



City of Milwaukee
Employees' Retirement System

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June 28, 2005

Alderman Michael J. Murphy
Chairman, Finance and Personnel Committee
200 East Wells St, Room 205
Milwaukee, WI 53202

Re: Common Council File 041592

Dear Alderman Murphy:

Common Council File 041592 is on the Agenda for consideration at the Finance and Personnel Committee meeting scheduled for June 29, 2005. This file pertains to retiree health insurance for Fire Fighters and Police Officers who are hired after January 1, 2004 and subsequently retire as management employees.

Presently those individuals would pay for their retiree health insurance at the same rate that they would pay if they were still active employees, which is the same procedure that the City had established for other management employees. Common Council file 041592 would require that the Employees' Retirement System (ERS) adopt new procedures and processes to accommodate this change. ERS would need to identify these individuals based on their status at retirement, and then evaluate their employment date. This is a manual process and will require additional ERS staff time.

This will also require reprogramming changes to the ERS automation system that is nearing completion. Programming has already been done, based on existing rules, and each program correction is not only an additional cost but requires time and testing, which could delay completion of the project.

Under the provisions of Chapter 36-15-1-a, the Employees' Retirement System (ERS) is responsible for administering the City's retiree health insurance provisions. The cost of administering the retiree health insurance provisions is a cost to the City. This includes staff time and programming. Uniformity in health care provisions for retirees is important to ensure efficiency in cost, administration and communication with the membership.

I feel that your Committee should be aware of these issues and costs, as you discuss File 041592. If you have any questions, please do not hesitate to contact me.

Sincerely,


Anne M. Bahr
Executive Director

C: Annuity and Pension Board
Michael Brady (EBD)

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