

CITY OF MILWAUKEE FISCAL NOTE

A) DATE June 11, 2002

FILE NUMBER: 020342

Original Fiscal Note Substitute

SUBJECT: Charter Ordinance amending s. 36-05-8-b-12 of the City Charter relating to Survivorship Benefits

B) SUBMITTED BY (Name/title/dept./ext.): Michael J. Haley, Finance Officer, Employees' Retirement System 3689

C) CHECK ONE: ADOPTION OF THIS FILE AUTHORIZES EXPENDITURES
 ADOPTION OF THIS FILE DOES NOT AUTHORIZE EXPENDITURES; FURTHER COMMON COUNCIL ACTION NEEDED. LIST ANTICIPATED COSTS IN SECTION G BELOW.
 NOT APPLICABLE/NO FISCAL IMPACT.

D) CHARGE TO: DEPARTMENT ACCOUNT(DA) CONTINGENT FUND (CF)
 CAPITAL PROJECTS FUND (CPF) SPECIAL PURPOSE ACCOUNTS (SPA)
 PERM. IMPROVEMENT FUNDS (PIF) GRANT & AID ACCOUNTS (G & AA)
 OTHER (SPECIFY) Pension Trust

E) PURPOSE	SPECIFY TYPE/USE	ACCOUNT	EXPENDITURE	REVENUE	SAVINGS
SALARIES/WAGES:					
SUPPLIES:					
MATERIALS:					
NEW EQUIPMENT:					
EQUIPMENT REPAIR:					
OTHER:	See attached letter from the ERS Actuary for details on estimated actuarial liability of \$102,240.	N/A			
TOTALS					

F) FOR EXPENDITURES AND REVENUES WHICH WILL OCCUR ON AN ANNUAL BASIS OVER SEVERAL YEARS CHECK THE APPROPRIATE BOX BELOW AND THEN LIST EACH ITEM AND DOLLAR AMOUNT SEPARATELY.

<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	There are currently four cases affected by this file. Presently, the additional annual cost is \$7,620 in total. Increased benefits would be paid over the life of the widow or the eligible disabled child in each of the cases.
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	
<input type="checkbox"/> 1-3 YEARS	<input type="checkbox"/> 3-5 YEARS	

G) LIST ANY ANTICIPATED FUTURE COSTS THIS PROJECT WILL REQUIRE FOR COMPLETION:

H) COMPUTATIONS USED IN ARRIVING AT FISCAL ESTIMATE:
 Searched database for beneficiaries currently receiving payment on behalf of disabled children or dependent parents. Noted the amount they currently receive. Provided these amounts and birth dates of all parties (widows and children) to the ERS actuary for impact on the Pension Trust Fund assuming the monthly benefit were raised to \$300.

PLEASE LIST ANY COMMENTS ON REVERSE SIDE AND CHECK HERE

**BUCK
CONSULTANTS**

A Mellon Consulting Company

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Chicago, Illinois 60602-4336

June 11, 2002

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

Re: Actuarial Estimate for Disabled Children and Dependent Parents under Fire & Police Survivorship Fund

Dear Ms. Bahr:

As requested, we have determined the fiscal impact of extending the maximum Fire & Police Survivorship Fund benefit of \$300 per month to dependent parents and disabled children over the age of 18 who participate in the Combined Fund.

Based on information provided by ERS staff, there are four disabled children and no dependent parents who would be affected by this change. In the aggregate, the change would increase benefits by \$635 per month retroactive to January 1, 2000.

The fiscal impact of this change as of January 1, 2002 is summarized in the table below:

Item	As of January 1, 2002
Retroactive Amounts Owed	\$ 15,240
Present Value of Future Benefits	<u>87,000</u>
Total Increase in Actuarial Accrued Liability	\$ 102,240
(Decrease) in Funded Status of Combined Fund	(0.002)%
Increase in Normal Cost	Nil
Increase in Annual Contribution	Nil

In estimating the cost of this change, we have assumed that benefit payments will end at the death of the disabled child. We have assumed that interest will not be paid on the retroactive amounts owed. Including interest at the 8.5% per annum valuation rate on the retroactive payments would increase the cost of this benefit change by approximately \$650. These results were based on the interest rate and mortality assumptions that will be used for the January 1, 2002 actuarial valuation.

Ms. Anne M. Bahr

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

Sincerely,



S. Lynn Hill

Associate Principal, Consulting Actuary

SLH:pl

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