |
| - Retirement Fund | | | 11 | 11 |
| - Duty Disability Funds | | | | |
| General Employees | | | 0 | 0 |
| Policemen | | | 0 | 0 |
| Firemen | | | <u>0</u> | <u>0</u> |
| - Duty Disability Funds Subtotal | | | 0 | 0 |
| - Firemen's Heart & Lung Fund | | | <u>0</u> | <u>0</u> |
| - Total Benefit Recipients | | | 13,867 | 13,853 |
| Total Membership | | | 30,111 | 29,613 |

Note: Members are vested once they attain four years of service.



SECTION III: MEMBER DATA SUMMARY

TABLE 2

Member Counts by Consent Status

| 1/1/2024 Membership | | | |
|-----------------------------------|---------------|------------|---------------|
| Number of Members | Consenters | Others | Total |
| Active | | | |
| - General Employees | 7,784 | 32 | 7,816 |
| - Policemen | 1,600 | 1 | 1,601 |
| - Firemen | <u>691</u> | <u>0</u> | <u>691</u> |
| - Total Active Members | 10,075 | 33 | 10,108 |
| Inactive | | | |
| - Deferred Retirees | 3,478 | 180 | 3,658 |
| - Refunds Due | <u>2,476</u> | <u>2</u> | <u>2,478</u> |
| - Total Inactive Members | 5,954 | 182 | 6,136 |
| Benefit Recipients | | | |
| - Combined Fund | 13,856 | NA | 13,856 |
| - Retirement Fund | NA | 11 | 11 |
| - Duty Disability Funds | | | |
| General Employees | 0 | 0 | 0 |
| Policemen | 0 | 0 | 0 |
| Firemen | <u>0</u> | <u>0</u> | <u>0</u> |
| - Duty Disability Funds Subtotal | 0 | 0 | 0 |
| - Firemen's Heart & Lung Fund | <u>0</u> | <u>0</u> | <u>0</u> |
| - Total Benefit Recipients | 13,856 | 11 | 13,867 |
| Total Membership | 29,885 | 226 | 30,111 |

- Notes: (1) In addition to the above, there are members who have separated from service without vested rights to either a pension or a refund of accumulated contributions. There is no current actuarial liability for such individuals, and their membership will be terminated if they do not return to active service within five years of their date of separation from ERS covered employment.
- (2) Active members who worked fewer than 100 hours in the prior year, but who have not officially terminated employment are included in the count of inactives in Table 1 and Table 2. These members are not assumed to earn additional service in future years.



SECTION III: MEMBER DATA SUMMARY

TABLE 3
Member Data Summary

| | 1/1/2024 | 1/1/2023 |
|---|-----------------------|-----------------------|
| Projected Annual Earnings | | |
| - General Employees | \$ 453,218,000 | \$ 390,258,000 |
| - Policemen | 147,304,000 | 146,653,000 |
| - Firemen | <u>61,714,000</u> | <u>62,373,000</u> |
| - Total Projected Annual Earnings | \$ 662,236,000 | \$ 599,284,000 |
| Average Projected Earnings | | |
| - General Employees | \$ 57,986 | \$ 51,972 |
| - Policemen | \$ 92,007 | \$ 92,119 |
| - Firemen | \$ 89,311 | \$ 89,232 |
| Annual Benefit Payments Currently Being Made | | |
| - Combined Fund | \$ 465,663,000 | \$ 450,787,000 |
| - Retirement Fund | \$ 277,000 | \$ 266,000 |
| - Duty Disability Funds | | |
| General Employees | \$ 0 | \$ 0 |
| Policemen | 0 | 0 |
| Firemen | <u>0</u> | <u>0</u> |
| - Duty Disability Funds Subtotal | \$ 0 | \$ 0 |
| - Firemen's Heart & Lung Fund | \$ <u>0</u> | \$ <u>0</u> |
| - Total Benefit Payments | \$ 465,940,000 | \$ 451,053,000 |

- Notes: (1) "Projected Annual Earnings" represents the expected earnable compensation for the year following the valuation date.
- (2) "Annual Benefit Payments Currently Being Made" equals 12 times the full December monthly payment. The amounts shown include all amounts payable by the ERS and have been reduced by workers' compensation offsets for members who are currently repaying a workers' compensation award.



SECTION III: MEMBER DATA SUMMARY

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SECTION IV: ASSET DATA

In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is January 1, 2024. On that date, the assets available for the payment of benefits are appraised. The assets are compared with the liabilities of the System, which are generally in excess of assets. The actuarial process then leads to a method of determining the actuarially determined employer contributions needed by members and the employer in the future to balance the System's assets and liabilities.

Market Value of Assets

The current market value represents the "snapshot" or "cash-out" value of System assets as of the valuation date. In addition, the market value of assets provides a basis for measuring investment performance during the year. Table 4 summarizes the change in the market value of assets from January 1, 2023 to January 1, 2024.

Actuarial Value of Assets

Neither the market value of assets, representing a "cash-out" value of System assets, nor the book values of assets, representing the cost of investments, may be the best measure of the System's ongoing ability to meet its obligations.

To arrive at a suitable value of assets for the actuarial valuation, a technique for determining the actuarial value of assets is used which dampens swings in the market value while still indirectly recognizing market values. Under the asset smoothing methodology, the difference between the actual and assumed investment return on the market value of assets is recognized evenly over a five-year period.

Table 5 shows the development of the actuarial value of assets as of the valuation date.



SECTION IV: ASSET DATA

TABLE 4

Market Value of Assets
(Dollars in thousands)

| | Global Combined Fund | Retirement Fund | Combined Retirement Fund | General Employees' Duty Disability Fund | Employers' Reserve Fund | Securities Lending Fund | Total |
|--|----------------------------|--------------------|--------------------------------|--|-------------------------------|-------------------------------|--------------|
| 1. Market Value of Assets as of January 1, 2023 | \$ 5,427,104 | \$ 9,821 | \$ 5,987 | \$ 99 | \$ 80,739 | \$ 2,208 | \$ 5,525,958 |
| 2. Transfer of Assets as of January 1, 2023 | \$ 3,931 | \$ (1,654) | \$ (24) | \$ (45) | \$ 0 | \$ (2,208) | \$ 0 |
| 3. Contributions During Year | | | | | | | |
| a. Member | \$ 32,687 | \$ 0 | \$ 1 | \$ 0 | \$ 0 | \$ 0 | \$ 32,688 |
| b. Employer | 170,822 | 0 | 220 | 0 | 0 | 0 | 171,042 |
| c. Total | \$ 203,509 | \$ 0 | \$ 221 | \$ 0 | \$ 0 | \$ 0 | \$ 203,730 |
| 4. Disbursements During Year | | | | | | | |
| a. Monthly Annuities | \$ 466,506 | \$ 52 | \$ 46 | \$ 0 | \$ 0 | \$ 0 | \$ 466,604 |
| b. Refunds | 4,313 | 10 | 121 | 0 | 0 | 0 | 4,444 |
| c. Administrative Expenses | 8,015 | 0 | 0 | 0 | 0 | 0 | 8,015 |
| d. Total | \$ 478,834 | \$ 62 | \$ 167 | \$ 0 | \$ 0 | \$ 0 | \$ 479,063 |
| 5. Investment Return (net of Investment Expenses) | \$ 539,933 | \$ 905 | \$ 662 | \$ 6 | \$ 4,370 | \$ 0 | \$ 545,876 |
| 6. Market Value of Assets as of December 31, 2023 (1) + (2) + (3c) - (4d) + (5) | \$ 5,695,643 | \$ 9,010 | \$ 6,679 | \$ 60 | \$ 85,109 | \$ 0 | \$ 5,796,501 |
| 7. Rate of Return, as Reported by Northern Trust (ERS' Custodian) | | | | | | | 9.98% |

Note: Effective January 1, 2023, assets under the Securities Lending Fund were transferred to the Global Combined Fund.



SECTION IV: ASSET DATA

TABLE 5
Actuarial Value of Assets
(Dollars in thousands)

| | | |
|--|----|------------------|
| 1. Market Value of Assets Available for Benefit Payments on January 1, 2023* | \$ | 5,445,219 |
| 2. Contributions During 2023** | | 203,730 |
| 3. Benefit Payments and Administrative Expenses During 2023** | | (479,063) |
| 4. Expected Investment Income at 6.80% on (1), (2) and (3) | | 361,068 |
| 5. Expected Market Value of Assets Available for Benefit Payments on January 1, 2024 | \$ | <u>5,530,954</u> |
| 6. Market Value of Assets Available for Benefit Payments on January 1, 2024* | \$ | 5,711,392 |
| 7. Excess/(Shortfall) of Investment Income | | |
| a. Year Ending 12/31/23: (6) - (5) | \$ | 180,438 |
| b. Year Ending 12/31/22 | | (1,061,487) |
| c. Year Ending 12/31/21 | | 699,388 |
| d. Year Ending 12/31/20 | | 4,009 |
| e. Year Ending 12/31/19 | | 532,533 |
| 8. Deferral of Excess/(Shortfall) of Investment Income | | |
| a. Year Ending 12/31/23 (80.0%) | \$ | 144,350 |
| b. Year Ending 12/31/22 (60.0%) | | (636,892) |
| c. Year Ending 12/31/21 (40.0%) | | 279,755 |
| d. Year Ending 12/31/20 (20.0%) | | 802 |
| e. Year Ending 12/31/19 (0.0%) | | 0 |
| f. Total | \$ | <u>(211,985)</u> |
| 10. Preliminary Actuarial Value of Assets on January 1, 2024 (6) - (8f) | \$ | 5,923,377 |
| 11. Employers' Reserve Fund on January 1, 2024 | \$ | 85,109 |
| 12. Final Actuarial Value of Assets on January 1, 2024 (10) + (11) | \$ | 6,008,486 |
| 13. Total Market Value of Assets on January 1, 2024 | \$ | 5,796,501 |
| 14. Actuarial Value Divided by Market Value (12) ÷ (13) | | 103.7% |
| 15. Estimated Rate of Return | | 7.64% |

* Excludes the Employers' Reserve Fund.

** Excludes cash flows, if any, from the Employers' Reserve Fund.



SECTION IV: ASSET DATA

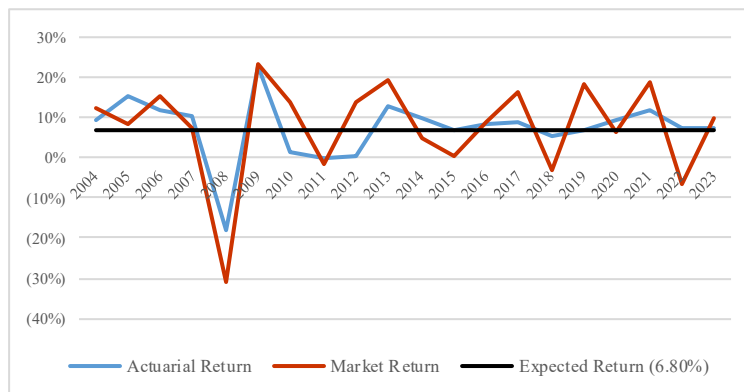
**TABLE 6
Historical Asset Returns**

The table below provides a history of the rate of return on the actuarial value and market value of assets. The current assumed rate of return is 6.80%. Note that the System utilized a 10% asset corridor prior to 2009, which impacted the calculation of the actuarial value of assets and, therefore, the return on the actuarial value of assets. Rates of return on a market value basis are provided by the System’s custodian, Northern Trust.

| Year | Actuarial Value of Assets | Market Value of Assets |
|----------|---------------------------|------------------------|
| 2004 | 9.49% | 12.61% |
| 2005 | 15.34% | 8.46% |
| 2006 | 11.83% | 15.13% |
| 2007 | 10.17% | 7.21% |
| 2008 | (17.88%) | (30.84%) |
| 2009 | 22.62% | 23.30% |
| 2010 | 1.34% | 13.86% |
| 2011 | (0.09%) | (1.43%) |
| 2012 | 0.43% | 13.88% |
| 2013 | 12.85% | 19.29% |
| 2014 | 9.91% | 5.09% |
| 2015 | 7.00% | 0.54% |
| 2016 | 8.33% | 8.83% |
| 2017 | 9.09% | 16.38% |
| 2018 | 5.33% | (2.91%) |
| 2019 | 6.94% | 18.44% |
| 2020 | 9.22% | 6.62% |
| 2021 | 11.76% | 18.89% |
| 2022 | 7.60% | (6.49%) |
| 2023 | 7.64% | 9.98% |
| Average* | 7.15% | 7.09% |
| Max | 22.62% | 23.30% |
| Min | (17.88%) | (30.84%) |
| Range | 40.50% | 54.14% |

Note: Rates of return on Actuarial Value of Assets prior to 2018 were provided by the prior actuary.

* Average is calculated on a geometric basis.





SECTION IV: ASSET DATA

TABLE 7

Allocation of Assets Among Funds
(Dollars in thousands)

As part of the financial statements, the System provides a breakdown of the total market value of assets by Fund. The Employer Reserve Fund and Security Lending Fund are valued at market value for actuarial purposes and earmarked for specific purposes other than directly funding the benefits of the System’s members. The actuarial value of assets is determined in total and then adjusted by subtracting the Employer Reserve Fund and Security Lending Fund. The remaining actuarial value of assets is then allocated to each Fund based on its portion of the total market value.

| Fund | Market Value | Actuarial Value |
|--|---------------------|------------------------|
| 1. Combined Fund | \$ 5,695,643 | \$ 5,907,044 |
| 2. Employers' Reserve Fund | \$ 85,109 | \$ 85,109 |
| 3. Retirement Fund | \$ 9,010 | \$ 9,344 |
| 4. General Employees' Duty Disability Fund | \$ 60 | \$ 62 |
| 5. Fire & Police Duty Disability Fund | \$ 0 | \$ 0 |
| 6. Firemen's Heart & Lung Fund | \$ 0 | \$ 0 |
| 7. Combined Retirement & Disability Fund | \$ 6,679 | \$ 6,927 |
| 8. Securities Lending Fund | \$ 0 | \$ 0 |
| 9. Total All Funds | \$ 5,796,501 | \$ 6,008,486 |

Notes: Values shown include January 31, 2024 contributions receivable.
Effective January 1, 2023, assets under the Securities Lending Fund were transferred to the Global Combined Fund.



SECTION IV: ASSET DATA

TABLE 8
Allocations Between Non-Consenters Who Consented to GPS During 2023 and Those Who Did Not
(Dollars in thousands)

The Global Pension Settlement (GPS) provides that members enrolled through June 28, 2000 must provide written consent to the ERS in order to be eligible for the benefit enhancements of GPS. Members enrolled after June 28, 2000 are automatically participants in the Combined Fund. Since the January 1, 2023 valuation, seven individuals who were eligible for ERS benefits as of June 28, 2000 – and who had not previously consented to GPS – have now consented.

GPS provides that the market value of the assets in the funds for Non-Consenters be divided among Consenters and Non-Consenters. The division is based on the actuarial accrued liability covered by each fund under the pre-GPS plan provisions. The required division of assets for members who consented during 2023 was calculated as of January 1, 2023. As a result, assets will be transferred from the non-consenter Funds in which these members previously participated to the Global Combined Fund, as shown below.

| Fund | Allocation of 1/1/2023 Market Value of Assets in Funds for Non-Consenters in Proportion to 1/1/2023 Actuarial Accrued Liability | | | Allocation of 1/31/2024 Employer Contribution to Funds for Non-Consenters in Proportion to 1/1/2023 Covered Compensation | | |
|--|---|-----------|--------------------|--|--------|--------|
| | Consenters in 2023 | Others | Total (Audited) | Consenters in 2023 | Others | Total |
| 1. Retirement Fund | \$ 371 | \$ 9,450 | \$ 9,821 | \$ 0 | \$ 0 | \$ 0 |
| 2. General Employees' Duty Disability Fund | 5 | 94 | 99 | 0 | 0 | 0 |
| 3. Fire & Police Duty Disability Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Firemen's Heart & Lung Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Combined Retirement & Disability Fund | 274 | 5,713 | 5,987 | 8 | 212 | 220 |
| 6. Total Funds for Non-Consenters | \$ 650 | \$ 15,257 | \$ 15,907 | \$ 8 | \$ 212 | \$ 220 |

Notes: (i) January 1, 2023 assets allocated to members who consented to Global Settlement during 2023 are transferred to the Combined Fund as of January 1, 2023.
(ii) January 31, 2024 Employer Contributions allocated to members who consented to Global Settlement during 2023 are credited to the Combined Fund instead of to the funds for non-consenters.



SECTION V: SYSTEM LIABILITIES

In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of the System's assets as of the valuation date, January 1, 2024. In this section, the discussion will focus on the commitments (future benefit payments) of the System, which are referred to as its liabilities. All liabilities reflect the benefit provisions in place as of January 1, 2024.

Present Value of All Future Benefits (PVFB)

Table 9 contains an analysis of the actuarial present value of all future benefits (PVFB) for contributing members, inactive members, retirees and their beneficiaries.

The liabilities summarized in Table 9 include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes the measurement of both benefits already earned and future benefits to be earned. For all members, active and retired, the value extends over benefits earnable and payable for the rest of their lives and for the lives of the surviving beneficiaries.

Actuarial Accrued Liability (AAL)

A fundamental principle in financing the liabilities of a retirement program is that the cost of its benefits should be related to the period in which benefits are earned, rather than to the period of benefit distribution. An actuarial cost method is a mathematical technique that allocates the present value of future benefits into annual costs. In order to do this allocation, it is necessary for the funding method to "breakdown" the present value of future benefits into two components:

- (1) that which is attributable to the past and
- (2) that which is attributable to the future.

Actuarial terminology calls the part attributable to the past the "past service liability" or the "actuarial accrued liability" or "AAL". The portion allocated to the future is known as the present value of future normal costs, with the specific piece of it allocated to the current year being called the "normal cost." Table 9 contains the calculation of actuarial accrued liability for the System. The Entry Age Normal actuarial cost method is used to develop the actuarial accrued liability.

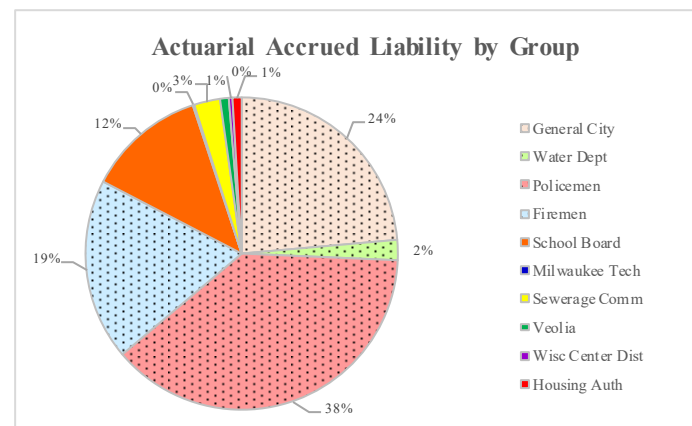


SECTION V: SYSTEM LIABILITIES

TABLE 9
Actuarial Accrued Liability by Employer
 (Dollars in thousands)

| | General City* | Water Department | School Board | Milwaukee Technical College | Sewerage Commission | Veolia | Wisconsin Center District | Housing Authority | Policemen | Firemen | Total |
|---|---------------|------------------|--------------|-----------------------------|---------------------|--------|---------------------------|-------------------|-----------|-----------|-----------|
| 1. Present Value of Future Benefits for Active Members | | | | | | | | | | | |
| a. Retirement Benefits | 597,971 | 57,772 | 394,456 | 0 | 63,365 | 4,601 | 15,698 | 22,350 | 1,030,791 | 407,716 | 2,594,720 |
| b. Withdrawal Benefits | 44,456 | 4,533 | 33,211 | 0 | 5,716 | 0 | 1,788 | 1,317 | 19,783 | 5,854 | 116,658 |
| c. Disability Benefits | 10,117 | 1,044 | 6,989 | 0 | 1,154 | 14 | 343 | 316 | 26,226 | 45,488 | 91,691 |
| d. Death Benefits | 7,619 | 851 | 4,829 | 0 | 890 | 38 | 261 | 263 | 6,213 | 3,246 | 24,210 |
| Total | 660,163 | 64,200 | 439,485 | 0 | 71,125 | 4,653 | 18,090 | 24,246 | 1,083,013 | 462,304 | 2,827,279 |
| 2. Present Value of Future Normal Costs | 197,044 | 20,506 | 137,087 | 0 | 22,319 | 321 | 7,436 | 5,953 | 383,318 | 188,354 | 962,338 |
| 3. Actuarial Accrued Liability (AAL) for Active Members (1) - (2) | 463,119 | 43,694 | 302,398 | 0 | 48,806 | 4,332 | 10,654 | 18,293 | 699,695 | 273,950 | 1,864,941 |
| 4. Present Value of Future Benefits for Inactive Members | | | | | | | | | | | |
| - Members with Deferred Benefits | 61,708 | 3,575 | 58,221 | 0 | 5,740 | 0 | 2,578 | 3,938 | 55,455 | 11,121 | 202,336 |
| - Members with Refunds Payable | 1,561 | 133 | 2,387 | 0 | 61 | 0 | 28 | 58 | 238 | 56 | 4,522 |
| - Retirees, Beneficiaries and Disabled Members | 1,321,493 | 116,431 | 600,474 | 12,358 | 155,989 | 66,748 | 15,880 | 51,251 | 2,230,896 | 1,186,052 | 5,757,572 |
| Total | 1,384,762 | 120,139 | 661,082 | 12,358 | 161,790 | 66,748 | 18,486 | 55,247 | 2,286,589 | 1,197,229 | 5,964,430 |
| 5. Total Actuarial Accrued Liability (3) + (4) | 1,847,881 | 163,833 | 963,480 | 12,358 | 210,596 | 71,080 | 29,140 | 73,540 | 2,986,284 | 1,471,179 | 7,829,371 |

* Includes Elected Officials and Redevelopment Authority





SECTION V: SYSTEM LIABILITIES

TABLE 10

Funded Status on Actuarial and Market Value by Fund
(Dollars in thousands)

| Fund | Actuarial Accrued Liability (AAL) | Actuarial Value of Assets (AVA) | Market Value of Assets (MVA) | Unfunded Actuarial Accrued Liability Based on AVA (UAAL) | Unfunded Actuarial Accrued Liability Based on MVA (UAAL) | Percent Funded Based on AVA | Percent Funded Based on MVA |
|--|--|--|---------------------------------------|---|---|--------------------------------------|--------------------------------------|
| 1. Combined Fund | \$ 7,814,694 | \$ 5,907,044 | \$ 5,695,643 | \$ 1,907,650 | \$ 2,119,051 | 75.6% | 72.9% |
| 2. Employers' Reserve Fund | 0 | 85,109 | 85,109 | (85,109) | (85,109) | N/A | N/A |
| 3. Retirement Fund | 5,853 | 9,344 | 9,010 | (3,491) | (3,157) | 159.6% | 153.9% |
| 4. General Employees' Duty Disability Fund | 4 | 62 | 60 | (58) | (56) | 1550.0% | 1500.0% |
| 5. Fire & Police Duty Disability Fund | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 6. Firemen's Heart & Lung Fund | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 7. Combined Retirement & Disability Fund | 8,820 | 6,927 | 6,679 | 1,893 | 2,141 | 78.5% | 75.7% |
| 8. Securities Lending Fund | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 9. Total All Funds | \$ 7,829,371 | \$ 6,008,486 | \$ 5,796,501 | \$ 1,820,885 | \$ 2,032,870 | 76.7% | 74.0% |

Note: Effective January 1, 2023, assets under the Securities Lending Fund were transferred to the Global Combined Fund.



SECTION V: SYSTEM LIABILITIES

TABLE 11

**Actuarial Balance Sheet
As of January 1, 2024**

The valuation balance sheet shows the assets and liabilities of ERS (in total, all employers and all Funds). The items shown in the balance sheet are present values actuarially determined as of the current valuation date.

ASSETS

| | | |
|--------------------------------------|----|--------------------|
| Actuarial Value of Assets | \$ | 6,008,486,000 |
| Unfunded Actuarial Accrued Liability | | 1,820,885,000 |
| Present Value of Future Normal Costs | \$ | <u>962,338,000</u> |
| Total Assets | \$ | 8,791,709,000 |

LIABILITIES

| | | | |
|--|----|----------------------|--|
| Present Value of Future Benefits | | | |
| Active members | | | |
| Retirement | \$ | 2,594,720,000 | |
| Withdrawal | | 116,658,000 | |
| Disability | | 91,691,000 | |
| Death | | <u>24,210,000</u> | |
| Total | \$ | 2,827,279,000 | |
| Inactive members | | 206,858,000 | |
| Retirees, disabilities and beneficiaries | | <u>5,757,572,000</u> | |
| Total Liabilities | \$ | 8,791,709,000 | |



SECTION V: SYSTEM LIABILITIES

TABLE 12

Calculation of Actuarial Gain/(Loss)

The overall actuarial gain/(loss) is comprised of both a liability gain/(loss) and an actuarial asset gain/(loss). Each of these represents the difference between the expected and actual values as of January 1, 2024.

Liabilities

| | |
|---|------------------------|
| 1. Actuarial Accrued Liability as of January 1, 2023 | \$7,631,007,000 |
| 2. Normal Cost During 2023 | 99,473,000 |
| 3. Benefit Payments During 2023 | (471,048,000) |
| 4. Interest on (1), (2) and (3) at 6.80% | 509,920,000 |
| 5. 5.8% Employee Pension Contribution Offset Lawsuit | 22,855,000 |
| 6. Expected Actuarial Accrued Liability as of January 1, 2024 | <u>\$7,792,207,000</u> |
| 7. Actuarial Accrued Liability as of January 1, 2024 | \$7,829,371,000 |

Assets

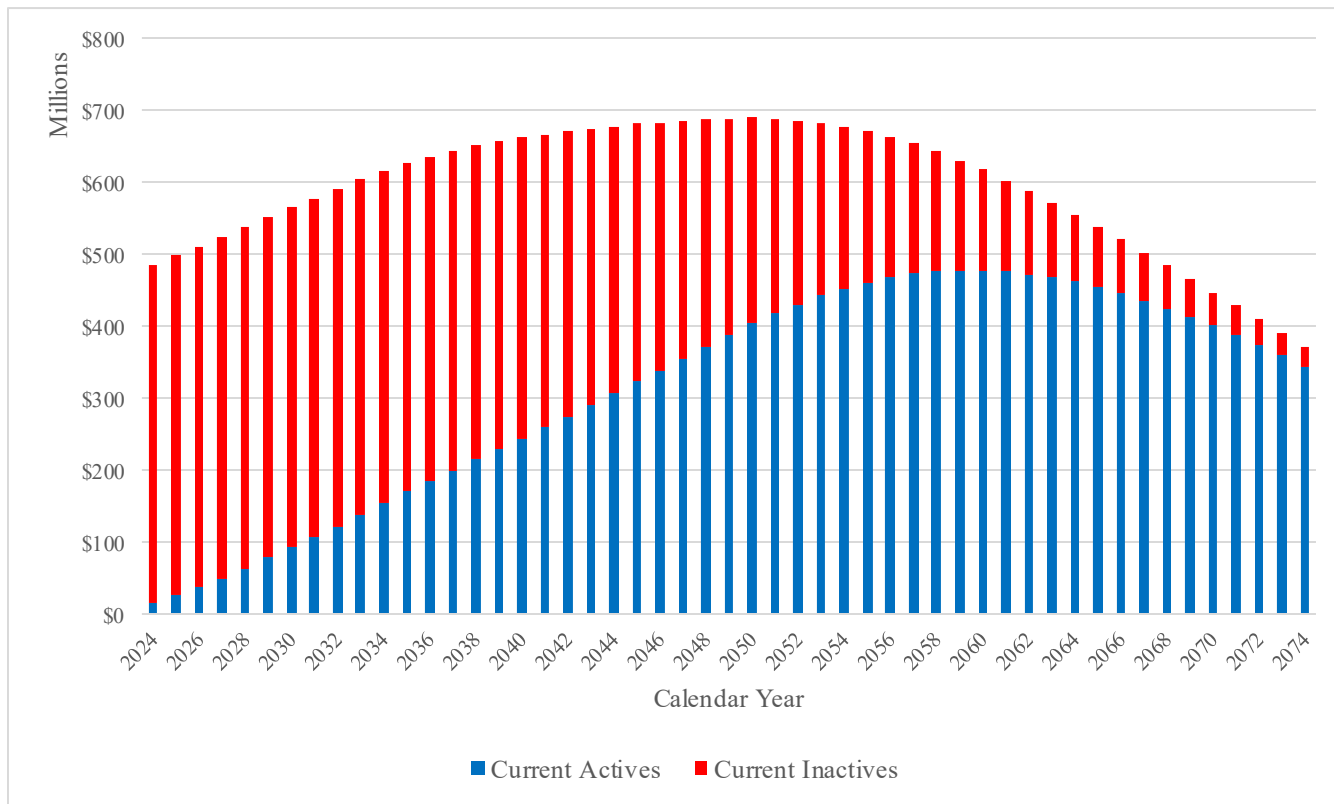
| | |
|--|------------------------|
| 8. Actuarial Value of Assets as of January 1, 2023 | \$5,847,404,000 |
| 9. Contributions During 2023 | 203,730,000 |
| 10. Benefit Payments and Administrative Expenses During 2023 | (479,063,000) |
| 11. Interest on (8), (9) and (10) at 6.80% | 388,416,000 |
| 12. Expected Actuarial Value of Assets as of January 1, 2024 | <u>\$5,960,487,000</u> |
| 13. Actuarial Value of Assets as of January 1, 2024 | \$6,008,486,000 |

Gain / (Loss)

| | |
|--|----------------|
| 14. Liability Gain/(Loss) (6) - (7) | (\$37,164,000) |
| 15. Asset Gain/(Loss) (13) - (12) | \$47,999,000 |
| 16. Total Gain/(Loss) (14) + (15) | \$10,835,000 |

SECTION V: SYSTEM LIABILITIES

TABLE 13
Expected Benefit Payments



Note: Cash flows are the expected future non-discounted payments to current members. These numbers exclude refund payouts to current non-vested inactive members and assume all actuarial assumptions are met in the future, including the retirement assumption.



SECTION V: SYSTEM LIABILITIES

TABLE 14

Schedule of Funding Progress
(Dollars in thousands)

| Valuation as of January 1 | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio |
|--|--|--|--|-------------------------|
| 2008 | \$ 5,192,000 | \$ 3,958,061 | \$ 0 | 131.2% |
| 2009 | 4,076,297 | 4,113,089 | 36,792 | 99.1% |
| 2010 | 4,814,402 | 4,269,324 | 0 | 112.8% |
| 2011 | 4,641,425 | 4,447,548 | 0 | 104.4% |
| 2012 | 4,404,635 | 4,587,915 | 183,280 | 96.0% |
| 2013 | 4,259,889 | 4,689,814 | 429,925 | 90.8% |
| 2014 | 4,580,729 | 4,831,689 | 250,960 | 94.8% |
| 2015 | 4,797,437 | 4,935,482 | 138,045 | 97.2% |
| 2016 | 4,899,155 | 5,065,141 | 165,986 | 96.7% |
| 2017 | 5,055,700 | 5,259,300 | 203,600 | 96.1% |
| 2018 | 5,233,486 | 5,819,762 | 586,276 | 89.9% |
| 2019 | 5,219,184 | 6,400,901 | 1,181,717 | 81.5% |
| 2020 | 5,285,205 | 6,597,457 | 1,312,252 | 80.1% |
| 2021 | 5,440,867 | 6,745,299 | 1,304,432 | 80.7% |
| 2022 | 5,734,986 | 6,875,927 | 1,140,941 | 83.4% |
| 2023 | 5,847,404 | 7,067,109 | 1,219,705 | 82.7% |
| 2023* | 5,847,404 | 7,631,007 | 1,783,603 | 76.6% |
| 2024 | 6,008,486 | 7,829,371 | 1,820,885 | 76.7% |

* Due to the passage of 2023 Wisconsin Act 12, the investment return assumption was lowered from 7.5% to 6.8% and a second 2023 actuarial valuation report was issued for the primary purpose of determining the actuarial determined employer contribution amount for Plan Year 2024.

Note: Information prior to 2019 is from the prior actuary.



SECTION V: SYSTEM LIABILITIES

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SECTION VI: SYSTEM ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS

The previous two sections were devoted to a discussion of the assets and liabilities of the System. A comparison of Tables 5 and Table 9 indicates that current assets fall short of meeting the present value of future benefits (total liability). This deficiency has to be made up by future actuarially determined employer contributions and investment income. An actuarial valuation sets out a schedule of future actuarially determined employer contributions that will deal with this deficiency in an orderly fashion.

The method used to determine the incidence of the contributions in various years is called the actuarial cost method. Under an actuarial cost method, the actuarially determined employer contributions required to meet the difference between current assets and current liabilities are allocated each year between two elements: (1) the normal cost and (2) the payment on the unfunded actuarial accrued liability. The actuarial cost method for the System is the traditional Entry Age Normal (EAN) level-percent of pay cost method. Under this EAN cost method, the actuarial present value of each member's projected benefits is allocated as a level-percent of their compensation from their entry age to their assumed exit age. The portion of the actuarial present value allocated to the valuation year is called the normal cost. The actuarial present value of benefits allocated to prior years of service is called the actuarial accrued liability. The unfunded actuarial accrued liability represents the difference between the actuarial accrued liability and the actuarial value of assets as of the valuation date. The unfunded actuarial accrued liability is calculated each year and reflects experience gains/losses.

On June 20, 2023, the Wisconsin Legislature enacted 2023 Wisconsin Act 12 (Act 12). In exchange for adopting the various restrictions to the City of Milwaukee under Act 12, some of which do not directly affect the System, the City was allowed to pass a sales tax which will help pay for the additional costs resulting from the lower assumed rate of return and the natural operation of a retirement system that is closed to future employees. This sales tax is set to expire once the System attains a 100% funded ratio or after 30 years has passed, whichever occurs first. For as long as the sales tax remains in place, Act 12 allows an amount of no more than 90% of the sales tax revenue collected in the first full calendar year (2024) to help fund certain costs under the System.

Act 12 eliminated the Stable Employer Contribution Policy that had been used to determine required employer contribution rates under the Combined Fund since 2013. In place of the Stable Employer Contribution Policy, Act 12 prescribed a new statutory policy which requires participating employers to contribute an actuarially calculated amount each year. At their July 24, 2023 meeting, the Board voted to adopt a one-year contribution lag upon the recommendation of their actuary. Therefore, the January 1, 2024 actuarial valuation will serve as the basis for determining the required employer contribution amounts for Plan Year 2025.

For purposes of calculating the System's unfunded actuarial accrued liability (UAAL) amortization payment, Act 12 stipulates that the projected January 1, 2024 UAAL, as calculated in the *second* January 1, 2023 actuarial valuation, be amortized as a level-dollar amount over a closed 30-year period (29 years remaining as of the January 1, 2024 actuarial valuation). Future changes in the System's UAAL are to be amortized in accordance with Actuarial Standards of Practice. The current amortization policies, which were adopted by the Board at its February 24, 2023 meeting and subsequently adjusted to reflect the changes under 2023 Wisconsin Act 12, include:

- Future increases in the System's UAAL resulting from experience losses will be amortized over a closed 10-year period.
- Future decreases in the System's UAAL resulting from experience gains will be amortized over either a closed 10-year period or the remainder of the 30-year period beginning on January 1, 2024, whichever is longer.



SECTION VI: SYSTEM ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS

- If the UAAL is negative, all prior bases will be eliminated, and the participating employers will be required to contribute their share of the annual normal cost and administrative expenses. If the UAAL becomes positive again, it will be amortized over a closed 10-year period.
- Changes to the UAAL arising from changes to plan provisions will be amortized over various periods, depending on the nature of the change and which participants are affected.
- Changes to the UAAL arising from contributions which are above or below the actuarially determined employer contribution will be amortized over a closed 5-year period.

Please note that the use of closed amortization periods, coupled with the employers contributing the full actuarially determined contribution each year, will result in the Plan being fully funded at the end of the amortization period, if all actuarial assumptions are met. Due to the use of a level-dollar amortization method, contributions are expected to exceed normal cost plus interest on the UAAL each year.

Following this page are several tables which document the development of the elements of the actuarially determined employer contribution for each fund allocated by employer, The exhibits are as follows:

- Table 15 shows the development of the projected January 1, 2025 UAAL by Fund, which is the basis for the beginning of the year for which we are determining the actuarially determined employer contributions.
- Table 16 shows the development of the amounts in Table 15 by Fund for each participating employer.
- Tables 17A-D develop each employer's proportionate share of the total UAAL amortization payment under each Fund using the projected UAAL amounts from Table 15. These tables also show each employer's proportionate share of administrative expenses. Each employer's proportionate share is developed in accordance with the provisions under 2023 Wisconsin Act 12 and Board policy.
- Tables 18A-D show each employer's share of the total Actuarially Determined Employer Contribution amount under each Fund for Plan Year 2025. These amounts are allocated based on each employer's percentage share of the total AAL. Note that administrative expenses are allocated only to the Combined Fund.
- Table 19 shows the Actuarially Determined Employer Contribution by Employer for all Funds payable as of select dates. It is important to note that the amounts shown for January 1, 2025 are summarized from Tables 18A-D and the amounts shown for subsequent dates are adjusted for interest at 6.80%.
- Table 20 shows the amount of the Actuarially Determined Employer Contributions for Plan Year 2025 that are eligible to be paid from 2023 Wisconsin Act 12 Sales Tax Proceeds.

SECTION VI: SYSTEM ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS

TABLE 15

Projected Unfunded Actuarial Accrued Liability at January 1, 2025 by Fund

| | Combined Fund | Retirement Fund | General Employees Duty Disability Fund | Combined Retirement & Disability Fund | Total For All Funds |
|---|------------------|--------------------|---|--|---------------------------|
| 1. Actuarial Accrued Liability, January 1, 2024 | \$7,814,693,567 | \$5,853,036 | \$4,357 | \$8,820,043 | \$7,829,371,003 |
| 2. Normal Cost for 2024 | 104,025,892 | 38,220 | 266 | 209,737 | 104,274,115 |
| 3. Expected Benefit Payments During 2024 | (486,777,861) | (199,390) | 0 | (76,836) | (487,054,087) |
| 4. Interest at 6.80% | 522,194,656 | 393,938 | 314 | 611,456 | 523,200,364 |
| 5. Projected Actuarial Accrued Liability, January 1, 2025 | \$7,954,136,254 | \$6,085,804 | \$4,937 | \$9,564,400 | \$7,969,791,395 |
| 6. Actuarial Value of Assets, January 1, 2024 | \$5,907,044,000 | \$9,344,000 | \$62,000 | \$6,927,000 | \$5,923,377,000 |
| 7. Expected Contributions During 2024 | 247,866,115 | 15,509 | 0 | 419,687 | 248,301,311 |
| 8. Expected Benefit Payments and Expenses During 2024 | (494,993,236) | (199,390) | 0 | (76,836) | (495,269,462) |
| 9. Interest at 6.80% | 401,980,891 | 629,779 | 4,216 | 497,005 | 403,111,891 |
| 10. Projected Actuarial Value of Assets, January 1, 2025 | \$6,061,897,770 | \$9,789,898 | \$66,216 | \$7,766,856 | \$6,079,520,740 |
| 11. Projected Unfunded Actuarial Accrued Liability, January 1, 2025 | \$1,892,238,484 | (\$3,704,094) | (\$61,279) | \$1,797,544 | \$1,890,270,655 |
| 12. Projected UAAL Attributable to 5.8% Employee Pension Contribution Offset Lawsuit | 24,409,462 | 0 | 0 | 0 | 24,409,462 |
| 13. Remaining Projected UAAL to be Allocated Across All Employers | \$1,867,829,022 | (\$3,704,094) | (\$61,279) | \$1,797,544 | \$1,865,861,193 |

Note: The projected UAAL attributable to the 5.8% Employee Pension Contribution Offset Lawsuit is funded only by the Policemen and Firemen groups.



SECTION VI: SYSTEM ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS

TABLE 16

**Projected Unfunded Actuarial Accrued Liability at January 1, 2025
by Fund for Each Participating Employer**

| | City | | | Non-City Employers | | | | | | | Total For All Employers |
|--|----------------------|----------------------|----------------------|---------------------|--------------------|-----------------------------------|------------------------|-------------------|---------------------------------|----------------------|-------------------------------|
| | General | Policemen | Firemen | Water Department | School Board | Milwaukee Technical College | Sewerage Commission | Veolia | Wisconsin Center District | Housing Authority | |
| Combined Fund | | | | | | | | | | | |
| Actuarial Accrued Liability | 1,861,285,411 | 3,055,177,436 | 1,495,156,377 | 166,685,786 | 977,924,858 | 11,529,421 | 210,895,508 | 70,486,986 | 30,133,878 | 74,860,593 | 7,954,136,254 |
| Actuarial Value of Assets | <u>1,422,646,814</u> | <u>2,329,722,946</u> | <u>1,130,503,464</u> | <u>127,406,459</u> | <u>747,477,914</u> | <u>8,812,525</u> | <u>161,198,208</u> | <u>53,876,803</u> | <u>23,032,862</u> | <u>57,219,775</u> | <u>6,061,897,770</u> |
| Unfunded Actuarial Accrued Liability | 438,638,597 | 725,454,490 | 364,652,913 | 39,279,327 | 230,446,944 | 2,716,896 | 49,697,300 | 16,610,183 | 7,101,016 | 17,640,818 | 1,892,238,484 |
| 5.8% Employee Pension Contribution | | | | | | | | | | | |
| Offset Lawsuit UAAL | N/A | <u>7,608,658</u> | <u>16,800,804</u> | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 24,409,462 |
| Remaining UAAL | 438,638,597 | 717,845,832 | 347,852,109 | 39,279,327 | 230,446,944 | 2,716,896 | 49,697,300 | 16,610,183 | 7,101,016 | 17,640,818 | 1,867,829,022 |
| Retirement Fund | | | | | | | | | | | |
| Actuarial Accrued Liability | 1,686,591 | 549,237 | 109,101 | 0 | 3,541,524 | 0 | 116,510 | 0 | 60,830 | 22,011 | 6,085,804 |
| Actuarial Value of Assets | <u>2,713,126</u> | <u>883,527</u> | <u>175,505</u> | <u>0</u> | <u>5,697,055</u> | <u>0</u> | <u>187,423</u> | <u>0</u> | <u>97,854</u> | <u>35,408</u> | <u>9,789,898</u> |
| Unfunded Actuarial Accrued Liability | (1,026,535) | (334,290) | (66,404) | 0 | (2,155,531) | 0 | (70,913) | 0 | (37,024) | (13,397) | (3,704,094) |
| General Employees' Duty Disability Fund | | | | | | | | | | | |
| Actuarial Accrued Liability | 1,336 | 0 | 0 | 0 | 3,601 | 0 | 0 | 0 | 0 | 0 | 4,937 |
| Actuarial Value of Assets | <u>17,919</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>48,297</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>66,216</u> |
| Unfunded Actuarial Accrued Liability | (16,583) | 0 | 0 | 0 | (44,696) | 0 | 0 | 0 | 0 | 0 | (61,279) |
| Combined Retirement & Disability Fund | | | | | | | | | | | |
| Actuarial Accrued Liability | 3,655,690 | 1,481,041 | 1,686 | 9,360 | 3,985,679 | 0 | 235,447 | 0 | 92,907 | 102,590 | 9,564,400 |
| Actuarial Value of Assets | <u>2,968,635</u> | <u>1,202,693</u> | <u>1,369</u> | <u>7,601</u> | <u>3,236,606</u> | <u>0</u> | <u>191,197</u> | <u>0</u> | <u>75,446</u> | <u>83,309</u> | <u>7,766,856</u> |
| Unfunded Actuarial Accrued Liability | 687,055 | 278,348 | 317 | 1,759 | 749,073 | 0 | 44,250 | 0 | 17,461 | 19,281 | 1,797,544 |
| Total for All Funds | 438,282,534 | 725,398,548 | 364,586,826 | 39,281,086 | 228,995,790 | 2,716,896 | 49,670,637 | 16,610,183 | 7,081,453 | 17,646,702 | 1,890,270,655 |



SECTION VI: SYSTEM ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS

TABLE 17A

**Amortization of Unfunded Actuarial Accrued Liability (UAAL)
(Combined Fund)**

The table below provides the calculation of the UAAL amortization payment for the Combined Fund, applicable for Plan Year 2025.

| Amortization Base | Original Amount | Projected Balance as of January 1, 2025 | Remaining Amortization Period | Annual Payment* |
|---|------------------------|--|--------------------------------------|------------------------|
| 2024 UAAL Base** | \$ 1,894,284,452 | \$ 1,873,497,597 | 29 | \$ 140,073,219 |
| 2025 Experience Base | (5,668,575) | (5,668,575) | 29 | (423,815) |
| 2025 Pension Offset Lawsuit - Policemen | 7,608,658 | 7,608,658 | 10 | 1,004,970 |
| 2025 Pension Offset Lawsuit - Firemen | 16,800,804 | 16,800,804 | 10 | 2,219,092 |
| Total | | 1,892,238,484 | | 142,873,466 |
| Amount for Allocating Across All Employers | | \$ 1,867,829,022 | | \$ 139,649,404 |

* Reflects beginning of year timing.

** Due to the passage of Act 12 by the 2023 Wisconsin Legislature, the projected UAAL as of January 1, 2024 was re-amortized over a closed 30-year period.



SECTION VI: SYSTEM ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS

TABLE 17A (Continued)

**Amortization of Unfunded Actuarial Accrued Liability (UAAL)
(Combined Fund)**

The table below provides the allocation of the UAAL payment and administrative expenses for all participating agencies. These figures include costs associated with the 5.8% Employee Pension Contribution Offset Lawsuit in 2023 for Policemen and Firemen.

| Employer | Projected January 1, 2025 Unfunded AAL** | Employer Percentage Share | UAAL Payment*** | Administrative Expenses |
|--------------------------------|---|---------------------------------|--------------------|----------------------------|
| 1) City of Milwaukee | | | | |
| a) General* | \$438,638,597 | 23.48% | \$32,795,089 | \$1,913,530 |
| b) Policemen | 717,845,832 | 38.43% | 54,675,162 | 3,131,552 |
| c) Firemen | <u>347,852,109</u> | <u>18.63%</u> | <u>28,226,472</u> | <u>1,517,481</u> |
| d) Total City | \$1,504,336,538 | 80.54% | \$115,696,723 | \$6,562,563 |
| 2) Non-City Agencies | | | | |
| a) Water Department | \$39,279,327 | 2.10% | \$2,936,743 | \$171,353 |
| b) School Board | 230,446,944 | 12.34% | 17,229,510 | 1,005,309 |
| c) Milwaukee Technical College | 2,716,896 | 0.15% | 203,130 | 11,852 |
| d) Sewerage Commission | 49,697,300 | 2.66% | 3,715,650 | 216,801 |
| e) Veolia | 16,610,183 | 0.89% | 1,241,871 | 72,461 |
| f) Wisconsin Center District | 7,101,016 | 0.38% | 530,912 | 30,978 |
| g) Housing Authority | <u>17,640,818</u> | <u>0.94%</u> | <u>1,318,927</u> | <u>76,957</u> |
| h) Total Non-City | \$363,492,484 | 19.46% | \$27,176,743 | \$1,585,711 |
| Total: 1(d) + 2(h) | \$1,867,829,022 | 100.00% | \$142,873,466 | \$8,148,274 |

* Includes Elected Officials and Redevelopment Authority

** Does not include the projected UAAL attributable to the 5.8% Employee Pension Contribution Offset Lawsuit settled in 2023.

*** For Policemen and Firemen, includes an additional payment for the 5.8% Employee Pension Contribution Offset Lawsuit settled in 2023.

Note: Actual contribution requirement will be adjusted for the actual payment date of the contribution.



SECTION VI: SYSTEM ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS

TABLE 17B

**Amortization of the Unfunded Actuarial Accrued Liability (UAAL)
(Retirement Fund)**

The tables below provide the calculation of the UAAL amortization payment for the Retirement Fund, applicable for Plan Year 2025, as well as the allocation of the UAAL payment and administrative expenses for all participating agencies.

| Amortization Base | Original Amount | Projected Balance as of January 1, 2025 | Remaining Amortization Period | Annual Payment* |
|-------------------|-----------------|---|-------------------------------|-----------------|
| 2025 UAAL Base | \$ (3,704,094) | \$ (3,704,094) | N/A | \$ 0 |
| Total | | \$ (3,704,094) | | \$ 0 |

* Reflects beginning of year timing.

| Employer | Projected January 1, 2025 Unfunded AAL | Employer Percentage Share | UAAL Payment | Administrative Expenses |
|--------------------------------|--|---------------------------|--------------|-------------------------|
| 1) City of Milwaukee | | | | |
| a) General* | (\$1,026,535) | 27.71% | \$0 | \$0 |
| b) Policemen | (334,290) | 9.02% | 0 | 0 |
| c) Firemen | <u>(66,404)</u> | <u>1.81%</u> | <u>0</u> | <u>0</u> |
| d) Total City | (\$1,427,229) | 38.54% | \$0 | \$0 |
| 2) Non-City Agencies | | | | |
| a) Water Department | \$0 | 0.00% | \$0 | \$0 |
| b) School Board | (2,155,531) | 58.19% | 0 | 0 |
| c) Milwaukee Technical College | 0 | 0.00% | 0 | 0 |
| d) Sewerage Commission | (70,913) | 1.91% | 0 | 0 |
| e) Veolia | 0 | 0.00% | 0 | 0 |
| f) Wisconsin Center District | (37,024) | 1.00% | 0 | 0 |
| g) Housing Authority | <u>(13,397)</u> | <u>0.36%</u> | <u>0</u> | <u>0</u> |
| h) Total Non-City | (\$2,276,865) | 61.46% | \$0 | \$0 |
| Total: 1(d) + 2(h) | (\$3,704,094) | 100.00% | \$0 | \$0 |

* Includes Elected Officials and Redevelopment Authority

Note: Actual contribution requirement will be adjusted for the actual payment date of the contribution.



SECTION VI: SYSTEM ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS

TABLE 17C

**Amortization of the Unfunded Actuarial Accrued Liability (UAAL)
(General Employees Duty Disability Fund)**

The tables below provide the calculation of the UAAL amortization payment for the General Employees Duty Disability Fund, applicable for Plan Year 2025, as well as the allocation of the UAAL payment and administrative expenses for all participating agencies.

| Amortization Base | Original Amount | Projected Balance as of January 1, 2025 | Remaining Amortization Period | Annual Payment* |
|-------------------|-----------------|---|-------------------------------|-----------------|
| 2025 UAAL Base | \$ (61,279) | \$ (61,279) | N/A | \$ 0 |
| Total | | \$ (61,279) | | \$ 0 |

* Reflects beginning of year timing.

| Employer | Projected January 1, 2025 Unfunded AAL | Employer Percentage Share | UAAL Payment | Administrative Expenses |
|--------------------------------|--|---------------------------|--------------|-------------------------|
| 1) City of Milwaukee | | | | |
| a) General* | (\$16,583) | 27.06% | \$0 | \$0 |
| b) Policemen | 0 | 0.00% | 0 | 0 |
| c) Firemen | 0 | 0.00% | 0 | 0 |
| d) Total City | (\$16,583) | 27.06% | \$0 | \$0 |
| 2) Non-City Agencies | | | | |
| a) Water Department | \$0 | 0.00% | \$0 | \$0 |
| b) School Board | (44,696) | 72.94% | 0 | 0 |
| c) Milwaukee Technical College | 0 | 0.00% | 0 | 0 |
| d) Sewerage Commission | 0 | 0.00% | 0 | 0 |
| e) Veolia | 0 | 0.00% | 0 | 0 |
| f) Wisconsin Center District | 0 | 0.00% | 0 | 0 |
| g) Housing Authority | 0 | 0.00% | 0 | 0 |
| h) Total Non-City | (\$44,696) | 72.94% | \$0 | \$0 |
| Total | (\$61,279) | 100.00% | \$0 | \$0 |

* Includes Elected Officials and Redevelopment Authority

Note: Actual contribution requirement will be adjusted for the actual payment date of the contribution.



SECTION VI: SYSTEM ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS

TABLE 17D

**Amortization of the Unfunded Actuarial Accrued Liability (UAAL)
(Combined Retirement & Disability Fund)**

The tables below provide the calculation of the UAAL amortization payment for the Combined Retirement and Disability Fund, applicable for Plan Year 2025, as well as the allocation of the UAAL payment and administrative expenses for all participating agencies.

| Amortization Base | Original Amount | Projected Balance as of January 1, 2025 | Remaining Amortization Period | Annual Payment* |
|----------------------|-----------------|---|-------------------------------|-------------------|
| 2024 UAAL Base** | \$ 2,836,969 | \$ 2,805,838 | 29 | \$ 209,780 |
| 2025 Experience Base | (1,008,294) | (1,008,294) | 29 | (75,386) |
| Total | | \$ 1,797,544 | | \$ 134,394 |

* Reflects beginning of year timing.

** Due to the passage of Act 12 by the 2023 Wisconsin Legislature, the projected UAAL as of January 1, 2024 was re-amortized over a closed 30-year period.

| Employer | Projected January 1, 2025 Unfunded AAL | Employer Percentage Share | UAAL Payment | Administrative Expenses |
|--------------------------------|--|---------------------------|------------------|-------------------------|
| 1) City of Milwaukee | | | | |
| a) General* | \$687,055 | 38.22% | \$51,368 | \$0 |
| b) Policemen | 278,348 | 15.48% | 20,811 | 0 |
| c) Firemen | <u>317</u> | <u>0.03%</u> | <u>23</u> | <u>0</u> |
| d) Total City | \$965,720 | 53.73% | \$72,202 | \$0 |
| 2) Non-City Agencies | | | | |
| a) Water Department | \$1,759 | 0.10% | \$132 | \$0 |
| b) School Board | 749,073 | 41.67% | 56,005 | 0 |
| c) Milwaukee Technical College | 0 | 0.00% | 0 | 0 |
| d) Sewerage Commission | 44,250 | 2.46% | 3,308 | 0 |
| e) Veolia | 0 | 0.00% | 0 | 0 |
| f) Wisconsin Center District | 17,461 | 0.97% | 1,305 | 0 |
| g) Housing Authority | <u>19,281</u> | <u>1.07%</u> | <u>1,442</u> | <u>0</u> |
| h) Total Non-City | \$831,824 | 46.27% | \$62,192 | \$0 |
| Total | \$1,797,544 | 100.00% | \$134,394 | \$0 |

* Includes Elected Officials and Redevelopment Authority

Note: Actual contribution requirement will be adjusted for the actual payment date of the contribution.



SECTION VI: SYSTEM ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS

TABLE 18A

Allocation of the January 1, 2025 Actuarially Determined Employer Contribution by Employer for the Combined Fund

| | (1) | (2) | (3) = (1) - (2) | (4) | (5) | (6) = (3)+(4)+(5) |
|--------------------------------|----------------------------------|--------------------------------|---|----------------------------------|-----------------------------|-----------------------------|
| Employer | Total Projected 2025 Normal Cost | Projected Member Contributions | Employer Share Projected 2025 Normal Cost | Expected Administrative Expenses | Employer Share UAAL Payment | Total Employer Contribution |
| 1) City of Milwaukee | | | | | | |
| a) General | \$22,672,954 | \$8,494,460 | \$14,178,494 | \$1,913,530 | \$32,795,089 | \$48,887,113 |
| b) Policemen | 38,488,032 | 9,742,130 | 28,745,902 | 3,131,552 | 54,675,162 | 86,552,616 |
| c) Firemen | 16,799,711 | 4,138,894 | 12,660,817 | 1,517,481 | 28,226,472 | 42,404,770 |
| d) Total City | \$77,960,697 | \$22,375,484 | \$55,585,213 | \$6,562,563 | \$115,696,723 | \$177,844,499 |
| 2) Non-City Agencies | | | | | | |
| a) Water Department | \$2,308,130 | \$866,208 | \$1,441,922 | \$171,353 | \$2,936,743 | \$4,550,018 |
| b) School Board | 16,210,144 | 6,442,499 | 9,767,645 | 1,005,309 | 17,229,510 | 28,002,464 |
| c) Milwaukee Technical College | 0 | 0 | 0 | 11,852 | 203,130 | 214,982 |
| d) Sewerage Commission | 2,378,628 | 937,276 | 1,441,352 | 216,801 | 3,715,650 | 5,373,803 |
| e) Veolia | 82,330 | 23,906 | 58,424 | 72,461 | 1,241,871 | 1,372,756 |
| f) Wisconsin Center District | 815,000 | 311,179 | 503,821 | 30,978 | 530,912 | 1,065,711 |
| g) Housing Authority | 788,296 | 290,248 | 498,048 | 76,957 | 1,318,927 | 1,893,932 |
| h) Total Non-City | \$22,582,528 | \$8,871,316 | \$13,711,212 | \$1,585,711 | \$27,176,743 | \$42,473,666 |
| 3) Total System: 1d + 2h | \$100,543,225 | \$31,246,800 | \$69,296,425 | \$8,148,274 | \$142,873,466 | \$220,318,165 |

Note: Amounts shown are as of January 1, 2025. Interest accrues at 6.80% per year for contributions made after January 1, 2025.



SECTION VI: SYSTEM ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS

TABLE 18B

Allocation of the January 1, 2025 Actuarially Determined Employer Contribution by Employer for the Retirement Fund

| | (1) | (2) | (3) = (1) - (2) | (4) | (5) | (6) = (3)+(4)+(5) |
|--------------------------------|----------------------------------|--------------------------------|---|----------------------------------|-----------------------------|-----------------------------|
| Employer | Total Projected 2025 Normal Cost | Projected Member Contributions | Employer Share Projected 2025 Normal Cost | Expected Administrative Expenses | Employer Share UAAL Payment | Total Employer Contribution |
| 1) City of Milwaukee | | | | | | |
| a) General | \$8,713 | \$2,918 | \$5,795 | \$0 | \$0 | \$5,795 |
| b) Policemen | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Firemen | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Total City | \$8,713 | \$2,918 | \$5,795 | \$0 | \$0 | \$5,795 |
| 2) Non-City Agencies | | | | | | |
| a) Water Department | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| b) School Board | 27,146 | 12,474 | 14,672 | 0 | 0 | 14,672 |
| c) Milwaukee Technical College | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Sewerage Commission | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Veolia | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Wisconsin Center District | 0 | 0 | 0 | 0 | 0 | 0 |
| g) Housing Authority | 0 | 0 | 0 | 0 | 0 | 0 |
| h) Total Non-City | \$27,146 | \$12,474 | \$14,672 | \$0 | \$0 | \$14,672 |
| 3) Total System: 1d + 2h | \$35,859 | \$15,392 | \$20,467 | \$0 | \$0 | \$20,467 |

Note: Amounts shown are as of January 1, 2025. Interest accrues at 6.80% per year for contributions made after January 1, 2025.



SECTION VI: SYSTEM ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS

TABLE 18C

Allocation of January 1, 2025 Actuarially Determined Employer Contribution by Employer for the General Employees Duty Disability Fund

| | (1) | (2) | (3) = (1) - (2) | (4) | (5) | (6) = (3)+(4)+(5) |
|--------------------------------|----------------------------------|--------------------------------|---|----------------------------------|-----------------------------|-----------------------------|
| Employer | Total Projected 2025 Normal Cost | Projected Member Contributions | Employer Share Projected 2025 Normal Cost | Expected Administrative Expenses | Employer Share UAAL Payment | Total Employer Contribution |
| 1) City of Milwaukee | | | | | | |
| a) General | \$47 | \$0 | \$47 | \$0 | \$0 | \$47 |
| b) Policemen | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Firemen | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Total City | \$47 | \$0 | \$47 | \$0 | \$0 | \$47 |
| 2) Non-City Agencies | | | | | | |
| a) Water Department | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| b) School Board | 201 | 0 | 201 | 0 | 0 | 201 |
| c) Milwaukee Technical College | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Sewerage Commission | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Veolia | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Wisconsin Center District | 0 | 0 | 0 | 0 | 0 | 0 |
| g) Housing Authority | 0 | 0 | 0 | 0 | 0 | 0 |
| h) Total Non-City | \$201 | \$0 | \$201 | \$0 | \$0 | \$201 |
| 3) Total System: 1d + 2h | \$248 | \$0 | \$248 | \$0 | \$0 | \$248 |

Note: Amounts shown are as of January 1, 2025. Interest accrues at 6.80% per year for contributions made after January 1, 2025.



SECTION VI: SYSTEM ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS

TABLE 18D

Allocation of the January 1, 2025 Actuarially Determined Employer Contribution by Employer for the Combined Retirement and Disability Fund

| | (1) | (2) | (3) = (1) - (2) | (4) | (5) | (6) = (3)+(4)+(5) |
|--------------------------------|----------------------------------|--------------------------------|---|----------------------------------|-----------------------------|-----------------------------|
| Employer | Total Projected 2025 Normal Cost | Projected Member Contributions | Employer Share Projected 2025 Normal Cost | Expected Administrative Expenses | Employer Share UAAL Payment | Total Employer Contribution |
| 1) City of Milwaukee | | | | | | |
| a) General | \$83,671 | \$31,049 | \$52,622 | \$0 | \$51,368 | \$103,990 |
| b) Policemen | 28,818 | 7,168 | 21,650 | 0 | 20,811 | 42,461 |
| c) Firemen | 0 | 0 | 0 | 0 | 23 | 23 |
| d) Total City | \$112,489 | \$38,217 | \$74,272 | \$0 | \$72,202 | \$146,474 |
| 2) Non-City Agencies | | | | | | |
| a) Water Department | \$0 | \$0 | \$0 | \$0 | \$132 | \$132 |
| b) School Board | 88,852 | 34,999 | 53,853 | 0 | 56,005 | 109,858 |
| c) Milwaukee Technical College | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Sewerage Commission | 0 | 0 | 0 | 0 | 3,308 | 3,308 |
| e) Veolia | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Wisconsin Center District | 743 | 664 | 79 | 0 | 1,305 | 1,384 |
| g) Housing Authority | 0 | 0 | 0 | 0 | 1,442 | 1,442 |
| h) Total Non-City | \$89,595 | \$35,663 | \$53,932 | \$0 | \$62,192 | \$116,124 |
| 3) Total System: 1d + 2h | \$202,084 | \$73,880 | \$128,204 | \$0 | \$134,394 | \$262,598 |

Note: Amounts shown are as of January 1, 2025. Interest accrues at 6.80% per year for contributions made after January 1, 2025.



SECTION VI: SYSTEM ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS

TABLE 19

Allocation of the Actuarially Determined Employer Contributions to Individual Employers

| | Total Employer Contribution Across All Funds as of: | | | | |
|--------------------------------|---|---------------|---------------|---------------|---------------|
| | Jan 1, 2025 | April 1, 2025 | July 1, 2025 | Oct 1, 2025 | Dec 31, 2025 |
| Employer | | | | | |
| 1) City of Milwaukee | | | | | |
| a) General* | \$48,996,945 | \$49,809,458 | \$50,635,445 | \$51,475,129 | \$52,328,737 |
| b) Policemen | 86,595,077 | 88,031,077 | 89,490,890 | 90,974,911 | 92,483,542 |
| c) Firemen | 42,404,793 | 43,107,989 | 43,822,846 | 44,549,557 | 45,288,319 |
| d) Total City | \$177,996,815 | \$180,948,524 | \$183,949,181 | \$186,999,597 | \$190,100,598 |
| 2) Non-City Agencies | | | | | |
| a) Water Department | \$4,550,150 | \$4,625,605 | \$4,702,311 | \$4,780,289 | \$4,859,560 |
| b) School Board | 28,127,195 | 28,593,626 | 29,067,792 | 29,549,821 | 30,039,844 |
| c) Milwaukee Technical College | 214,982 | 218,547 | 222,171 | 225,855 | 229,600 |
| d) Sewerage Commission | 5,377,111 | 5,466,279 | 5,556,926 | 5,649,076 | 5,742,754 |
| e) Veolia | 1,372,756 | 1,395,520 | 1,418,662 | 1,442,188 | 1,466,104 |
| f) Wisconsin Center District | 1,067,095 | 1,084,791 | 1,102,780 | 1,121,067 | 1,139,658 |
| g) Housing Authority | 1,895,374 | 1,926,805 | 1,958,757 | 1,991,239 | 2,024,260 |
| h) Total Non-City | \$42,604,663 | \$43,311,173 | \$44,029,399 | \$44,759,535 | \$45,501,780 |
| 3) Total System: 1d + 2h | \$220,601,478 | \$224,259,697 | \$227,978,580 | \$231,759,132 | \$235,602,378 |

* Includes Elected Officials and Redevelopment Authority

Note: Interest accrues at 6.80% per year for contributions made after January 1, 2025.

Amounts are not additive. Figures shown represent each employer's full actuarially determined employer contribution amount at the respective contribution dates.



SECTION VI: SYSTEM ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS

TABLE 20

**Actuarially Determined Employer Contributions Eligible to be Paid From
2023 Wisconsin Act 12 Sales Tax Proceeds**

Wisconsin Act 12 of 2023 (Act 12) allows an amount of no more than 90% of the sales tax revenue collected in the first full calendar year (2024) to help fund the following costs under the System:

1. The City’s share of the unfunded actuarial accrued liability (UAAL) as of January 1, 2024. This portion of the UAAL is to be amortized on a level-dollar basis over a closed, 30-year period using an assumed rate of return no greater than what has been adopted by the Wisconsin Retirement System.
2. The City’s share of the cost of amortizing future changes to the UAAL. Future increases in the UAAL are to be amortized using the same basis as the January 1, 2024 UAAL, but over a closed 10-year period. Future decreases in the UAAL will be amortized over either a closed 10-year period or the remainder of the 30-year period beginning on January 1, 2024, whichever is longer.
3. The increase in normal costs attributable to the Combined Fund from 2022 to the present year for both the City and non-City employers.

Under Act 12, administrative expenses are to be included in all normal cost contributions. The following table shows the Plan Year 2025 contribution amounts for each employer that are eligible to be paid from the Act 12 sales tax proceeds. Amounts are shown as of January 1, 2025.

| | <u>Total Normal Cost for the Combined Fund Only</u> | | | <u>Total UAAL</u> | <u>Total</u> |
|--------------------------------|---|-------------------|---------------------------------|----------------------------------|---------------|
| | <u>2022 Total</u> | <u>2025 Total</u> | <u>Increase/ (Decrease)</u> | <u>Payment for All Funds</u> | |
| 1) City of Milwaukee | | | | | |
| a) General | \$16,236,384 | \$24,586,484 | \$8,350,100 | \$32,846,457 | \$41,196,557 |
| b) Policemen | 33,883,422 | 41,619,584 | 7,736,162 | 54,695,973 | 62,432,135 |
| c) Firemen | 15,750,167 | 18,317,192 | 2,567,025 | 28,226,495 | 30,793,520 |
| d) Total City | \$65,869,973 | \$84,523,260 | \$18,653,287 | \$115,768,925 | \$134,422,212 |
| 2) Non-City Employers | | | | | |
| a) Water Dept | \$1,729,279 | \$2,479,483 | \$750,204 | N/A | \$750,204 |
| b) School Board | 12,447,912 | 17,215,453 | 4,767,541 | N/A | 4,767,541 |
| c) Milwaukee Technical College | 0 | 11,852 | 11,852 | N/A | 11,852 |
| d) Sewerage Commission | 1,899,423 | 2,595,429 | 696,006 | N/A | 696,006 |
| e) Veolia | 85,835 | 154,791 | 68,956 | N/A | 68,956 |
| f) Wisconsin Center District | 503,437 | 845,978 | 342,541 | N/A | 342,541 |
| g) Housing Authority | 661,527 | 865,253 | 203,726 | N/A | 203,726 |
| h) Total Non-City | \$17,327,413 | \$24,168,239 | \$6,840,826 | N/A | \$6,840,826 |
| 3) Total System: 1(d) + 2(h) | \$83,197,386 | \$108,691,499 | \$25,494,113 | \$115,768,925 | \$141,263,038 |



SECTION VI: SYSTEM ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS

TABLE 20
(continued)

**Actuarially Determined Employer Contributions Eligible to be Paid From
2023 Wisconsin Act 12 Sales Tax Proceeds**

Development of 2022 Normal Cost

There are various methods for calculating the amount contributed to cover the normal cost expense during 2022 that could be utilized for this purpose. Two reasonable alternatives include:

1. Use the normal cost amount calculated for the January 1, 2022 actuarial valuation, which is based on the assumptions adopted by the Annuity and Pension Board (Board) in 2017 for the 2018 through 2022 actuarial valuations and the 7.50% investment return adopted by the Board for the 2019 through 2022 actuarial valuations.
2. Calculate the 2022 normal cost based upon the assumptions used for the development of the Stable Employer Contribution Rate in effect during plan years 2018 through 2022. These are the assumptions which were adopted by the Annuity and Pension Board (Board) in 2017 and include an investment return assumption of 8.00% for 2018 through 2022 and 8.25% thereafter.

Since the employer contributions to the Combined Fund for plan year 2022 are based on the Stable Employer Contribution Policy, our calculation is based on the second alternative. The Stable Employer Contribution Policy rates for 2018 through 2022 were developed by the prior actuary, and sufficient documentation indicating how to separate the individual contribution components, such as normal cost, was not provided. However, during the transition process we were able to replicate the prior actuary's results within reasonable limits. Therefore, we used the results of the January 1, 2022 actuarial valuation, which Cavanaugh Macdonald Consulting developed, and updated those results to reflect the prior actuary's investment return assumption (8.00% for 2018 through 2022 and 8.25% thereafter).



SECTION VII: RISK CONSIDERATIONS

Actuarial Standards of Practice are issued by the Actuarial Standards Board and are binding on credentialed actuaries practicing in the United States. These standards generally identify what the actuary should consider, document and disclose when performing an actuarial assignment. In September, 2017, Actuarial Standard of Practice Number 51, *Assessment and Disclosure of Risk in Measuring Pension Obligations*, (ASOP 51) was issued as final with application to measurement dates on or after November 1, 2018. This ASOP, which applies to funding valuations, actuarial projections, and actuarial cost studies of proposed plan changes, was first applicable for the January 1, 2019 actuarial valuation for the Employees' Retirement System of the City of Milwaukee (System).

While actuarial assumptions allow for a projection of how future actuarially determined employer contributions and investment returns will meet the cash flow needs for future benefit payments, actual experience will not unfold exactly as anticipated by the assumptions. In this section, we discuss some of the risk factors that can have a significant impact – positive or negative – on the actuarial projection of liability and actuarially determined employer contributions .

There are a number of risks inherent in the funding of a defined benefit plan. These include:

- economic risks, such as investment return and inflation;
- demographic risks such as mortality, payroll growth, aging population, and retirement ages;
- contribution risk like volatility making it difficult for the plan sponsor to fund the plan; and
- external risks such as the regulatory and political environment (not included in ASOP 51).

The last two are not risks that the actuary must opine on under ASOP 51.

There is a direct correlation between healthy, well-funded retirement plans and consistent contributions of at least the full actuarially determined employer contributions each year. Under 2023 Wisconsin Act 12 (Act 12), the main source of funding for the System comes from the sales tax permitted under Act 12. This sales tax is currently set to expire once the System attains a 100% funded ratio or after 30 years have passed, whichever occurs first. Finally, Act 12 allows an amount of no more than 90% of the sales tax revenue collected in the first full calendar year (2024) to help fund the following costs under the System:

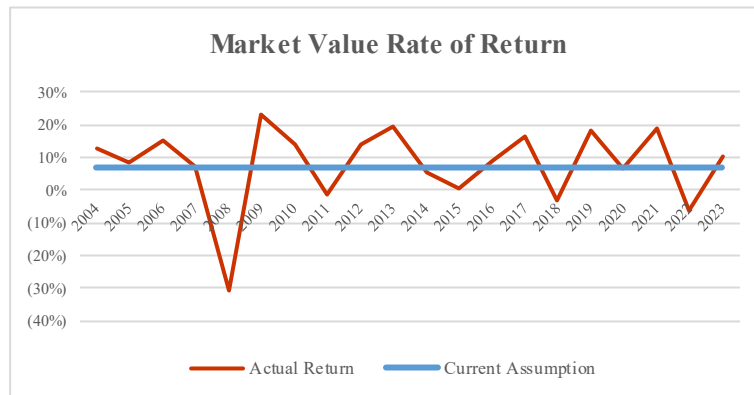
1. The City's share of the unfunded actuarial accrued liability (UAAL) as of January 1, 2024.
2. The City's share of the cost of amortizing future changes to the UAAL.
3. The increase in normal costs attributable to the Combined Fund from 2022 to the present year for both the City and non-City employers.

Currently, 90% of the sales tax revenue collected during 2024 is expected to be sufficient to fund all the eligible costs outlined above in the future. However, unfavorable asset or liability experience in the future may change this. Another factor that could significantly impact the System's costs is future changes to the investment return assumption. Under Act 12, the Systems' investment return assumption cannot be greater than the rate used by the Wisconsin Retirement System, and so ERS does not have full control over the most impactful assumption used in actuarial valuation. Please see Table 24 for an illustration of the cost impact due to lowering the investment return assumption based on the current valuation results.

The most significant risk factor for most plans is investment return because of the volatility of the returns and the size of an asset fund under a mature plan. A perusal of historical rates over 10-20 years reveals that the actual return each year is rarely close to the average return over the same period. This is an expected result given the underlying capital market assumptions and the asset allocation. However, the valuation is a measurement based on a single investment return, usually around the median of the distribution of returns. The magnitude of variations in investment returns and the short timeframe in which they occur makes the management of this risk very challenging. See the chart below for the historical rates of return over the past 20 years.



SECTION VII: RISK CONSIDERATIONS



This metric means the same investment experience would move the actuarially determined employer contributions more significantly for CMERS as compared to most other public plans. For example, a return that is 10% lower than assumed (or -3.20%) equates to an actuarial loss of about \$571 million. Given the amortization period of 10 years for actuarial losses, an increase of about \$81 million each year for each of the next 10 years would be required to compensate for an investment return that is 10% below the assumed rate of return in just one year. Note that the System’s asset smoothing method would initially dampen the contribution impact.

Under the revised Actuarial Standards of Practice (ASOP) No. 4 effective for valuations after February 15, 2023, we are required to include a low-default-risk obligation measure of the System’s liability in our funding valuation report. This is an informational disclosure as described below and would not be appropriate for assessing the funding progress or health of the plan. This measure uses the unit credit cost method and reflects all the assumptions and provisions of the funding valuation except that the discount rate is derived from considering low-default-risk fixed income securities. We considered the FTSE Pension Discount Curve based on market bond rates published by the Society of Actuaries as of December 31, 2023 and with the 30-year spot rate used for all durations beyond 30. Using these assumptions, we calculate a liability of approximately \$9.4 billion. This amount approximates the termination liability if the plan (or all covered employment) ended on the valuation date and all of the accrued benefits had to be paid with cash-flow matched bonds. This assurance of funded status and benefit security is typically more relevant for corporate plans than for governmental plans since governments rarely have the need or option to completely terminate a plan. However, this informational disclosure is required for all plans whether corporate or governmental and care should be taken to ensure the one size fits all metric is not misconstrued.

A key demographic risk for all retirement systems, including CMERS, is improvements in mortality (longevity) greater than anticipated. While the mortality assumption used in the valuation reflects some improvement in mortality experience and this assumption is evaluated and refined in each experience study, the risk arises because there is a possibility of some sudden shift, perhaps from a significant medical breakthrough that could rapidly improve mortality rates and increase liabilities. Likewise, there is some possibility of a significant public health crisis that could result in a significant number of additional deaths in a short time period, as experienced with the COVID-19 pandemic. This type of event is also significant, although more easily absorbed. While either of these events could happen, it represents a relatively small probability and thus represents much less risk than the volatility associated with investment returns.

As plan demographics change over time, along with the funded status, the risk factors may also change. The following exhibits summarize certain historical information that provide an indication as to how key risk metrics have changed over time.



SECTION VII: RISK CONSIDERATIONS

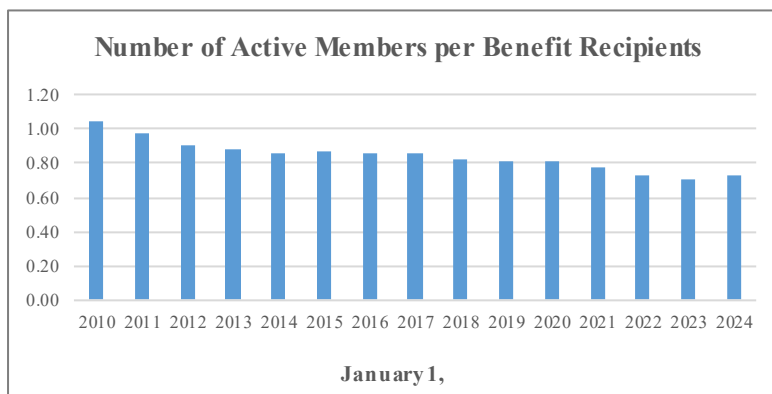
TABLE 21

RATIO OF ACTIVE TO RETIREE COUNT

The System has experienced a 13% decline in the active membership over the past 14 years which can create more volatility (risk) on the actuarially determined employer contributions to fund the System. Given the closure of the plan to new hires as of January 1, 2024 due to Act 12, we expect an accelerated reduction in this ratio over the upcoming years.

| Valuation Date January 1 | Active Count | In-Pay Count | Active/ In-Pay |
|-------------------------------------|---------------------|---------------------|---------------------------|
| 2010 | 11,664 | 11,178 | 1.04 |
| 2011 | 11,247 | 11,542 | 0.97 |
| 2012 | 10,767 | 11,937 | 0.90 |
| 2013 | 10,714 | 12,109 | 0.88 |
| 2014 | 10,675 | 12,468 | 0.86 |
| 2015 | 10,964 | 12,580 | 0.87 |
| 2016 | 10,982 | 12,746 | 0.86 |
| 2017 | 11,083 | 12,872 | 0.86 |
| 2018 | 10,845 | 13,181 | 0.82 |
| 2019 | 10,851 | 13,355 | 0.81 |
| 2020 | 10,974 | 13,543 | 0.81 |
| 2021 | 10,567 | 13,636 | 0.77 |
| 2022 | 10,094 | 13,747 | 0.73 |
| 2023 | 9,800 | 13,842 | 0.71 |
| 2024 | 10,108 | 13,867 | 0.73 |

Note the ratio of active members to benefit recipients is not as critical for ERS as it is for, say, Social Security. The Plan has been funded, in advance, precisely for this reason and those assets exist to help pay the benefits of members. It is, however, a sign of the maturity of the System.





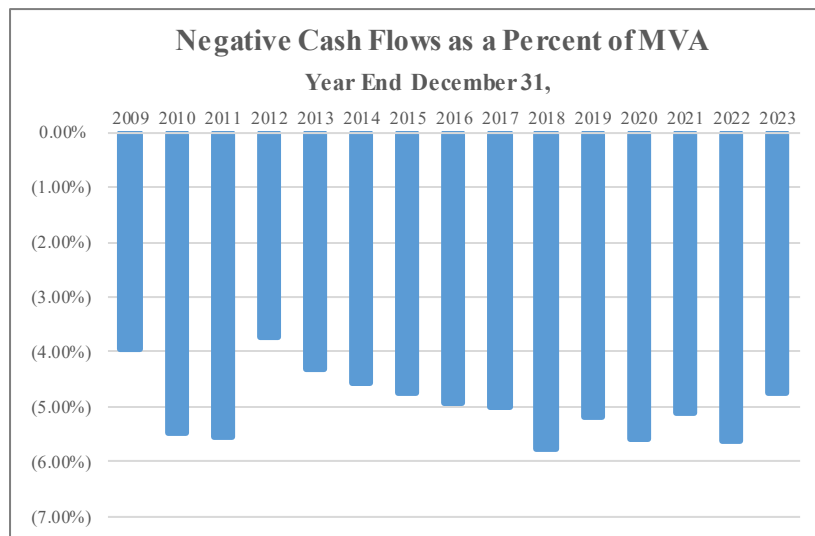
SECTION VII: RISK CONSIDERATIONS

TABLE 22

HISTORICAL CASH FLOWS
(Dollars in thousands)

Plans with large negative cash flows generally experience increased sensitivity to investment return volatility. Cash flows, for this purpose, are measured as contributions minus benefit payments. If the System has negative cash flows and then experiences returns below the assumed rate, there are fewer assets to be reinvested to earn the higher returns that often follow. Negative cash flows can also impact the System’s asset allocation and is a consideration in setting the investment policy of the system. CMERS has a relatively high negative cash flow so this metric should be closely monitored. The higher the net cash flow is as a percentage of the market value of assets, the greater the risk to the System’s funding.

| Year End | Market Value of Assets (MVA) | Contributions | Benefit Payments and Expenses | Net Cash Flow | Net Cash Flow as a Percent of MVA |
|------------|------------------------------|---------------|-------------------------------|---------------|-----------------------------------|
| 12/31/2009 | \$4,020,640 | \$95,992 | \$255,014 | (\$159,022) | (3.96%) |
| 12/31/2010 | 4,322,384 | 35,699 | 271,710 | (236,011) | (5.46%) |
| 12/31/2011 | 4,197,264 | 52,675 | 285,565 | (232,890) | (5.55%) |
| 12/31/2012 | 4,375,197 | 138,968 | 302,439 | (163,471) | (3.74%) |
| 12/31/2013 | 4,949,534 | 122,157 | 334,858 | (212,701) | (4.30%) |
| 12/31/2014 | 4,953,150 | 116,507 | 342,569 | (226,062) | (4.56%) |
| 12/31/2015 | 4,752,308 | 121,751 | 347,888 | (226,137) | (4.76%) |
| 12/31/2016 | 4,886,669 | 110,013 | 351,303 | (241,290) | (4.94%) |
| 12/31/2017 | 5,396,527 | 116,018 | 385,331 | (269,313) | (4.99%) |
| 12/31/2018 | 4,950,881 | 115,251 | 400,707 | (285,456) | (5.77%) |
| 12/31/2019 | 5,557,077 | 129,022 | 416,104 | (287,082) | (5.17%) |
| 12/31/2020 | 5,649,734 | 119,852 | 436,331 | (316,479) | (5.60%) |
| 12/31/2021 | 6,431,356 | 122,621 | 451,989 | (329,368) | (5.12%) |
| 12/31/2022 | 5,525,958 | 153,775 | 464,799 | (311,024) | (5.63%) |
| 12/31/2023 | 5,796,501 | 203,730 | 479,063 | (275,333) | (4.75%) |





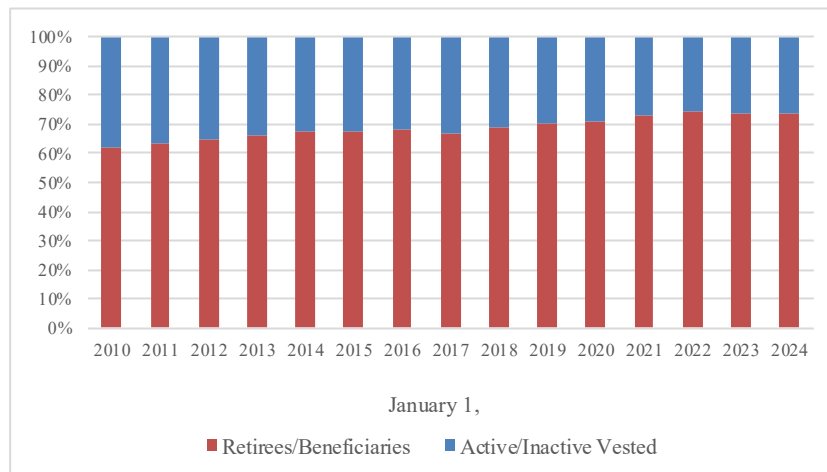
SECTION VII: RISK CONSIDERATIONS

TABLE 23

LIABILITY MATURITY MEASUREMENTS
(Dollars in thousands)

Most public sector retirement systems have been in operation for many decades like CMERS. As a result, they have mature plan demographics, resulting in an increased ratio of retirees to active members and a growing percentage of retiree liability. For CMERS, this trend is expected to accelerate now that the System has been closed to new hires as of January 1, 2024. Despite closing the System to new hires, its liabilities will be substantial for many years. As the number of contributing active participants decreases, a larger proportion of increased costs due to future actuarial experience or assumption changes, if any, will be borne by the participating employers.

| Actuarial Valuation Date | Retiree Liability (a) | Total Actuarial Accrued Liability (b) | Retiree Percentage (a / b) |
|---------------------------------|------------------------------|--|-----------------------------------|
| 1/1/2010 | \$2,637,961 | \$4,269,324 | 61.8% |
| 1/1/2011 | 2,835,309 | 4,447,548 | 63.7% |
| 1/1/2012 | 2,987,922 | 4,587,915 | 65.1% |
| 1/1/2013 | 3,121,007 | 4,689,814 | 66.5% |
| 1/1/2014 | 3,254,212 | 4,831,689 | 67.4% |
| 1/1/2015 | 3,344,604 | 4,935,482 | 67.8% |
| 1/1/2016 | 3,462,308 | 5,065,141 | 68.4% |
| 1/1/2017 | 3,512,367 | 5,259,300 | 66.8% |
| 1/1/2018 | 3,993,493 | 5,819,762 | 68.6% |
| 1/1/2019 | 4,491,023 | 6,400,901 | 70.2% |
| 1/1/2020 | 4,682,004 | 6,597,457 | 71.0% |
| 1/1/2021 | 4,907,245 | 6,745,299 | 72.8% |
| 1/1/2022 | 5,106,118 | 6,875,927 | 74.3% |
| 1/1/2023 | 5,606,392 | 7,631,007 | 73.5% |
| 1/1/2024 | 5,757,572 | 7,829,371 | 73.5% |





SECTION VII: RISK CONSIDERATIONS

TABLE 24

Comparison of Valuation Results Under Alternate Investment Return Assumptions
(Dollars in thousands)

This exhibit compares the key January 1, 2024 valuation results for the System under three (3) different investment return assumptions to illustrate the impact of different assumptions on the System’s funding. Note that only the investment return assumption is changed, as identified in the heading below, and the assumption cannot exceed the rate used by the Wisconsin Retirement System, which is currently 6.80% for active employees. All other assumptions are unchanged for purposes of this analysis.

| Investment Return Assumption | 5.80% | 6.30% | 6.80% |
|---|--------------------|--------------------|--------------------|
| Contributions | | | |
| - Total Normal Cost | \$128,943 | \$113,766 | \$100,781 |
| - Member Contributions | (31,336) | (31,336) | (31,336) |
| - Employer Normal Cost | \$97,607 | \$82,430 | \$69,445 |
| - Projected Administrative Expenses | \$8,148 | \$8,148 | \$8,148 |
| - Unfunded Actuarial Accrued Liability | \$261,019 | \$199,539 | \$143,008 |
| Total Employer Contribution | \$366,774 | \$290,117 | \$220,601 |
| Actuarial Value of Assets | \$6,008,486 | \$6,008,486 | \$6,008,486 |
| Actuarial Accrued Liability | 8,797,555 | 8,290,072 | 7,829,371 |
| Unfunded Actuarial Accrued Liability | \$2,789,069 | \$2,281,586 | \$1,820,885 |
| Funded Ratio | 68.3% | 72.5% | 76.7% |

Note: Numbers may not add due to rounding. All other assumptions are unchanged for purposes of this sensitivity analysis.

APPENDIX A: MEMBERSHIP DATA

MEMBER DATA RECONCILIATION

January 1, 2023 to January 1, 2024

The number of members included in the valuation, as summarized in the table below, is in accordance with the data submitted by the System for members of the valuation date.

| | Active Members | Refund Payable | Deferred Vested | Benefit Recipients | | | Total |
|---|----------------|----------------|-----------------|--------------------|----------|---------------|--------|
| | | | | Disabled Members | Retirees | Beneficiaries | |
| Participants as of January 1, 2023 | 9,800 | 2,382 | 3,578 | 466 | 11,365 | 2,022 | 29,613 |
| New Participants | 1,293 | 157 | 72 | 0 | 0 | 143 | 1,665 |
| Return to Work | 120 | (65) | (55) | 0 | 0 | 0 | 0 |
| Terminations | | | | | | | |
| - Refunded | (130) | (340) | (107) | 0 | 0 | 0 | (577) |
| - Refund Payable | (337) | 345 | (8) | 0 | 0 | 0 | 0 |
| - Deferred Vested | (331) | 0 | 331 | 0 | 0 | 0 | 0 |
| Service Retirements | | | | | | | |
| - Annuity | (280) | 0 | (133) | 0 | 413 | 0 | 0 |
| - Lump Sum | (5) | 0 | (9) | 0 | 0 | 0 | (14) |
| Disabilities | | | | | | | |
| - Duty-Related | (3) | 0 | 0 | 3 | 0 | 0 | 0 |
| - Non Duty-Related | (3) | 0 | (4) | 7 | 0 | 0 | 0 |
| Deaths | (16) | (1) | (7) | (17) | (398) | (135) | (574) |
| Benefit Payments Stopped | 0 | 0 | 0 | (1) | 0 | (1) | (2) |
| Reached Service Retirement Conversion Age | 0 | 0 | 0 | (19) | 19 | 0 | 0 |
| Data Adjustments | 0 | 0 | 0 | 1 | (1) | 0 | 0 |
| Participants as of January 1, 2024 | 10,108 | 2,478 | 3,658 | 440 | 11,398 | 2,029 | 30,111 |

Notes: Duty disabled members who have reached their conversion age are included in the Retirees count.

Refund Payable counts include beneficiaries and estates that are owed a lump sum benefit as of January 1, 2024.

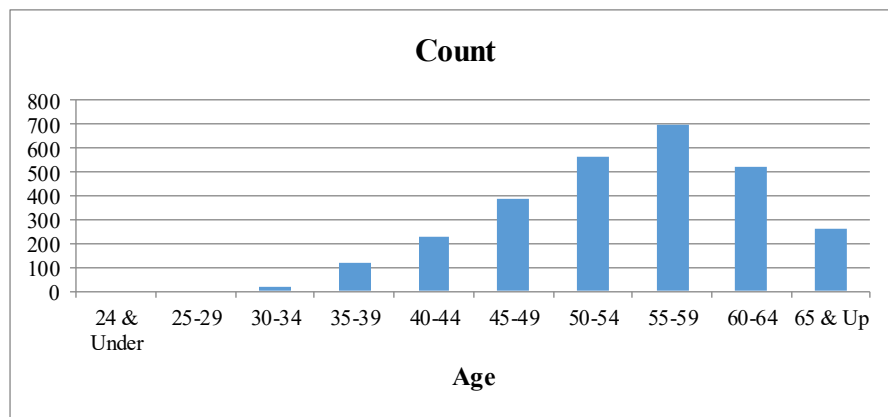
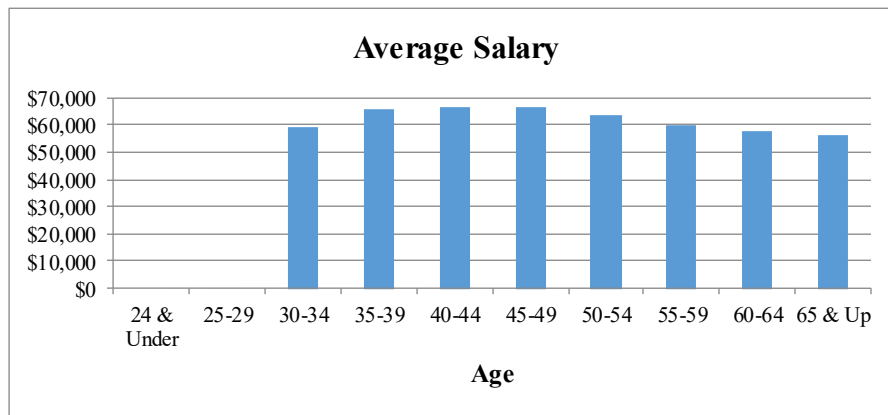


APPENDIX A: MEMBERSHIP DATA

**SUMMARY OF ACTIVE MEMBERS
as of January 1, 2024**

General Employees – Tier 1

| Age | Count | | | Reported FY 2023 Earnings | | |
|------------|------------|------------|------------|---------------------------|------------------|-------------------|
| | Male | Female | Total | Male | Female | Total |
| 24 & Under | 0 | 0 | 0 | \$ 0 | \$ 0 | \$ 0 |
| 25-29 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30-34 | 12 | 11 | 23 | 762,143 | 599,661 | 1,361,804 |
| 35-39 | 62 | 56 | 118 | 4,503,175 | 3,285,403 | 7,788,578 |
| 40-44 | 108 | 124 | 232 | 7,962,696 | 7,453,718 | 15,416,414 |
| 45-49 | 190 | 197 | 387 | 14,021,916 | 11,678,344 | 25,700,260 |
| 50-54 | 275 | 290 | 565 | 20,148,333 | 15,611,915 | 35,760,248 |
| 55-59 | 334 | 362 | 696 | 23,100,731 | 18,280,863 | 41,381,594 |
| 60-64 | 231 | 290 | 521 | 15,879,368 | 14,148,449 | 30,027,817 |
| 65 & Up | <u>113</u> | <u>147</u> | <u>260</u> | <u>8,014,474</u> | <u>6,585,908</u> | <u>14,600,382</u> |
| Total | 1,325 | 1,477 | 2,802 | \$ 94,392,836 | \$ 77,644,261 | \$ 172,037,097 |



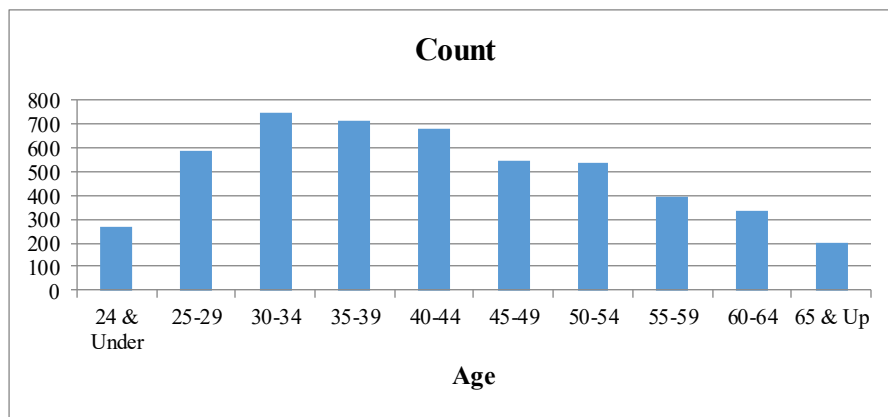
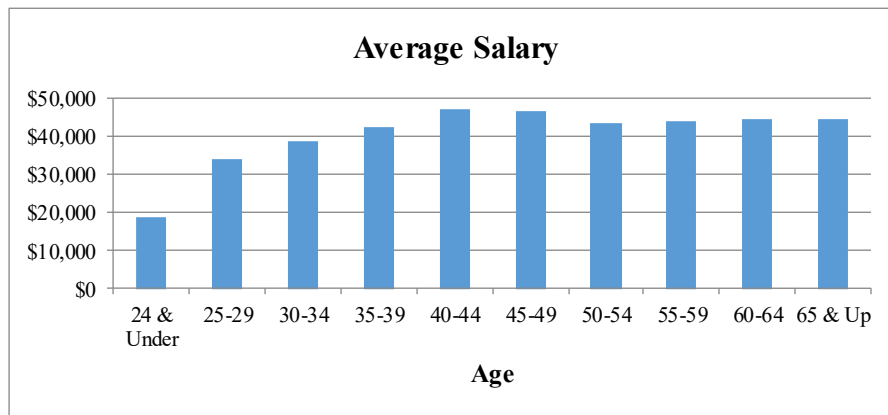


APPENDIX A: MEMBERSHIP DATA

**SUMMARY OF ACTIVE MEMBERS
as of January 1, 2024**

General Employees – Tier 2

| <u>Age</u> | <u>Count</u> | | | <u>Reported FY 2023 Earnings</u> | | |
|------------|--------------|---------------|--------------|----------------------------------|------------------|------------------|
| | <u>Male</u> | <u>Female</u> | <u>Total</u> | <u>Male</u> | <u>Female</u> | <u>Total</u> |
| 24 & Under | 114 | 156 | 270 | \$ 2,705,810 | \$ 2,382,845 | \$ 5,088,655 |
| 25-29 | 238 | 351 | 589 | 8,791,014 | 11,174,035 | 19,965,049 |
| 30-34 | 298 | 450 | 748 | 13,265,428 | 15,432,354 | 28,697,782 |
| 35-39 | 275 | 436 | 711 | 14,105,692 | 15,848,415 | 29,954,107 |
| 40-44 | 283 | 394 | 677 | 15,294,971 | 16,589,377 | 31,884,348 |
| 45-49 | 210 | 333 | 543 | 11,296,339 | 13,897,354 | 25,193,693 |
| 50-54 | 242 | 296 | 538 | 11,491,588 | 11,670,471 | 23,162,059 |
| 55-59 | 174 | 222 | 396 | 8,841,802 | 8,388,119 | 17,229,921 |
| 60-64 | 160 | 178 | 338 | 8,496,594 | 6,522,284 | 15,018,878 |
| 65 & Up | <u>96</u> | <u>108</u> | <u>204</u> | <u>5,346,053</u> | <u>3,655,818</u> | <u>9,001,871</u> |
| Total | 2,090 | 2,924 | 5,014 | \$ 99,635,291 | \$ 105,561,072 | \$ 205,196,363 |



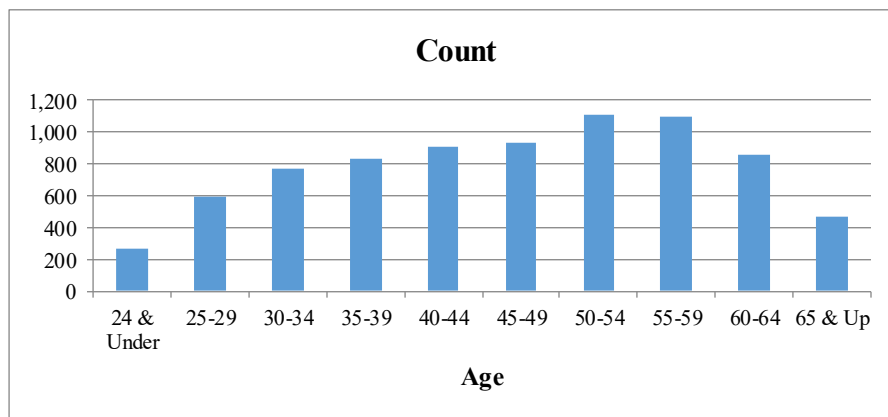


APPENDIX A: MEMBERSHIP DATA

**SUMMARY OF ACTIVE MEMBERS
as of January 1, 2024**

General Employees – Total

| <u>Age</u> | <u>Count</u> | | | <u>Reported FY 2023 Earnings</u> | | |
|------------|--------------|---------------|--------------|----------------------------------|-------------------|-------------------|
| | <u>Male</u> | <u>Female</u> | <u>Total</u> | <u>Male</u> | <u>Female</u> | <u>Total</u> |
| 24 & Under | 114 | 156 | 270 | \$ 2,705,810 | \$ 2,382,845 | \$ 5,088,655 |
| 25-29 | 238 | 351 | 589 | 8,791,014 | 11,174,035 | 19,965,049 |
| 30-34 | 310 | 461 | 771 | 14,027,571 | 16,032,015 | 30,059,586 |
| 35-39 | 337 | 492 | 829 | 18,608,867 | 19,133,818 | 37,742,685 |
| 40-44 | 391 | 518 | 909 | 23,257,667 | 24,043,095 | 47,300,762 |
| 45-49 | 400 | 530 | 930 | 25,318,255 | 25,575,698 | 50,893,953 |
| 50-54 | 517 | 586 | 1,103 | 31,639,921 | 27,282,386 | 58,922,307 |
| 55-59 | 508 | 584 | 1,092 | 31,942,533 | 26,668,982 | 58,611,515 |
| 60-64 | 391 | 468 | 859 | 24,375,962 | 20,670,733 | 45,046,695 |
| 65 & Up | <u>209</u> | <u>255</u> | <u>464</u> | <u>13,360,527</u> | <u>10,241,726</u> | <u>23,602,253</u> |
| Total | 3,415 | 4,401 | 7,816 | \$ 194,028,127 | \$ 183,205,333 | \$ 377,233,460 |



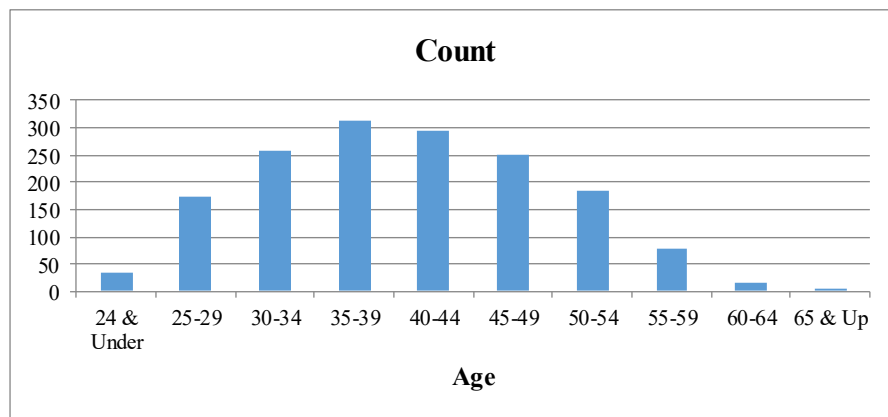
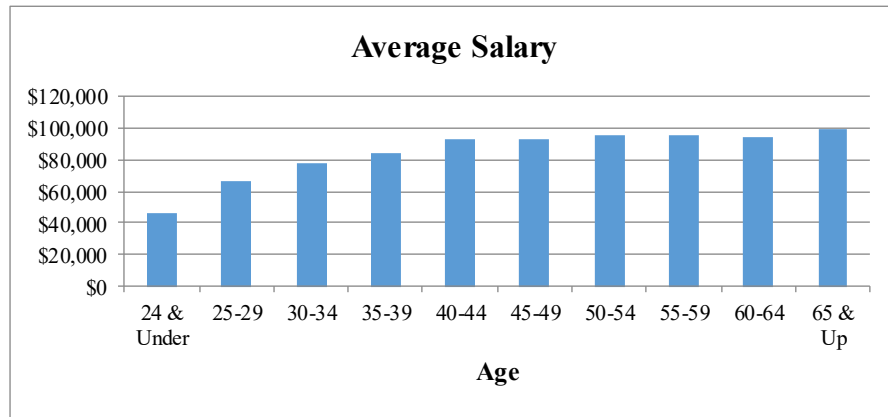


APPENDIX A: MEMBERSHIP DATA

**SUMMARY OF ACTIVE MEMBERS
as of January 1, 2024**

Policemen

| Age | Count | | | Reported FY 2023 Earnings | | |
|------------|----------|----------|----------|---------------------------|---------------|----------------|
| | Male | Female | Total | Male | Female | Total |
| 24 & Under | 25 | 8 | 33 | \$ 1,088,653 | \$ 440,656 | \$ 1,529,309 |
| 25-29 | 139 | 34 | 173 | 9,055,231 | 2,317,215 | 11,372,446 |
| 30-34 | 221 | 38 | 259 | 17,276,305 | 2,970,896 | 20,247,201 |
| 35-39 | 265 | 46 | 311 | 22,159,218 | 4,015,183 | 26,174,401 |
| 40-44 | 243 | 52 | 295 | 22,401,257 | 4,836,737 | 27,237,994 |
| 45-49 | 212 | 38 | 250 | 19,685,284 | 3,599,479 | 23,284,763 |
| 50-54 | 156 | 27 | 183 | 14,661,162 | 2,673,401 | 17,334,563 |
| 55-59 | 69 | 9 | 78 | 6,532,999 | 879,794 | 7,412,793 |
| 60-64 | 13 | 3 | 16 | 1,192,660 | 303,546 | 1,496,206 |
| 65 & Up | <u>2</u> | <u>1</u> | <u>3</u> | <u>205,976</u> | <u>90,765</u> | <u>296,741</u> |
| Total | 1,345 | 256 | 1,601 | \$ 114,258,745 | \$ 22,127,672 | \$ 136,386,417 |



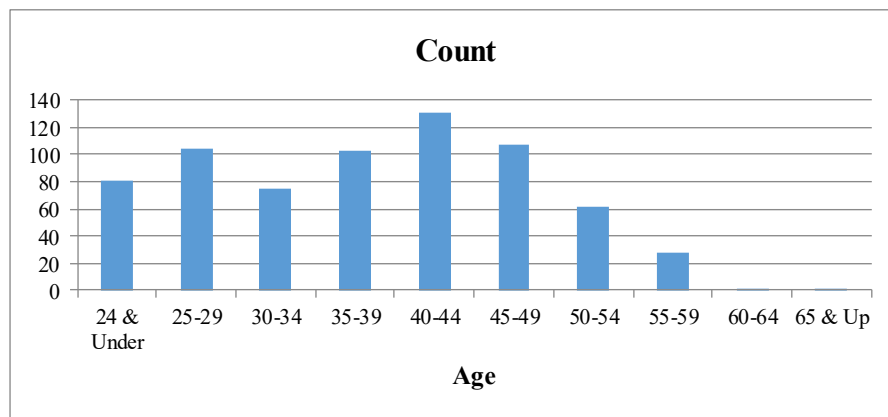
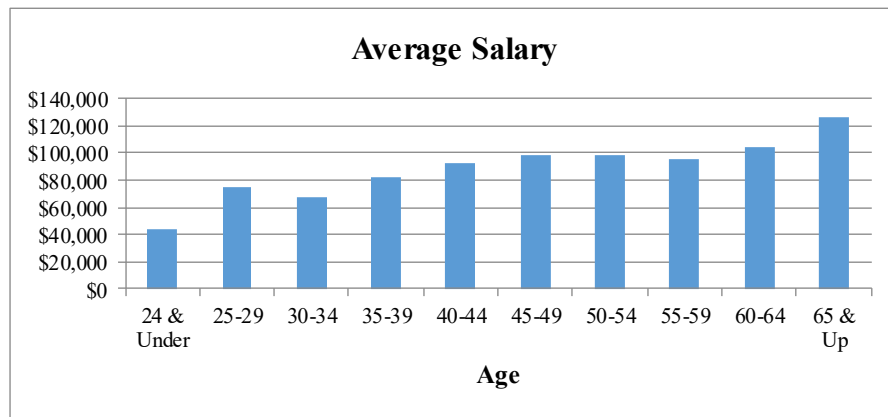


APPENDIX A: MEMBERSHIP DATA

**SUMMARY OF ACTIVE MEMBERS
as of January 1, 2024**

Firemen

| Age | Count | | | Reported FY 2023 Earnings | | |
|------------|----------|----------|----------|---------------------------|--------------|----------------|
| | Male | Female | Total | Male | Female | Total |
| 24 & Under | 62 | 18 | 80 | \$ 2,698,708 | \$ 871,093 | \$ 3,569,801 |
| 25-29 | 89 | 15 | 104 | 6,590,479 | 1,132,148 | 7,722,627 |
| 30-34 | 69 | 6 | 75 | 4,688,940 | 400,542 | 5,089,482 |
| 35-39 | 96 | 6 | 102 | 7,887,666 | 502,586 | 8,390,252 |
| 40-44 | 127 | 4 | 131 | 11,754,622 | 358,197 | 12,112,819 |
| 45-49 | 104 | 3 | 107 | 10,149,488 | 295,432 | 10,444,920 |
| 50-54 | 61 | 0 | 61 | 5,998,640 | 0 | 5,998,640 |
| 55-59 | 27 | 1 | 28 | 2,578,514 | 102,327 | 2,680,841 |
| 60-64 | 2 | 0 | 2 | 209,341 | 0 | 209,341 |
| 65 & Up | <u>1</u> | <u>0</u> | <u>1</u> | <u>126,582</u> | <u>0</u> | <u>126,582</u> |
| Total | 638 | 53 | 691 | \$ 52,682,980 | \$ 3,662,325 | \$ 56,345,305 |





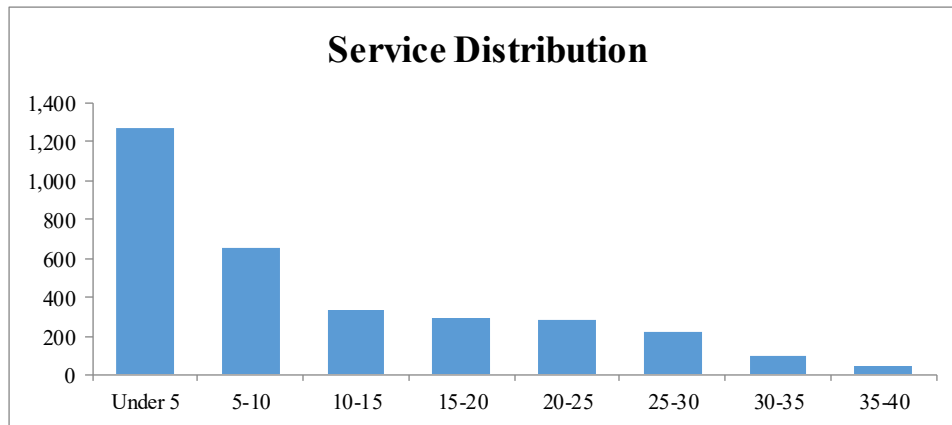
APPENDIX A: MEMBERSHIP DATA

**DISTRIBUTION OF ACTIVE MEMBERS
as of January 1, 2024**

General City*

| Age | Service | | | | | | | | Total |
|--------------|--------------|------------|------------|------------|------------|------------|-----------|-----------|--------------|
| | Under 5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30-35 | 35-40 | |
| 24 & Under | 70 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 70 |
| 25-29 | 199 | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 215 |
| 30-34 | 207 | 67 | 9 | 0 | 0 | 0 | 0 | 0 | 283 |
| 35-39 | 176 | 100 | 55 | 12 | 0 | 0 | 0 | 0 | 343 |
| 40-44 | 176 | 126 | 55 | 52 | 14 | 1 | 0 | 0 | 424 |
| 45-49 | 142 | 87 | 52 | 62 | 55 | 19 | 1 | 0 | 418 |
| 50-54 | 123 | 97 | 57 | 58 | 77 | 67 | 18 | 1 | 498 |
| 55-59 | 89 | 58 | 45 | 51 | 79 | 84 | 20 | 10 | 436 |
| 60-64 | 61 | 69 | 37 | 37 | 38 | 38 | 39 | 20 | 339 |
| 65 & Up | 28 | 37 | 21 | 26 | 15 | 7 | 16 | 18 | 168 |
| Total | 1,271 | 657 | 331 | 298 | 278 | 216 | 94 | 49 | 3,194 |

* Includes Elected Officials, General Employees of the City of Milwaukee, and Redevelopment Authority



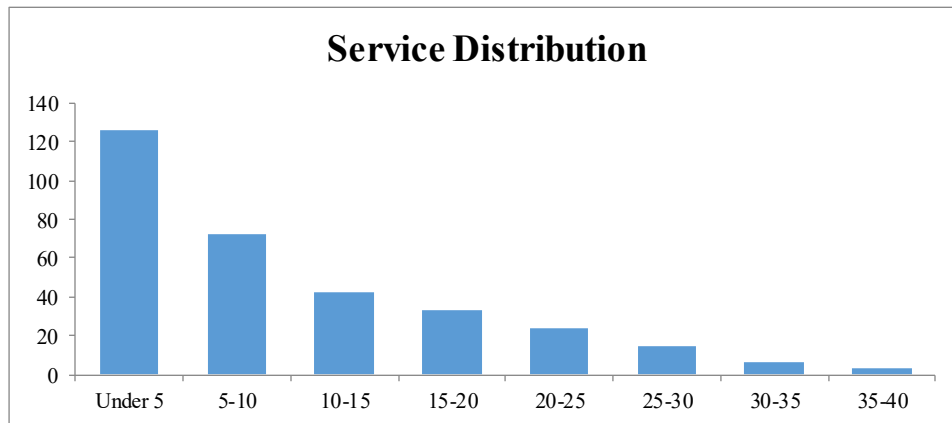


APPENDIX A: MEMBERSHIP DATA

**DISTRIBUTION OF ACTIVE MEMBERS
as of January 1, 2024**

Water Department

| Age | Service | | | | | | | | Total |
|--------------|------------|-----------|-----------|-----------|-----------|-----------|----------|----------|------------|
| | Under 5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30-35 | 35-40 | |
| 24 & Under | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 |
| 25-29 | 22 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 25 |
| 30-34 | 28 | 8 | 1 | 0 | 0 | 0 | 0 | 0 | 37 |
| 35-39 | 18 | 14 | 2 | 0 | 0 | 0 | 0 | 0 | 34 |
| 40-44 | 14 | 11 | 6 | 6 | 2 | 0 | 0 | 0 | 39 |
| 45-49 | 10 | 10 | 8 | 7 | 7 | 2 | 0 | 0 | 44 |
| 50-54 | 15 | 12 | 7 | 8 | 6 | 1 | 1 | 0 | 50 |
| 55-59 | 9 | 8 | 12 | 8 | 8 | 8 | 3 | 0 | 56 |
| 60-64 | 4 | 5 | 6 | 4 | 1 | 2 | 1 | 3 | 26 |
| 65 & Up | 3 | 1 | 0 | 0 | 0 | 2 | 1 | 0 | 7 |
| Total | 126 | 72 | 42 | 33 | 24 | 15 | 6 | 3 | 321 |



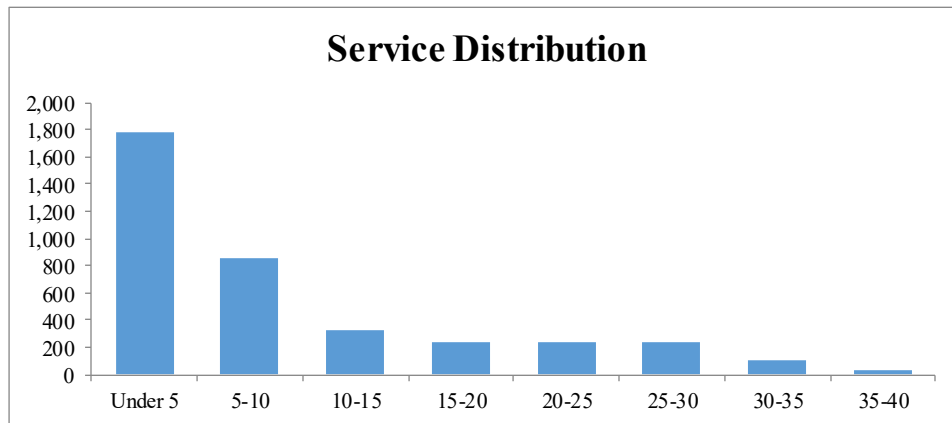


APPENDIX A: MEMBERSHIP DATA

**DISTRIBUTION OF ACTIVE MEMBERS
as of January 1, 2024**

School Board

| Age | Service | | | | | | | | Total |
|--------------|--------------|------------|------------|------------|------------|------------|------------|-----------|--------------|
| | Under 5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30-35 | 35-40 | |
| 24 & Under | 180 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 182 |
| 25-29 | 286 | 26 | 0 | 0 | 0 | 0 | 0 | 0 | 312 |
| 30-34 | 285 | 101 | 7 | 0 | 0 | 0 | 0 | 0 | 393 |
| 35-39 | 240 | 132 | 27 | 3 | 0 | 0 | 0 | 0 | 402 |
| 40-44 | 206 | 117 | 36 | 25 | 5 | 0 | 0 | 0 | 389 |
| 45-49 | 163 | 106 | 46 | 46 | 23 | 16 | 0 | 0 | 400 |
| 50-54 | 158 | 113 | 59 | 50 | 55 | 50 | 12 | 1 | 498 |
| 55-59 | 114 | 101 | 64 | 66 | 66 | 82 | 41 | 8 | 542 |
| 60-64 | 103 | 87 | 56 | 37 | 51 | 60 | 43 | 13 | 450 |
| 65 & Up | 53 | 72 | 27 | 18 | 33 | 25 | 15 | 13 | 256 |
| Total | 1,788 | 857 | 322 | 245 | 233 | 233 | 111 | 35 | 3,824 |



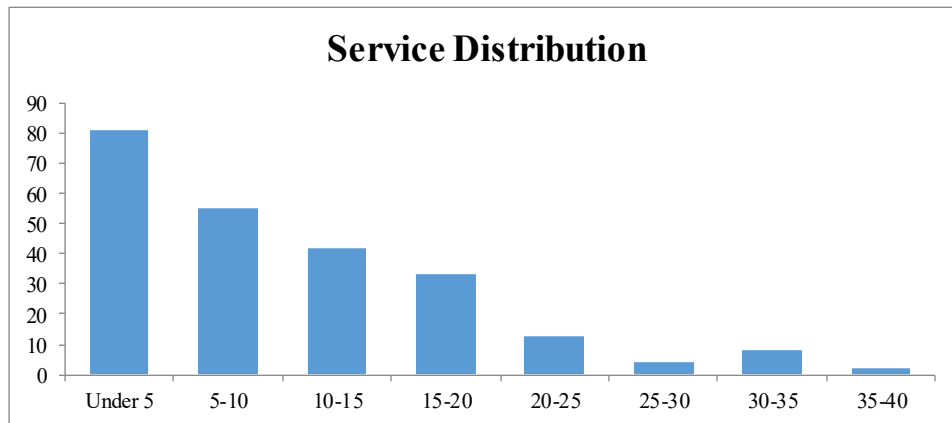


APPENDIX A: MEMBERSHIP DATA

**DISTRIBUTION OF ACTIVE MEMBERS
as of January 1, 2024**

Sewerage Commission

| Age | Service | | | | | | | | Total |
|--------------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|------------|
| | Under 5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30-35 | 35-40 | |
| 24 & Under | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 |
| 25-29 | 17 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17 |
| 30-34 | 24 | 10 | 3 | 0 | 0 | 0 | 0 | 0 | 37 |
| 35-39 | 10 | 14 | 9 | 0 | 0 | 0 | 0 | 0 | 33 |
| 40-44 | 5 | 9 | 10 | 3 | 0 | 0 | 0 | 0 | 27 |
| 45-49 | 10 | 5 | 12 | 10 | 2 | 0 | 0 | 0 | 39 |
| 50-54 | 5 | 5 | 4 | 9 | 1 | 0 | 1 | 0 | 25 |
| 55-59 | 3 | 6 | 2 | 4 | 5 | 2 | 1 | 1 | 24 |
| 60-64 | 2 | 4 | 1 | 5 | 2 | 1 | 4 | 0 | 19 |
| 65 & Up | 1 | 2 | 1 | 2 | 3 | 1 | 2 | 1 | 13 |
| Total | 81 | 55 | 42 | 33 | 13 | 4 | 8 | 2 | 238 |



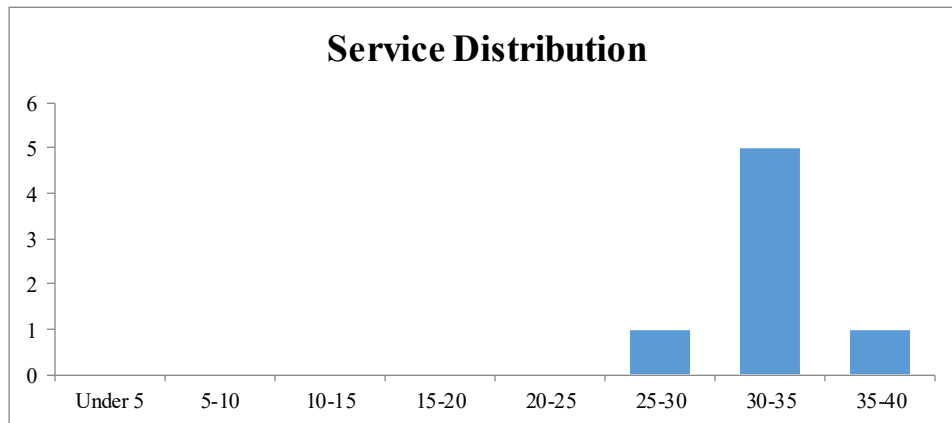


APPENDIX A: MEMBERSHIP DATA

**DISTRIBUTION OF ACTIVE MEMBERS
as of January 1, 2024**

Veolia

| Age | Service | | | | | | | | Total |
|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Under 5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30-35 | 35-40 | |
| 24 & Under | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25-29 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30-34 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 35-39 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 40-44 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 45-49 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 50-54 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 55-59 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 2 |
| 60-64 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 0 | 3 |
| 65 & Up | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 2 |
| Total | 0 | 0 | 0 | 0 | 0 | 1 | 5 | 1 | 7 |



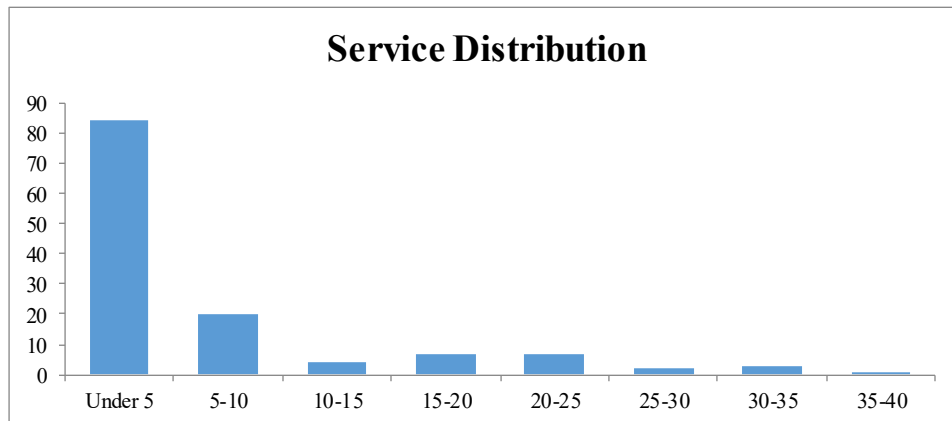


APPENDIX A: MEMBERSHIP DATA

**DISTRIBUTION OF ACTIVE MEMBERS
as of January 1, 2024**

Wisconsin District Center

| Age | Service | | | | | | | | Total |
|--------------|-----------|-----------|----------|----------|----------|----------|----------|----------|------------|
| | Under 5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30-35 | 35-40 | |
| 24 & Under | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9 |
| 25-29 | 14 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 16 |
| 30-34 | 14 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 16 |
| 35-39 | 6 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 9 |
| 40-44 | 14 | 2 | 0 | 2 | 1 | 0 | 0 | 0 | 19 |
| 45-49 | 5 | 3 | 2 | 2 | 2 | 0 | 0 | 0 | 14 |
| 50-54 | 8 | 3 | 0 | 1 | 1 | 2 | 0 | 0 | 15 |
| 55-59 | 5 | 3 | 0 | 0 | 0 | 0 | 2 | 0 | 10 |
| 60-64 | 3 | 2 | 0 | 1 | 2 | 0 | 1 | 0 | 9 |
| 65 & Up | 6 | 1 | 1 | 1 | 1 | 0 | 0 | 1 | 11 |
| Total | 84 | 20 | 4 | 7 | 7 | 2 | 3 | 1 | 128 |



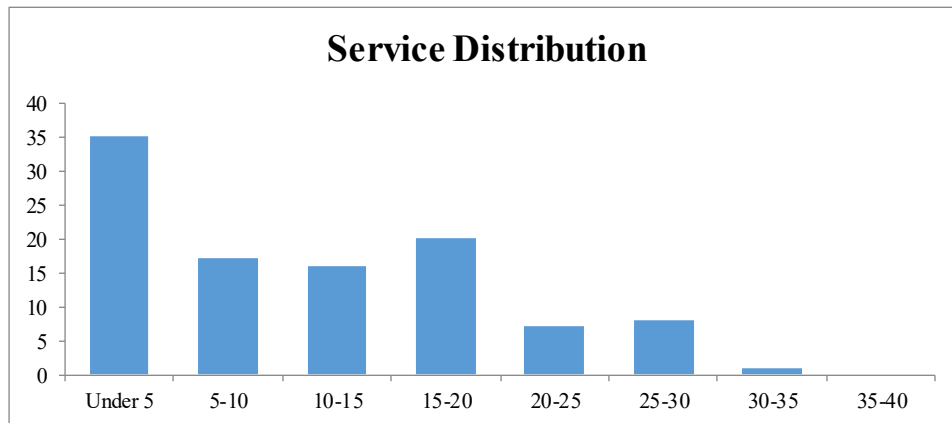


APPENDIX A: MEMBERSHIP DATA

**DISTRIBUTION OF ACTIVE MEMBERS
as of January 1, 2024**

Housing Authority

| Age | Service | | | | | | | | Total |
|--------------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|------------|
| | Under 5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30-35 | 35-40 | |
| 24 & Under | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| 25-29 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 |
| 30-34 | 4 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 5 |
| 35-39 | 5 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 8 |
| 40-44 | 5 | 3 | 2 | 1 | 0 | 0 | 0 | 0 | 11 |
| 45-49 | 3 | 6 | 1 | 5 | 0 | 0 | 0 | 0 | 15 |
| 50-54 | 4 | 3 | 4 | 2 | 3 | 0 | 1 | 0 | 17 |
| 55-59 | 4 | 1 | 4 | 5 | 2 | 6 | 0 | 0 | 22 |
| 60-64 | 1 | 2 | 2 | 4 | 2 | 2 | 0 | 0 | 13 |
| 65 & Up | 3 | 1 | 1 | 2 | 0 | 0 | 0 | 0 | 7 |
| Total | 35 | 17 | 16 | 20 | 7 | 8 | 1 | 0 | 104 |



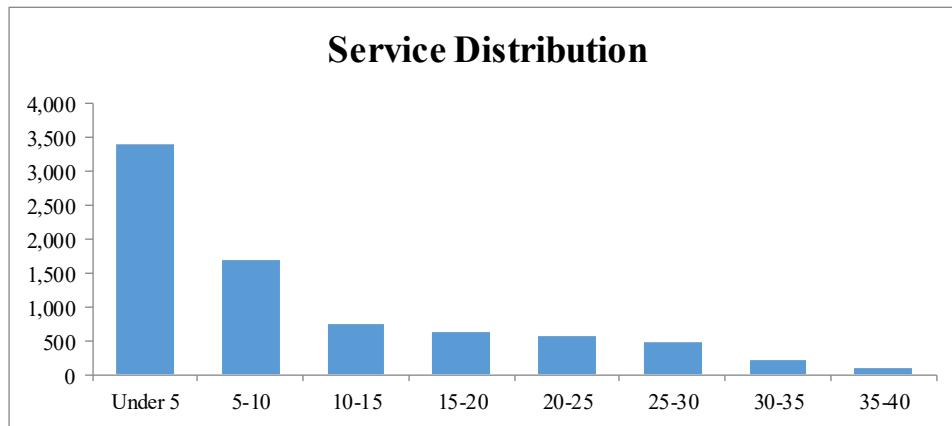


APPENDIX A: MEMBERSHIP DATA

**DISTRIBUTION OF ACTIVE MEMBERS
as of January 1, 2024**

General Employees – Total

| Age | Service | | | | | | | | Total |
|--------------|--------------|--------------|------------|------------|------------|------------|------------|-----------|--------------|
| | Under 5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30-35 | 35-40 | |
| 24 & Under | 268 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 270 |
| 25-29 | 542 | 47 | 0 | 0 | 0 | 0 | 0 | 0 | 589 |
| 30-34 | 562 | 187 | 22 | 0 | 0 | 0 | 0 | 0 | 771 |
| 35-39 | 455 | 264 | 94 | 16 | 0 | 0 | 0 | 0 | 829 |
| 40-44 | 420 | 268 | 109 | 89 | 22 | 1 | 0 | 0 | 909 |
| 45-49 | 333 | 217 | 121 | 132 | 89 | 37 | 1 | 0 | 930 |
| 50-54 | 313 | 233 | 131 | 128 | 143 | 120 | 33 | 2 | 1,103 |
| 55-59 | 224 | 177 | 127 | 134 | 160 | 183 | 68 | 19 | 1,092 |
| 60-64 | 174 | 169 | 102 | 88 | 96 | 103 | 91 | 36 | 859 |
| 65 & Up | 94 | 114 | 51 | 49 | 52 | 35 | 35 | 34 | 464 |
| Total | 3,385 | 1,678 | 757 | 636 | 562 | 479 | 228 | 91 | 7,816 |



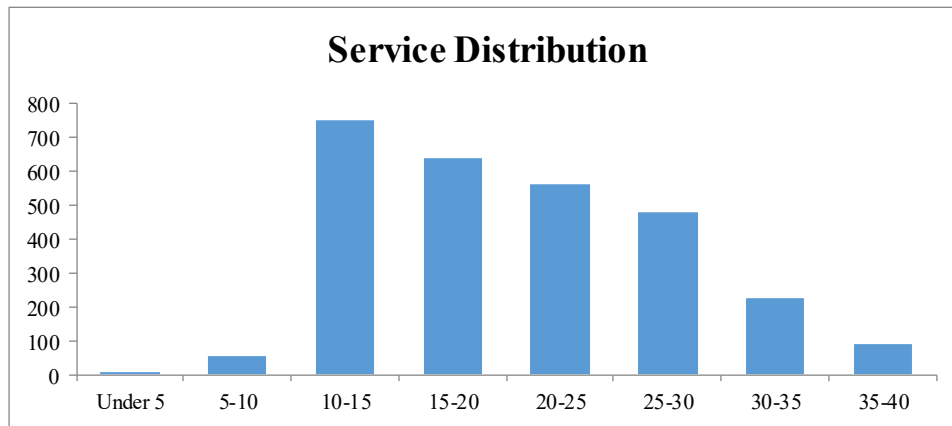


APPENDIX A: MEMBERSHIP DATA

**DISTRIBUTION OF ACTIVE MEMBERS
as of January 1, 2024**

General Employees – Tier 1

| <u>Age</u> | <u>Service</u> | | | | | | | | <u>Total</u> |
|--------------|----------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | <u>Under 5</u> | <u>5-10</u> | <u>10-15</u> | <u>15-20</u> | <u>20-25</u> | <u>25-30</u> | <u>30-35</u> | <u>35-40</u> | |
| 24 & Under | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25-29 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30-34 | 1 | 1 | 21 | 0 | 0 | 0 | 0 | 0 | 23 |
| 35-39 | 0 | 9 | 93 | 16 | 0 | 0 | 0 | 0 | 118 |
| 40-44 | 1 | 11 | 108 | 89 | 22 | 1 | 0 | 0 | 232 |
| 45-49 | 0 | 8 | 120 | 132 | 89 | 37 | 1 | 0 | 387 |
| 50-54 | 1 | 10 | 128 | 128 | 143 | 120 | 33 | 2 | 565 |
| 55-59 | 0 | 7 | 125 | 134 | 160 | 183 | 68 | 19 | 696 |
| 60-64 | 1 | 4 | 102 | 88 | 96 | 103 | 91 | 36 | 521 |
| 65 & Up | 1 | 4 | 50 | 49 | 52 | 35 | 35 | 34 | 260 |
| Total | 5 | 54 | 747 | 636 | 562 | 479 | 228 | 91 | 2,802 |



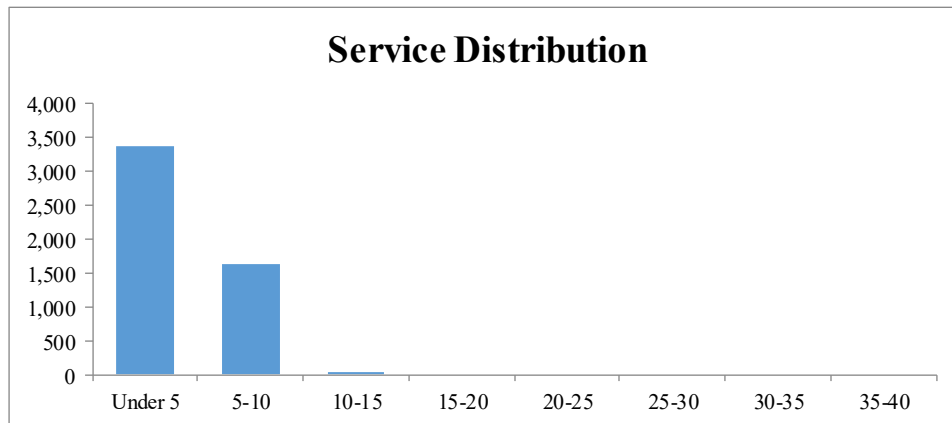


APPENDIX A: MEMBERSHIP DATA

**DISTRIBUTION OF ACTIVE MEMBERS
as of January 1, 2024**

General Employees – Tier 2

| <u>Age</u> | <u>Service</u> | | | | | | | | <u>Total</u> |
|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | <u>Under 5</u> | <u>5-10</u> | <u>10-15</u> | <u>15-20</u> | <u>20-25</u> | <u>25-30</u> | <u>30-35</u> | <u>35-40</u> | |
| 24 & Under | 268 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 270 |
| 25-29 | 542 | 47 | 0 | 0 | 0 | 0 | 0 | 0 | 589 |
| 30-34 | 561 | 186 | 1 | 0 | 0 | 0 | 0 | 0 | 748 |
| 35-39 | 455 | 255 | 1 | 0 | 0 | 0 | 0 | 0 | 711 |
| 40-44 | 419 | 257 | 1 | 0 | 0 | 0 | 0 | 0 | 677 |
| 45-49 | 333 | 209 | 1 | 0 | 0 | 0 | 0 | 0 | 543 |
| 50-54 | 312 | 223 | 3 | 0 | 0 | 0 | 0 | 0 | 538 |
| 55-59 | 224 | 170 | 2 | 0 | 0 | 0 | 0 | 0 | 396 |
| 60-64 | 173 | 165 | 0 | 0 | 0 | 0 | 0 | 0 | 338 |
| 65 & Up | 93 | 110 | 1 | 0 | 0 | 0 | 0 | 0 | 204 |
| Total | 3,380 | 1,624 | 10 | 0 | 0 | 0 | 0 | 0 | 5,014 |



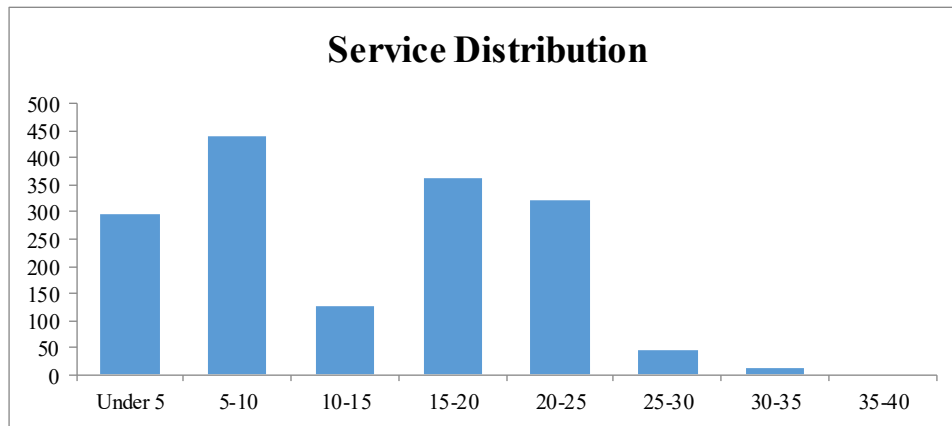


APPENDIX A: MEMBERSHIP DATA

**DISTRIBUTION OF ACTIVE MEMBERS
as of January 1, 2024**

Policemen

| Age | Service | | | | | | | | Total |
|--------------|------------|------------|------------|------------|------------|-----------|-----------|----------|--------------|
| | Under 5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30-35 | 35-40 | |
| 24 & Under | 33 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 33 |
| 25-29 | 104 | 69 | 0 | 0 | 0 | 0 | 0 | 0 | 173 |
| 30-34 | 70 | 148 | 34 | 7 | 0 | 0 | 0 | 0 | 259 |
| 35-39 | 54 | 122 | 49 | 73 | 13 | 0 | 0 | 0 | 311 |
| 40-44 | 15 | 61 | 28 | 128 | 59 | 4 | 0 | 0 | 295 |
| 45-49 | 11 | 25 | 12 | 92 | 100 | 10 | 0 | 0 | 250 |
| 50-54 | 7 | 9 | 3 | 43 | 98 | 20 | 3 | 0 | 183 |
| 55-59 | 1 | 1 | 1 | 15 | 41 | 12 | 7 | 0 | 78 |
| 60-64 | 0 | 3 | 0 | 2 | 9 | 0 | 2 | 0 | 16 |
| 65 & Up | 0 | 0 | 0 | 1 | 0 | 0 | 2 | 0 | 3 |
| Total | 295 | 438 | 127 | 361 | 320 | 46 | 14 | 0 | 1,601 |



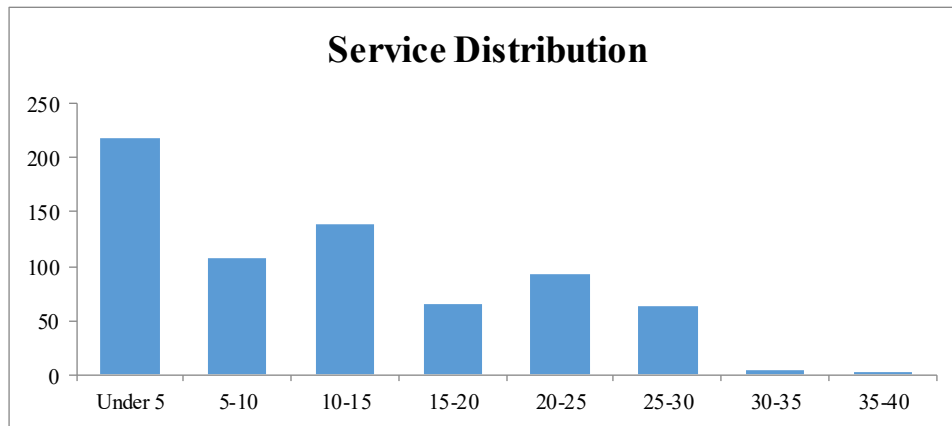


APPENDIX A: MEMBERSHIP DATA

**DISTRIBUTION OF ACTIVE MEMBERS
as of January 1, 2024**

Firemen

| Age | Service | | | | | | | | Total |
|--------------|------------|------------|------------|-----------|-----------|-----------|----------|----------|------------|
| | Under 5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30-35 | 35-40 | |
| 24 & Under | 80 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 80 |
| 25-29 | 44 | 60 | 0 | 0 | 0 | 0 | 0 | 0 | 104 |
| 30-34 | 46 | 28 | 1 | 0 | 0 | 0 | 0 | 0 | 75 |
| 35-39 | 29 | 7 | 38 | 27 | 1 | 0 | 0 | 0 | 102 |
| 40-44 | 9 | 7 | 59 | 10 | 35 | 11 | 0 | 0 | 131 |
| 45-49 | 3 | 6 | 26 | 17 | 26 | 29 | 0 | 0 | 107 |
| 50-54 | 4 | 0 | 12 | 6 | 22 | 17 | 0 | 0 | 61 |
| 55-59 | 2 | 0 | 3 | 6 | 8 | 6 | 3 | 0 | 28 |
| 60-64 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 2 |
| 65 & Up | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Total | 217 | 108 | 139 | 66 | 92 | 64 | 4 | 1 | 691 |



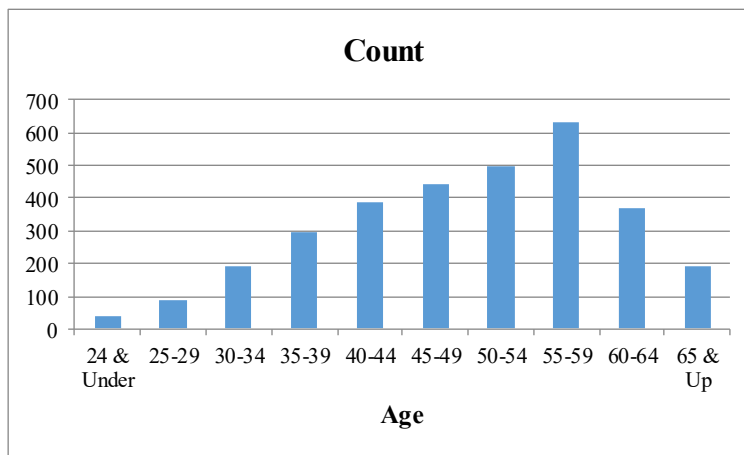
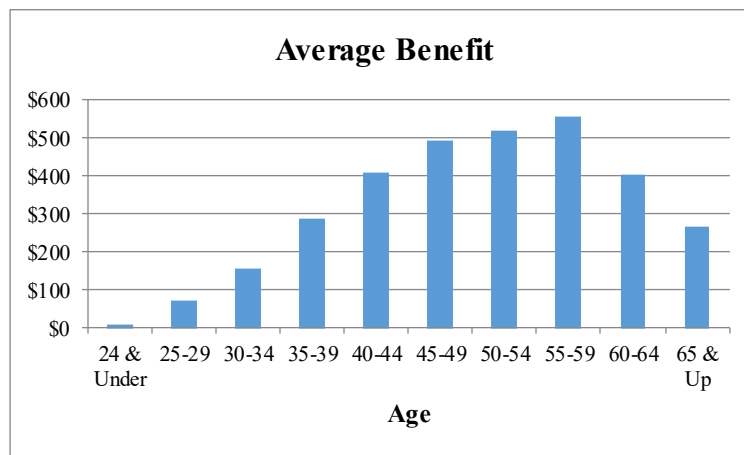


APPENDIX A: MEMBERSHIP DATA

**SUMMARY OF INACTIVE VESTED MEMBERS
as of January 1, 2024**

General Employees

| Age | Count | | | Estimated Monthly Benefits | | |
|------------|-----------|------------|------------|----------------------------|---------------|---------------|
| | Male | Female | Total | Male | Female | Total |
| 24 & Under | 13 | 25 | 38 | \$ 111 | \$ 249 | \$ 360 |
| 25-29 | 36 | 51 | 87 | 2,639 | 3,378 | 6,017 |
| 30-34 | 65 | 126 | 191 | 9,728 | 19,491 | 29,219 |
| 35-39 | 104 | 192 | 296 | 28,843 | 55,544 | 84,387 |
| 40-44 | 162 | 224 | 386 | 78,429 | 78,915 | 157,344 |
| 45-49 | 171 | 269 | 440 | 97,433 | 118,609 | 216,042 |
| 50-54 | 206 | 293 | 499 | 122,980 | 135,949 | 258,929 |
| 55-59 | 260 | 375 | 635 | 167,298 | 184,324 | 351,622 |
| 60-64 | 133 | 235 | 368 | 51,389 | 97,038 | 148,427 |
| 65 & Up | <u>75</u> | <u>115</u> | <u>190</u> | <u>20,880</u> | <u>29,501</u> | <u>50,381</u> |
| Total | 1,225 | 1,905 | 3,130 | \$ 579,730 | \$ 722,998 | \$ 1,302,728 |



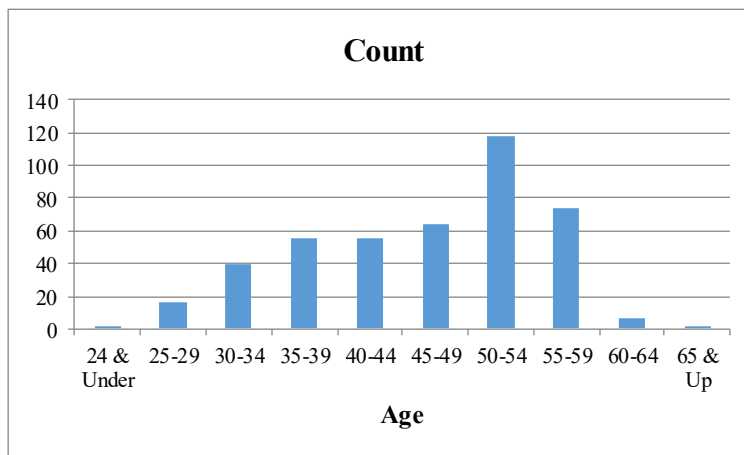
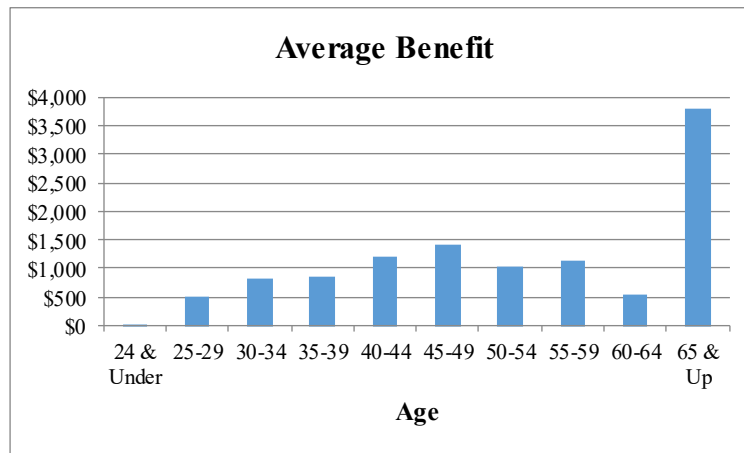


APPENDIX A: MEMBERSHIP DATA

**SUMMARY OF INACTIVE VESTED MEMBERS
as of January 1, 2024**

Policemen

| Age | Count | | | Estimated Monthly Benefits | | |
|------------|----------|----------|----------|----------------------------|-----------|--------------|
| | Male | Female | Total | Male | Female | Total |
| 24 & Under | 2 | 0 | 2 | \$ 16 | \$ 0 | \$ 16 |
| 25-29 | 12 | 5 | 17 | 5,976 | 2,895 | 8,871 |
| 30-34 | 32 | 8 | 40 | 27,726 | 4,896 | 32,622 |
| 35-39 | 45 | 11 | 56 | 40,246 | 8,119 | 48,365 |
| 40-44 | 40 | 15 | 55 | 52,467 | 13,248 | 65,715 |
| 45-49 | 50 | 14 | 64 | 77,689 | 13,502 | 91,191 |
| 50-54 | 85 | 33 | 118 | 95,795 | 27,684 | 123,479 |
| 55-59 | 56 | 18 | 74 | 61,870 | 21,943 | 83,813 |
| 60-64 | 5 | 1 | 6 | 2,397 | 965 | 3,362 |
| 65 & Up | <u>1</u> | <u>0</u> | <u>1</u> | <u>3,795</u> | <u>0</u> | <u>3,795</u> |
| Total | 328 | 105 | 433 | \$ 367,977 | \$ 93,252 | \$ 461,229 |



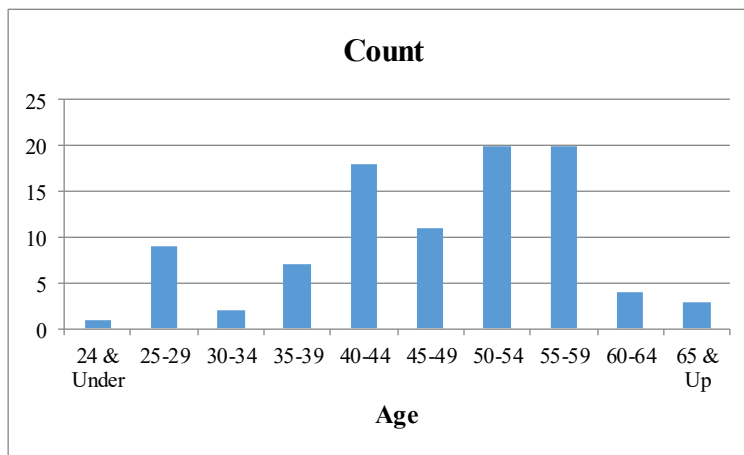
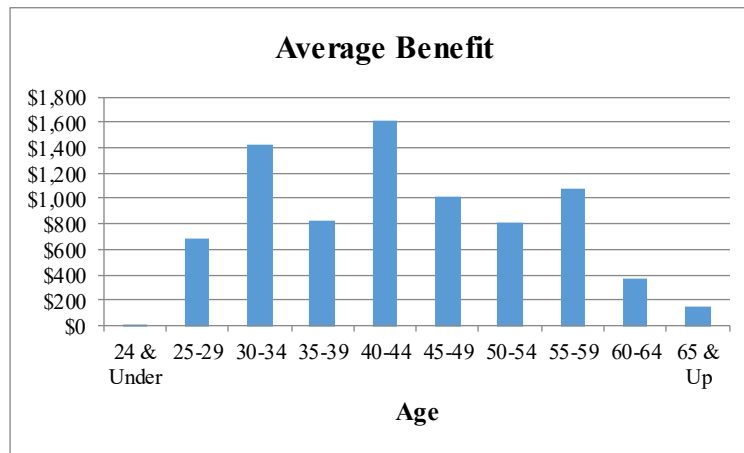


APPENDIX A: MEMBERSHIP DATA

**SUMMARY OF INACTIVE VESTED MEMBERS
as of January 1, 2024**

Firemen

| Age | Count | | | Estimated Monthly Benefits | | |
|------------|----------|----------|----------|----------------------------|----------|------------|
| | Male | Female | Total | Male | Female | Total |
| 24 & Under | 1 | 0 | 1 | \$ 4 | \$ 0 | \$ 4 |
| 25-29 | 8 | 1 | 9 | 5,530 | 704 | 6,234 |
| 30-34 | 2 | 0 | 2 | 2,862 | 0 | 2,862 |
| 35-39 | 6 | 1 | 7 | 5,800 | 9 | 5,809 |
| 40-44 | 18 | 0 | 18 | 29,163 | 0 | 29,163 |
| 45-49 | 11 | 0 | 11 | 11,220 | 0 | 11,220 |
| 50-54 | 18 | 2 | 20 | 16,321 | 31 | 16,352 |
| 55-59 | 19 | 1 | 20 | 20,087 | 1,479 | 21,566 |
| 60-64 | 4 | 0 | 4 | 1,479 | 0 | 1,479 |
| 65 & Up | <u>3</u> | <u>0</u> | <u>3</u> | <u>441</u> | <u>0</u> | <u>441</u> |
| Total | 90 | 5 | 95 | \$ 92,907 | \$ 2,223 | \$ 95,130 |





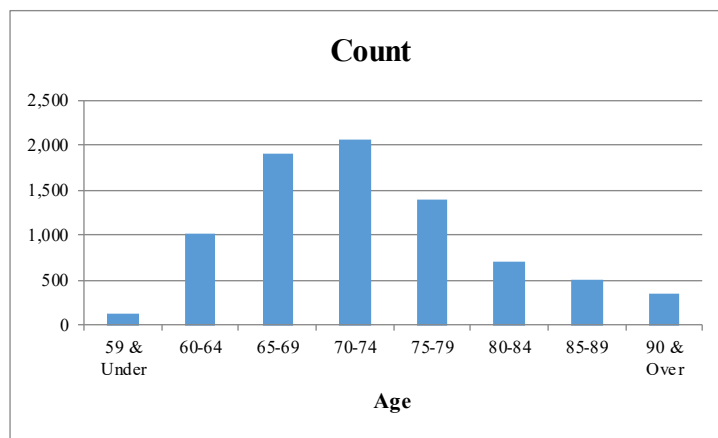
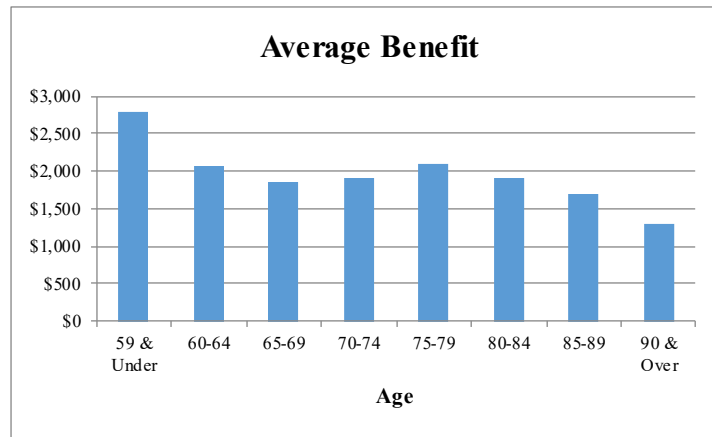
APPENDIX A: MEMBERSHIP DATA

**SUMMARY OF RETIRED MEMBERS
as of January 1, 2024**

General Employees

| Age | Count | | | Monthly Benefits | | |
|------------|------------|------------|------------|------------------|----------------|----------------|
| | Male | Female | Total | Male | Female | Total |
| 59 & Under | 69 | 62 | 131 | \$ 210,792 | \$ 153,939 | \$ 364,731 |
| 60-64 | 467 | 558 | 1,025 | 1,128,456 | 991,467 | 2,119,923 |
| 65-69 | 895 | 1,001 | 1,896 | 2,105,440 | 1,434,755 | 3,540,195 |
| 70-74 | 976 | 1,087 | 2,063 | 2,300,606 | 1,660,490 | 3,961,096 |
| 75-79 | 717 | 678 | 1,395 | 1,966,998 | 951,000 | 2,917,998 |
| 80-84 | 294 | 414 | 708 | 820,224 | 534,708 | 1,354,932 |
| 85-89 | 215 | 290 | 505 | 559,594 | 297,059 | 856,653 |
| 90 & Over | <u>119</u> | <u>241</u> | <u>360</u> | <u>294,501</u> | <u>175,310</u> | <u>469,811</u> |
| Total | 3,752 | 4,331 | 8,083 | \$ 9,386,611 | \$ 6,198,728 | \$ 15,585,339 |

Note: The counts shown are for members who are receiving benefits as of January 1, 2024. Benefit amounts are the full December monthly payment and have been reduced for any workers' compensation offsets.





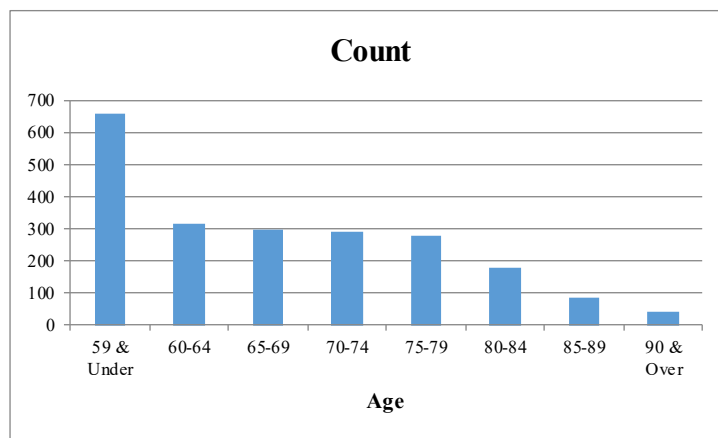
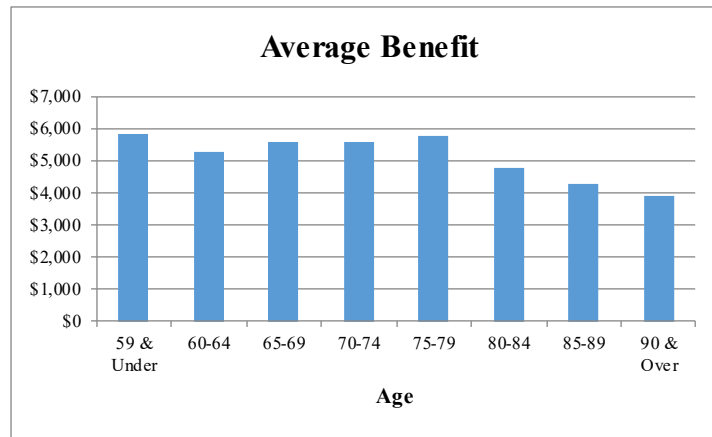
APPENDIX A: MEMBERSHIP DATA

**SUMMARY OF RETIRED MEMBERS
as of January 1, 2024**

Policemen

| Age | Count | | | Monthly Benefits | | |
|------------|-----------|----------|-----------|------------------|--------------|----------------|
| | Male | Female | Total | Male | Female | Total |
| 59 & Under | 525 | 131 | 656 | \$ 3,028,600 | \$ 774,742 | \$ 3,803,342 |
| 60-64 | 263 | 56 | 319 | 1,388,970 | 293,888 | 1,682,858 |
| 65-69 | 247 | 49 | 296 | 1,380,825 | 268,556 | 1,649,381 |
| 70-74 | 254 | 35 | 289 | 1,426,514 | 192,970 | 1,619,484 |
| 75-79 | 266 | 13 | 279 | 1,546,572 | 61,313 | 1,607,885 |
| 80-84 | 177 | 0 | 177 | 844,111 | 0 | 844,111 |
| 85-89 | 87 | 1 | 88 | 373,731 | 4,106 | 377,837 |
| 90 & Over | <u>41</u> | <u>1</u> | <u>42</u> | <u>159,443</u> | <u>3,056</u> | <u>162,499</u> |
| Total | 1,860 | 286 | 2,146 | \$ 10,148,766 | \$ 1,598,631 | \$ 11,747,397 |

Note: The counts shown are for members who are receiving benefits as of January 1, 2024. Benefit amounts are the full December monthly payment and have been reduced for any workers' compensation offsets.





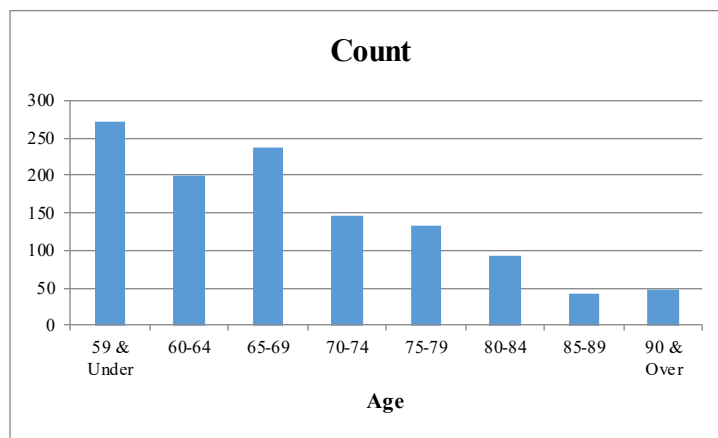
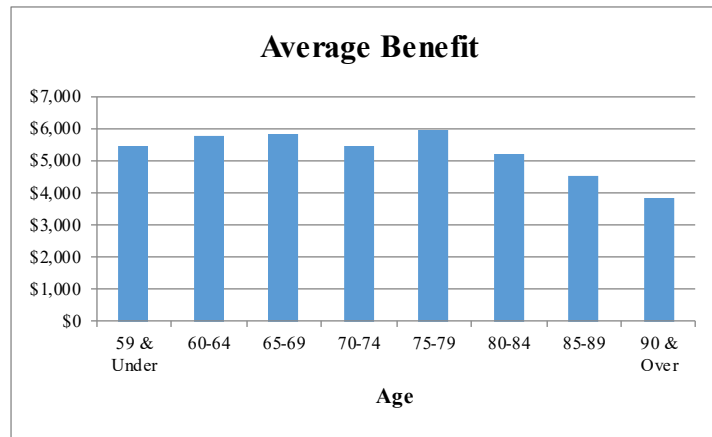
APPENDIX A: MEMBERSHIP DATA

**SUMMARY OF RETIRED MEMBERS
as of January 1, 2024**

Firemen

| Age | Count | | | Monthly Benefits | | |
|------------|-----------|----------|-----------|------------------|--------------|----------------|
| | Male | Female | Total | Male | Female | Total |
| 59 & Under | 254 | 17 | 271 | \$ 1,386,166 | \$ 97,204 | \$ 1,483,370 |
| 60-64 | 182 | 17 | 199 | 1,046,514 | 101,375 | 1,147,889 |
| 65-69 | 223 | 14 | 237 | 1,312,710 | 66,398 | 1,379,108 |
| 70-74 | 141 | 5 | 146 | 780,054 | 19,723 | 799,777 |
| 75-79 | 133 | 1 | 134 | 788,312 | 5,693 | 794,005 |
| 80-84 | 93 | 0 | 93 | 481,158 | 0 | 481,158 |
| 85-89 | 42 | 0 | 42 | 190,855 | 0 | 190,855 |
| 90 & Over | <u>46</u> | <u>1</u> | <u>47</u> | <u>176,516</u> | <u>4,248</u> | <u>180,764</u> |
| Total | 1,114 | 55 | 1,169 | \$ 6,162,285 | \$ 294,641 | \$ 6,456,926 |

Note: The counts shown are for members who are receiving benefits as of January 1, 2024. Benefit amounts are the full December monthly payment and have been reduced for any workers' compensation offsets.





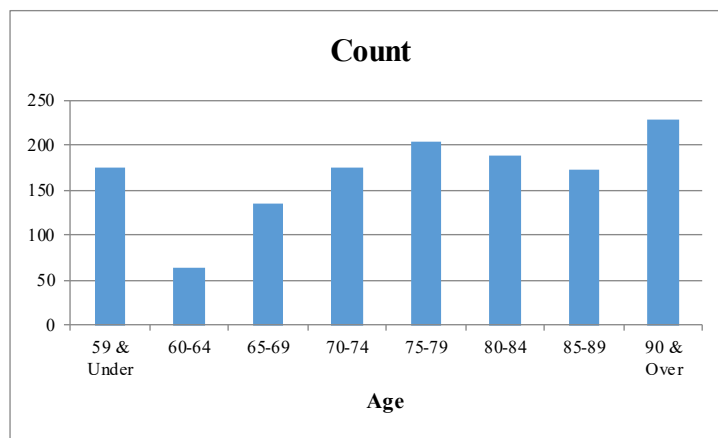
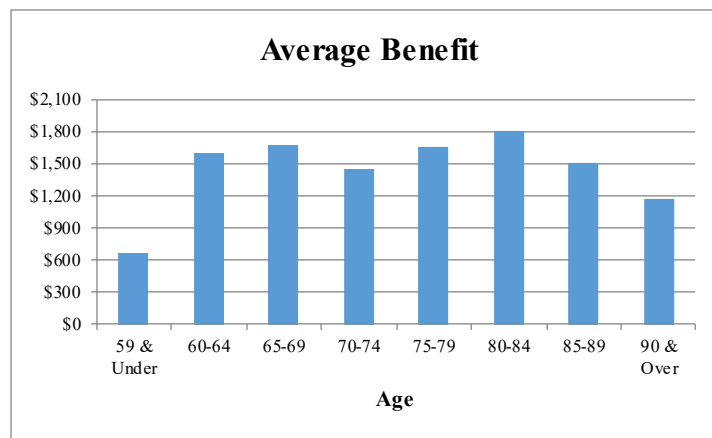
APPENDIX A: MEMBERSHIP DATA

**SUMMARY OF BENEFICIARIES
as of January 1, 2024**

General Employees

| Age | Count | | | Monthly Benefits | | |
|------------|-----------|------------|------------|------------------|----------------|----------------|
| | Male | Female | Total | Male | Female | Total |
| 59 & Under | 69 | 105 | 174 | \$ 38,772 | \$ 77,730 | \$ 116,502 |
| 60-64 | 11 | 54 | 65 | 7,035 | 96,213 | 103,248 |
| 65-69 | 28 | 106 | 134 | 31,509 | 192,515 | 224,024 |
| 70-74 | 32 | 144 | 176 | 26,132 | 228,542 | 254,674 |
| 75-79 | 30 | 174 | 204 | 27,902 | 308,961 | 336,863 |
| 80-84 | 19 | 169 | 188 | 15,330 | 325,139 | 340,469 |
| 85-89 | 14 | 159 | 173 | 13,263 | 247,318 | 260,581 |
| 90 & Over | <u>26</u> | <u>203</u> | <u>229</u> | <u>14,735</u> | <u>252,286</u> | <u>267,021</u> |
| Total | 229 | 1,114 | 1,343 | \$ 174,678 | \$ 1,728,704 | \$ 1,903,382 |

Note: The counts shown are for members who are receiving benefits as of January 1, 2024. Benefit amounts are the full December monthly payment and have been reduced for any workers' compensation offsets.





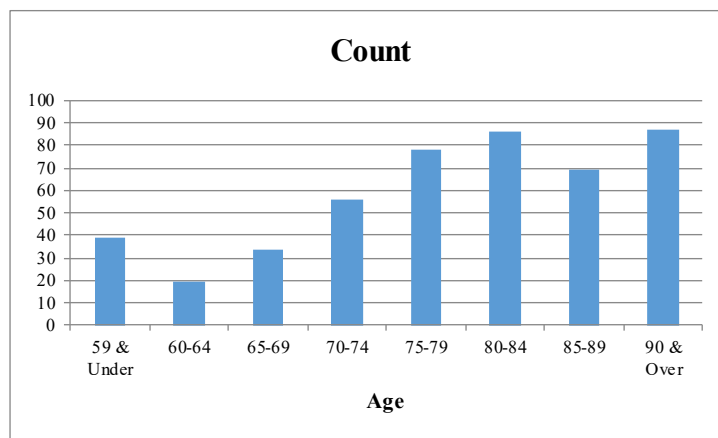
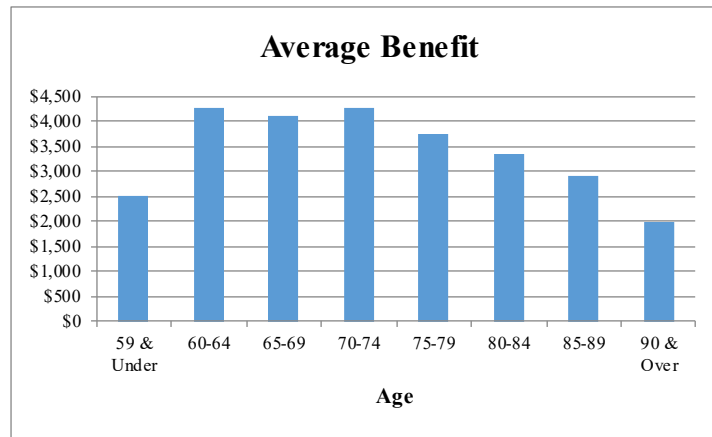
APPENDIX A: MEMBERSHIP DATA

**SUMMARY OF BENEFICIARIES
as of January 1, 2024**

Policemen

| Age | Count | | | Monthly Benefits | | |
|------------|----------|-----------|-----------|------------------|----------------|----------------|
| | Male | Female | Total | Male | Female | Total |
| 59 & Under | 7 | 32 | 39 | \$ 10,335 | \$ 87,654 | \$ 97,989 |
| 60-64 | 0 | 19 | 19 | 0 | 80,752 | 80,752 |
| 65-69 | 3 | 31 | 34 | 4,673 | 134,242 | 138,915 |
| 70-74 | 2 | 54 | 56 | 5,628 | 233,068 | 238,696 |
| 75-79 | 2 | 76 | 78 | 5,189 | 285,229 | 290,418 |
| 80-84 | 0 | 86 | 86 | 0 | 287,386 | 287,386 |
| 85-89 | 0 | 69 | 69 | 0 | 200,703 | 200,703 |
| 90 & Over | <u>1</u> | <u>86</u> | <u>87</u> | <u>1,142</u> | <u>169,777</u> | <u>170,919</u> |
| Total | 15 | 453 | 468 | \$ 26,967 | \$ 1,478,811 | \$ 1,505,778 |

Note: The counts shown are for members who are receiving benefits as of January 1, 2024. Benefit amounts are the full December monthly payment and have been reduced for any workers' compensation offsets.





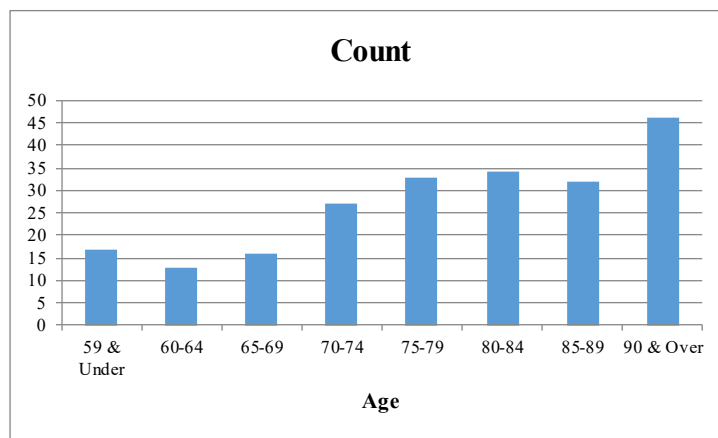
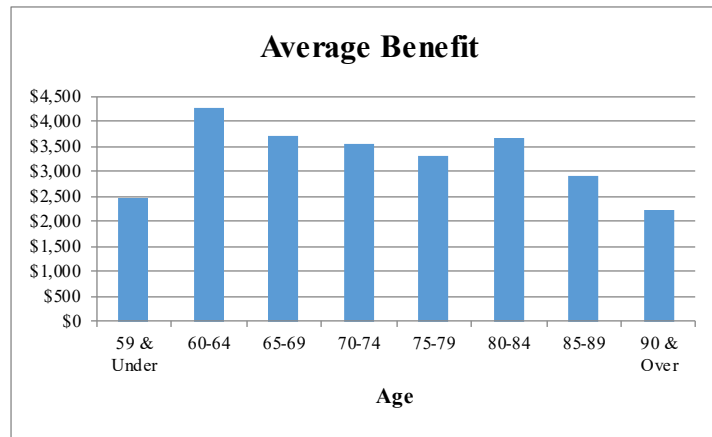
APPENDIX A: MEMBERSHIP DATA

**SUMMARY OF BENEFICIARIES
as of January 1, 2024**

Firemen

| Age | Count | | | Monthly Benefits | | |
|------------|----------|-----------|-----------|------------------|----------------|----------------|
| | Male | Female | Total | Male | Female | Total |
| 59 & Under | 7 | 10 | 17 | \$ 8,142 | \$ 33,433 | \$ 41,575 |
| 60-64 | 1 | 12 | 13 | 1,995 | 53,488 | 55,483 |
| 65-69 | 0 | 16 | 16 | 0 | 59,384 | 59,384 |
| 70-74 | 0 | 27 | 27 | 0 | 95,945 | 95,945 |
| 75-79 | 0 | 33 | 33 | 0 | 108,971 | 108,971 |
| 80-84 | 0 | 34 | 34 | 0 | 124,907 | 124,907 |
| 85-89 | 0 | 32 | 32 | 0 | 93,144 | 93,144 |
| 90 & Over | <u>0</u> | <u>46</u> | <u>46</u> | <u>0</u> | <u>102,905</u> | <u>102,905</u> |
| Total | 8 | 210 | 218 | \$ 10,137 | \$ 672,177 | \$ 682,314 |

Note: The counts shown are for members who are receiving benefits as of January 1, 2024. Benefit amounts are the full December monthly payment and have been reduced for any workers' compensation offsets.





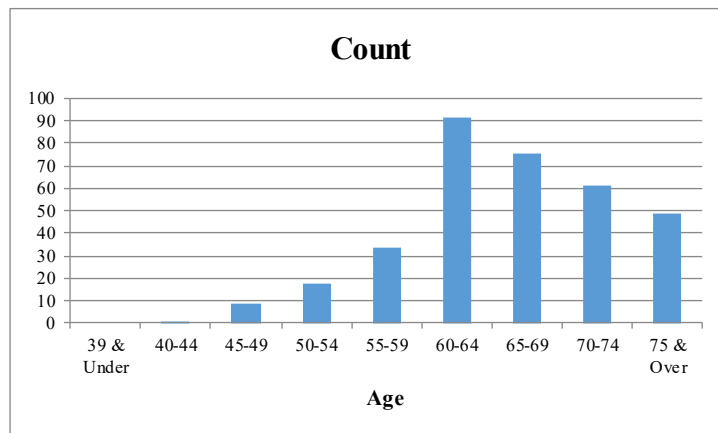
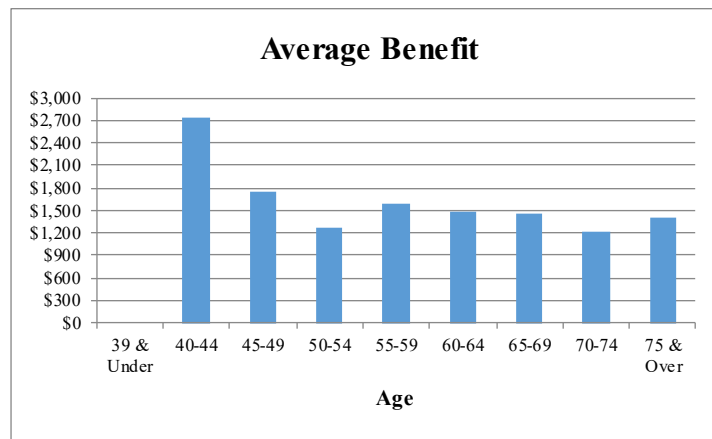
APPENDIX A: MEMBERSHIP DATA

**SUMMARY OF DISABLED MEMBERS
as of January 1, 2024**

General Employees

| Age | Count | | | Monthly Benefits | | |
|------------|-----------|-----------|-----------|------------------|---------------|---------------|
| | Male | Female | Total | Male | Female | Total |
| 39 & Under | 0 | 0 | 0 | \$ 0 | \$ 0 | \$ 0 |
| 40-44 | 1 | 0 | 1 | 2,724 | 0 | 2,724 |
| 45-49 | 5 | 4 | 9 | 7,661 | 8,017 | 15,678 |
| 50-54 | 8 | 10 | 18 | 10,927 | 11,836 | 22,763 |
| 55-59 | 17 | 17 | 34 | 35,768 | 18,189 | 53,957 |
| 60-64 | 43 | 48 | 91 | 80,815 | 53,204 | 134,019 |
| 65-69 | 33 | 42 | 75 | 66,016 | 43,823 | 109,839 |
| 70-74 | 29 | 32 | 61 | 39,940 | 34,491 | 74,431 |
| 75 & Over | <u>26</u> | <u>23</u> | <u>49</u> | <u>44,751</u> | <u>23,443</u> | <u>68,194</u> |
| Total | 162 | 176 | 338 | \$ 288,602 | \$ 193,003 | \$ 481,605 |

Note: The counts shown are for members who are receiving benefits as of January 1, 2024. Benefit amounts are the full December monthly payment and have been reduced for any workers' compensation offsets.





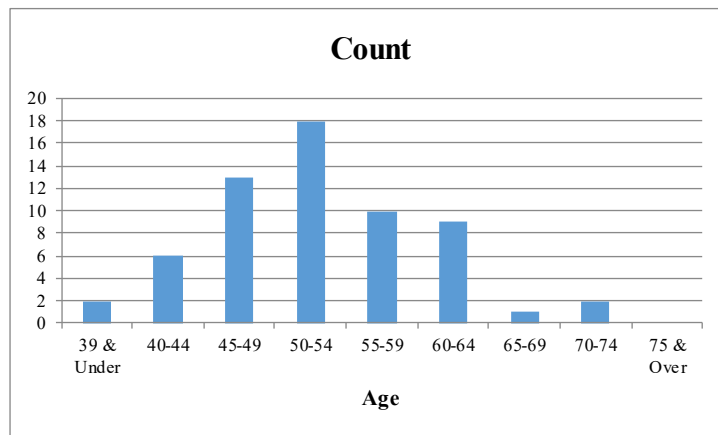
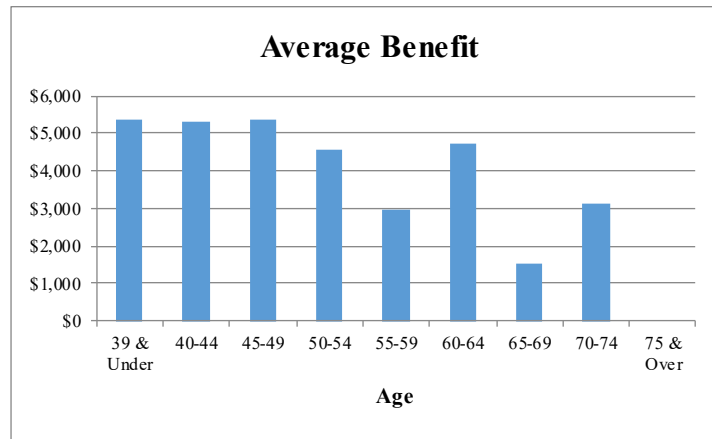
APPENDIX A: MEMBERSHIP DATA

**SUMMARY OF DISABLED MEMBERS
as of January 1, 2024**

Policemen

| Age | Count | | | Monthly Benefits | | |
|------------|-------|--------|-------|------------------|-----------|------------|
| | Male | Female | Total | Male | Female | Total |
| 39 & Under | 2 | 0 | 2 | \$ 10,685 | \$ 0 | \$ 10,685 |
| 40-44 | 4 | 2 | 6 | 22,711 | 9,116 | 31,827 |
| 45-49 | 11 | 2 | 13 | 58,552 | 11,183 | 69,735 |
| 50-54 | 9 | 9 | 18 | 39,996 | 42,638 | 82,634 |
| 55-59 | 7 | 3 | 10 | 16,011 | 13,652 | 29,663 |
| 60-64 | 5 | 4 | 9 | 25,336 | 17,074 | 42,410 |
| 65-69 | 0 | 1 | 1 | 0 | 1,542 | 1,542 |
| 70-74 | 2 | 0 | 2 | 6,295 | 0 | 6,295 |
| 75 & Over | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 40 | 21 | 61 | \$ 179,586 | \$ 95,205 | \$ 274,791 |

Note: The counts shown are for members who are receiving benefits as of January 1, 2024. Benefit amounts are the full December monthly payment and have been reduced for any workers' compensation offsets.





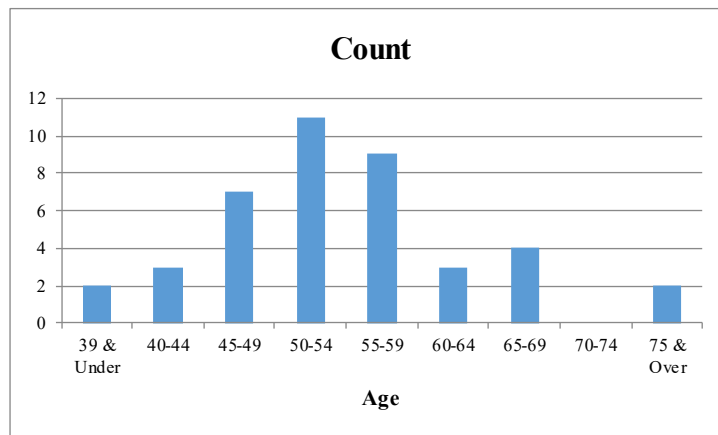
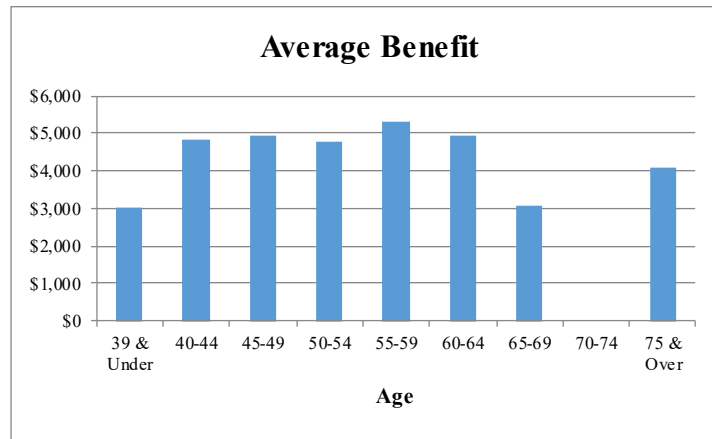
APPENDIX A: MEMBERSHIP DATA

**SUMMARY OF DISABLED MEMBERS
as of January 1, 2024**

Firemen

| Age | Count | | | Monthly Benefits | | |
|------------|----------|----------|----------|------------------|-----------|--------------|
| | Male | Female | Total | Male | Female | Total |
| 39 & Under | 2 | 0 | 2 | \$ 6,041 | \$ 0 | \$ 6,041 |
| 40-44 | 3 | 0 | 3 | 14,465 | 0 | 14,465 |
| 45-49 | 7 | 0 | 7 | 34,734 | 0 | 34,734 |
| 50-54 | 11 | 0 | 11 | 52,690 | 0 | 52,690 |
| 55-59 | 9 | 0 | 9 | 47,651 | 0 | 47,651 |
| 60-64 | 2 | 1 | 3 | 8,705 | 6,051 | 14,756 |
| 65-69 | 2 | 2 | 4 | 6,414 | 5,902 | 12,316 |
| 70-74 | 0 | 0 | 0 | 0 | 0 | 0 |
| 75 & Over | <u>2</u> | <u>0</u> | <u>2</u> | <u>8,161</u> | <u>0</u> | <u>8,161</u> |
| Total | 38 | 3 | 41 | \$ 178,861 | \$ 11,953 | \$ 190,814 |

Note: The counts shown are for members who are receiving benefits as of January 1, 2024. Benefit amounts are the full December monthly payment and have been reduced for any workers' compensation offsets.





APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

SUMMARY OF BENEFIT PROVISIONS

A summary of the main benefit provisions of the Retirement System and of the sources of revenue from which benefits are paid is presented in the following digest. Items in parentheses in the text are the provisions applicable to law enforcement officers.

Eligibility for Membership

Membership is optional for all Employees that were in service as of January 1, 1938. Individuals employed prior to January 1, 2024 are automatically members as a condition of employment. Membership is optional for public officials elected prior to January 1, 2024. Note that unless specifically stated, elected officials follow the same rules as General Employees.

Additionally, effective January 1, 2014, there are two tiers of benefits. Tier 1 is for General Employees enrolled prior to January 1, 2014, and all Fire and Police Employees. Tier 2 is for General Employees enrolled on or after January 1, 2014.

As a result of 2023 Wisconsin Act 12, employees hired on or after January 1, 2024 are not eligible to participate in ERS.

Participation in the Combined Fund

On January 19, 2001 the Combined Fund was created and was retroactive to January 1, 2000. Individuals who participate in the Combined Fund may be eligible for certain benefit enhancements which are described in this Summary of Plan Provisions. Members who enroll in the ERS after June 28, 2000, and their eligible survivors, are automatically participants in the Combined Fund. Members enrolled in the ERS on or before June 28, 2000, and their eligible survivors, participate in the Combined Fund provided that the members consented in writing to the Global Pension Settlement. Eligible survivors of members or retirees who died on or before June 28, 2000 participate in the Combined Fund provided that the eligible survivors consented in writing to the Global Pension Settlement. Members or survivors whose benefit payments ceased prior to January 1, 2000, are not eligible for benefits from the Combined Fund.

Creditable Service

Creditable service equals prior service plus membership service. Prior service includes service as an employee prior to January 1, 1938, or prior to an amendment which made the employee eligible for membership in the ERS. Membership service means service as an employee since last becoming a member, on account of which contributions are made.

- For most Employees, 2080 hours of service constitute one year of creditable service. For prevailing wage Employees (carpenters and other tradespeople) 2000 hours constitute one year. For members employed by the school board for a 10-month school year, 1600 hours of service constitute a year of creditable service. After July 2006, for members serving as firefighters, 2590 hours of service constitutes one year of creditable service. After September 2016, for members serving as firefighters, 2756 hours of service constitutes one year of creditable service.
- Under certain conditions creditable service may be granted for periods of absence due to military service.



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

- For purposes of computing the service retirement allowance only, creditable service is granted for periods of eligibility for a duty disability retirement allowance.
- No more than one year of creditable service is granted for service in a single calendar year.

Imputed Service

Imputed service credit may be granted, under specified conditions, to members who consented to the Global Pension Settlement. Imputed service credit is used to calculate the amount of certain benefits but is not used to determine eligibility for any kind of benefit. An individual may be eligible for one or more types of imputed service credit.

Eligibility for Imputed Service Credit

Only individuals participating in the Combined Fund can become eligible for the following types of imputed service credit.

- a) Imputed military service credit: The member must have been active in the armed forces of the United States of America prior to his or her enrollment in the ERS, and must have been honorably discharged. A member must be described as in 36-04-1-c. An individual eligible for imputed military service credit must apply for the credit.
- b) Imputed fire and police service credit: The member must be described as in 36-04-4-a. The member must have been in active ERS service as a Fireman or Policeman as of January 1, 2000, and must also retire from ERS service as a Fireman or Policeman, or die while a Fireman or Policeman eligible for protective survivorship option benefits. To be eligible, the member must retire or die as a Policeman or Fireman and must have attained the minimum service retirement requirements as outlined in 36-05-1.
- c) Imputed service credit under the dissolution of the Firemen and Policemen's Survivorship Fund, (the "Fund"): The member must be described as in 36-04-4-b. The member must have been a Policeman who was an active member of the "Fund" as of January 1, 2000. If the Policeman was in active ERS service as of January 1, 2000, he must either retire as a Policeman on a service retirement allowance at the minimum service retirement age of 57 or after completing 25 years of creditable service as a Fireman or Policeman; or he must retire on a Policeman's duty disability retirement allowance and subsequently convert to a service retirement allowance. If the Policeman was retired on a duty disability retirement allowance as of January 1, 2000, then he must subsequently convert to a service retirement allowance.

Benefits Affected by Imputed Service Credit

- a) Imputed military service credit and/or imputed fire and police service credit: The amount of the service retirement allowance, the conversion service retirement allowance, protective survivorship option benefits, and the extended life duty disability retirement allowance are affected. If the eligible individual is also entitled to a 5% Lump Sum Bonus, and/or an 8.6% Dissolution Bonus that is based on the affected benefit, then the imputed service credit is included in calculating the base for the bonus payment(s).



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

- b) Imputed service credit under the dissolution of the Firemen and Policemen's Survivorship Fund: The amount of the service retirement allowance and the conversion service retirement allowance are affected. If the service retirement allowance is affected, then the imputed service credit is included in calculating the base for the 5% Lump Sum Bonus.

See the benefit descriptions later in this summary for further details on how imputed service credit is used.

Amount of Imputed Service Credit

- a) Imputed military service credit: A period of eligible military service consists of a period of at least 90 consecutive days of active service in the armed forces of the United States prior to enrollment in the ERS. Total eligible military service equals the sum of all periods of eligible military service. Imputed military service credit equals one-third of the member's total eligible military service, to a maximum of three years of imputed military service credit.
- b) Imputed fire and police service credit: For Policemen and Firemen with 20 years of creditable service as a Fireman or Policeman - 1.5 years. For Firemen with less than 20 years of creditable service as a Fireman or Policeman: 1.5 years times the full years of creditable fire and police service, divided by 20.
- c) Imputed service credit under the dissolution of the Firemen and Policemen's Survivorship Fund: 2 years.

Seasonal Service

Seasonal service credit may be granted under specified conditions to certain General City Employees. Seasonal service credit is used to calculate the amount of certain benefits but is not used to determine eligibility for any kind of benefit.

Eligibility for Seasonal Service Credit

In order to be eligible for seasonal service credit, a member must be a General City employee with five or more years of City service credit, and a member of one of the groups as outlined in 36-04-1-d.

Benefits Affected by Seasonal Service Credit

Seasonal service credit affects the amount of the service retirement allowance, the conversion service retirement allowance and protective survivorship option benefits. If the eligible individual is also entitled to a 5% Lump Sum Bonus that is based on the affected benefit, then the seasonal service credit is included in calculating the base for the bonus payment.

Amount of Seasonal Service Credit

Seasonal service is based on the hours worked as a City Labor-Seasonal employee and/or Playground Laborer-Seasonal employee (MPS), but limited to one year of additional service credit.



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

Qualifying for an ERS Benefit

Rules regarding qualifying time are encapsulated in the ERS Board Rules & Regulations, XV.G. The rules have been adopted and applied prospectively for enrollments prior to 1995, 1995 to 2001 and post 2001. All members are fully vested after attaining four years of qualifying time.

Earnable Compensation

The annual regular base salary that would be payable to a member if he or she worked the full normal working time for his or her position as described in 36-02-12. Earnable compensation for the calendar year preceding retirement may also include special pays as negotiated in labor agreements such as longevity in rank pay, (limited) variable shift assignment pay, police liaison officer pay, and/or certification pay for Policemen; and emergency medical technician pay for Firemen. Earnable compensation for school board Employees represented by Local 950, OEIU, also includes site differential pay.

Final Average Salary

- a) For General Employees, final average salary means the average annual earnable compensation computed on the 3 years of creditable service preceding retirement, death or separation from service during which earnable compensation was the highest.
- b) For Policemen and Firemen, final average salary means the average annual earnable compensation computed on the year of creditable service preceding retirement, death or separation from service during which earnable compensation was the highest.
- c) For members converting from a duty disability retirement allowance to a service retirement allowance, the service retirement allowance is computed on the basis of the current compensation of the member's position at the service retirement date.

Service Retirement

Eligibility for Service Retirement

For Tier 1 Benefits (applicable to General Employees enrolled prior to January 1, 2014 and all Fire and Police Employees), eligibility for service retirement is as defined under 36-05-01 as follows:

- a) A service retirement allowance is payable to any member who elects to retire after attaining the minimum service retirement age, which is age 60 for General Employees and age 57 for Policemen and Firemen.
- b) General Employees that have attained age 55 and completed 30 years of qualifying time are eligible for service retirement.
- c) Policemen who participate in the Combined Fund are eligible for service retirement at any age after attaining 25 years of fire or police qualifying time, if they were hired prior to December 20, 2015.
- d) Policemen who participate in the Combined Fund, who have attained age 50 are eligible for service retirement after completing 25 years of police qualifying time, if they were hired on/after December 20, 2015.



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

- e) Firemen who participate in the Combined Fund, who have attained age 49 and completed 22 years of fire or police qualifying time, are eligible for service retirement, if they were hired prior to July 30, 2016.
- f) Firemen who participate in the Combined Fund, who have attained age 52 and completed 25 years of fire qualifying time, are eligible for service retirement, if they were hired on/after July 30, 2016.
- g) Policeman and Firemen who are not participants in the Combined Fund are eligible for service retirement after attaining age 52 and completing 25 years of fire or police qualifying time.

For Tier 2 Benefits (applicable to General Employees enrolled on or after January 1, 2014), eligibility for service retirement is as defined under 36-05-01 as follows:

- a) A service retirement allowance is payable to any member who elects to retire after attaining the minimum service retirement age, which is age 65 for General Employees.
- b) General Employees that have attained age 60 and completed 30 years of qualifying time are eligible for service retirement.

Amount of Service Retirement Allowance

The amount of a member's service retirement allowance under 36-05-01 is equal to the following:

- a) For General Employees, enrolled prior to January 1, 2014, 2% of final average salary for each year of creditable service, imputed military service, or seasonal service limited to 70% of final average salary. For General Employees, enrolled on or after January 1, 2014, 1.6% of final average salary for each year of creditable service, imputed military service, or seasonal service limited to 70% of final average salary.
- b) For Firemen enrolled prior to March 1, 1989, and Policemen enrolled prior to July 1, 1989, and who were in active service on or after January 1, 1995, 2.5% of final average salary for each year of creditable service or imputed service (of any kind).
- c) For Firemen enrolled after February 28, 1989, and Policemen enrolled after June 30, 1989, 2.5% of final average salary for each year of creditable service or imputed military service, limited to 90% of final average salary, plus 2.5% of final average salary for each year of imputed fire and police service or imputed service under the dissolution of the Firemen and Policemen's Survivorship Fund.
- d) For elected officials enrolled prior to January 1, 2014, 2.6% of final average salary for each year of creditable service as an elected official for years before 1996, limited to 70% of the final average salary; from 1996 forward the rate of accrual for creditable service, imputed military service, or seasonal service is 2.5% except for the mayor, who will have an accrual rate of 2.0%, limited to 70% of the final average salary, except for elected officials who were enrolled prior to 2014 and are first elected to office on or after January 1, 2014, in which case their accrual rate is 2% for each year if they contribute 5.5% of their earnable compensation, or 2.5% for each year if they contribute 7% of their earnable compensation. For elected officials enrolled on or after January 1, 2014, 1.6% of final average salary for each year of creditable service as an elected official limited to 70% of the final average salary.



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

Funds Charged with Service Retirement Allowance

For individuals participating in the Combined Fund, service retirement allowance payments are charged to the Combined Fund. For all other individuals, the service retirement allowance is charged to (i) the Retirement Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Retirement and Disability Fund if the member enrolled on or after February 1, 1996.

Ordinary Disability Retirement Allowance

Eligibility for Ordinary Disability Retirement Allowance

A member who the medical council certifies is mentally or physically incapacitated for further performance of duty that such incapacity is likely to be permanent and that such member should be retired, is eligible for the ordinary disability retirement allowance. The ordinary disability allowance is not payable if the member qualifies for the duty disability allowance.

Amount of Ordinary Disability Retirement Allowance

Imputed service credit and seasonal service credit are not used in any part of the calculation of the Ordinary Disability Retirement Allowance. The "service retirement allowance" referred to below is calculated based on creditable service only.

- a) For General Employees, 90% of the service retirement allowance based on creditable service to date of disability retirement, but no less than 25% of final average salary, provided such amount does not exceed 90% of the retirement allowance payable had the member continued in service to the minimum service retirement age.
- b) For Policemen and Firemen hired after January 1, 1971, who have 5 years of service, 25% of final average salary plus 2% thereof for each year of creditable service in excess of 5 years up to a maximum of 50% of final average salary.
- c) For Policemen and Firemen hired before January 1, 1971, the greater of the benefit described in (a), or the benefit described in (b).
- d) The benefit is payable for life while the member remains disabled, except that for General Employees with less than 10 years of qualifying time, the duration is limited to one-fourth (1/4) of the period of the service accrued to the date of disability.
- e) Members receiving benefits for life may elect reduced benefits under an optional form of payment in order to provide a death benefit to a designated beneficiary.

Funds Charged with Ordinary Disability Retirement Allowance

Ordinary disability retirement allowance payments are charged to the Combined Fund if the eligible individual is a participant in the Combined Fund. Otherwise, the allowance is charged to (i) the Retirement Fund, if the member's enrollment date is before February 1, 1996, and (ii) the Combined Retirement and Disability Fund, if the member's enrollment date is on or after February 1, 1996.



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

Duty Disability Retirement Allowance

Eligibility for Duty Disability Retirement Allowance

If a member becomes permanently and totally incapacitated for duty as a result of the performance of his duty, and his mental or physical incapacitation is medically certified, such member is eligible for a duty disability retirement allowance. Unless the member is beyond his/her conversion age, in which case the member would be eligible for an extended lifetime Duty Disability benefit. The medical certification is made by the Medical Council for General Employees, for members of the MPA enrolled after June 28, 2005, and for members of the MPFFA enrolled after December 13, 2005 with disability based on a mental injury. For all other members, the medical certification is made by the Medical Panel, except as indicated below. There are certain diseases that are considered presumptive for purposes of duty disabilities.

All new duty disability applications are reviewed by the Medical Council effective June 19, 2016 for MPA members, effective January 1, 2016 for MPSO members, and effective July 29, 2016 for MPFFA members.

Effective July 14, 2015, a new state law was enacted related to duty disability benefits for mental injuries (section 62.624 Wis. Stat.). The ERS may only provide a duty disability benefit for a mental injury if the following criteria are met:

- a) The mental injury resulted from a situation of greater dimensions than the day-to-day mental stresses and tension and post-traumatic stress that all similarly situated Employees must experience as part of the employment, *and*
- b) The employer certifies that the mental injury is a duty-related injury.

Only if a duty-related mental injury has occurred, can the duty disability application be forwarded to the Medical Panel or Medical Council for the examination and requisite certification.

Amount of Duty Disability Related Benefits

Imputed service credit and seasonal service credit are not used when calculating a duty disability retirement allowance. Imputed service credit or seasonal service credit is used when calculating the conversion service retirement allowance referred to in paragraphs (a) - (c) below. Eligibility for imputed military service credit depends upon the date of the conversion, not upon the date of the duty disability retirement.

- a) For General Employees, the duty disability retirement allowance equals 75% of the member's final average salary. Members receive the allowance, while disability continues, until the later of age 65, or for a period of 5 years, at which time they convert to a service retirement allowance. General Employees receiving duty disability benefits may elect reduced benefits under an optional form of payment in order to provide a death benefit to a designated beneficiary.
- b) For Firemen and Policemen, the duty disability retirement allowance is 75% of the current annual salary for the position held by the member at retirement, plus \$40 per month for each child younger than age 18 (up to a maximum of 20% of the member's salary). In certain cases of extreme disability, when approved by a panel of physicians, the disability allowance will be 90% of such salary. Duty disability benefits paid to Firemen on account of heart and lung disease are at the 75% level. In the event of the death of a Policeman or Fireman receiving a 75% or 90% disability



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

allowance, 70% or 75%, respectively, of the amount of the member's allowance shall be paid to the member's spouse during her lifetime.

The 90% duty disability allowances are payable for life. For Policemen enrolled on or after January 1, 1990, and Firemen enrolled on or after December 17, 1989, the 75% duty disability allowances are payable until the earlier of attainment of age 57, or completion of 25 years of service and attainment of age 52, at which time the member must either convert to a service retirement allowance or irrevocably elect to receive a recalculated duty disability allowance, referred to as an extended life duty disability allowance, as described in (c), below. Different conversion age requirements apply to Policemen enrolled prior to January 1, 1990, and Firemen enrolled prior to December 17, 1989, as discussed in (d), below. A Fireman or Policeman who becomes duty disabled on or after his conversion age may choose between a service retirement or extended life duty disability retirement.

- c) The extended life duty disability allowance referred to in (b), above, equals the lesser of the conversion service retirement allowance, or 75% of the current annual salary, provided further that the benefit will not be less than 57% of current annual salary for a Fireman, or 60% of current annual salary for a Policeman. "Current annual salary" here refers to the salary at the conversion age, for the position held by the member at the time of injury. The extended life duty disability allowance is payable for life and, unlike the duty disability allowance, is a fixed amount that does not change after the conversion age, notwithstanding any cost-of-living adjustments. Firemen or Policemen receiving extended life duty disability benefits may elect reduced benefits under an optional form of payment in order to provide a death benefit to a designated beneficiary. Their spouses are not eligible to receive the 70% benefit payable to surviving spouses of Firemen and Policemen who die while in receipt of the 75% duty disability benefit.
- d) For Policemen enrolled prior to January 1, 1990, and Firemen enrolled prior to December 17, 1989, the conversion age determination depends upon the member's enrollment date and whether or not the member signed the DeBraska II release form.

Under Charter Ordinance 980130 Substitute 2 (DeBraska I), duty disabled Firemen and Policemen who retired on duty disability before October 17, 1992, have a conversion age equal to the greater of the conversion age in effect when they were enrolled, or the conversion age in effect at the time of their disability retirement.

Under Charter Ordinance 000789 (DeBraska II), duty disabled Firemen and Policemen who signed the DeBraska II release form are subject to the following conversion requirements: (i) members retired on duty disability prior to February 8, 1972, will receive duty disability benefits for life; (ii) members enrolled prior to February 8, 1972, who are either Policemen who retired on duty disability on or after August 1, 1985, or Firemen who retired on duty disability on or after March 1, 1984, will have a conversion age of 63; (iii) members enrolled on or after February 8, 1972, who retired on duty disability on or after October 17, 1992, will not be required to convert to service retirement prior to the conversion age requirements that were in effect when they enrolled; and (iv) for all other members who signed the DeBraska II release form, there is no difference between the conversion requirements of Charter Ordinance 980130 Substitute 2, and Charter Ordinance 000789. In general, only members who were duty disabled prior to January 1, 2001 were given the opportunity to sign the DeBraska II release form.

Under the Charter Ordinance (which reflects the Rehrauer decision) Firemen and Policemen who



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

retire (or previously retired) on duty disability and who did not sign the DeBraska II release form will convert at the highest conversion age agreed upon during their employment (Section 36-05-3). Members who enrolled prior to February 8, 1972, who are either Policemen who retired on duty disability on or after November 1, 1976, or Firemen who retired on duty disability on or after October 1, 1977, will receive duty disability for life if they did not sign the DeBraska II release form, and will have a conversion age of 63 if they did sign the DeBraska II release form.

Funds Charged with Duty Disability Related Benefits

- a) For participants in the Combined Fund, duty disability benefits paid to members, benefits paid to survivors of members who die while duty disabled, child allotment payments, conversion service retirement benefits, and extended life duty disability benefits are paid from the Combined Fund.
- b) For General Employees who do not participate in the Combined Fund, duty disability benefits, and survivor benefits paid to beneficiaries of General Employees who elect an optional form of payment and die while disabled, are paid from (i) the General Employees Duty Disability Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Retirement and Disability Fund if the member's enrollment date is on or after February 1, 1996.
- c) For members who do not participate in the Combined Fund, benefits paid after conversion to either a service retirement allowance or an extended life disability benefit are charged to (i) the Retirement Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Retirement and Disability Fund if the member's enrollment date is on or after February 1, 1996.

Ordinary Death Benefit

Eligibility and Amount of Ordinary Death Benefit

- a) In the event of death of a member while in service, a death benefit equal to the sum of the member's accumulated contributions, plus if the member has one or more years of active service, one-half his final average salary is payable to the designated beneficiary. Optional forms of payment of such benefit to the beneficiary are provided. If the member had elected a protective survivorship option – and duty death benefits are not payable – such option will become effective and the ordinary death benefit will not be payable. If a duty death benefit is payable the ordinary death benefit will not be paid.
- b) Unless the member elects an optional death benefit, the death benefit subsequent to retirement is the amount remaining, if any, of the member's contributions with interest to retirement less the sum of the allowance payments made prior to the member's death.

Funds Charged with Ordinary Death Benefits

Ordinary death benefits paid on behalf of a participant in the Combined Fund are charged to the Combined Fund. Otherwise, ordinary death benefits are charged to (i) the Retirement Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Retirement and Disability Fund if the member's enrollment date is on or after February 1, 1996.



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

Protective Survivorship Option

Eligibility and Amount of Protective Survivorship Option

Firemen may elect a Protective Survivorship Option (PSO) during the 6 months that precede the earlier of attainment of age 49 and completion of 22 years of qualifying time as a Fireman or Policeman, or age 52 and 25 years of qualifying time as a Fireman or Policeman, or age 57. Policemen may elect a Protective Survivorship Option (PSO) during the 6 months that precede the earlier of attainment of age 57, or completion of 25 years of qualifying time as a Policeman or Fireman. Firemen and Policemen who fail to elect a PSO during the eligible period are deemed to have elected an Option 2 PSO with the spouse as the named beneficiary.

General Employees who enrolled prior to January 1, 2014, may elect a PSO during the 6 months that precede the earlier of attainment of age 60 or completion of 30 years of qualifying time and attainment of age 55. General Employees who enrolled on or after January 1, 2014, may elect a PSO during the 6 months that precede the earlier of attainment of age 65, or completion of 30 years of qualifying time and attainment of age 60.

Firemen and Policemen are allowed to reselect a PSO if they marry, or divorce, and to select a different option and/or beneficiary at retirement, if they wish. As of June 5, 2012, General Employees may also reselect a PSO if they marry, or divorce, or select a different option and/or beneficiary at retirement.

The PSO may be canceled if the joint annuitant predeceases the member before retirement; or if the member is divorced from the joint annuitant before retirement.

Under a PSO, if a member eligible to retire on a service retirement allowance dies prior to retirement, benefits begin to the named beneficiary just as if the member retired under such option immediately prior to his or her death, except that imputed service credit arising from the dissolution of the Firemen and Policemen's Survivorship Fund will not be used in the calculation of the PSO benefit. If a Fireman who is eligible for PSO coverage dies prior to age 49, benefits for the named beneficiary will be deferred until the date the Fireman would have attained age 49. Imputed military service, imputed fire and police service, and seasonal service credit may be used in the calculation of the deferred PSO benefit.

In all cases where the requirements are met for both a PSO benefit and a duty death benefit, the duty death benefit will be payable in lieu of the PSO.

Funds Charged with PSO Benefits

PSO benefits for participants in the Combined Fund are charged to the Combined Fund. Benefits for individuals who do not participate in the Combined Fund are charged to (i) the Retirement Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Retirement and Disability Fund if the member's enrollment date is on or after February 1, 1996.



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

Duty Death Benefits

Eligibility and Amount of Duty Death Benefits

In the event the member's death occurs in the performance of his duty, a lump sum payment equal to the member's accumulated contributions, plus an annuity of 60% of such deceased member's final average salary will be paid to one of the following (payable in this order):

- The member's surviving spouse
- The member's children until their 21st birthday
- The member's dependent parents
- Death of a Fireman that is due to heart or lung disease is considered a duty death.

Funds Charged with Duty Death Benefits

Benefits payable to participants in the Combined Fund are charged to the Combined Fund. Heart & Lung duty death benefits payable to individuals who are not participants in the Combined Fund are charged to the Heart & Lung Fund. Duty death benefits (other than Heart & Lung) payable to individuals who are not participants in the Combined Fund are charged to (i) the Retirement Fund for members whose enrollment dates are prior to February 1, 1996; and (ii) the Combined Retirement and Disability Fund for members whose enrollment dates are on or after February 1, 1996.

Member Contributions

Member contribution rates are the following percentages of annual salary:

| | |
|---------------------------|---|
| General Employees | 5.5% (tier 1 – enrolled prior to January 1, 2014) 4.0% (tier 2 – enrolled on or after January 1, 2014) |
| Firemen and Policemen- | 7.0% |
| Elected Officials | 7.0% (tier 1 – enrolled prior to January 1, 2014 and elected to an office prior to January 1, 2014; if enrolled prior to January 1, 2014, and elected or the first time to an office on or after January 1, 2014, and employee was paying contributions prior to being elected, employee pays contributions at the rate they were paying prior to becoming an elected official; if enrolled prior to January 1, 2014, and elected or the first time to an office on or after January 1, 2014, and employer was picking up contributions on behalf of the employee prior to being elected, employer pays 7.0%) 4.0% (tier 2 – enrolled on or after January 1, 2014) |

Under state law, per 2011 Wisconsin Act 10, participating employers are no longer permitted to make contributions on the member's behalf (with the exception of contractually agreed upon arrangements).

Member contributions made for or by participants in the Combined Fund are credited to the Combined Fund. Member contributions made for or by individuals who are not participants in the Combined Fund are credited to (i) the Retirement Fund for members whose enrollment dates are prior to February 1, 1996; and (ii) the Combined Retirement and Disability Fund for members whose enrollment dates are on or after February 1, 1996.



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Pension Escalators

Several different pension escalators are paid by the ERS as listed and described under section 36-05-1(h). They are as follows:

- Fire and Police \$50 Escalator

Eligible Groups and Amounts

- a) Firemen in Local 215 who retired under a service retirement allowance between March 1, 1990, and December 31, 1992; members of the Milwaukee Police Association (MPA) who retired under a service retirement allowance between January 1, 1990, and December 31, 1992; members of the Milwaukee Police Supervisors Organization who retired under a service retirement allowance between January 1, 1991, and December 31, 1992; and Firemen in Local 215 or members of the MPA who elect a deferred retirement allowance after separating from service between January 1, 1993, and December 31, 1994, with 25 years of service; are eligible for a pension escalator which increases their allowance by \$50 per month on the 4th, 7th, and 10th anniversary of retirement.
- b) Members who both retired on duty disability and converted from duty disability to service retirement during the eligibility period are eligible for the escalators on the 4th, 7th, and 10th anniversaries of their conversion dates.
- c) The surviving spouses of eligible retirees, or of members who died during the eligibility period, are eligible provided that the member elected an optional benefit at retirement – or elected a protective survivorship option (PSO) prior to retirement – with the spouse as beneficiary. The member’s surviving spouse receives increases on the member’s 4th, 7th, and 10th anniversary of retirement (or spouse’s retirement date in the case of a PSO) with the amount of the escalator adjusted to reflect the option elected by the member.

Funds Charged with Duty Death Benefits

Fire and Police \$50 escalators paid to participants in the Combined Fund are charged to the Combined Fund.

Fire and Police \$50 escalators paid to individuals who are not participants in the Combined Fund are charged to the Retirement Fund.

- January 1996 Catch-up COLA for pre-October, 1987 Retirees

Eligible Group

- a) General Employees that attained the minimum service retirement age and retired with a service retirement allowance prior to October 1, 1987, or who retired on a duty disability allowance and converted to a service retirement allowance prior to October 1, 1987.
- b) Firemen and Policemen who retired prior to October 1, 1987, who became eligible to retire on service retirement at age 57, or after attaining age 52 and completing 25 years of service. Also,



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

Firemen and Policemen who retired on a duty disability allowance and converted to a service retirement allowance prior to October 1, 1987.

- c) Surviving spouses of eligible retirees, or of members who elected a PSO and died prior to October 1 1987, after naming their spouse as the designated beneficiary under Option 2, Option 3, or Option 4 with a percentage to the beneficiary.

Timing and Amount of Increase

The catch-up COLA was a permanent increase in the ERS monthly benefit which was granted effective January 1, 1996. The increase was an amount equal to (i) the total ERS benefit in payment, multiplied by the greater of (ii) the total percentage change in the cost of living for each full calendar month between the 8th anniversary of service retirement and October 1, 1995, and (iii) the total percentage change required to bring the member's allowance to 60% of its full inflation adjusted value considering inflation for the period from retirement to October 1, 1995. The percentage change in the cost of living was measured by the increase in the CPI-U, U.S. Cities, as reported by the U.S. Department of Labor, Bureau of Labor Statistics.

When the catch-up COLA was calculated, the factor was not applied to supplemental, pass through benefits, which are paid by the ERS but are not a liability of the ERS. These pass through benefits, which appear on the pension payroll data supplied to the actuary, are part of an old guaranteed minimum program. The ERS is a paying agent for these benefits, but is reimbursed by the City for all such payments.

Funds Charged

Catch-up COLA amounts paid to participants in the Combined Fund are charged to the Combined Fund. Catch-up COLA amounts paid to individuals who are not participants in the Combined Fund are charged to the Retirement Fund.

- 2% Escalator for pre-1993 Retirees

Eligible Group

- a) General Employees that attained the minimum service retirement age and retired with a service retirement allowance prior to January 1, 1993, or who retired on a duty disability allowance and converted to a service retirement allowance prior to January 1, 1993.
- b) Firemen and Policemen who retired prior to January 1, 1993, who became eligible to retire on service retirement at age 57, or after attaining age 52 and completing 25 years of service. Also, Firemen and Policemen who retired on a duty disability allowance and converted to a service retirement allowance prior to January 1, 1993.
- c) Surviving spouses of eligible members who elected Option 3 with the spouse as the beneficiary, or of members who died prior to January 1, 1993 after electing an Option 3 PSO with the spouse as the beneficiary.



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

Timing and Amount of Increase

The first increase occurs with the later of the January 1996 installment or the installment next following the 8th anniversary of the member's service retirement date (or the 8th anniversary of the surviving spouse's retirement date in the case of a PSO). Thereafter, increases occur annually on the anniversary of the first increase.

The first increase is 2% of the total ERS benefit in payment. That is, the monthly benefit to which the increase is applied includes \$50 fire and police escalators, and the January, 1996 catch-up COLA amount, if any, but it excludes supplemental pass through payments, if any. Increases after the first are also 2%, and are compounded -- that is, they are applied to the total ERS benefit in payment, including all prior increases, and again, excluding any supplemental pass through payments. (The benefit initially payable to an eligible spouse upon the member's death includes 50% of any increases in payment at the member's death.)

Funds Charged

2% escalators paid to participants in the Combined Fund are charged to the Combined Fund. 2% escalators paid to individuals who are not participants in the Combined Fund are charged to the Retirement Fund.

- CPI Escalator for post-1992 Fire and Police Retirees who don't Participate in the Combined Fund and Pre-2000 CPI Escalator for post-1992 Fire and Police Retirees who do Participate in the Combined Fund

Eligible Group

- a) Firemen and Policemen in active service on or after January 1, 1993, who become eligible to retire on service retirement at age 57 or after attaining age 52 and completing 25 years of service.
- b) Firemen and Policemen who retire on either a 75% Fire & Police duty disability benefit or a Heart & Lung duty disability benefit (i) between January 1, 1993, and December 31, 1994, and thereafter convert to service retirement; or (ii) on or after January 1, 1995, and who are eligible to elect between service retirement and extended life duty disability benefits at their conversion age.
- c) Police in active service on or after January 1, 1995, who separate with 25 years of service and elect a deferred retirement allowance.
- d) Surviving spouses of eligible members who elect Option 2 or 3, or who elect Option 4 with a percentage to the spouse, or who elect a PSO with a percentage to the spouse.



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

Timing and Amount of Increase

For members who retired on service retirement between January 1, 1993, and December 31, 1994; or who retired on duty disability between January 1, 1993, and December 31, 1994, and later convert to service retirement; and for eligible surviving spouses of members who died prior to retirement between January 1, 1993, and December 31, 1994, with PSO coverage in effect; the first increase occurs for March of the year following the first full calendar year of service retirement. For all others, the first increase occurs one full year after the member's service retirement date. Thereafter, increases occur annually on the anniversary of the first increase.

The monthly benefit is increased by an amount equal to (i) the total allowance for the preceding December (including all prior increases), multiplied by the lesser of (ii) 3%, and (iii) the increase in the CPI-U, U.S. Cities Average, for the calendar year preceding the increase. (The benefit initially payable to an eligible spouse upon the member's death includes a proportionate share of any increases in payment at the member's death, based on the option elected.)

Funds Charged

Benefits payable to participants in the Combined Fund are charged to the Combined Fund. For individuals who are not participants in the Combined Fund: (i) benefits are charged to the Retirement Fund for members whose enrollment dates are prior to February 1, 1996; and (ii) benefits are charged to the Combined Retirement and Disability Fund for members whose enrollment dates are on or after February 1, 1996.

- Post-1999 CPI Escalator for post-1992 Fire and Police Retirees who Participate in the Combined Fund

Eligible Group

The eligible group is restricted to individuals who were Firemen and Policemen who retired on duty disability between October 17, 1992, and December 31, 1992; or who were in active service on or after January 1, 1993, who either retire as Firemen or Policemen, or who die in active service as Firemen or Policemen; and their eligible surviving spouses. The types of benefits that receive the CPI escalator include:

- a) The service retirement allowance and ordinary disability retirement allowance.
- b) Benefits paid to members after the duty disability conversion age: the conversion service retirement allowance or the extended life duty disability retirement allowance.
- c) Benefits paid to members after separation from service: the deferred retirement allowance, early retirement allowance, involuntary separation allowance, or the ERS allowance paid under the County transfer or State reciprocity provisions.
- d) The spouse survivor allowance paid to the surviving spouse of an eligible member who elects Option 2 or 3, or who elects Option 4 with a percentage to the spouse, or who elects a PSO with a percentage to the spouse.
- e) The fire and police or heart & lung duty disability surviving spouse allowance.



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

- f) The duty death surviving spouse allowance.

Timing and Amount of Increases that occur after 1999

- a) The first post-1999 increase occurs the later of March 2000 and March of the year following the first full calendar year of retirement for: members who retired on service retirement or ordinary disability between January 1, 1993, and December 31, 1994; or who convert to service retirement after a period of duty disability which commenced between January 1, 1993, and December 31, 1994; or who separated from service between January 1, 1993, and December 31, 1994, and subsequently retire on a deferred, early, involuntary separation, or County transfer/ State reciprocity allowance; eligible spouse survivors of such members, including PSO spouse survivors when the member died between January 1, 1993, and December 31, 1994; duty death surviving spouses of members who died between January 1, 1993, and December 31, 1994; and duty disability surviving spouses where both the member's duty disability retirement date and duty disabled death date were between January 1, 1993, and December 31, 1994.
- b) The first post-1999 increase occurs the later of the year 2000 anniversary or the first anniversary of the member's date of death for: duty disability surviving spouses where the member's duty disability death date is on or after January 1, 1995.
- c) For all others, the first post-1999 increase occurs the later of the year 2000 anniversary or the first anniversary of the member's retirement or pre-retirement death. (Note: this group includes members who retired on duty disability between October 17, 1992, and December 31, 1994, who subsequently elect an extended life duty disability retirement allowance, and members who retired on duty disability between October 17, 1992, and December 31, 1992, who subsequently convert to service retirement.)

Thereafter, increases occur annually on the anniversary of the first post-1999 increase.

The monthly benefit is increased by an amount equal to (i) the total allowance for the preceding December (including all prior increases), multiplied by the lesser of (ii) 3%, and (iii) the increase in the CPI-U, U.S. Cities Average, for the calendar year preceding the increase. If the member retired on duty disability between October 17, 1992, and December 31, 1992, and subsequently converts to service retirement, then the 2nd, 3rd, and 4th increases will not be less than 1.5%, and the 5th and subsequent increases will not be less than 2%. (The benefit initially payable to an eligible spouse upon the member's death includes a proportionate share of any increases in payment at the member's death, based on the option elected.)

Funds Charged

The CPI escalator is charged to the Combined Fund.



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

- 2% Guarantee for Fire and Police CPI Escalator for Participants in Combined Fund

The eligible group is restricted to Firemen and Policemen who retire on service retirement, their spouse survivors, and PSO spouse survivors. In addition, Firemen members of Local 215 and Policemen members of the MPA must have been in active service on or after January 1, 1998; Policemen members of the MPSO must have been in active service on or after January 1, 1999; and non-represented Firemen and Policemen must have been in active service on or after January 1, 2000. The benefit is a guarantee that the CPI Escalator will not be less than 2% per annum.

- 2% Escalator for post-1992 General Employee Retirees who do Not Participate in Combined Fund

Eligible Group

- a) General Employees who retire on a service retirement allowance on or after January 1, 1993 who have either (i) attained age 60, or (ii) completed 30 years of service and attained age 55.
- b) General Employees receiving a duty disability retirement allowance who convert to service retirement on or after January 1, 1993.
- c) Spouses of eligible members who either elect Option 3 at retirement with the spouse as beneficiary, or who die after electing an Option 3 PSO with the spouse as beneficiary.

Timing and Amount of Increase

The first increase occurs with the installment next following the 8th anniversary of the member's service retirement or conversion to service retirement date (or the 8th anniversary of the surviving spouse's retirement date in the case of a PSO). Thereafter, increases occur annually on the anniversary of the first increase.

Each increase is 2%, and increases after the first are compounded -- that is, they are applied to the total benefit in payment, including all prior increases. (The benefit initially payable to an eligible spouse upon the member's death includes 50% of any increases in payment at the member's death.)

Funds Charged

For members whose enrollment dates are prior to February 1, 1996, the 2% escalator for post-1992 general employee retirees is paid from the Retirement Fund. For members whose enrollment dates are on or after February 1, 1996, the 2% escalator for post-1992 general employee retirees is paid from the Combined Retirement and Disability Fund.

- Post-1999 1.5% / 2% Escalator for General Employee Retirees and for Pre-1993 Fire and Police Retirees who Participate in the Combined Fund

Eligible Group

The eligible group includes (i) pre-1993 retirees and surviving spouses who are not eligible for either the 2% Escalator for pre-1993 retirees, or the Post-1999 CPI Escalator for post-1992 fire and police retirees; and (ii) post-1992 general employee retirees and their surviving spouses. The types of benefits that receive the 1.5%/2% escalator include:



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

- a) The service retirement allowance and ordinary disability retirement allowance for all members, and the duty disability retirement allowance for General Employees.
- b) Benefits paid to members after the duty disability conversion age: the conversion service retirement allowance for all members or the extended life duty disability retirement allowance for fire and police.
- c) Benefits paid to members after separation from service: the deferred retirement allowance, early retirement allowance, involuntary separation allowance, or the ERS allowance paid under the County transfer or State reciprocity provisions.
- d) The spouse survivor allowance paid to the surviving spouse of an eligible member who elects Option 2 or 3, or who elects Option 4 with a percentage to the spouse, or who elects a PSO with a percentage to the spouse.
- e) The fire and police or heart & lung duty disability surviving spouse allowance.
- f) The duty death surviving spouse allowance.

Timing and Amount of Increases that occur after 1999

- a) The first post-1999 increase occurs for January 2000 for eligible Option 2 and 4 spouse survivors of members retired on a service retirement allowance or a conversion service retirement allowance - and for eligible Option 2 and 4 PSO spouse survivors - when the member's date of retirement or pre-retirement death was prior to January 1988.
- b) The first post-1999 increase occurs the later of the year 2000 anniversary or the 2nd anniversary of the member's date of death for: duty disability surviving spouses of Firemen and Policemen.
- c) For all others, the first post-1999 increase occurs the later of the year 2000 anniversary or the 2nd anniversary of the member's retirement or pre-retirement death.

Thereafter, increases occur annually on the anniversary of the first increase.

All increases for the group described in paragraph (a) are 2% increases. For paragraphs (b) and (c), an increase which takes effect on the 2nd, 3rd, or 4th anniversary is a 1.5% increase. An increase which takes effect on the 5th or subsequent anniversary is a 2% increase. Increases after the first one are compounded -- that is, they are applied to the total benefit in payment, including all prior increases. (The benefit initially payable to an eligible spouse upon the member's death includes the spouse's proportionate share of any increases in payment at the member's death, based on the option elected.)

Tier 2 Employees receive an increase of 2% on the fifth anniversary of their retirement and on each anniversary that follows, but only for service retirement.

Fire and Police Survivorship Benefits Prior to the Global Pension Settlement

The survivors of Firemen or Policemen who die in active service or while in receipt of a disability allowance may be entitled to a survivorship benefit. The survivorship benefit is payable to the spouse of the deceased member provided the spouse has one or more eligible children in her care. Eligible children include unmarried children who are either under the age of 18, or are over age 18, but who suffer from a disability which commenced before the age of 18. The amount of the survivorship benefit for a death occurring in 2000 is \$600 monthly for the spouse and one child or for two or more eligible children. If there is no surviving widow and only one child, the benefit is \$300. Upon attainment of age 57, \$300 is payable to the spouse for her lifetime. Benefits payable to a spouse cease on remarriage and benefits payable in respect of children cease on attainment of age 18 (unless disabled prior to age 18) or marriage. For member deaths



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

that occurred prior to 2000 the monthly amount payable depends upon the plan provisions in effect at the member's death.

Fire and Police Survivorship Benefits for Survivors Participating in the Combined Fund

Survivors of Firemen or Policemen who died prior to 2000 while in active service or while retired on disability (and contributing to the Fire and Police Survivorship Fund) may be entitled to a survivorship benefit. The survivorship benefit is payable to the spouse of the deceased member provided the spouse has one or more eligible children in her care. For participants in the Combined Fund, the amount of the survivorship benefit for a death occurring prior to 2000 is \$600 monthly for the spouse and one child under age 18, or for two or more children under age 18. If there is no surviving widow and only one child, the benefit is \$300. The monthly amount payable to a disabled child over the age of 18 depends upon the plan provisions in effect at the member's death. Upon attainment of age 57, \$300 is payable to the spouse for her lifetime. Benefits payable to a spouse cease on remarriage and benefits payable in respect of children cease on attainment of age 18 (unless disability commenced prior to age 18) or marriage.

Survivorship Benefits for Participants in the Combined Fund are charged to the Combined Fund.

Separation Benefits

Eligibility and Amounts

Should a member separate from service, and no other benefit is payable, such a member will possibly be entitled to one of the options outlined below. Additional eligibility information about Separation Benefits is provided under 36-05-6.

- a) If the member has less than four years of creditable service, a refund of member contributions (not paid by the member's employer). Interest at 4.0% per annum on the 4%, 5.5%, or 7% member paid contributions is also payable.
- b) If the member has four years of creditable service, a deferred allowance payable at the minimum service retirement age.
- c) A refund of the member contributions and interest, including contributions paid on the member's behalf, is payable to (i) General Employees after 4 years of creditable service, or (ii) Firemen or Policemen after 10 years of creditable service.
- d) If the member's service is involuntarily terminated, or the member terminates voluntarily after attaining age 55 and completing 15 years of creditable service, such member may elect to receive a deferred allowance at the minimum service retirement age, or an immediate allowance that is the actuarial equivalent of the deferred allowance.
- e) If the member has 25 years of qualifying time as a Fireman or Policeman, and is not participating in the Combined Fund, a deferred allowance payable at age 52.
- f) If the member is a Fireman with 25 years of qualifying time as a Fireman or Policeman, had not attained age 49 at the date of separation from service, and is participating in the Combined Fund, a deferred allowance payable at age 52.



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

Imputed service credit and seasonal service credit are not used when calculating separation benefits.

Funds Charged with Separation Benefits

Benefits paid to participants in the Combined Fund are charged to the Combined Fund. Separation benefits paid to individuals not participating in the Combined Fund are charged to (i) the Retirement Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Fund if the member's enrollment date is on or after February 1, 1996.

Lump Sum Bonus Payments

Under the Global Pension Settlement, various lump sum bonus payments may be made to eligible individuals participating in the Combined Fund. An individual may be eligible for one or more types of lump sum bonus payments.

Eligibility for Lump Sum Bonus Payments

Only individuals participating in the Combined Fund can become eligible for the following types of lump sum bonus payments. In addition, the following conditions apply to the individual lump sum bonuses.

- a) 5% lump sum bonus: Members who are inactive as of January 1, 2000, will become eligible at the time that their deferred retirement allowance commences.

Members in active service as of January 1, 2000, will become eligible when they first retire.

If a member in active service as of January 1, 2000, dies prior to retirement and the member's surviving spouse is eligible for either a surviving spouse duty death benefit (including Heart & Lung duty death) or a PSO spouse survivor benefit then the surviving spouse is eligible for this bonus payment.

Only one 5% lump sum bonus will be paid on account of an individual member. Thus, if a member receiving a duty disability retirement allowance receives a 5% lump sum bonus on account of the duty disability benefit, then the member will not be eligible for an additional 5% lump sum bonus at the time of conversion.

- b) 8.6% lump sum bonus: A Fireman or Policeman in active service as of January 1, 2000, who (i) retires as a Fireman or Policeman on a service retirement allowance; or (ii) converts to service retirement or elects an extended life duty disability retirement allowance after retiring as a Fireman or Policeman on duty disability; (iii) attains age 63 while in receipt of an ordinary disability retirement allowance or a lifetime Fire & Police or Heart & Lung duty disability retirement allowance, is eligible for this bonus so long as the member did not receive 2 years of imputed service credit under the dissolution of the Firemen and Policemen's Survivorship Fund; (iv) or retires as a Fireman or Policeman on an extended life duty disability.

If a Fireman or Policeman in active service as of January 1, 2000, dies prior to retirement and the member's surviving spouse is eligible for either a surviving spouse duty death benefit (including Heart & Lung duty death) or a PSO spouse survivor benefit then the surviving spouse is eligible for this bonus payment.



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

A Fireman or Policeman retired on disability as of January 1, 2000, who is also an active member of the Firemen and Policemen's Survivorship Fund as of January 1, 2000 - under age 57 at 1/1/2000, and made all required contributions to the Survivorship Fund – is eligible for this bonus if he (i) converts to service retirement or elects an extended life duty disability retirement allowance; or (ii) is ineligible to convert to service retirement and attains age 63 while in receipt of the disability retirement allowance; provided that he (iii) did not receive 2 years of imputed service credit under the dissolution of the Firemen and Policemen's Survivorship Fund.

Amount of Lump Sum Bonus Payments

Age factors are used in the 5% lump sum bonus and the 8.6% lump sum bonus calculations. The age factors for these bonus payments are contained in s. 36-05-11-a.

- a) 5% lump sum bonus: For members who are either inactive or active as of January 1, 2000, who retire in the future, the bonus payment equals 5% times their initial annual retirement allowance times a factor based on attained age on the retirement date. The retirement allowance used in the bonus calculation is to be reduced for early retirement, if applicable, but is not to be reduced for any optional election the member might have made under s. 36-05-7.

If a member in active service as of January 1, 2000 dies prior to retirement and the member's surviving spouse is eligible for this bonus payment, then the bonus will equal 5% times the spouse's initial annual benefit times a factor based on the spouse's attained age when the benefit commences.

- b) 8.6% lump sum bonus: In the explanation that follows, whenever an annual allowance is used in calculating a bonus due to a member, the allowance used is the allowance that would be paid if the member did not elect an option under s. 36-05-7.

For members who retire on service retirement: 8.6% times the annual service retirement allowance times a factor based on attained age at retirement.

For surviving spouses who receive either a PSO benefit or a duty death benefit: 8.6% times the initial annual allowance payable to the spouse times a factor based on the spouse's attained age when the benefit commences.

For a member who is retired on duty disability as of January 1, 2000 - or who retires on duty disability thereafter - and who is eligible to convert to service retirement: 8.6% times the annual conversion service retirement allowance earned as of the conversion age times a factor based on attained age at conversion.

For a member who is retired on disability as of January 1, 2000 – or who retired on disability thereafter – who is ineligible to convert to service retirement, and who is age 63 or younger at the later of 1/1/2000 or the disability retirement date: 8.6% times the “hypothetical” annual conversion service retirement allowance earned at age 63 times the attained age factor for age 63. The “hypothetical” allowance is calculated as if the member were eligible to convert at age 63.

For a member who retires on disability after January 1, 2000, who is older than age 63 at the disability retirement date: 8.6% times the annual disability allowance payable when the allowance commences times a factor based on the member's attained age at retirement.



APPENDIX B: SUMMARY OF BENEFIT PROVISIONS

Funds Charged

The 5% lump sum bonus and the 8.6% lump sum bonus are paid from the Combined Fund.

Benefits Not Valued

None.



APPENDIX C: SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods

The method of financing the ERS is prescribed in Section 36.08 of the MCC.

Actuarial Cost Method

The method used to determine Normal Cost and Accrued Actuarial Liability (AAL) is the Individual Entry Age Normal Cost Method. The UAAL, under this method, is the AAL over the Actuarial Value of Assets. The total actuarially determined employer contribution is the sum of the employer portion of the Normal Cost (Total Normal Cost less expected member contributions) plus an amount to amortize the UAAL according to the Amortization Method plus an amount to reimbursement the previous year's administrative expense.

Asset Values

Two asset values are used in this report. A description of each and a brief explanation of where they are used follows:

- **Market Value**

The market value of assets is the value of investments if they were to be sold on the date valued. The market value of assets is used to develop the actuarial value of assets.

- **Actuarial Value**

The actuarial value of the assets in the Employers' Reserve Fund is equal to the market value of assets. This Fund is not available to pay the benefits for ERS members, so it is excluded from the allocation of the actuarial value of assets to the various funds and groups and the resulting calculations of actuarially determined employer contributions. The actuarial value of assets for the remaining funds is a smoothed value of assets (see Table 5). The difference between (1) the expected return on the market value of assets at the beginning of the year, based on the investment return assumption and the net non-investment cash flows, and (2) the actual return on the market value of assets is smoothed equally over five years. As a result, there are five components of excess/shortfall returns to be smoothed each year.

Amortization Method

The System's UAAL is amortized on a level-dollar basis using what is known as a "layered" approach. Under this approach, changes to the System's UAAL each year are amortized using individual amortization schedules over various periods, which are selected based on the nature of the change. The current amortization policies, which were adopted by the Board at its February 24, 2023 meeting and subsequently adjusted to reflect the changes under 2023 Wisconsin Act 12, include:

- The total projected January 1, 2024 UAAL balance, as calculated in the *second* January 1, 2023 actuarial valuation, is being amortized as a level-dollar amount over a closed 30-year period (29 years remaining as of the January 1, 2024 actuarial valuation) in accordance with 2023 Wisconsin Act 12.
- Future increases in the Systems' UAAL resulting from experience losses will be amortized over a closed 10-year period.
- Future decreases in the System's UAAL resulting from experience gains will be amortized over either a closed 10-year period or the remainder of the 30-year period beginning on January 1, 2024, whichever is longer.



APPENDIX C: SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

- If the UAAL is negative, all prior bases will be eliminated, and the participating employers will be required to contribute their share of the annual normal cost and administrative expenses. If the UAAL becomes positive again, it will be amortized over a closed 10-year period.
- Changes to the UAAL arising from changes to plan provisions will be amortized over various periods, depending on the nature of the change and which participants are affected.
- Changes to the UAAL arising from contributions which are above or below the actuarially determined employer contribution will be amortized over a closed 5-year period.

Contribution Lag

2023 Wisconsin Act 12 repealed the System's stable employer contribution funding policy. As a result, participating employers are now required to contribute the Actuarially Determined Employer Contribution amount as determined in each annual actuarial valuation report. In order to more easily administer the revised funding policy, the Board, upon the recommendation of their actuary, adopted a one-year contribution lag so that results of the current valuation report will set the required contribution amount for employers during the following Plan Year. This policy was first effective with the *second* 2023 actuarial valuation report.



APPENDIX C: SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Demographic assumptions are based on the experience investigation prepared as of December 31, 2021 and adopted by the Board of Trustees on September 28, 2022 for use beginning with the January 1, 2023 actuarial valuation. The set of economic assumptions was adopted by the Board of Trustees on February 27, 2023, for use in the January 1, 2023 actuarial valuation. The next experience study is scheduled to be performed for inclusion with the January 1, 2028 actuarial valuation. However, due the passage of 2023 Wisconsin Act 12 on June 20, 2023, the investment return assumption cannot be greater than the rate used by the Wisconsin Retirement System, which has currently set their investment return assumption at 6.80% for active employees.

Investment Return Assumption: 6.80% per annum (net of investment expenses), compounded annually.

Inflation: 2.50% per annum.

Cost-of-Living Adjustments (COLAs): For retirees whose COLA is defined as the lesser of 3.00% and CPI-U, the assumed COLA is 2.50% per annum.

Payroll Growth for UAAL amortization: None. UAAL amortization payments are developed on a level dollar basis.

Illustrative Rates of Salary Increase:

| Service | Salary Increases* | |
|---------|-------------------|-----------------------|
| | General Employees | Firemen and Policemen |
| 1 | 6.25% | 18.00% |
| 5 | 5.75 | 7.00 |
| 10 | 5.00 | 3.20 |
| 15 | 4.25 | 3.20 |
| 20 | 4.25 | 3.10 |
| 25 | 4.25 | 3.10 |
| 30 | 4.00 | 3.10 |
| 35 | 3.00 | 3.10 |
| 40 | 3.00 | 3.00 |

* Includes general wage increase assumption of 3.00%.

Annual increases of 2.50% per annum is assumed for Policemen, Firemen and General Employees on duty disability. The increases for duty disabled Firemen and Policemen affect both current duty disability benefits and future service retirement or extended life conversion benefits. The increases for General Employees affect only service retirement conversion benefits.

Mortality Assumptions:

- a) Active Members For General employees, Pub-2010 Below Median General Employee Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021.



APPENDIX C: SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

For Policemen and Firemen, Pub-2010 Median Public Safety Employee Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021.

- b) Healthy Retirees For General employees, Pub-2010 Below Median General Retiree Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021.

For Policemen and Firemen, Pub-2010 Median Public Safety Retiree Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021.

- c) Beneficiaries For General employees, Pub-2010 Below Median Contingent Survivors Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021.

For Policemen and Firemen, Pub-2010 Median Contingent Survivors Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021.

- d) Disabled Retirees For General employees, Pub-2010 Non-Safety Disabled Retiree Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021.

For Policemen and Firemen, Pub-2010 Safety Disabled Retiree Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021.

Illustrative Rates of Termination:

| Service | General Employees | | Policemen | Firemen |
|---------|-------------------|--------|-----------|---------|
| | Male | Female | | |
| 1 | 15.00% | 17.00% | 4.00% | 2.35% |
| 5 | 9.00 | 10.50 | 2.50 | 1.75 |
| 10 | 4.50 | 6.75 | 1.25 | 1.00 |
| 15 | 4.00 | 4.00 | 0.85 | 0.50 |
| 20 | 3.00 | 2.75 | 0.85 | 0.50 |
| 25 | 1.00 | 2.50 | 0.00 | 0.00 |
| 30 | 0.00 | 0.00 | 0.00 | 0.00 |

All terminations are assumed to be voluntary.

Members who terminate vested are assumed to take a refund if it is more valuable than their deferred benefit. Regular interest credited on contribution account balances is assumed to be 4.0%.



APPENDIX C: SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Rates of Early and Normal Retirement:

General Employees

| Age | Early Retirement | | Normal Retirement | | | |
|-----|------------------|--------|-------------------|---------|--------|---------|
| | Tier 1 | Tier 2 | Tier 1 | | Tier 2 | |
| | All | All | Males | Females | Males | Females |
| 55 | 2% | 2% | 40% | 32% | | |
| 56 | 2 | 2 | 20 | 25 | | |
| 57 | 2 | 2 | 25 | 25 | | |
| 58 | 2 | 2 | 25 | 25 | | |
| 59 | 4 | 2 | 25 | 25 | | |
| 60 | | 2 | 25 | 20 | 40% | 32% |
| 61 | | 2 | 25 | 20 | 25 | 20 |
| 62 | | 2 | 25 | 25 | 25 | 25 |
| 63 | | 2 | 25 | 20 | 25 | 20 |
| 64 | | 4 | 25 | 20 | 25 | 20 |
| 65 | | | 27 | 27 | 27 | 27 |
| 66 | | | 20 | 27 | 20 | 27 |
| 67 | | | 27 | 27 | 27 | 27 |
| 68 | | | 27 | 30 | 27 | 30 |
| 69 | | | 27 | 30 | 27 | 30 |
| 70 | | | 100 | 100 | 100 | 100 |

Policemen and Firemen

| Age | Firemen | Policemen | Age | Firemen | Policemen |
|-----|---------|-----------|-----|---------|-----------|
| 42 | | 40% | 53 | 22% | 40% |
| 43 | | 40 | 54 | 22 | 40 |
| 44 | | 40 | 55 | 30 | 40 |
| 45 | | 40 | 56 | 30 | 40 |
| 46 | | 40 | 57 | 30 | 40 |
| 47 | | 40 | 58 | 30 | 25 |
| 48 | | 40 | 59 | 40 | 25 |
| 49 | 22% | 40 | 60 | 40 | 25 |
| 50 | 22 | 40 | 61 | 50 | 25 |
| 51 | 22 | 40 | 62 | 50 | 50 |
| 52 | 22 | 40 | 63 | 100 | 100 |

Inactive vested members are assumed to begin receiving benefit payments at their minimum service retirement age, which is age 60 for Tier 1 General Employees, age 65 for Tier 2 General Employees and age 57 for Policemen and Firemen.



APPENDIX C: SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Illustrative Rates of Disability:

| Age | Disability Rates | | |
|-----|-------------------|---------|-----------|
| | General Employees | Firemen | Policemen |
| 20 | 0.040% | 0.250% | 0.024% |
| 25 | 0.040 | 0.250 | 0.024 |
| 30 | 0.040 | 0.250 | 0.096 |
| 35 | 0.040 | 0.254 | 0.148 |
| 40 | 0.041 | 0.302 | 0.180 |
| 45 | 0.049 | 0.486 | 0.192 |
| 50 | 0.082 | 0.898 | 0.196 |
| 55 | 0.167 | 1.580 | 0.200 |
| 60 | 0.333 | 0.000 | 0.000 |
| 65 | 0.600 | 0.000 | 0.000 |

Elected officials are assumed to become disabled at the same rate as General Employees.

Duty Disabilities:

| Employee Group | Percentage of Disabilities Incurred in the Performance of Duty | Percentage of Duty Disabilities Assumed | | Assumption Adopted January 1 |
|---------------------------------------|--|---|----------------------------|------------------------------|
| | | Eligible For The 90% Benefit | Under The Heart & Lung Law | |
| General Employees | 20.0% | N/A | N/A | 2023 |
| Police other than MPA | 20.0% | 0.0% | N/A | 2023 |
| MPA enrolled on or before 4/18/2005 | 60.0% | 0.0% | N/A | 2023 |
| MPA enrolled after 4/18/2005 | 60.0% | 0.0% | N/A | 2023 |
| Fire other than MPFFA | 20.0% | 0.0% | 0.0% | 2023 |
| MPFFA enrolled on or before 10/3/2005 | 75.0% | 0.0% | 0.0% | 2023 |
| MPFFA enrolled after 10/3/2005 | 75.0% | 0.0% | 0.0% | 2023 |

Upon reaching their service conversion date, 100% of Policemen and Firemen who become duty disabled are assumed to convert to a service retirement benefit.



APPENDIX C: SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Marriage Assumption and Duty Disability Child Allotments:

It is assumed that female spouses are three years younger than males. In absence of evidence to the contrary, it is assumed that 85% of General Employees and 95% of Policemen and Firemen are married, with dependent children, described by the following table:

| Member's Age at Death or Disability | Number of Dependent Children | Age of Youngest Child |
|-------------------------------------|------------------------------|-----------------------|
| 20 | 0.0 | - |
| 25 | 1.5 | 1 |
| 30 | 2.5 | 2 |
| 35 | 2.5 | 5 |
| 40 | 2.5 | 8 |
| 45 | 2.0 | 11 |
| 50 | 1.5 | 14 |
| 55 | 1.0 | 15 |
| 60 and Over | 0.0 | - |

The percentage of retiring employees assumed to elect option 3, the subsidized 50% option, is 25% for males and 15% for females. The percentage of General Employees assumed electing the 100% PSO option before retirement is 40% for males and 15% for females. For Firemen and Policemen, 95% are assumed to elect the 100% PSO option before retirement.

Duty Deaths:

The following percentages of deaths in active service are assumed to incur in the performance of duty:

General Employees: 5%
Police & Fire: 10%. In addition, amongst Firemen, 25% of duty deaths are assumed to occur under the Heart and Lung Law.

Imputed Military Service:

The following percentages of eligible members are assumed to earn 1 year of imputed military service credit:

General Employees: 10%
Police: 13%
Fire: 13%

These percentages are based on troop strength statistics from the Department of Defense website. (Adopted 1/1/2003)



APPENDIX C: SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Seasonal Service Credit: The following percentages of eligible members are assumed to receive one year of reasonable service credit:

| Member's Union or Bargaining Group | Percentage with Seasonal Service | Assumption Adopted January 1 |
|---|----------------------------------|------------------------------|
| District Council 48, AFSCME | 27.09% | 2005 |
| Fire Equipment Dispatchers Local 494, IBEW | 0.00% | 2006 |
| Electrical Group Local 494, IBEW | 31.00% | 2006 |
| Machine Shop Local 494, IBEW | 12.00% | 2005 |
| Bridge Operators Local 195, IBEW | 28.57% | 2005 |
| Joint 129/48 Local 139, IOUE & DC48 | 100.00% | 2005 |
| Machinists Local 510, IAM | 5.00% | 2005 |
| Sanitation Local 61, LIUNA | 98.06% | 2005 |
| TEAM (Techs, Eng, Archs of Milw) | 5.00% | 2005 |
| MBCTC (Bricklayers, Carpenters, Cement Masons, Painters, Iron Workers) | 10.00% | 2005 |
| Police Sworn Management, Police Civilian Management, Managers, Elected Officials (except mayor) | 3.13% | 2005 |
| Non-represented in the Police Department and General City non-represented | 5.00% | 2005 |

Miscellaneous

Future Service Accrual: Active members are assumed to accrue a full year of service in each future year (adopted 1/1/2023).

Annualized Compensation: For active members, their prior year reported compensation amount is annualized based on their Future Service Accrual and further increased by a leap year adjustment factor of 1.0034 ($26.089285 \div 26$).

Deemed Inactives: Active members who worked less than 100 hours in the prior year, but who have not officially terminated employment are treated as Inactives. These members are not assumed to earn additional service credit in future years.

Decrement Timing: All withdrawals, deaths, disabilities, and retirements are assumed to occur mid-year.



APPENDIX C: SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Liability for Inactive Members: The data provided for inactive members does not contain all the elements to calculate the member's deferred benefit. The deferred benefit amounts for these members are estimated using the member's life-to-date earnings and assumed salary increases. For terminated members who are missing a termination date on their record, it is assumed that they terminated at age 35. The actuary is collecting data so that future members' deferred benefits can be estimated.

Administrative Expenses: Based on the most recent fiscal year end.

Normal Cost: Normal cost rate reflects the impact of new entrants during the year. Due to 2023 Wisconsin Act 12, there are no new entrants effective January 1, 2024.

Changes Since Prior Valuation: None.



APPENDIX C: SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

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APPENDIX D: GLOSSARY OF TERMS

Note that the first definitions given are the “official” definitions of the term. For some terms there is a second definition, in italics, which is the unofficial definition.

Actuarial Accrued Liability (AAL): The portion of the Present Value of Projected Benefits (PVFB) allocated to past service. Also difference between (i) the actuarial present value of future benefits, and (ii) the present value of future normal cost. Sometimes referred to as “accrued liability” or “past service liability.” *The amount of money that should be in the fund. The funding target.*

Actuarial Assumptions: Estimates of future plan experience with respect to rates of mortality, disability, retirement, investment income and salary increases. Demographic (“people”) assumptions (rates of mortality, separation, and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic (“money”) assumptions (salary increases and investment income) consist of an underlying rate appropriate in an inflation- free environment plus a provision for a long-term average rate of inflation. *Estimates of future events used to project what we know now- current member data, assets, and benefit provisions – into an estimate of future benefits.*

Actuarial Cost Method: A mathematical budgeting procedure for allocating the dollar amount of the Present Value of Projected Benefits (PVFB) between the normal costs to be paid in the future and the actuarial accrued liability. Sometimes referred to as the “actuarial funding method.”

Actuarial Methods: The collective term for the Actuarial Cost Method, the Amortization Payment for UAAL Method, and the Asset Valuation Method used to develop the actuarially determined employer contributions for the Retirement System. *The funding policy.*

Actuarial Equivalent: Benefits whose actuarial present values are equal.

Actuarial Present Value: The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Actuarial Value of Assets (AVA): A smoothed value of assets which is used to limit actuarially determined employer contributions volatility. Also known as the funding value of assets. *Smoothed value of assets.*

Amortization Payment for UAAL: Payment of the unfunded actuarial accrued liability by means of periodic contributions of interest and principal, as opposed to a lump sum payment. The components of the amortization payment for UAAL includes:

- Amortization Period Length – Generally amortization periods of up to 15 to 25 years (and certainly not longer than 30). Similar to a mortgage, the shorter the amortization period, the higher the payment and the faster the UAAL is paid off.
- Amortization payment increases – Future payments can be level dollar, like a mortgage, or as a level percent of pay. Most Retirement Systems amortize UAAL as a level percent of pay which when combined with the employer normal cost that is developed as a level percent of pay can result in contributions that are easier to budget.



APPENDIX D: GLOSSARY OF TERMS

- Amortization type – An amortization schedule can be closed or open. A closed amortization schedule is similar to a mortgage – at the end of the amortization period the UAAL is designed to be paid off. An open amortization period is similar to refinancing the UAAL year after year.
- Amortization schedule – UAAL can be amortized over a single amortization period, or it can be amortized over a schedule.

The amortization payment for UAAL can be thought of as the UAAL mortgage payment.

Asset Valuation Method: The components of how the actuarial value of assets is to be developed. CMERS uses a five-year smoothing of asset gains and losses, which is the most commonly used method.

Experience Gain (Loss): A measure of the difference between actual experience and experience anticipated by a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used. *The experience Gain (Loss) represents how much the actuary missed the mark in a given year.*

Funded Ratio: The percent of the actuarial accrued liabilities covered by the actuarial value of assets. Also known as the funded status. *The ratio of how much money you actually have in the fund to the amount you should have in the fund.*

Normal Cost: The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as “current service cost.” An amortization payment toward the unfunded actuarial accrued liability is paid in addition to the normal cost to arrive at the total contribution in a given year. *The cost of benefits accruing during the year.*

Present Value of Future Normal Cost (PVFNC): The portion of the Present Value of Projected Benefits (PVFB) allocated to future service. *The value in today’s dollars of the amount of contribution to be made in the future for benefits accruing for members in the Retirement System as of the valuation date.*

Present Value of Future Benefits (PVFB): The projected future benefit payments of the plan are discounted into today’s dollars using an assumed rate of investment return assumption to determine the Present Value of Future Benefits (PVFB) of the Retirement System. The PVFB is the discounted value of the projected benefits promised to all members as of a valuation date, including future pay and service for members which has not yet been earned. *If the Retirement System held assets equal to the PVFB and all the assumptions were realized, there would be sufficient funds to pay off all the benefits to be paid in the future for members in the Retirement System as of the valuation date.*

Reserve Account: An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability (UAAL): The difference between the actuarial accrued liability (AAL) and actuarial value of assets (AVA). The UAAL is sometimes referred to as “unfunded accrued liability.” *Funding shortfall, or prefunded amount if negative.*

Valuation Date: The date that the actuarial valuation calculations are performed as of. *Also known as the “snapshot date”.*