

2026



Legislative Reference Bureau

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EMPLOYEES' RETIREMENT SYSTEM



2026 Proposed Plan and Executive Budget Review

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Budget Hearing: 1:00 pm on Tuesday, October 14, 2025

Employees' Retirement System

\$24,635,860

Proposed 2026 Budget

+\$131,137

Overall Change from 2025

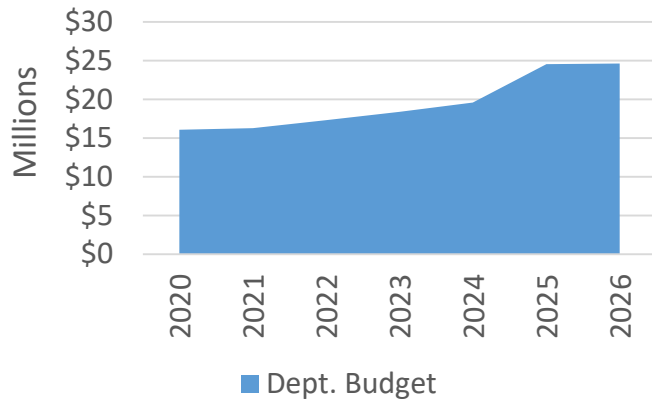
\$0

Difference from Requested

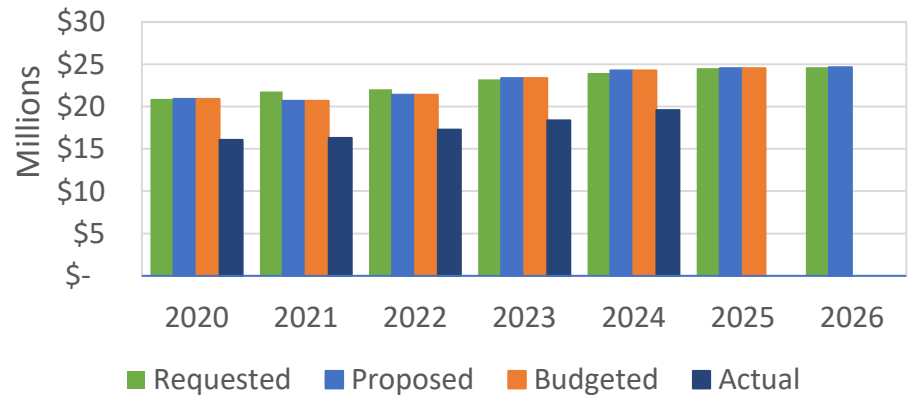
\$24,635,860

Requested 2026 Budget

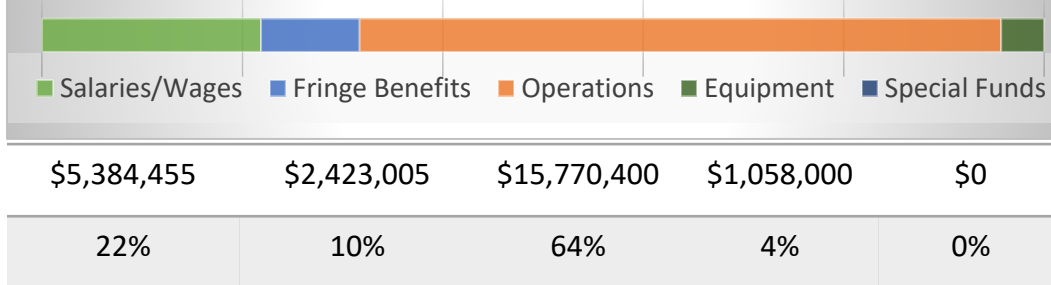
Total Departmental Budget



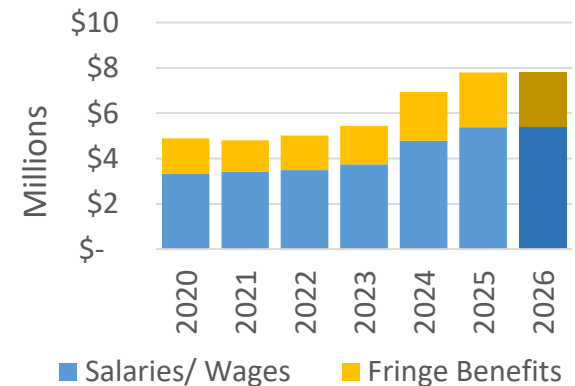
Comparative Funding



Departmental Budget Appropriation by Category



Personnel Budget



Employees' Retirement System

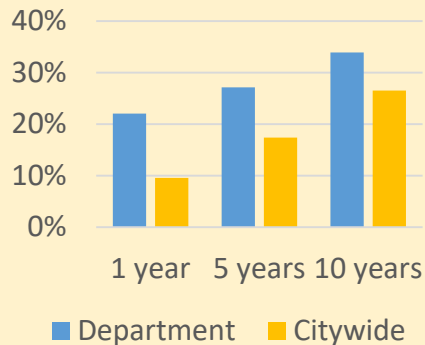
+\$345,000

Change in Equipment funding
from 2025 Budget.

+48%

Change in Equipment funding
from 2025 Budget.

Retirement Eligible



0	0%
Change in Positions	% Change in Positions
2	0
Current Vacancies	Voluntary Separations In 2025

Staffing Vacancies

- One out of 1 Disability Specialist-Lead. A request has been put in to fill this position.
- One out of 3 Pension Investment Analysts. No request has been made to fill this position.

ERS' Executive Director, Jerry Allen, will be retiring at the end of the year and recruitment is underway for his replacement.

Leases

789 W Water (Milwaukee) Main office:

Current monthly rent: \$32,279.28 (Base rent + CAM (common area management) with 2.75% annual escalator. 3/1/23 – 3/1/30

Early termination of lease would require payment for life of lease and costs associated with securing a new tenant.

10850 W Park Place (Milwaukee) Remote office for disaster recovery:

Current monthly rent: \$6,223.50 (Base + CAM) with 3.5% escalator. 4/1/25 – 3/31/32
Early termination of lease would require payment for life of lease.

Fermrite (State of WI, Madison) Backup rackspace for data backup:

Current monthly rent: \$1,500
1/1/15 – 12/31/29

Staffing Update

Same number of FTEs; however, there were a few swaps and reclassifications:

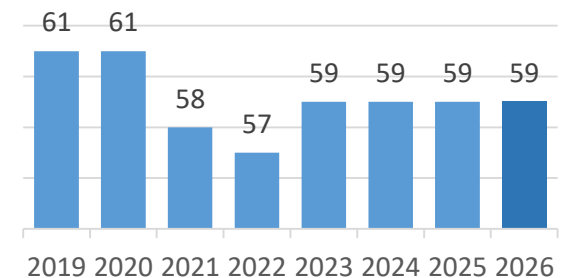
Eliminated:

One ERS Operations Director
One ERS Record Services Sup.
One Records Tech II

Added:

One ERS HR Administrator
2 Records Services Sup.

Department Positions



Employees' Retirement System

\$6.16 billion

The Pension Fund's market value as of July 31, 2025, up \$170 million since July 31, 2024.

6.8%

The Fund's year-to-date return as of July 31, 2025, net of fees, underperforming its benchmark by 3.9%.

However, the Fund's annualized 5-year and 10-year returns are still outperforming the Fund's benchmark.

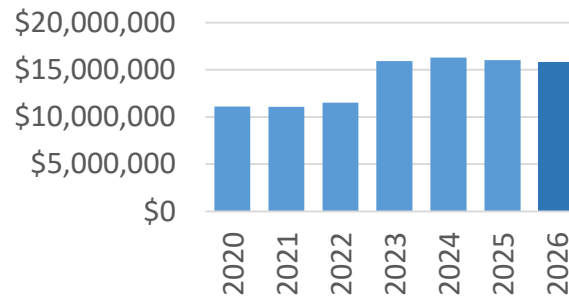
\$92 million

Current balance of the Pension Reserve Fund.
The 2026 Budget does not anticipate any withdrawal from the fund.

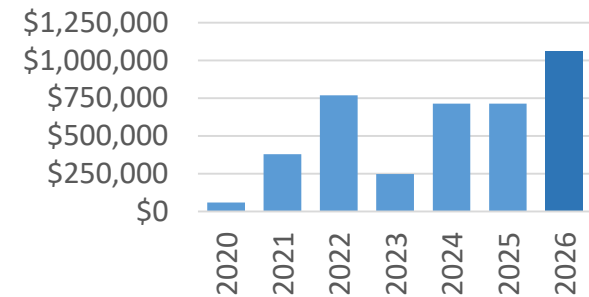
\$204.2 million

The planned employer pension contribution for 2026. This is up from \$183,192,409 in 2025, an increase of \$21 million.

Operating Expenditures Budget



Equipment Budget



2026 Employer Contribution

In 2026, the Employer Pension contribution is **\$204.2 million**, of which just under \$194 million is the contribution to ERS, while \$10.3 million is the contribution to the Wisconsin Retirement System.

This is up from \$183,192,409 in 2025, an increase of \$21 million.

Special Purpose Accounts

Group Life Insurance Premium	\$4,200,000
Retirees' Benefit Adjustment Fund	\$15,000
Total	\$4,215,000

Capital Programs, Projects & Grants: This department has no capital projects or grants.

Revenue: The department expects \$24,635,860 in revenues in 2026 from charges for services and an additional \$200,000 in miscellaneous income. This is an increase of \$131,137 from 2025.

Benefit Payments

From 2008-2024, investment gains of \$5.3 billion contributed to funding the \$6.2 billion in benefit payments made during the period, aided by \$1.9 billion of employer and member contributions. The most recent actuarial report projects benefit payments to be \$5.8 billion over the next 10 years. The higher employer contributions due to Act 12 are projected to help the Fund increase its funded status while also making payments.

Employees' Retirement System

\$487,977,000

Total annual benefits paid out by ERS in 2024, up from \$466,604,000 2023, an increase of just over \$21 million.

29,223

Total number of members and beneficiaries of the Employees' Retirement System as of January 1, 2025.

6.01%

Fund's 2024 Actuarial Value of Assets Rate of Return as of Jan. 1, 2025. Down from 7.64% in 2023.

6.85%

Fund's 2024 Market Value of Assets Rate of Return as of Jan. 1, 2025. Down from 9.98% in 2023.

Actuarial Accrued Liability

One of the major impacts of Act 12 is the mandate that ERS's assumed rate of return be in line with the Wisconsin Retirement System (WRS), which is 6.8% , much lower than the 7.5% ERS had planned to begin using. The estimated cost for this in 2025 is \$6.8 million

The projected total Accrued Liability for January 1, 2025, is \$7.829 billion, with a total Unfunded Accrued Liability of \$1.93 billion based on actuarial value of assets (76% funded). Unfunded Accrued Liability is up from \$1.82 billion in 2024.

Local Sales Tax:

Wisconsin Act 12 provided the City of Milwaukee the ability to enact a local sales tax up to 2%. **The 2026 Budget includes \$156.5 million of sales tax revenue to fund the pension system.**

Volatility of Employer Contributions

The 30 year amortization provision of Act 12 applied to the existing \$1.8 billion of unfunded liability as of the 1/1/2024, the effective date of Act 12. Any new unfunded liability accruing after that from things like capital market volatility, litigation and wage growth higher than expected must be amortized based on actuarial standards. ERS's actuary recommended, and the Annuity & Pension Board adopted, a funding policy for "new unfunded liability" of just 10 years due the closure of the plan. Finally, asymmetry between recognition of actuarial losses over 10 years and gains over the remainder of the 30 year period contributed to increasing employer contributions over the next few years rather than decreasing contribution amounts as anticipated.

Key Performance Measures

Measure	2024 Actual	2025 Projected	2026 Planned
Annualized excess return above the blended benchmark index, gross of fees (over the past five years).	-0.07%	0.5%	0.5%
Exceed 95% favorable rating on customer satisfaction survey.	99%	98%	98%