

**City of Milwaukee
 Employees' Retirement system
 Cost impact under new proposal for School Board
 (in thousands)**

Under Current plan and actuarial assumptions effective January 1, 2013

	2012	2013	2014	2015	2016	2017	2018	2021	2026	2031
Assumed investment rate of return	8.50%	8.25%	8.25%	8.25%	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%
1. Actuarial Accrued Liability	190,749	217,040	243,730	271,162	298,918	326,735	354,390	439,987	579,928	713,365
2. Normal cost										
a. Total	11,044	11,402	11,696	11,928	12,076	12,208	12,381	13,140	14,713	16,971
b. Estimated Member Contribution	6,329	6,489	6,636	6,784	6,917	7,048	7,187	7,691	8,713	9,998
c. Employer Normal Cost (a)-(b)	4,715	4,913	5,060	5,144	5,159	5,160	5,194	5,449	6,000	6,973
3. Employer Normal Cost as % of Pay	4.43%	4.50%	4.54%	4.51%	4.44%	4.36%	4.30%	4.21%	4.10%	4.15%

New Hire after 1/1/2014 under new plan and actuarial assumptions effective January 1, 2013

	2012	2013	2014	2015	2016	2017	2018	2021	2026	2031
Assumed investment rate of return	8.50%	8.25%	8.25%	8.25%	8.25%	8.25%	8.50%	8.50%	8.50%	8.50%
1. Actuarial Accrued Liability	190,749	217,040	243,564	270,673	297,910	324,986	351,652	432,475	556,498	660,916
2. Normal cost										
a. Total	11,044	11,402	11,407	11,482	11,461	11,412	11,394	11,519	11,879	12,748
b. Estimated Member Contribution	6,329	6,489	6,636	6,785	6,917	7,048	7,187	7,688	8,696	9,971
c. Employer Normal Cost (a)-(b)	4,715	4,913	4,771	4,697	4,544	4,364	4,207	3,831	3,183	2,777
3. Employer Normal Cost as % of Pay	4.43%	4.50%	4.28%	4.12%	3.91%	3.68%	3.48%	2.96%	2.18%	1.66%

Cost impact under new Proposal

	2012	2013	2014	2015	2016	2017	2018	2021	2026	2031
1. Actuarial Accrued Liability	0	0	(166)	(489)	(1,008)	(1,749)	(2,738)	(7,512)	(23,430)	(52,449)
2. Normal cost										
a. Total	0	0	(289)	(446)	(615)	(796)	(987)	(1,621)	(2,834)	(4,223)
b. Estimated Member Contribution	0	0	0	1	0	0	0	(3)	(17)	(27)
c. Employer Normal Cost (a)-(b), not les	0	0	(289)	(447)	(615)	(796)	(987)	(1,618)	(2,817)	(4,196)
3. Employer Normal Cost as % of Pay	0.00%	0.00%	-0.26%	-0.39%	-0.53%	-0.68%	-0.82%	-1.25%	-1.92%	-2.49%

Figures estimated based on January 1, 2012 valuation data and Actuarial assumptions effective January 1, 2013

The following Proposal changes for new hire general employees hired on or after 1/1/14

- Change normal retirement age from 60 to 65 and early retirement from 55/30 to 60/30
- Change multiplier from 2% to 1.6%
- Change COLA as follow for service retirements and spouse survivors of service retirees

Current COLA Retirement		Proposal COLA Retirement	
Anniversary Date	Annual COLA	Anniversary Date	Annual COLA
Year 1	N/A	Year 1	N/A
Year 2	1.50%	Year 2	0.00%
Year 3	1.50%	Year 3	0.00%
Year 4	1.50%	Year 4	0.00%
Year 5	2.00%	Year 5	2.00%
Year 6	2.00%	Year 6	2.00%