

September 2, 2005

Ms. Anne M. Bahr
Executive Director
Milwaukee Employes' Retirement System
City of Milwaukee
200 E. Wells St.
Milwaukee, Wisconsin 53202-3515

Re: Cost of Including \$400 Training Standards Pay in Pensionable Earnings for Milwaukee Professional Fire Fighters Association Members Effective Calendar Year 2004

Dear Anne:

As requested, we have determined the fiscal impact of including the first \$400 of annual Training Standards Pay in pensionable earnings for members of the Milwaukee Professional Fire Fighters Association (MPFFA) who occupy the following job classifications:

- pay range 856 (Administrative Fire Lieutenant, Fire Lieutenant, Fire Paramedic Field Lieutenant, Paramedic Field Lieutenant, Paramedic Lieutenant, or Vehicle Operations Instructor); or
- pay range 850 (Fire Paramedic or Firefighter); or
- pay range 853 (Heavy Equipment Operator).

Eligibility for Training Standards Pay begins in calendar year 2004. In addition, in order to receive Training Standards Pay for a calendar year, a member must be in active service on December 31 of such year. If an employee changes from or to an eligible job classification during a calendar year, the amount of Training Standards Pay for the year of change will be adjusted to reflect active service in an eligible classification during the year. The amount of Training Standards Pay is scheduled to increase in 2005 and 2006, but the amount that is pensionable will continue to be limited to \$400 per annum.

Beginning in calendar year 2004, the ERS will receive 7% employer-paid member contributions on the first \$400 of Training Standards Pay. In addition, for eligible employees who retire from active service on a normal service retirement, the first \$400 of Training Standards Pay will be considered pensionable for purposes of calculating the normal service retirement allowance. For service retirements in 2004, the amount to be included in the service retirement calculation is the amount the member would have received had he or she stayed in service for all of 2004.

Ms. Anne M. Bahr
September 2, 2005
Page 2

The fiscal impact of this change as of January 1, 2005 is summarized in the table below:


Item	Combined Fund
Increase in Actuarial Liability	\$882,000
(Decrease) in Funded Status	(0.029)%
Increase in Employer Normal Cost	\$17,000
Increase in Actuarially Determined Employer Contribution	Nil
Increase in Annual Employer-Paid Member Contributions commencing in 2004	\$25,000

As of January 1, 2005, 887 firemen who were active members of the MPFFA on that date were eligible for this benefit improvement. In addition, nine eligible firemen retired during 2004. The above table shows the fiscal impact for these 896 firemen, including the value of retroactive benefit increases owed for calendar year 2004.

These results are based on the participant data and actuarial assumptions and methods used to prepare the January 1, 2005 actuarial valuation.

Please call me if you have any questions or need further information.

Sincerely,



S. Lynn Hill
Director, Retirement Consulting

SLH:pl
12736-0001/C4203RET21-Training Standards Pay-Local 215.doc

cc: Martin Matson