

LRB - FISCAL SECTION ANALYSIS

JULY 11, 2002

ITEM 14, FILE 020475

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #020475 is a substitute charter ordinance relating to voluntary separation under the Employees' Retirement System (ERS).

Background

1. S.36-05-6-d-2 of the Milwaukee Charter requires that a member who voluntarily separates from service must make an "election" for a deferred retirement within 30 days of separation. If a member fails to make an election to defer his or her retirement and has at least 8 years of creditable service, (10 years if they are a protective service member) he or she would have their contributions refunded and be withdrawn from the system. Members who are involuntarily separated can elect to leave accumulated contributions in the fund until the employe attains the minimum service retirement age, receive an immediate allowance or withdraw accumulated contributions if they are eligible. A member who is voluntarily separated could lose their right to a deferred pension if they did not make an "election" within the 30 days after separation.
2. A common problem ERS has with MPS is that classroom aides, kitchen helpers, etc. join and exit the system frequently and ERS is not notified of their departure which could impact their ability to elect a deferred retirement benefit.
3. If a member involuntary separates without notifying ERS, the ERS Board makes an automatic election for members to defer until he or she is eligible for a service retirement.

Discussion

1. The charter ordinance gives the Annuity and Pension Board the opportunity to elect a deferred retirement for members who separate from service without notifying ERS of their departure. It will protect the members' right to a deferred retirement if they are vested within the system. Members will still be eligible to withdraw their contributions if they at any time request a withdrawal and are eligible to withdraw.

Fiscal Impact

The charter ordinance has no fiscal impact.

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