

..Number

121701

..Version

PROPOSED SUBSTITUTE A

..Reference

..Sponsor

ALD. MURPHY

..Title

A charter ordinance relating to retirement benefits for new general city employes, including elected officials.

..Sections

36-05-1-b am

36-05-1-d-1 am

36-05-1-d-3 am

36-05-1-d-4 cr

36-05-1-h-5-a am

36-05-1-h-5-b rn

36-05-1-h-5-b cr

36-05-1-g am

36-05-1-i-2-b am

36-05-2-e am

36-05-3-b-3 am

36-05-5-a-1 am

36-08-7-a-1 am

36-08-7-a-3 cr

36-08-7-c am

36-08-7-m am

..Analysis

This charter ordinance establishes the following provisions for a general city employe who enrolls as a member in the employes' retirement system on or after January 1, 2014:

1. A minimum service retirement age of 65.
2. A service retirement allowance equal to 1.6% of the member's final average salary times the total number of years of all creditable service.
3. Eligibility for a service retirement allowance when attaining the age of 60 years and the completion of 30 years of creditable service.
4. Eligibility for a pension escalator of 2% annually after the fifth anniversary of their service retirement, with spouse survivors of service retirees also eligible for the escalator.
5. A requirement to contribute 4% of their earnable compensation to the retirement system.

This charter ordinance also establishes the following provisions for a newly elected official who enrolls as a member of the employes' retirement system on or after January 1, 2014:

1. A minimum service retirement age of 65.
2. A service retirement allowance equal to 1.6% of the member's final average salary times the total number of years of creditable service as an elected official.
3. Eligibility for a service retirement allowance when attaining the age of 60 years and the completion of 30 years of creditable service.
4. Eligibility for a pension escalator of 2.0% annually after the fifth anniversary of their service retirement, with spouse survivors of service retirees also eligible for the escalator.
5. A requirement to contribute 4% of their earnable compensation to the retirement system during their service as an elected official.

..Body

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 36-05-1-b of the city charter is amended to read:

36-05. Benefits.

1. SERVICE RETIREMENT ALLOWANCE.

b. Minimum Age. The minimum service retirement age shall be, in the case of firemen and policemen, age 57, >>for members enrolled in the retirement system prior to January 1, 2014, age 60,<< and for all other members, age ~~[[60]]~~ >>65<<.

Part 2. Section 36-05-1-d-1 of the city charter is amended to read:

d. Retirement Allowance.

d-1. ~~[[A]]~~ >>General City Employee. For a general city employe enrolled as a member in the retirement system prior to January 1, 2014, a<< service retirement allowance >>shall<< equal ~~[[to]]~~ 2% of the member's final average salary times the total number of years of all creditable service, ~~[[and]]~~ including all other creditable and prior service credits at the percentage specified in this act and applied to the member's final average salary in the ~~[[employees']]~~ retirement system as defined in this act. >>For a general city employe who enrolls as a member in the retirement system on or after January 1, 2014, the service retirement allowance shall equal 1.6% of the member's final average salary times the total number of years of all creditable service, including all other creditable and prior service credits at the percentage specified in this act and applied to the member's final average salary in the retirement system as defined in this act.<<
 The member shall be guaranteed that if the total benefit in the form of a monthly retirement allowance, either under a maximum allowance or under any optional plan elected by such member pursuant to sub. 7, does not equal the amount of the member's contributions as provided for in s. 36-08-7, together with interest to the date of retirement, then the balance of the member's contributions with interest shall be payable in a lump sum amount to a designated beneficiary or to an estate entitled thereto. The guarantee provided for shall be applicable also to a retirement which was in effect as of January 1, 1971, without adjustment, and shall also be applicable to all retirements which occur after January 1, 1971, and

to retirements under subs. 1-e, f and g, 2, 3 and 6. The service retirement allowance for members who retire between January 1, 1989 and December 31, 1994, shall not exceed the lesser of an amount established by the U.S. secretary of the treasury or 100% of final average salary under ~~[[sec. 415]]~~ >>s. 415<< of the Internal Revenue Code. The service retirement allowance for members who retire on or after January 1, 1995 shall not exceed an amount established by the secretary of the treasury under ~~[[sec. 415]]~~ >>s. 415<< of the Internal Revenue Code.

Part 3. Section 36-05-1-d-3 of the city charter is amended to read:

d-3. General City, Age 55. Effective January 1, 1996, a general city employe >>enrolled as a member in the retirement system prior to January 1, 2014,<< who ~~[[has attained]]~~ >>attains<< the age of 55 years and ~~[[completed]]~~ >>completes<< 30 years of creditable service in the retirement system shall be eligible for a ~~[[normal]]~~ service retirement allowance as computed under ~~[[par. d]]~~ >>subs. 1 and 2<<.

Part 4. Section 36-05-1-d-4 of the city charter is created to read:

d-4. General City, Age 60. Notwithstanding subd. 3, effective January 1, 2014, a general city employe who enrolls as a member in the retirement system on or after January 1, 2014, who attains the age of 60 years and completes 30 years of creditable service in the retirement system shall be eligible for a service retirement allowance as computed under subs. 1 and 2.

Part 5. Section 36-05-1-h-5-a of the city charter is amended to read:

h-5-a. A general city employe in active service on or after January 1, 2000, who participates in the combined fund >>and was enrolled as a member of the retirement system prior to January 1, 2014,<< shall be eligible for an annual pension escalator of 1.5% effective with the installment next following the second, third and fourth anniversary of his or her retirement, and an annual pension escalator of 2% effective with the installment next following the fifth and each successive anniversary of his or her retirement if he or she retires on a service retirement allowance under par. b or d, a deferred retirement allowance under sub. 6-b-2 or d-2, or an immediate allowance under sub. 6-b-3 or c. Each successive annual increase to the member's allowance under this subd. shall be calculated on the retirement allowance as previously increased. If a member eligible for an adjustment under this subd. retires on a duty disability retirement allowance and converts to a service retirement allowance, the member's adjustment following conversion shall be first payable with the installment next following the second anniversary of his or her conversion and the percentage increase of the annual escalator payable on each anniversary following conversion shall be calculated by reference to the member's date of conversion to a service retirement allowance rather than by reference to the member's date of retirement on disability. If a member who is eligible for an adjustment under this subd. elects a retirement option under sub. 7-b-1, b-2 or b-3 with a spouse

survivor allowance payable to the member's surviving spouse after the member's death in proportionate share to the member's reduced retirement allowance, and the member dies after receiving a retirement allowance, the spouse survivor allowance payable on the member's death shall be calculated as a proportionate share of the member's retirement allowance including adjustments under this subd. up to the date of death and the spouse survivor allowance shall be increased by an annual pension escalator payable at the same time and in the same percentage as the increase the member would have received, had the member lived. If a member who is eligible for an adjustment under this subd. elects a protective survivorship option under sub. 7-b-4, with a spouse survivor allowance payable on the member's death in proportionate share to the member's reduced retirement allowance and the member dies while in active service, the spouse survivor allowance payable on the member's death, shall be increased by an annual pension escalator to the spouse survivor allowance payable at the same time and in the same percentages as the increases the member would have received had the member retired on the date of the member's death. Each successive annual increase to the spouse survivor allowance under this subd. shall be calculated on the spouse survivor allowance as previously increased.

Part 6. Section 36-05-1-h-5-b of the city charter is renumbered 36-05-1-h-5-c.

Part 7. Section 36-05-1-h-5-b of the city charter is created to read:

b. A general city employe who enrolls as a member in the retirement system on or after January 1, 2014 and who retires on a service retirement allowance under sub. 1-b or d shall be eligible for an annual pension escalator of 2% effective with the installment next following the fifth anniversary and each successive anniversary of his or her retirement. Each successive annual increase to the member's allowance under this subparagraph shall be calculated on the retirement allowance as previously increased. General city employees receiving retirement benefits under subs. 2-a, 3, 6-b-2 and 3, 6-c or d-2 shall not be eligible for a pension escalator. If a member who is eligible for an adjustment under this subparagraph dies without receiving an adjustment prior to death, a beneficiary who is eligible for a spouse survivor allowance under subs. 7-b-1, 2 and 3 shall be eligible for a pension escalator in the amount of 2% of the spouse survivor's proportionate allowance effective with the installment in which the member would have received an adjustment had the member lived. If the member has received an adjustment under this subparagraph prior to death, a beneficiary who is eligible for a spouse survivor allowance under subs. 7-b-1, 2 and 3 shall be eligible for a pension escalator in the amount of 2% of the spouse survivor's proportionate allowance effective with the installment in which the member next would have received an adjustment had the member lived. If a general city employe who has elected a protective survivorship option under sub. 7-b-4 dies while in active service, a beneficiary who is eligible for a spouse survivor allowance under subs. 7-b-1, 2 and 3 shall be eligible for a pension escalator in

the amount of 2% of the spouse survivor's proportionate allowance effective with the installment next following the fifth annual anniversary of the commencement of the spouse survivor allowance. After the first adjustment to the spouse survivor allowance, there shall be an additional 2% escalator to the spouse survivor allowance in each successive year effective on each subsequent anniversary of the first adjustment to the spouse survivor allowance. Each successive adjustment to the spouse survivor allowance shall be computed on the spouse survivor allowance as previously adjusted. Beneficiaries, other than spouses receiving survivor benefits under sub. 7-b, shall not be eligible for a pension escalator.

Part 8. Section 36-05-1-g of the city charter is amended to read:

1. SERVICE RETIREMENT ALLOWANCE.

g. Elected Officials. The annual service retirement allowance for elected officials elected to office by vote of the people, except the mayor, shall equal ~~[[2.60%]]~~ >>2.6%<< of the member's final average salary times the number of years of creditable service accrued as an elected official for years of service prior to 1996 and ~~[[2.50%]]~~ >>2.5%<< of the member's final average salary times the number of years of creditable service accrued as an elected official for years of service on or after January 1, 1996. The annual service retirement for the mayor shall equal ~~[[2.60%]]~~ >>2.6%<< of the mayor's final average salary times the number of years of creditable service accrued for years of service prior to 1996, and ~~[[2.0%]]~~ >>2%<< of the mayor's final average salary times the number of years of creditable service accrued for years of service on or after January 1, 1996. >>Notwithstanding the forgoing, the annual service retirement allowance for an elected official who enrolls as a member in the retirement system on or after January 1, 2014, shall equal 1.6% of the member's final average salary times the number of years of creditable service accrued as an elected official.<< Service before or after service for elected officials shall be credited at the rate applicable to such service.

Part 9. Section 36-05-1-i-2-b of the city charter is amended to read:

i. Employees retired prior to January 1, 1993.

i-2-b. Effective January 1, 2000, the annual escalator payable under ~~[[par. h-5]]~~ >>par. h-5-a<< shall be extended to a general city employe, fireman or policeman, retired on a service retirement allowance under par. b, d-3 or f, a general city employe, a fireman or policeman, retired on a duty disability retirement allowance who converted to a service retirement allowance or a general city employe, a fireman or policeman, separated from service who retired on a deferred retirement allowance under sub. 6-b-2, ~~[[6-d-2]]~~ >>d-2<< or ~~[[6-e]]~~ >>e<< or an immediate allowance under sub. 6-b-3 or ~~[[6-e]]~~ >>c<< and their spouse survivor eligible to receive a proportionate share of the member's allowance if the member (or spouse survivor if the member is deceased) is a participant in the combined fund and the member is a general city employe

retired on a service retirement allowance, duty disability retirement allowance or separated from service prior to January 1, 2000 or a fireman or policeman retired on a service retirement allowance, duty disability retirement allowance or separated from service prior to January 1, 1993. If a member eligible for an escalator under this subpar. was eligible for an annual escalator under subpar. a prior to January 1, 2000, the annual escalator payable under this subpar. shall be effective upon the anniversary of the escalator payable under subpar. a if such anniversary is different from the anniversary of the installment next following service retirement. If a member referred to above retires on a duty disability retirement allowance and converts to a service retirement allowance the conversion date shall be used for purposes of determining both the eligibility and the percentage increase of the annual escalator to which the member or spouse survivor is eligible. Effective January 1, 2000, the annual escalator payable under par. h-6 shall be extended to a fireman and policeman who retired on a duty disability retirement allowance of 75% of current salary for their position under sub. 3-c-1-a between October 17, 1992 and December 31, 1994 if he or she is eligible to elect between a service retirement allowance and a duty disability allowance under sub. 3-c-f effective with the installment next following one year after eligibility for an election to convert to a service retirement. Effective January 1, 2000 the annual escalator payable under par. h-6 shall be extended to a fireman or policeman who separated from service between January 1, 1993 and December 31, 1999 and retired on a deferred retirement allowance under sub. 6-b-2 or ~~[[6-d-2]]~~ >>d-2<< or separated from service between January 1, 1995 and December 31, 1999 and retired on a deferred retirement allowance under sub. 6-e or separated from service between January 1, 1993 and December 31, 1999 and retired on an immediate allowance under sub. 6-b-3 or c and his or her spouse survivor eligible to receive a proportionate share of the member's allowance if the member (or spouse survivor if the member is deceased) is a participant in the combined fund and the member separated from service prior to January 1, 2000. If a member who is eligible for an increase under this subpar. dies on or after January 1, 2000 his or her spouse's proportionate share of spouse survivor allowance shall be computed based on the amount of the deceased member's allowance including increases at the date of death and the spouse survivor shall be eligible for an annual escalator to his or her spouse survivor allowance at the same time and in the same percentages as the deceased member would have received had the deceased member continued to live.

Part 10. Section 36-05-2-e of the city charter is amended to read:

2. ORDINARY DISABILITY RETIREMENT ALLOWANCE.

e. Effective January 1, 2000, the annual escalator payable under ~~[[sub. 1-h-5]]~~ >>sub. 1-h-5-a<< shall be extended to a general city employe who ~~[[retirees,]]~~ >>was enrolled as a member of the retirement system prior to January 1, 2014 and retires,<< or is retired before January 1, 2000 ~~[[;]]~~ on an ordinary disability retirement allowance and a fireman or policeman who retired prior to January 1,

1993 and on an ordinary disability retirement allowance and his or her spouse survivor receiving a proportionate share of the member's pension if the member (or spouse survivor if the member is deceased) is a participant in the combined fund. Effective January 1, 2000, the annual escalator payable under sub. 1-h-6 shall be extended to a fireman or policeman who retires on or after January 1, 1993 on an ordinary disability retirement allowance and his or her spouse survivor receiving a proportionate share of the member's pension if the member (or spouse survivor if the member is deceased) is a participant in the combined fund. If a member who is eligible for an increase under this ~~[[sub.]]~~ ~~>>paragraph<<~~ dies while on ordinary disability on or after January 1, 2000, his or her spouse's proportionate share spouse survivor allowance shall be computed based on the amount of the member's ordinary disability retirement allowance including increases at the date of death. The annual escalator shall be payable to the member or spouse survivor at same times and in the same percentages as the increases the member would have received had the member retired on a service retirement allowance on the date of his or her ordinary disability retirement.

Part 11. Section 36-05-3-b-3 of the city charter is amended to read:

3. DUTY DISABILITY RETIREMENT ALLOWANCE.

b-3. Effective January 1, 2000, the annual escalator payable under ~~[[sub. 1-h-5]]~~ ~~>>sub. 1-h-5-a<<~~ shall be extended to a general city employee who ~~>>was enrolled as a member of the retirement system prior to January 1, 2014 and<<~~ retires and is receiving a duty disability allowance and his or her spouse survivor receiving a proportionate share of the member's pension if the member (or spouse survivor if the member is deceased) participates in the combined fund. If a member who is eligible for an increase under this ~~[[sub.]]~~ ~~>>subsection<<~~ dies while on duty disability on or after January 1, 2000, his or her spouse's proportionate share spouse survivor allowance shall be computed based on the amount of the member's duty disability retirement allowance including increases at the date of death. The annual increase shall be payable to the member or spouse survivor at the same times and in the same percentages as the increases the member would have received had the member retired on a service retirement allowance on the date of his or her duty disability retirement.

Part 12. Section 36-05-5-a-1 of the city charter is amended to read:

5. ACCIDENTAL DEATH BENEFIT.

a-1. His widow or her widower. Effective January 1, 2000, the annual escalator payable under ~~[[sub. 1-h-5]]~~ ~~>>sub. 1-h-5-a<<~~ shall be extended to such widow or widower of a general city employee who ~~>>was enrolled as a member of the retirement system prior to January 1, 2014 and<<~~ died at any time or of a fireman or policeman who died prior to January 1, 1993 if the member (or widow or widower if the member is deceased) participates in the combined fund. Effective January 1, 2000, the annual escalator payable under sub. 1-h-6 shall be

extended to such widow or widower if a fireman or policeman who dies on or after January 1, 1993 if the member (or widow or widower if the member is deceased) participates in the combined fund. The annual escalator shall be payable to the widow or widower at the same times and in the same percentages as the increases the member would have received had the member retired on a service retirement allowance on the date of his or her death.

Part 13. Section 36-08-7-a-1 of the city charter is amended to read:

36-08. Method of Financing

7. MEMBER CONTRIBUTIONS.

a-1. Members who are not firemen, policemen or elected officials shall contribute or have contributed on their behalf, 5.5% of the member's earnable compensation. Except as provided in ~~[[subd. 2]]~~ >>subds. 2 and 3<<, subsequent to and commencing with the first pay period of 1970, the city shall contribute on behalf of general city employes 5.5% of such member's earnable compensation. Members employed by city agencies participating in the system shall contribute 5.5% of their earnable compensation less any contribution made on their behalf as determined by the governing bodies of such agencies.

Part 14. Section 36-08-7-a-3 of the city charter is created to read:

a-3. General city employes who enroll as members in the retirement system on or after January 1, 2014, shall contribute 4% of their earnable compensation. A member enrolled in the retirement system prior to January 1, 2014, who is initially employed as a general city employe on or after January 1, 2014, shall contribute the member contribution under par. a-2.

Part 15. Section 36-08-7-c of the city charter is amended to read:

c. Members who are elected officials shall contribute or have contributed on their behalf 7% of the member's earnable compensation, and in respect to such members subsequent to and commencing with the 1st pay period of 1971 the city shall contribute 7% of earnable compensation. >>Elected officials who enroll as members in the retirement system on or after January 1, 2014, shall contribute 4% of their earnable compensation during such service as elected officials. A member who is initially elected to office after January 1, 2014, and who at the time of his or her election is required to pay a member contribution to the retirement system under either par. a-1 or 2, or b shall continue to pay that member contribution.<<

Part 16. Section 36-08-7-m of the city charter is amended to read:

m. During the 8-year period immediately following their enrollment, general city employes who are enrolled as members on or after January 1, 2000 shall

contribute to the combined fund a sum expressed as ~~[[1.60%]]~~ >>1.6%<< of the member's pensionable earnings if they participate in the combined fund. If a member who makes contributions under this paragraph separates from service without a vested pension or withdraws his or her accumulated contributions, amounts contributed under this paragraph shall be returned to the contributor without interest. This subsection shall not apply to general city employees >>including elected officials,<< required to contribute ~~[[5.5% of their earnable compensation]]~~ >>a member contribution<< under ~~[[subd. a-1 or 2]]~~ >>par. a-1 to 3 or c<<.

Part 17. This is a charter ordinance and shall take effect 60 days after its passage and publication, unless within such 60 days a referendum petition is filed as provided in s. 66.0101(5), Wis. Stats., in which event this ordinance shall not take effect until submitted to a referendum and approved by a majority of the electors voting thereon.

..LRB
APPROVED AS TO FORM

Legislative Reference Bureau

Date: _____

..Attorney

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney

Date: _____

..Requestor

..Drafter

LRB145743-3

Mary E. Turk

5/14/2013

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