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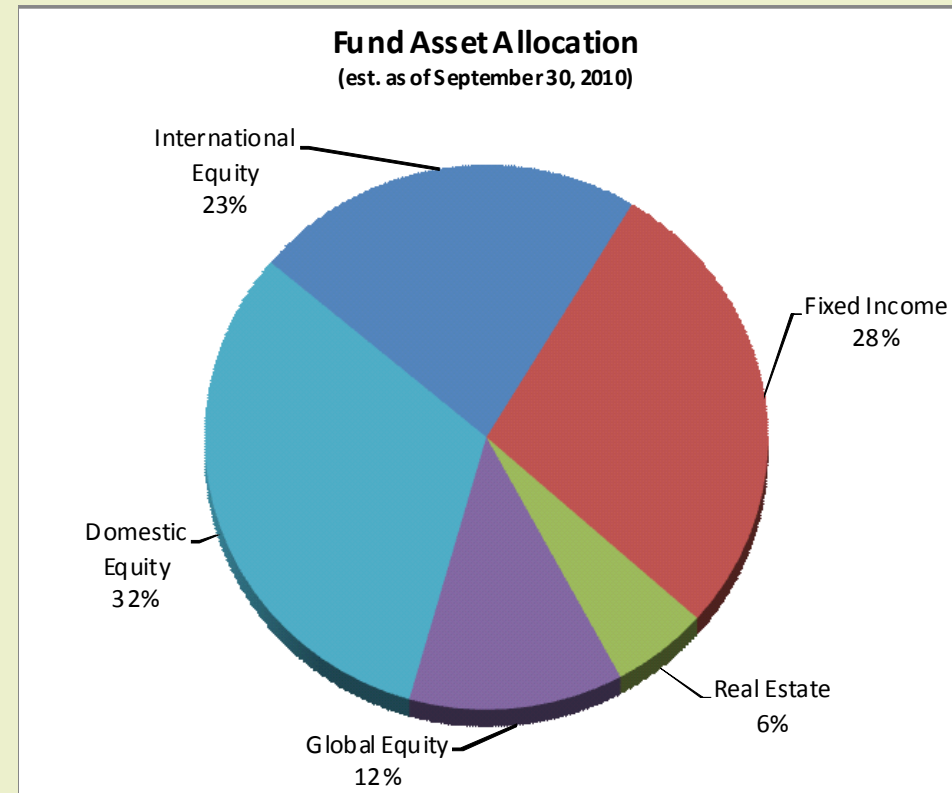
# 2011 Budget Presentation

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Employes' Retirement System  
October 19, 2010

# General Pension Fund Statistics

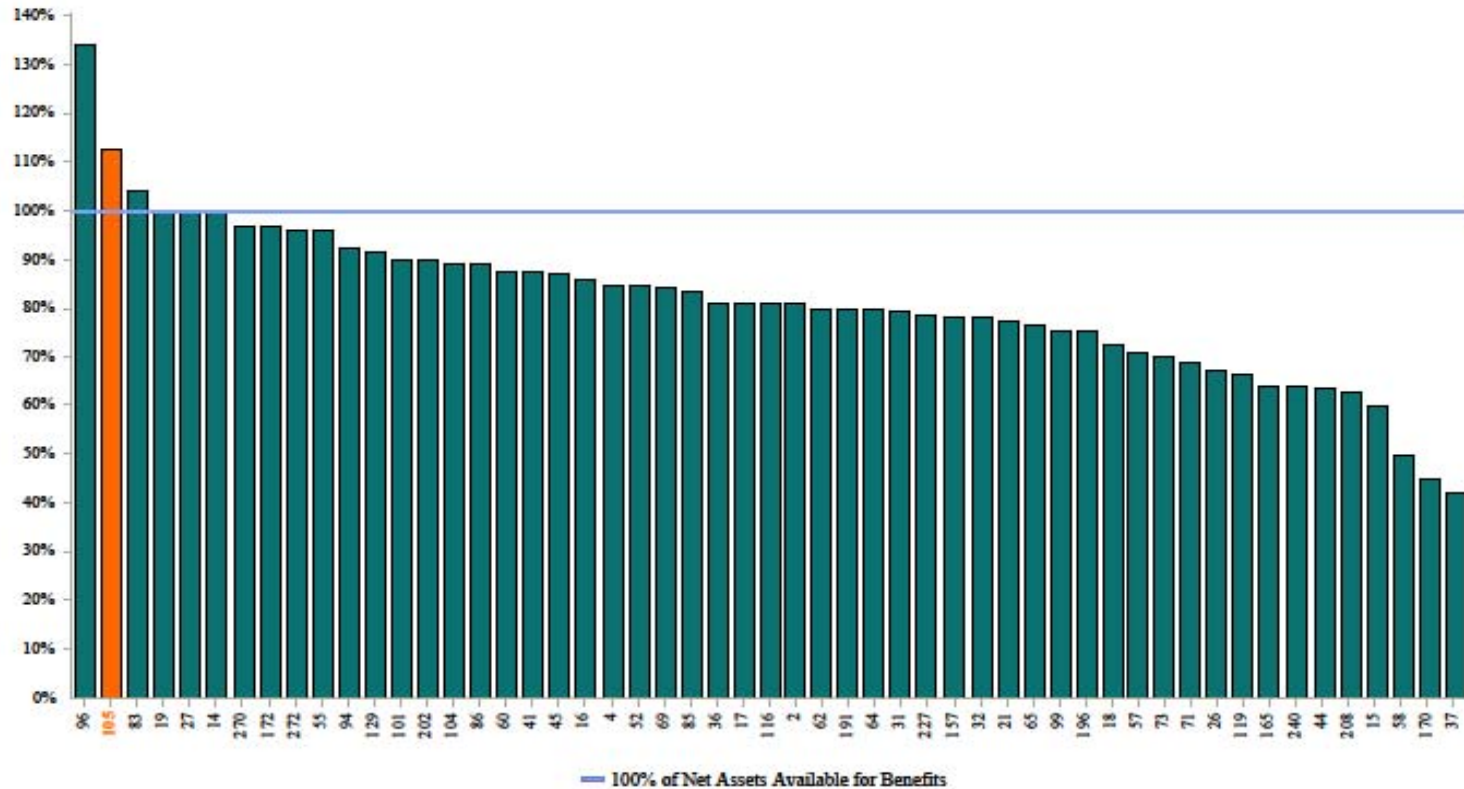
- **Fund Value: \$4.1 billion** (est. as of Sept. 30 2010)
- **Membership Breakdown** (as of 1/1/2010 valuation):
  - Actives: 11,664
  - Deferreds: 4,123
  - Retirees / Beneficiaries: 11,205
- **Funded Status: 112.8%** (as of latest valuation on 1/1/2010)
- **Total Annual City Pension Payroll: \$209.3 million** (est. for 2010 based on actuals through Sept. 2010)
- **Total Annual City Pensionable Wages From Agencies: \$376.7 million** (est. for 2010 based on YTD actuals through Sept. 2010)
- **Total Annual City Employee Contributions: \$24.3 million** (est. for 2010 based on YTD actuals through Sept. 2010)



**Net Assets Available For Benefits**  
**Expressed as a Percentage of the Pension Benefit Obligation**  
**As of June 30, 2010**

**Fund Number: 105**

53 of 80 funds provided Net Assets Available data



# ERS YTD Cash Flow Analysis as of 09/30/2010

December 31, 2009 Market Value			\$ 3,964,442,509
Monthly Cash Outflows thru	<u>September 30, 2010</u>		
Retiree Payroll Expense		\$ (191,858,068)	
PABF Payroll Expense		\$ (679,215)	
Expenses Paid		\$ (13,334,713)	
GPS Benefit Payments		\$ (9,179,457)	
Sub-Total Monthly Cash Outflows			\$ (215,051,453)
Monthly Cash Inflows thru	<u>September 30, 2010</u>		
Sponsoring Agency Contributions ***		\$ 84,520,399	
City Reserve Fund		\$ 1,217,240	
Sub-Total Monthly Contributions			\$ 85,737,639
Capital Market Gain/(Loss)			\$ 254,397,961
Projected Value as of	<u>September 30, 2010</u>		<u>\$ 4,089,526,655</u>
Less City Reserve Account *		\$ 15,785,000	
City Reserve Account Drawdown		\$ (1,217,240)	
Estimated Sub-Total City Reserve Account			\$ 14,567,760
Less PABF Fund **			\$ 1,935,745
Net Projected Value as of	<u>September 30, 2010</u>		<u><u>\$ 4,073,023,150</u></u>

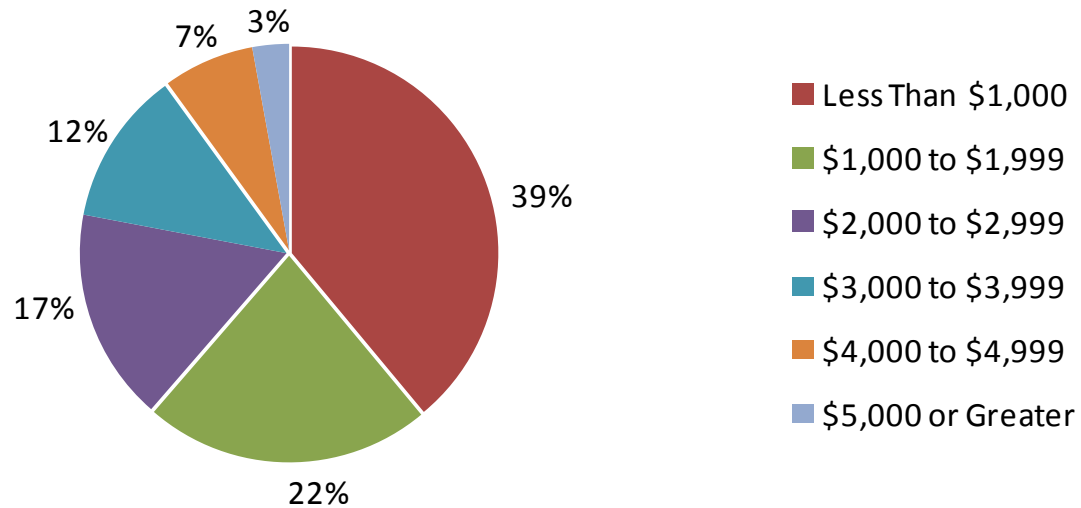
\* The City Reserve account balance of \$15,785,000 is based on the January 1, 2010 Actuary report.

\*\* PABF Fund amount equals market value as of January 1, 2010 based on the January 1, 2010 Actuary report.

\*\*\* Includes \$60,178,000 in actuarial contributions per the January 1, 2009 Actuarial Report

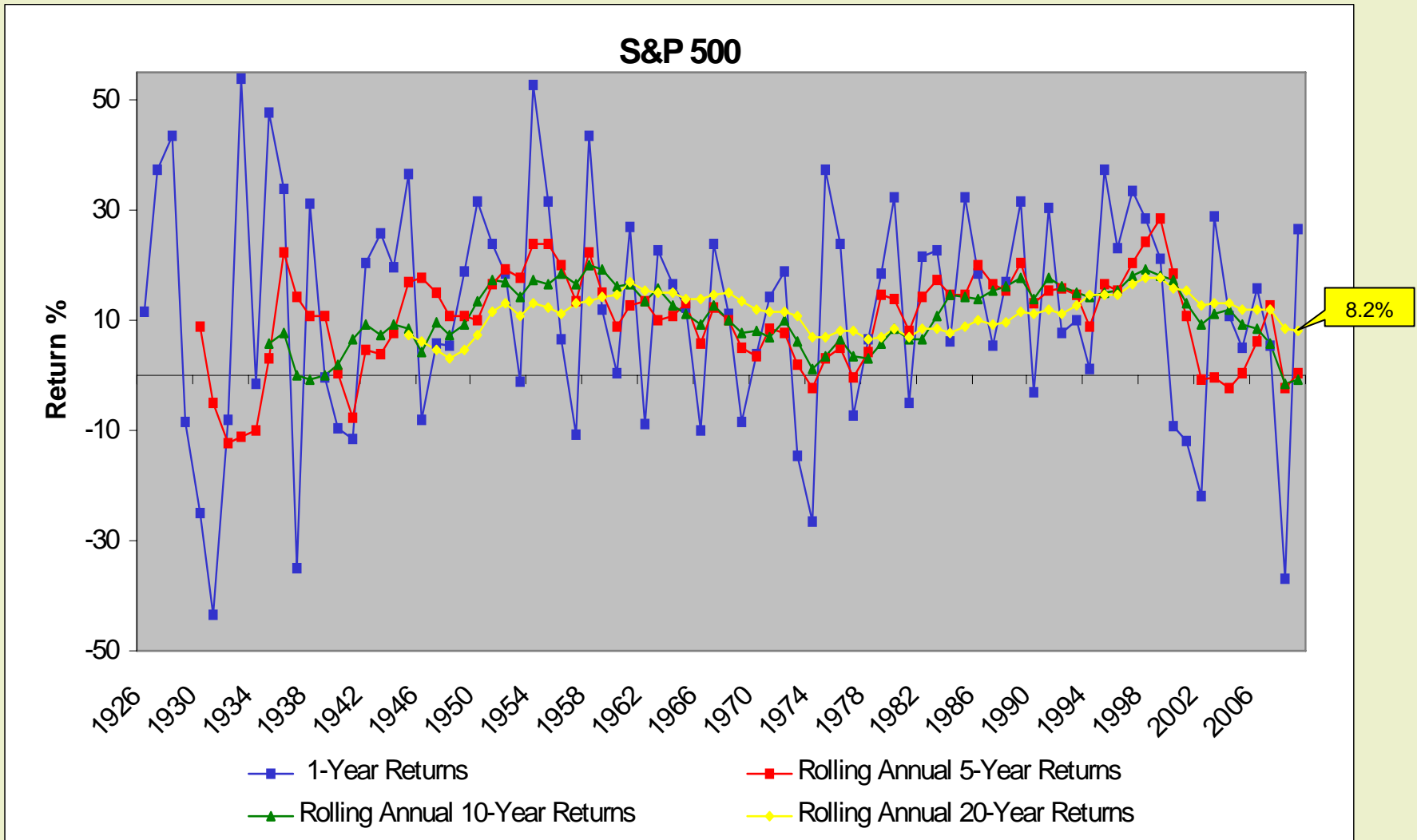
# Retiree Gross Monthly Payments

September 2010  
(excluding Duty Disabilities)

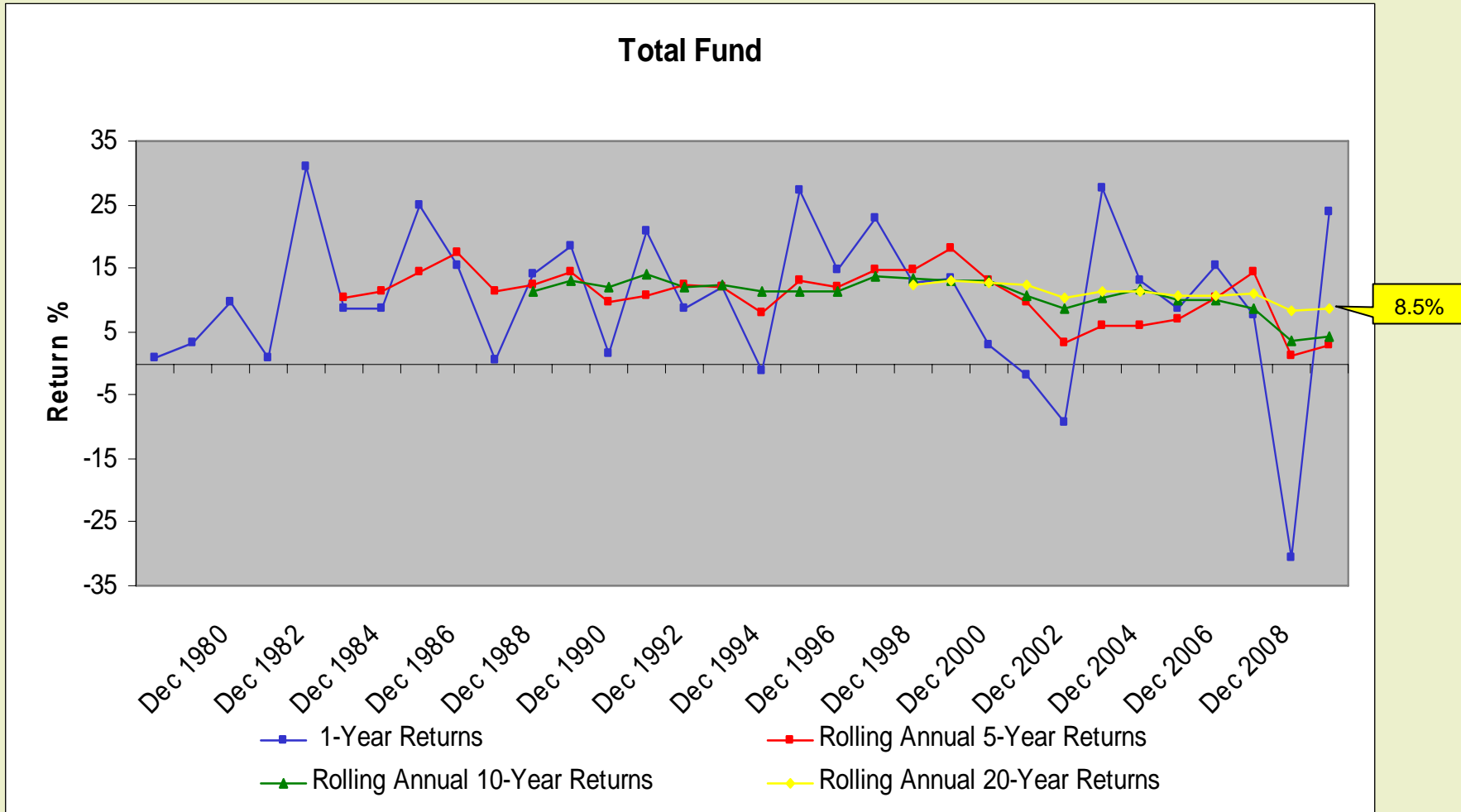


Minimum	\$ 17.80
Maximum	\$ 11,349.07
Average	\$ 1,827.99

# U.S. Equity Rolling Period Returns



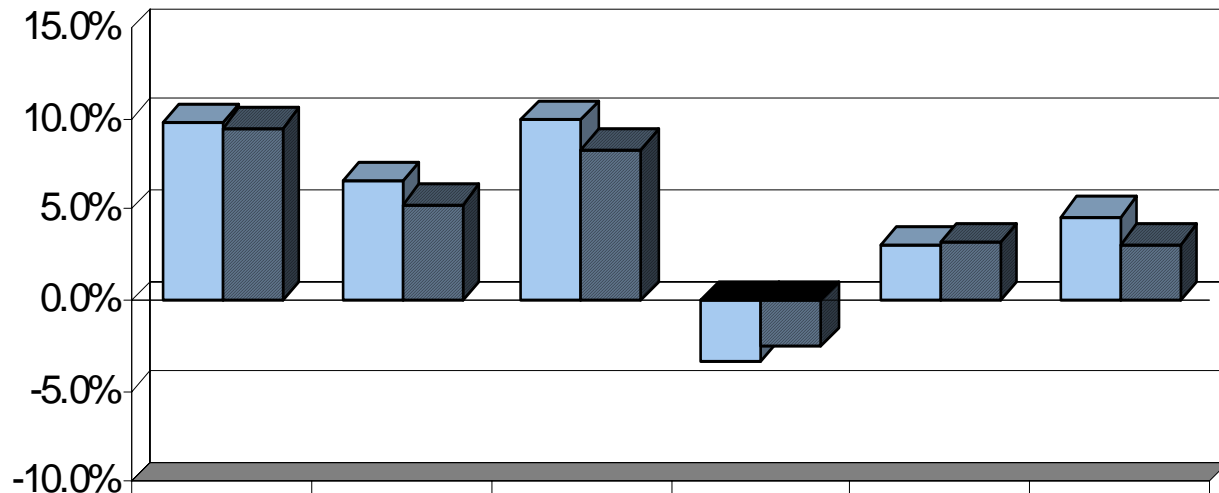
# CMERS Rolling Period Returns



# CMERS Investment Performance History

(Periods Ending Sept. 30)

September 30, 2010



	1 Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Total Fund Gross	9.8%	6.5%	9.9%	-3.3%	3.0%	4.6%
Total Fund Benchmark	9.5%	5.2%	8.3%	-2.6%	3.2%	3.1%

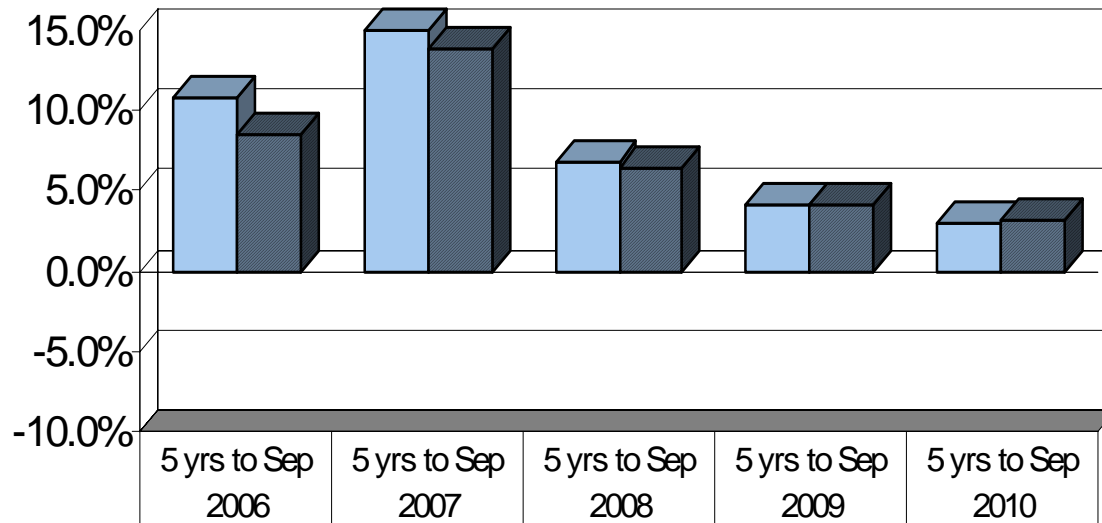
Total Fund Gross
  Total Fund Benchmark



# CMERS Investment Performance History

## Rolling 5 Years

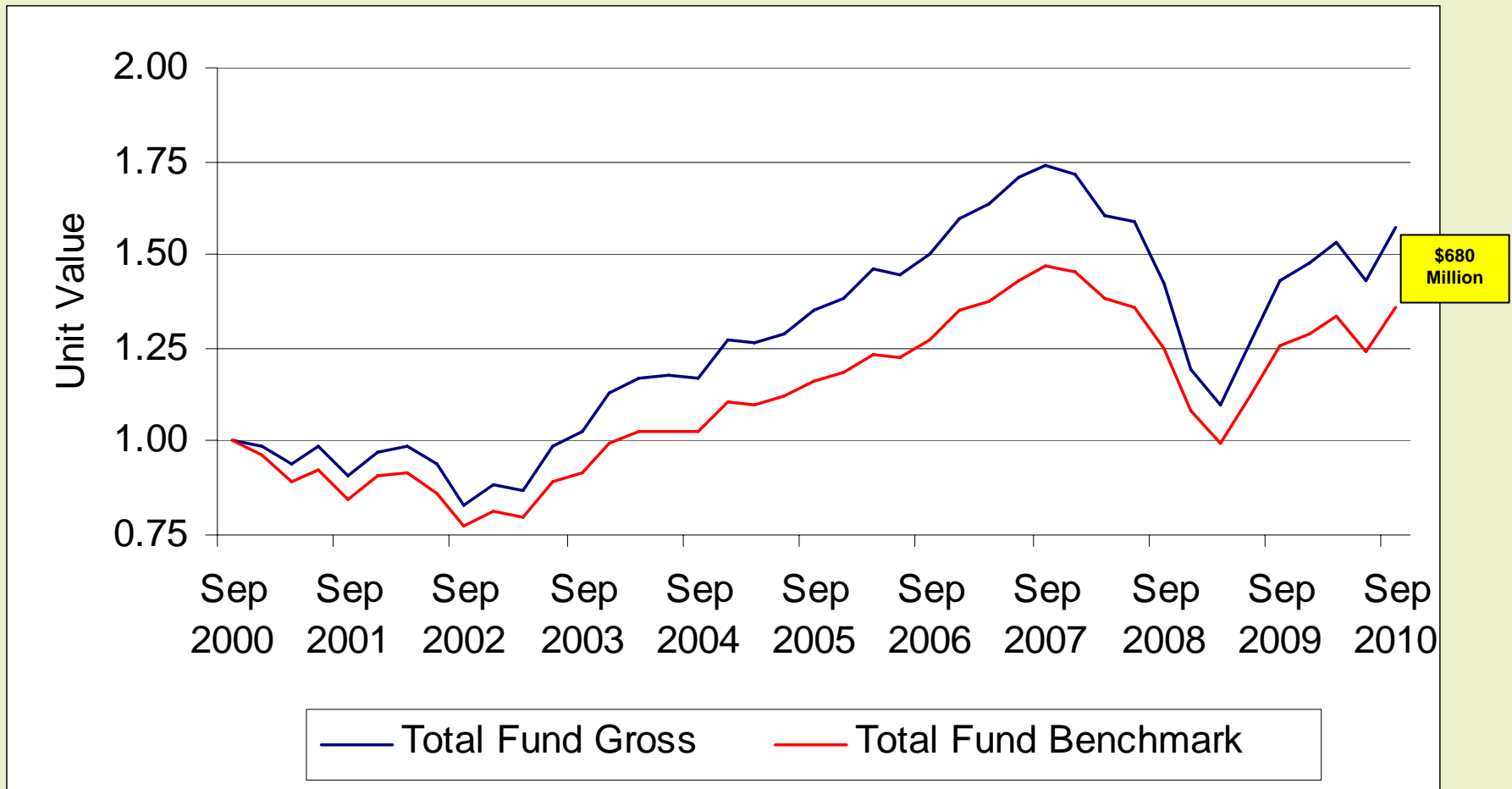
September 30, 2010



■ Total Fund Gross	10.7%	15.9%	6.7%	4.0%	3.0%
■ Total Fund Benchmark	8.5%	13.8%	6.4%	4.1%	3.2%

■ Total Fund Gross    ■ Total Fund Benchmark

# CMERS Investment Return: Value of \$1 Invested Sept. 2000 – Sept. 2010 (10 Years)



# Value Added by Active Investment Management

## 10 Year Analysis 01/01/2000 – 12/31/2009

**MERS decision to hire some active managers versus hiring only passive managers**

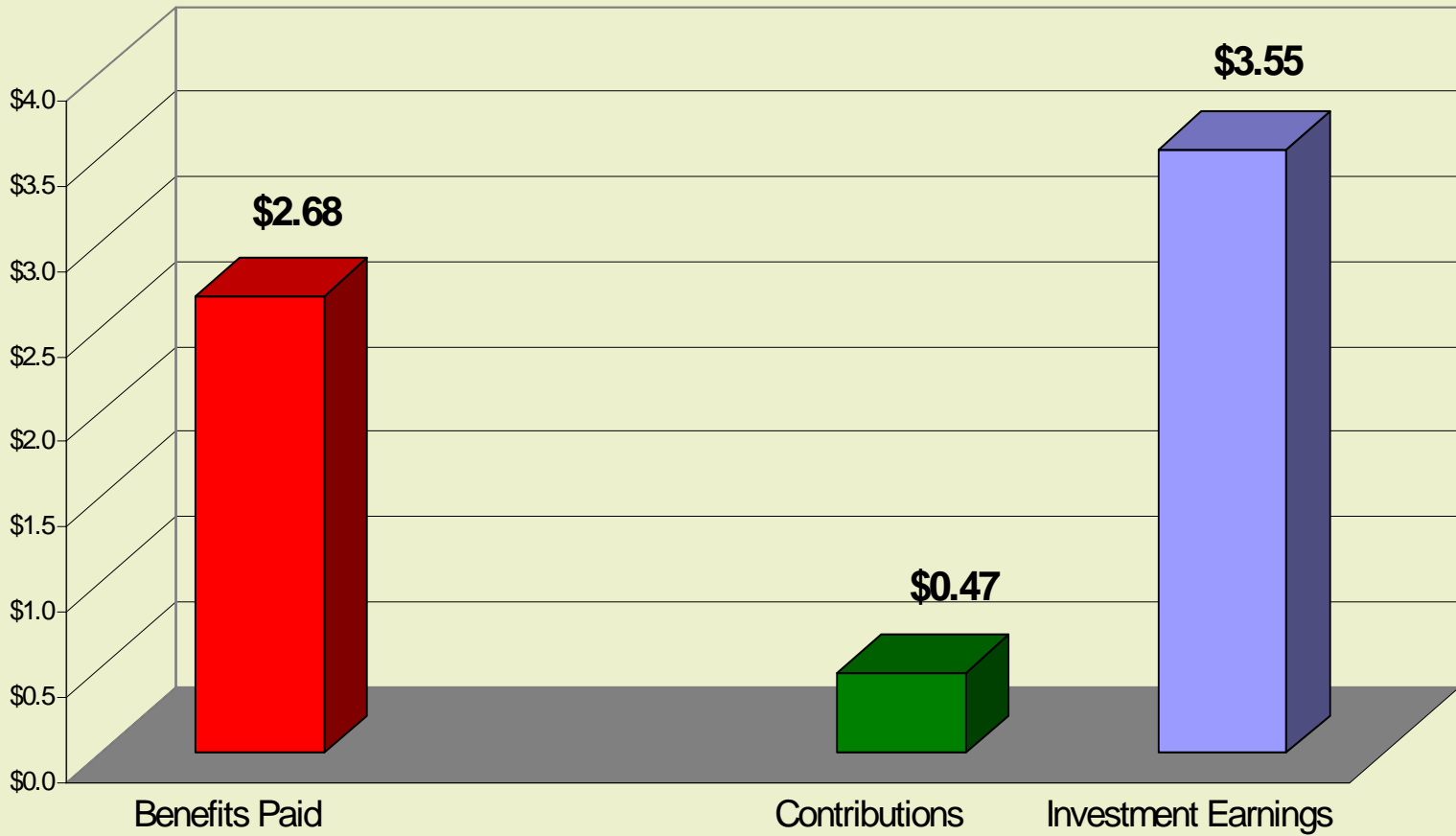
MERS Asset Class	Index	<u>Time Weighted Returns</u>			<u>Dollar Weighted Estimates (Net of fees)</u>		
		<u>Annualized MERS Asset Class</u>		<u>Annualized Index</u>	<u>Value of a Dollar Invested in</u>		<u>Active Management Impact</u>
		<u>Gross</u>	<u>Net of fees</u>	<u>Net of fees</u>	<u>MERS Asset Class</u>	<u>Index</u>	<u>\$Millions</u>
Domestic Equity	Russell 3000	2.09%	1.81%	-0.22%	\$ 1.20	\$ 0.98	\$ 433.6
International Equity	EAFE	4.06%	3.63%	1.15%	\$ 1.43	\$ 1.12	\$ 161.1
Fixed Income	Lehman Aggregate	7.42%	7.34%	0.63%	\$ 2.03	\$ 1.84	\$ 85.8
Estimated of Funds benefit from its decision to hire active managers over past 10 years							<b>\$ 680.5</b>

# Universal Retirement Funding Equation



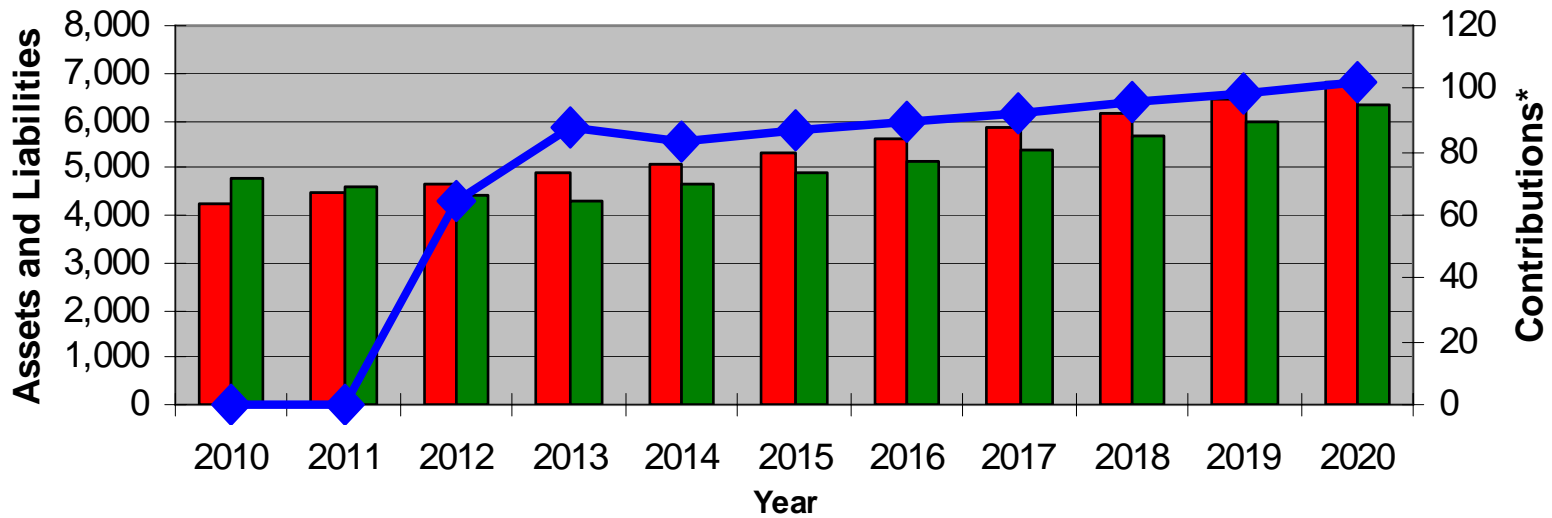
$$\text{Contributions} + \text{Investment Income} = \text{Benefits Paid} + \text{Expenses}$$

1995 - 2009  
Benefit Payments and their Sources  
(\$ Billions)

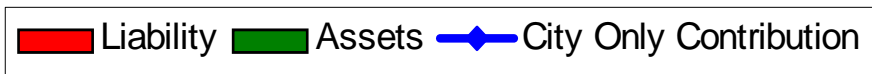


# Pension Cost Based on Expected Return on Assets of Current ERS Portfolio

**City of Milwaukee Employees' Retirement System  
Ten Year Projection  
Based on current assumptions including 8.5% annual return  
(in millions)**

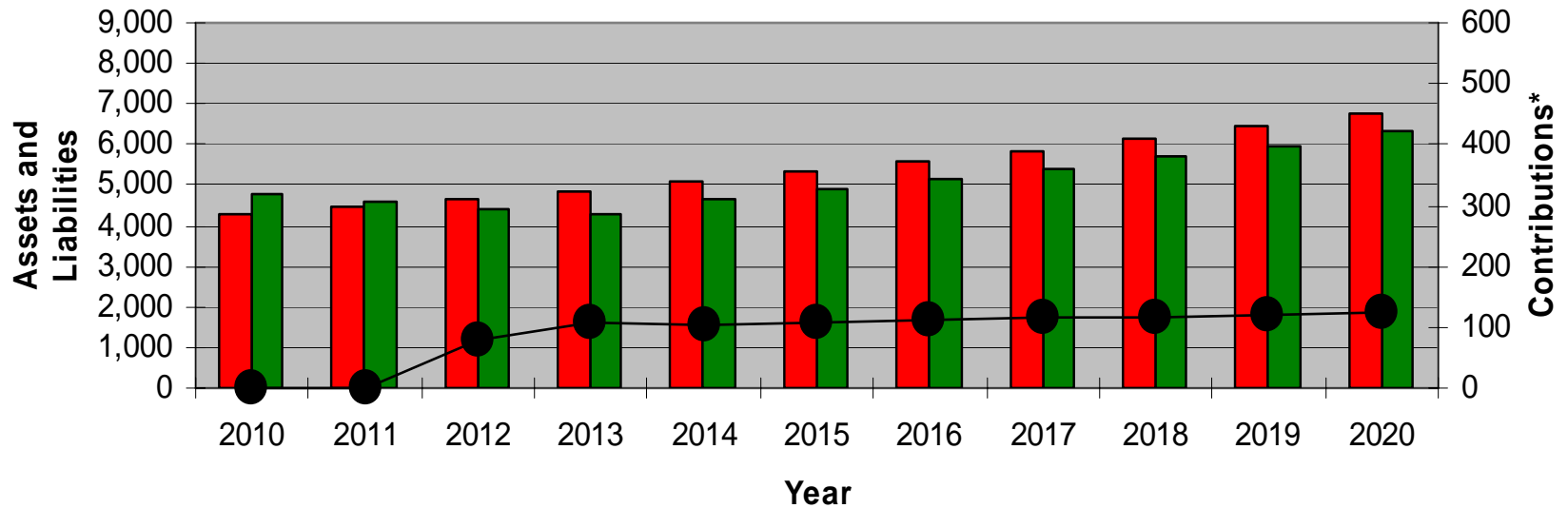


\* Contribution amounts are the City's portion of the Retirement System contribution.



## Pension Cost Based on Expected Return on Assets of Current ERS Portfolio

### City of Milwaukee Employees' Retirement System Ten Year Projection Based on current assumptions including 8.5% annual return (in millions)



\* Contribution amounts are for all employers participating in the Retirement System.

■ Liability 
 ■ Assets 
 ● Contribution