

Employees' Retirement System

2022 Budget Overview

Finance & Personnel Committee

October 6, 2021

Budget Data

	2021 Adopted Budget	2022 Proposed Budget	Amount Change	Percent Change
FTEs – O&M	49.00	49.00	0.00	0.0%
FTEs - Other	0.00	0.00	0.00	0.0%
Total Positions Authorized	58	57	-1	-1.7%
Salaries & Wages	\$3,570,428	\$3,583,222	\$12,794	0%
Fringe Benefits	1,642,397	1,648,282	5,885	0.4%
Operating Expenditures	14,577,000	15,558,400	981,400	6.7%
Equipment	875,000	598,000	-277,000	-31.7%
Special Funds	0	0	0	0
Transfer to General Fund	0	0	0	0
Capital Projects	0	0	0	0
TOTAL	\$20,664,825	\$21,387,904	\$723,079	3.5%

Budget & Service Changes

- Salary & Wages:
 - Eliminate one intern position
- Operating Expenses:
 - Increase in investment management fee
 - Decrease in IT infrastructure maintenance
 - Insource one IT consultant (approved in 2021 budget)
 - Increase in training, cybersecurity insurance costs
- Equipment
 - Filenet upgrade completed in 2021

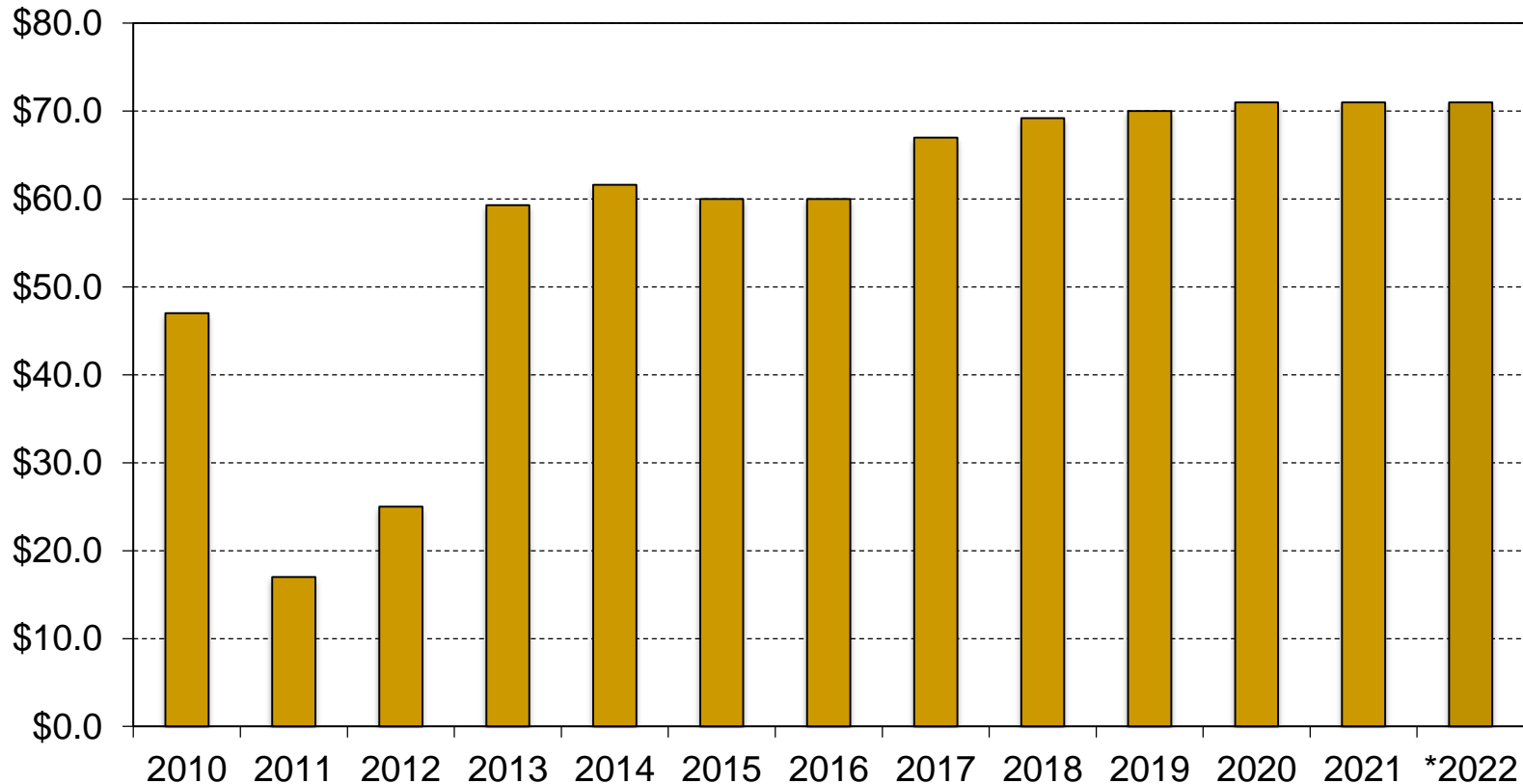
Pension Fund Performance as of January 1, 2021

- 80.7% on an actuarial basis
 - Compared to 80.1% in January 1, 2020
- 83.8% on a market basis
 - Compared to 84.2% in January 1, 2020
- 9.22% return on investment on actuarial value
 - Assumption was 7.50%
 - Compared to 6.94% in January 1, 2020
- 6.62% return on investment on market value
 - Assumption was 7.50%
 - Compared to 18.44% in January 1, 2020

2022 Pension Contribution

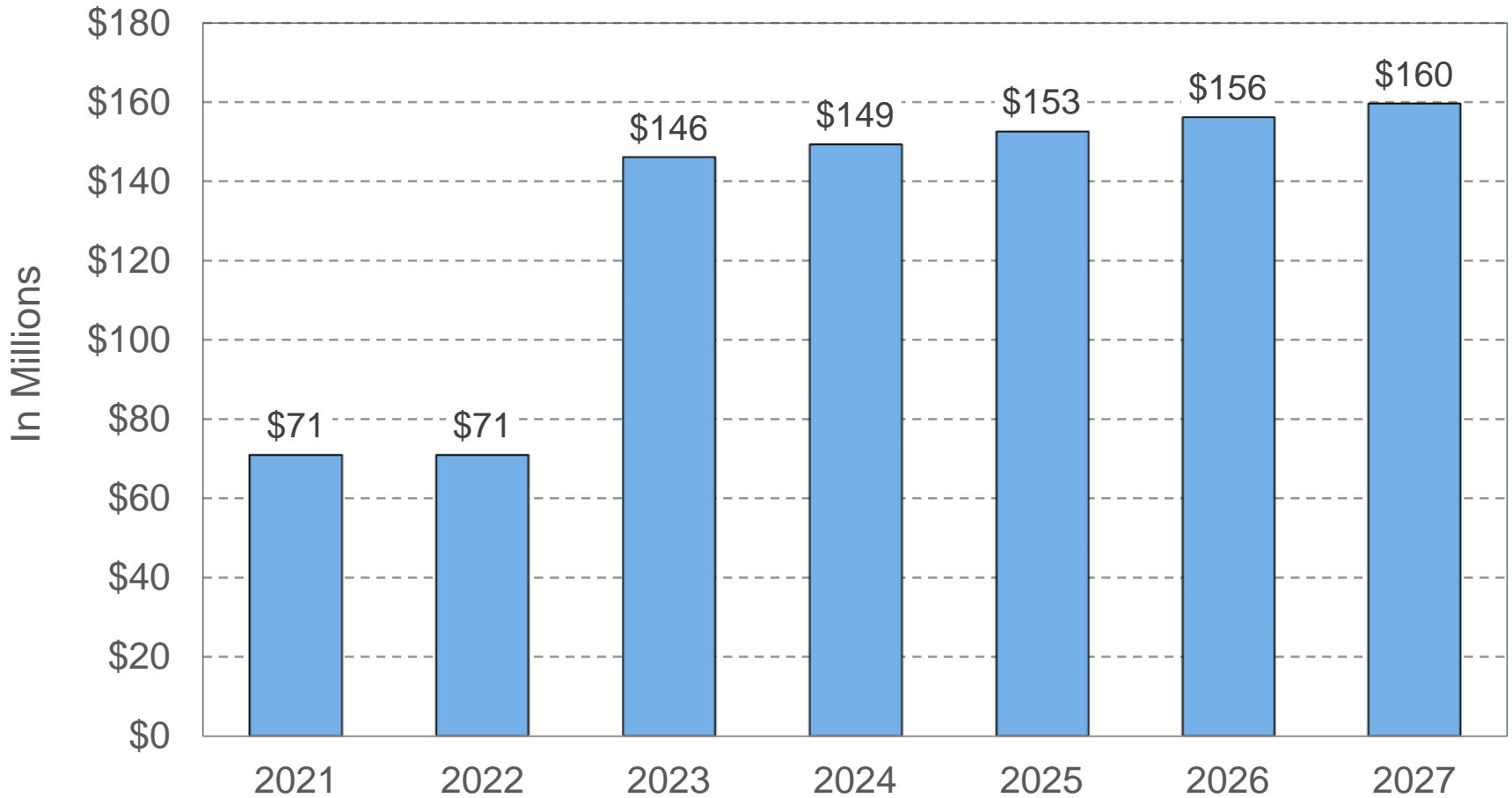
- The budget provides a payment of \$71 million for the Employer Contribution
 - \$71 million from the tax levy
- Pension Reserve Fund:
 - 2022 budget includes \$10 million contribution
 - Pension reserve fund will have a balance of ~\$52 million at year-end 2022
- ❖ *No member contribution paid by the employer; employees now pay their own contributions*

Employer Pension Contributions Trends 2010-2022

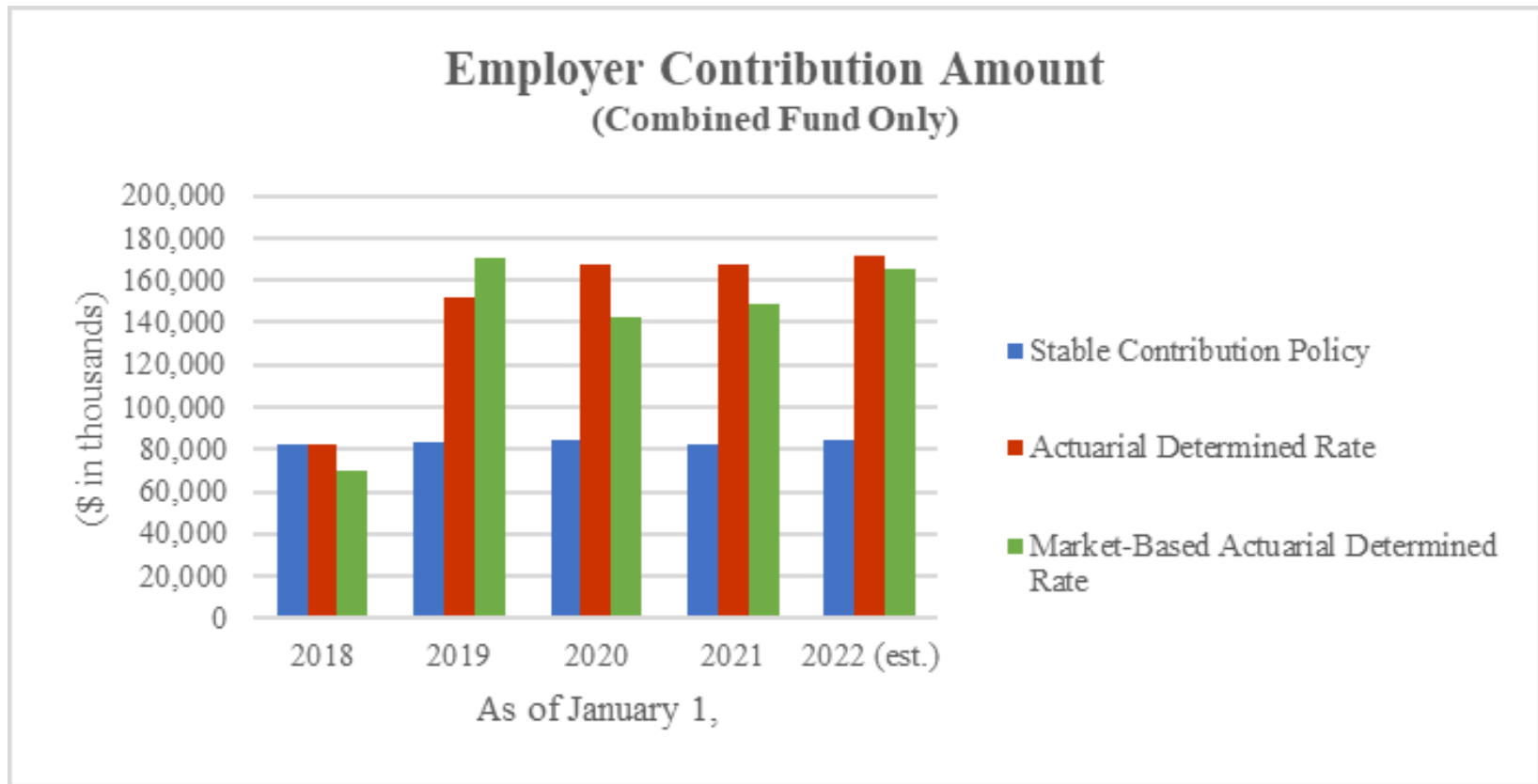


* Payment based on Actuarial Recommendation
Average Annual Payment ~\$70M

Future Pension Contribution Outlook



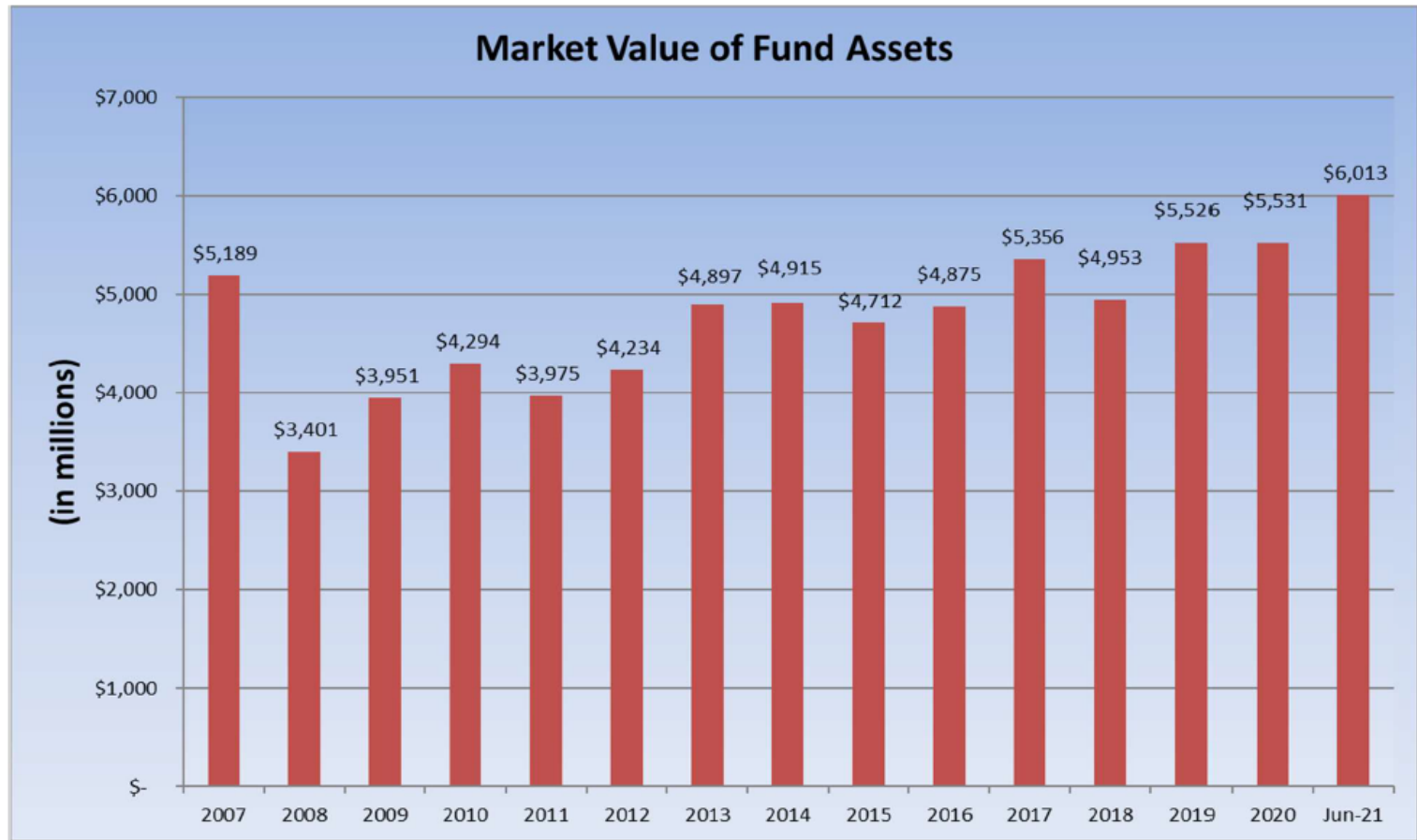
Employer Contributions (Combined Fund only as of January 1, 2021)



Given the difference between the actuarially determined contributions and the stable contribution policy contributions, it would be prudent for *City of Milwaukee & participating agencies* to prepare now for higher contributions when the Stable Contribution Policy is reset for calendar year 2023

Fund Value of Assets: 2007-June 30, 2021

(Year ended dates reflect 12/31 fund values)



Most recent Actuarial valuation projects benefit payments to total \$5.1 billion in next 10 years.

Benefit Payments	\$4.5 billion
Expenses	\$239 million
Contributions	\$1.3 billion
Investment Gain	\$4.3 billion

13 1/2 Year Estimates (1/1/2008 - 6/30/2021)

