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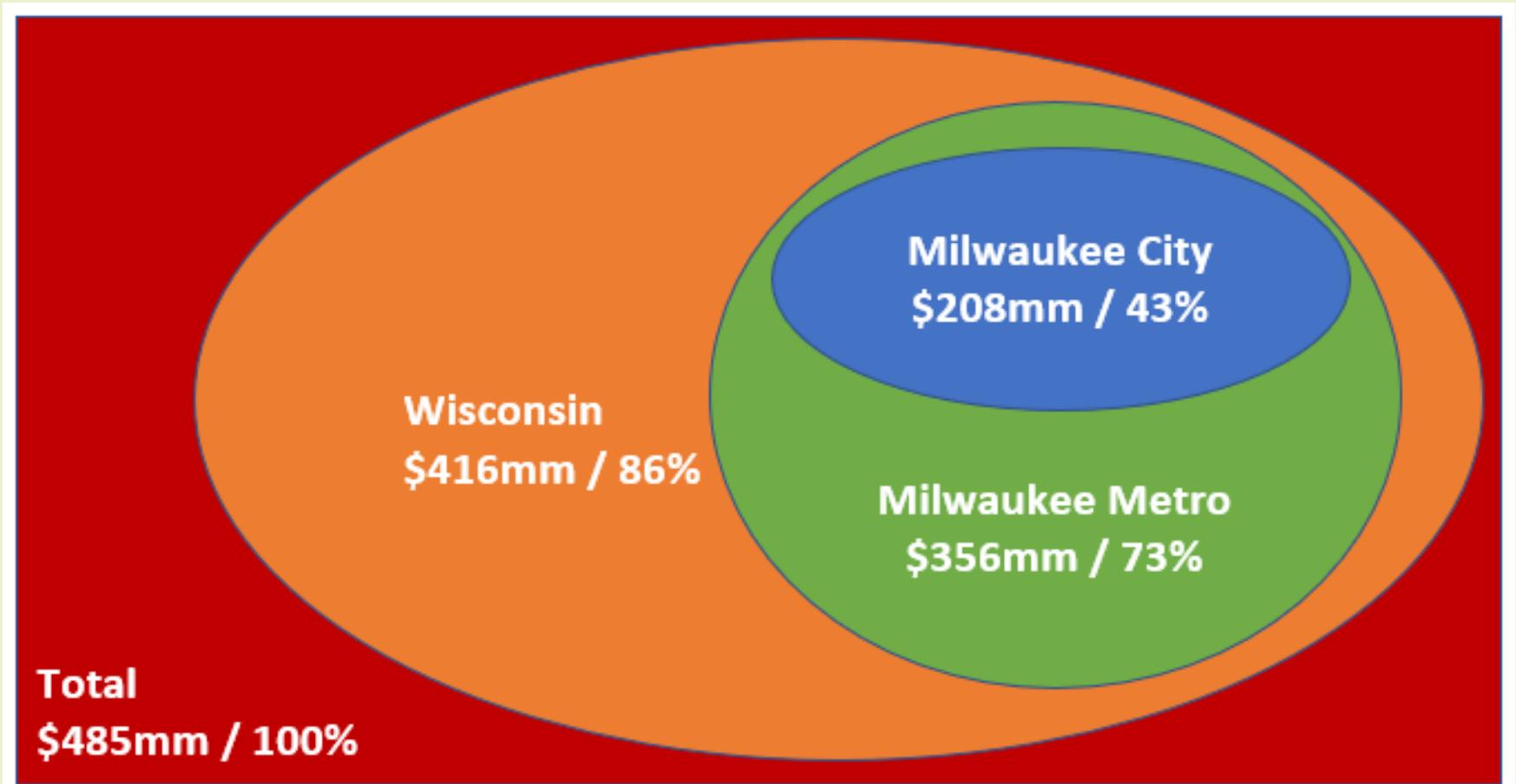
# 2026 Budget Presentation

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Employes' Retirement System

October 14, 2025

# Pension Payments by Annuitant Geographic Area (projected 2025)



Department-Wide	Female	Male	Total
African American	40%	2%	42%
Asian	0%	8%	8%
Hispanic	4%	2%	6%
White	13%	31%	44%
<b>Total</b>	<b>56%</b>	<b>44%</b>	<b>100%</b>

Management	Female	Male	Total
African American	25%	0%	25%
Asian	0%	13%	13%
Hispanic	6%	6%	13%
White	6%	44%	50%
<b>Total</b>	<b>38%</b>	<b>63%</b>	<b>100%</b>

Non-Management	Female	Male	Total
African American	45%	3%	48%
Asian	0%	6%	6%
Hispanic	3%	0%	3%
White	16%	26%	42%
<b>Grand Total</b>	<b>65%</b>	<b>35%</b>	<b>100%</b>

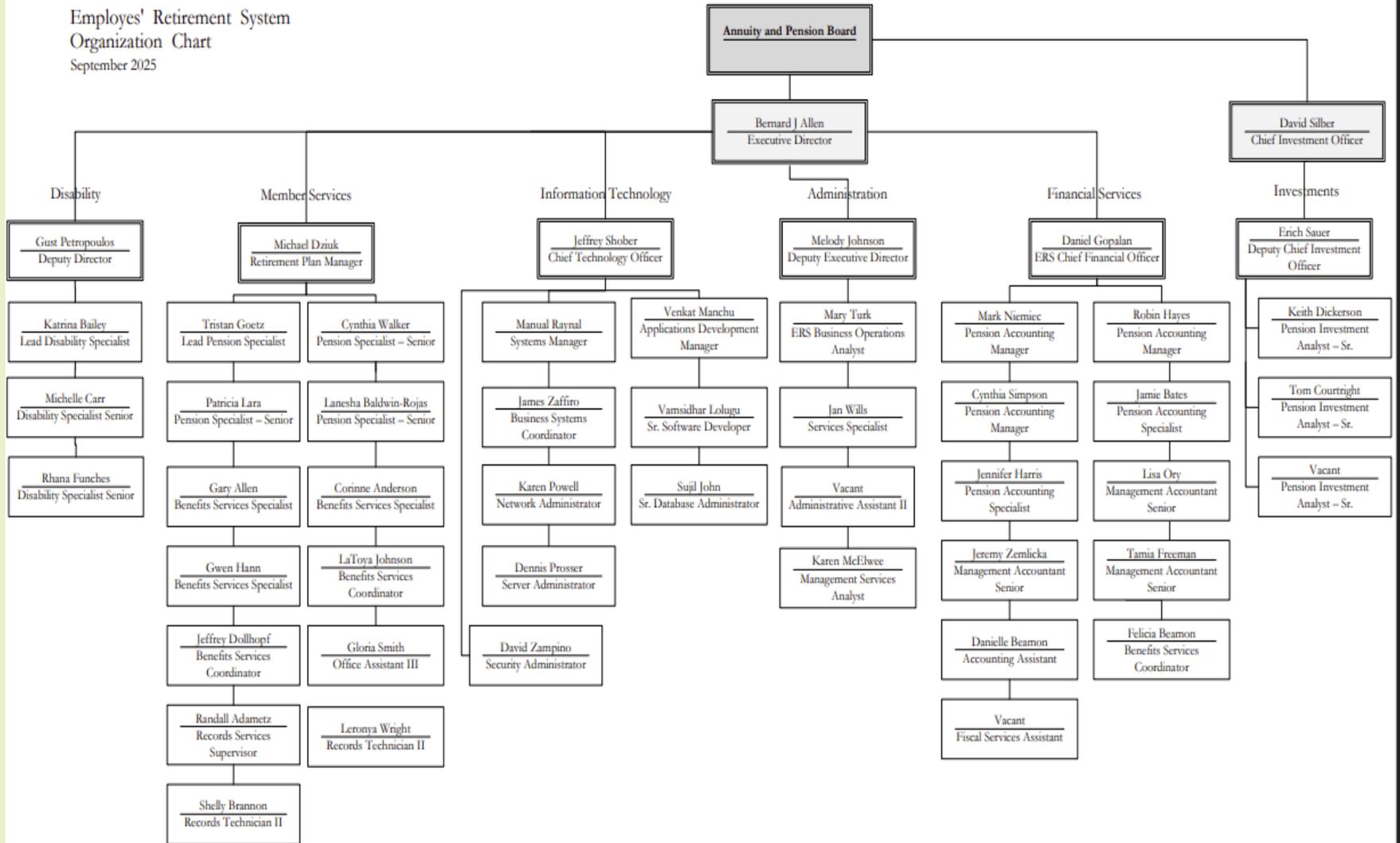
Census.gov - Milwaukee Statistics

<b>Gender</b>	
Male	48.6%
Female	51.4%
<b>Race and Hispanic Origin</b>	
White alone, percent	38.8%
Black or African American alone, percent	38.6%
American Indian and Alaska Native alone, percent	0.6%
Asian alone, percent	4.7%
Native Hawaiian and Other Pacific Islander alone, percent	0.0%
Other Race, or Two or More Races, percent	9.9%
Hispanic or Latino, percent	20.2%
White alone, not Hispanic or Latino, percent	33.0%

Numbers do not add up to 100% due to the Census Bureau's grouping

<https://www.census.gov/quickfacts/fact/dashboard/milwaukee/wisconsin/PST045222#qf-headnote-b>

Employees' Retirement System  
 Organization Chart  
 September 2025



# 2025-2026 ERS Environmental Impact Activity

- 2026 Scheduled Life-Cycle Replacement of Data Center HVAC with Energy Efficient Unit
- Substitute e-mail for Monthly Hard Copy Mailing of Direct Deposit Pension Payment Notices to Retirees

# ERS AI Activity

- ERS is cognizant of the potential uses of AI, however, it is proceeding with caution to avoid any data breaches and unauthorized access to internal/confidential information, including member data\*
- To date ERS has leveraged AI by:
  1. Implementing IT security services and tools that monitor our network for external threats
  2. Aiding in generating first drafts of certain public reports and documents
  3. Some of ERS's investment managers utilize AI to analyze data and investments
  4. ERS is also investing in tools that may be housed on-premises and work within a secured environment that alleviates data security concerns

\*However only 24% of generative AI initiatives are secured. This lack of security threatens to expose data and AI models to breaches. Average cost of a breach is approx. \$4.88 million according to IBM.

# ERS Summary Information

ERS Member Population (1/1/2025)	General	Police	Fire	Total
Active Members	6,941	1,495	683	9,119
Pensionable Payroll Size	\$ 411.92	\$ 134.20	\$ 58.79	\$ 604.91

Retirees (1/1/2025)	All Groups
Count	13,901
Total Annual Benefits	\$ 479.55

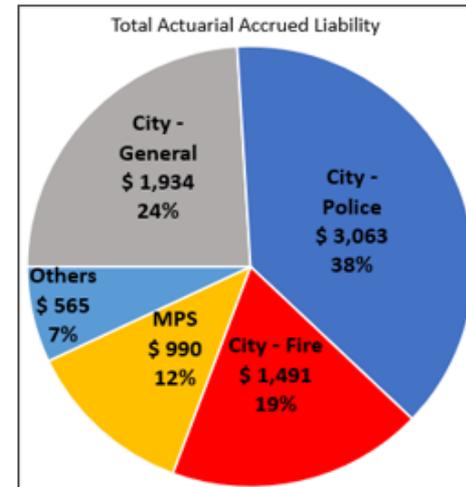
Employer Contributions Amounts Due 1/1/2026	General
City - General	\$ 55.44
City - Police	\$ 92.79
City - Fire	\$ 45.65
<b>City - Total</b>	<b>\$ 193.88</b>
Water Department	\$ 5.11
MPS	\$ 29.99
MATC	\$ 0.22
MMSD	\$ 5.56
Veolia	\$ 1.46
WCD	\$ 1.05
HACM	\$ 1.92
<b>Agencies - Total</b>	<b>\$ 45.31</b>
<b>Grand Total</b>	<b>\$ 239.19</b>

<b>Total Actuarial Accrued Liability</b>	<b>\$ 8,042.69</b>
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Unfunded Actuarial Accrued Liability	
Based on Actuarial Value of Assets	\$ 1,929.74
Based on Market Value of Assets	\$ 2,086.87

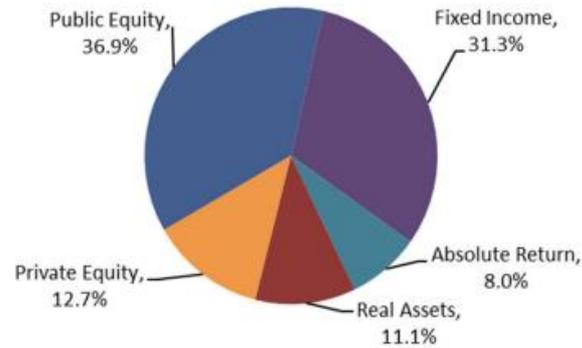
Funded Ratio	
Based on Actuarial Value of Assets	76.0%
Based on Market Value of Assets	74.1%

(all amounts in \$\$ millions)

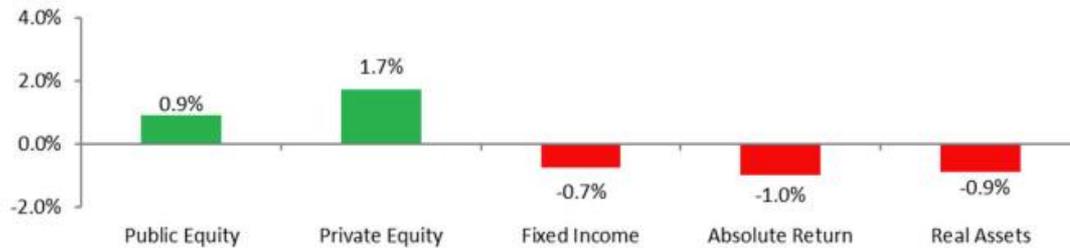


# Asset Allocation as of June 30, 2025

## Actual Asset Allocation\*



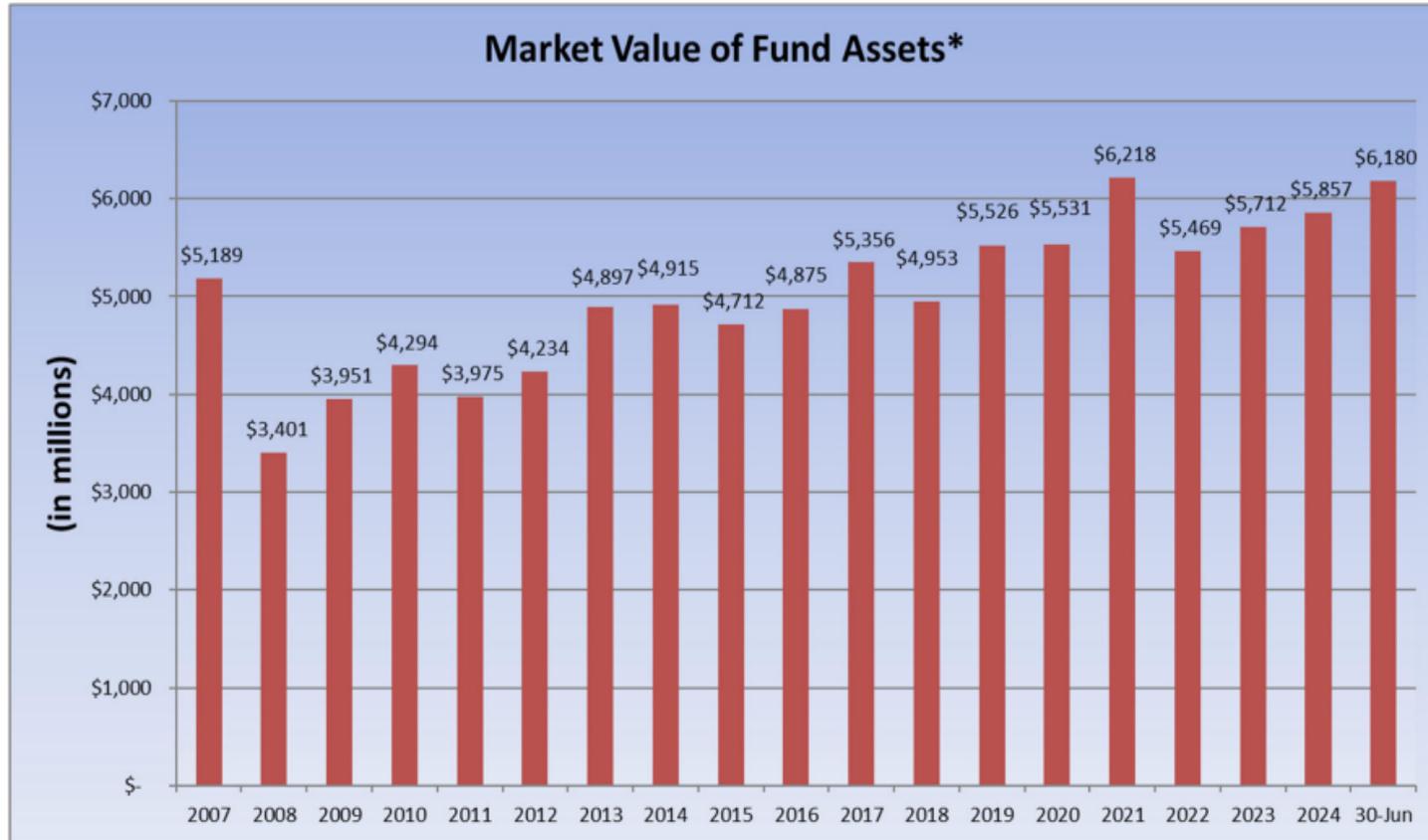
## Actual Asset Allocation vs. Policy Target approved in April, 2025, Effective July 1, 2025



\*May not sum to 100% due to rounding; Private Equity and some Real Estate values are reported on a 1-quarter lag.

## Fund Value of Assets: 2007 – June 30, 2025

(Year Ended Dates Reflect 12/31 Fund Values)



Most recent Actuarial valuation projects benefit payments to total \$5.7 billion in next 10 years.

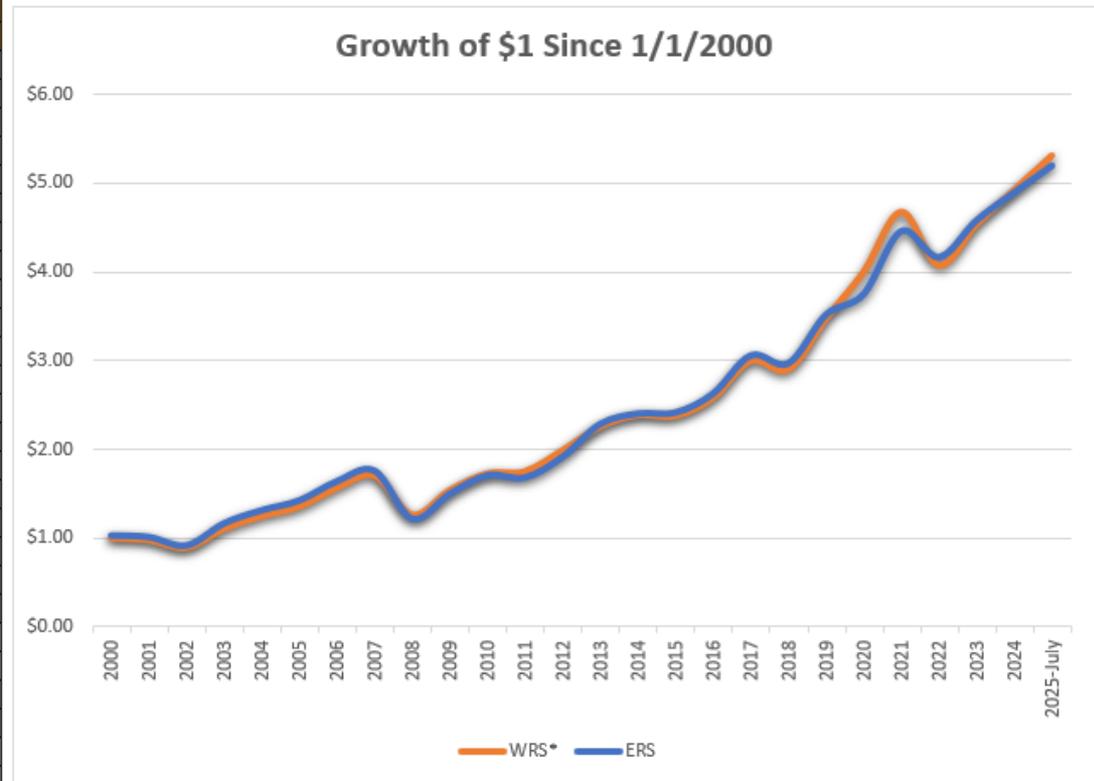
<b>Benefit Payments</b>	\$6.4 billion
<b>Expenses</b>	\$309 million
<b>Contributions</b>	\$2.1 billion
<b>Investment Gain</b>	\$5.6 billion

Benefit Payments, Expenses, Contributions, and Investment Gain amounts are calculated using estimates of cash flows into and out of the Fund. These amounts are not audited and may not tie to CMERS Financial Statements.

17 1/2 Year Estimates (1/1/2008 - 6/30/2025)

# Growth of \$1 Since 2000

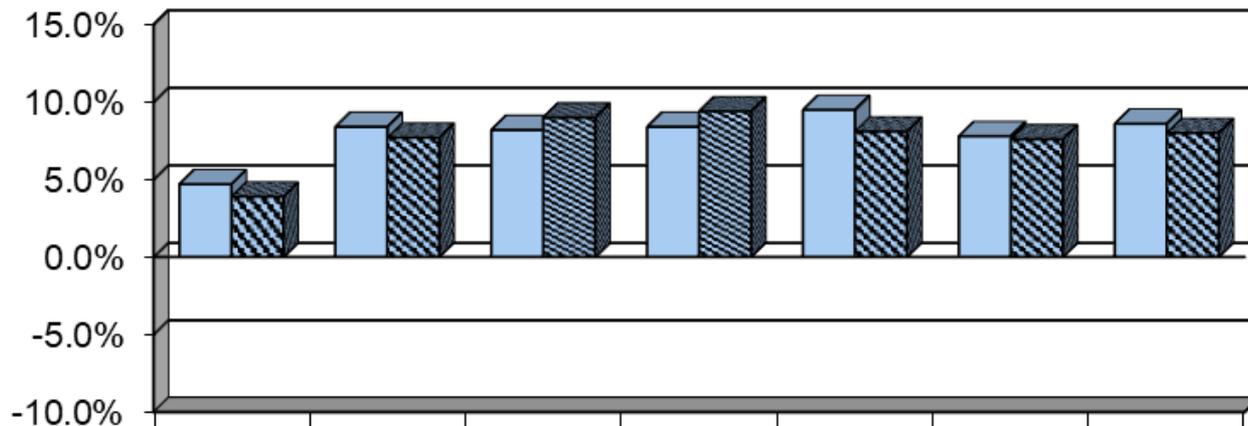
Year	Rates of Return			Growth of \$1		
	ERS	WRS*	Higher	ERS	WRS*	Higher
2000	2.84%	-0.80%	ERS	\$ 1.03	\$ 0.99	ERS
2001	-1.68%	-2.30%	ERS	\$ 1.01	\$ 0.97	ERS
2002	-9.44%	-8.80%	WRS	\$ 0.92	\$ 0.88	ERS
2003	27.34%	24.20%	ERS	\$ 1.17	\$ 1.10	ERS
2004	12.61%	12.80%	WRS	\$ 1.31	\$ 1.24	ERS
2005	8.46%	8.60%	WRS	\$ 1.42	\$ 1.34	ERS
2006	15.13%	15.80%	WRS	\$ 1.64	\$ 1.56	ERS
2007	7.21%	8.80%	WRS	\$ 1.76	\$ 1.69	ERS
2008	-30.84%	-26.20%	WRS	\$ 1.22	\$ 1.25	WRS
2009	23.30%	22.40%	ERS	\$ 1.50	\$ 1.53	WRS
2010	13.86%	12.30%	ERS	\$ 1.71	\$ 1.72	WRS
2011	-1.43%	1.40%	WRS	\$ 1.68	\$ 1.74	WRS
2012	13.88%	13.70%	ERS	\$ 1.92	\$ 1.98	WRS
2013	19.29%	13.60%	ERS	\$ 2.29	\$ 2.25	ERS
2014	5.09%	5.70%	WRS	\$ 2.40	\$ 2.38	ERS
2015	0.54%	-0.40%	ERS	\$ 2.41	\$ 2.37	ERS
2016	8.83%	8.60%	ERS	\$ 2.63	\$ 2.57	ERS
2017	16.38%	16.20%	ERS	\$ 3.06	\$ 2.99	ERS
2018	-2.91%	-3.30%	ERS	\$ 2.97	\$ 2.89	ERS
2019	18.44%	19.90%	WRS	\$ 3.52	\$ 3.47	ERS
2020	6.62%	15.20%	WRS	\$ 3.75	\$ 3.99	WRS
2021	18.90%	16.89%	ERS	\$ 4.46	\$ 4.67	WRS
2022	-6.60%	-12.92%	ERS	\$ 4.16	\$ 4.07	ERS
2023	9.98%	11.40%	WRS	\$ 4.58	\$ 4.53	ERS
2024	6.85%	8.55%	WRS	\$ 4.89	\$ 4.92	WRS
2025-July	6.17%	7.89%	WRS	\$ 5.20	\$ 5.30	WRS



\* WRS core fund rates of return used for this comparison  
 Values are net of fee  
 2025 returns are preliminary / unaudited values

# CMERS Investment Performance History Periods Ending August 31, 2025

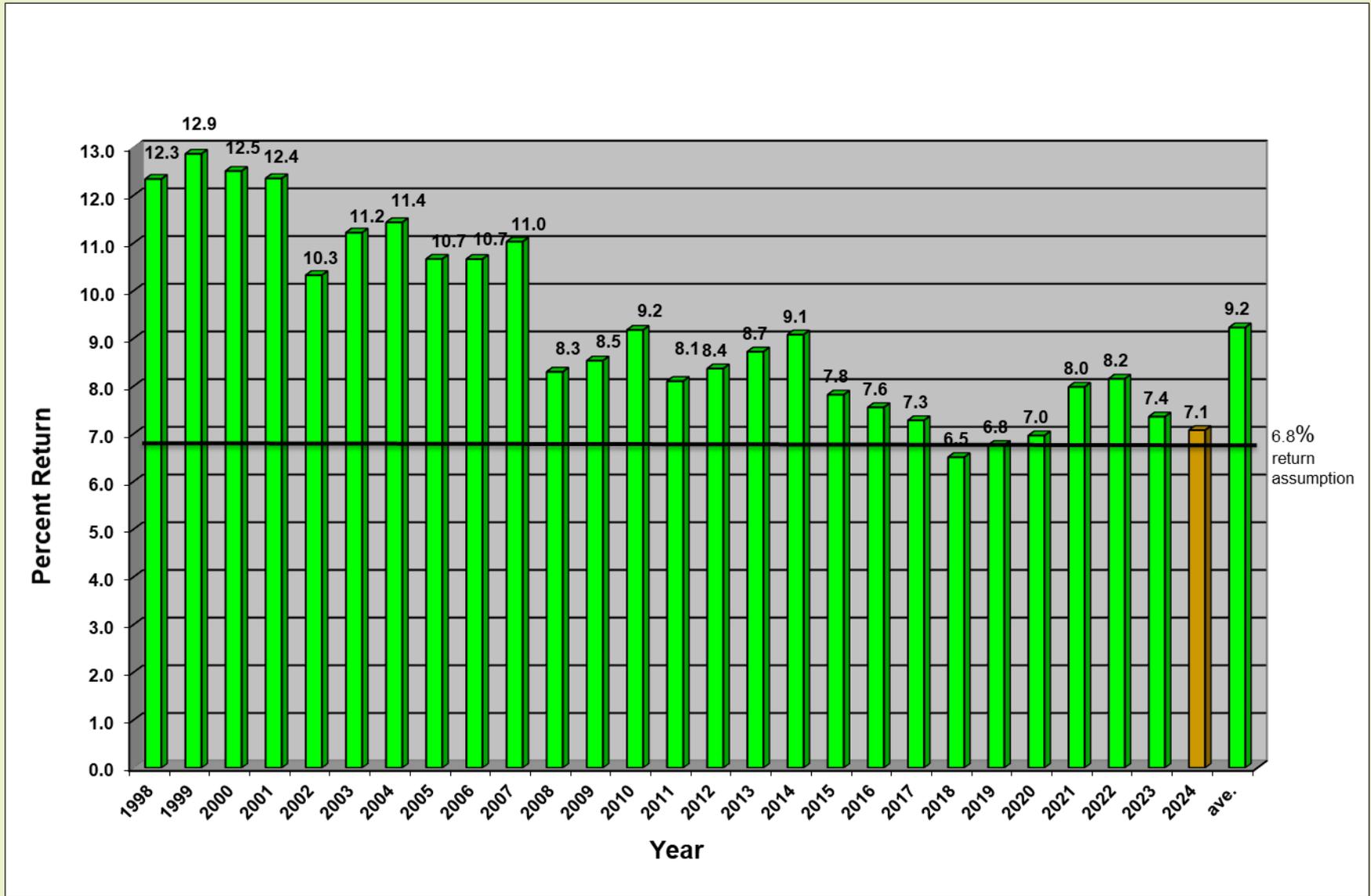
August 31, 2025



	3 Mo.	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
■ Total Fund Gross	4.7%	8.4%	8.2%	8.4%	9.5%	7.8%	8.6%
▨ Total Fund Benchmark	3.9%	7.7%	9.0%	9.4%	8.1%	7.6%	8.0%

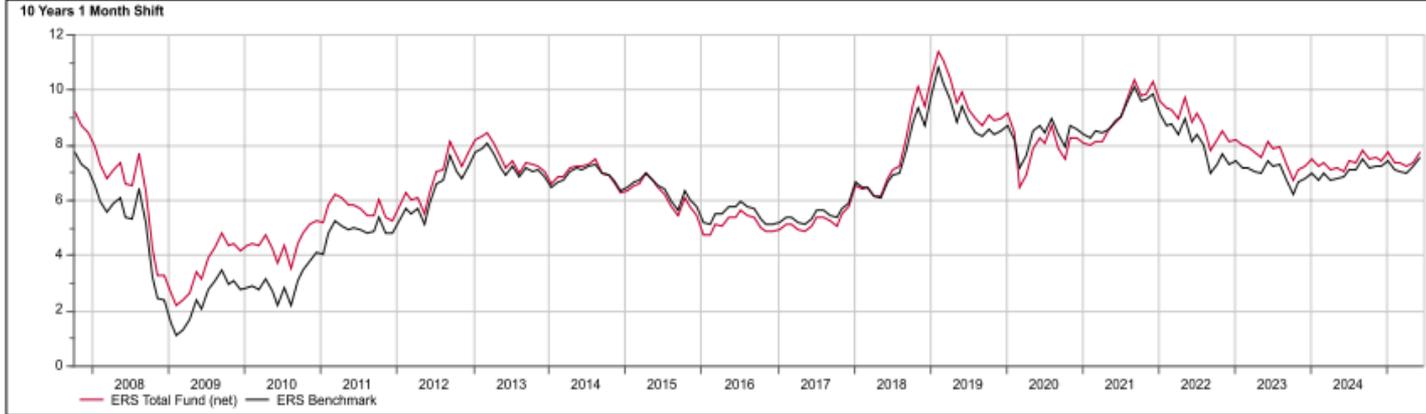
■ Total Fund Gross      ▨ Total Fund Benchmark

# ERS 20 Year Rolling Ave. Investment Returns 1978-2024



# Total Fund Performance

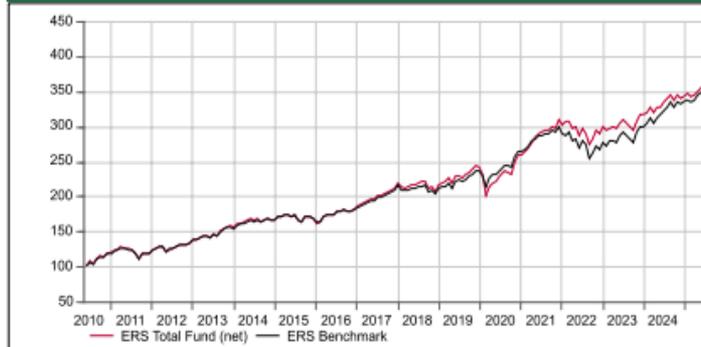
10 Year Rolling Returns – 11/1/1997 to 6/30/2025



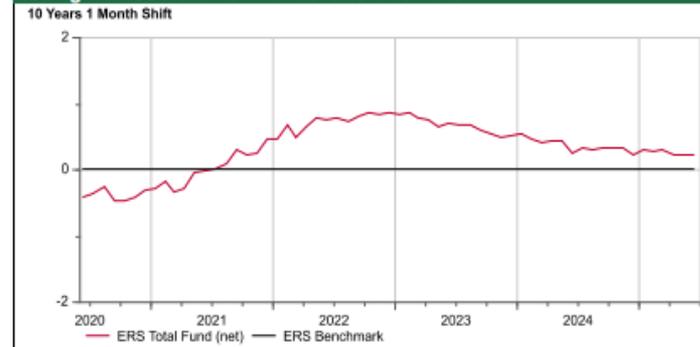
Trailing Returns

	Annualized Return							
	QTR	YTD	1 Year	3 Year	5 Year	7 Year	10 Year	15 Year
ERS Total Fund (net)	4.6	5.9	9.2	7.8	10.1	7.6	7.7	8.8
ERS Benchmark	4.7	5.7	10.2	9.3	8.8	7.6	7.5	8.7

Investment Growth – 7/1/2010 to 6/30/2025



Rolling Excess Returns – 7/1/2010 to 6/30/2025



# Total Fund Rolling Excess Returns as of June 30, 2025

1 Year Rolling Excess Returns – 12/1/1997 to 6/30/2025

1 Year 1 Month Shift



10 Year Rolling Excess Returns – 12/1/1997 to 6/30/2025

10 Years 1 Month Shift



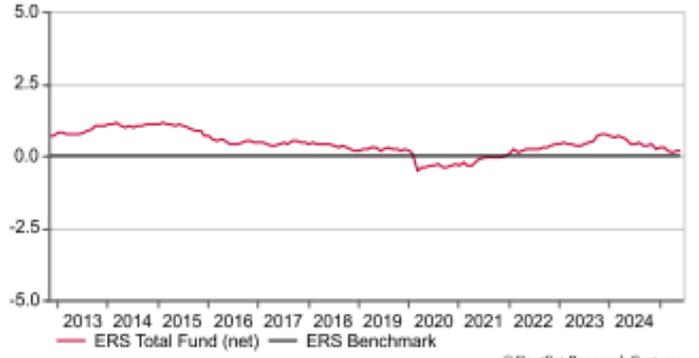
5 Year Rolling Excess Returns – 12/1/1997 to 6/30/2025

5 Years 1 Month Shift

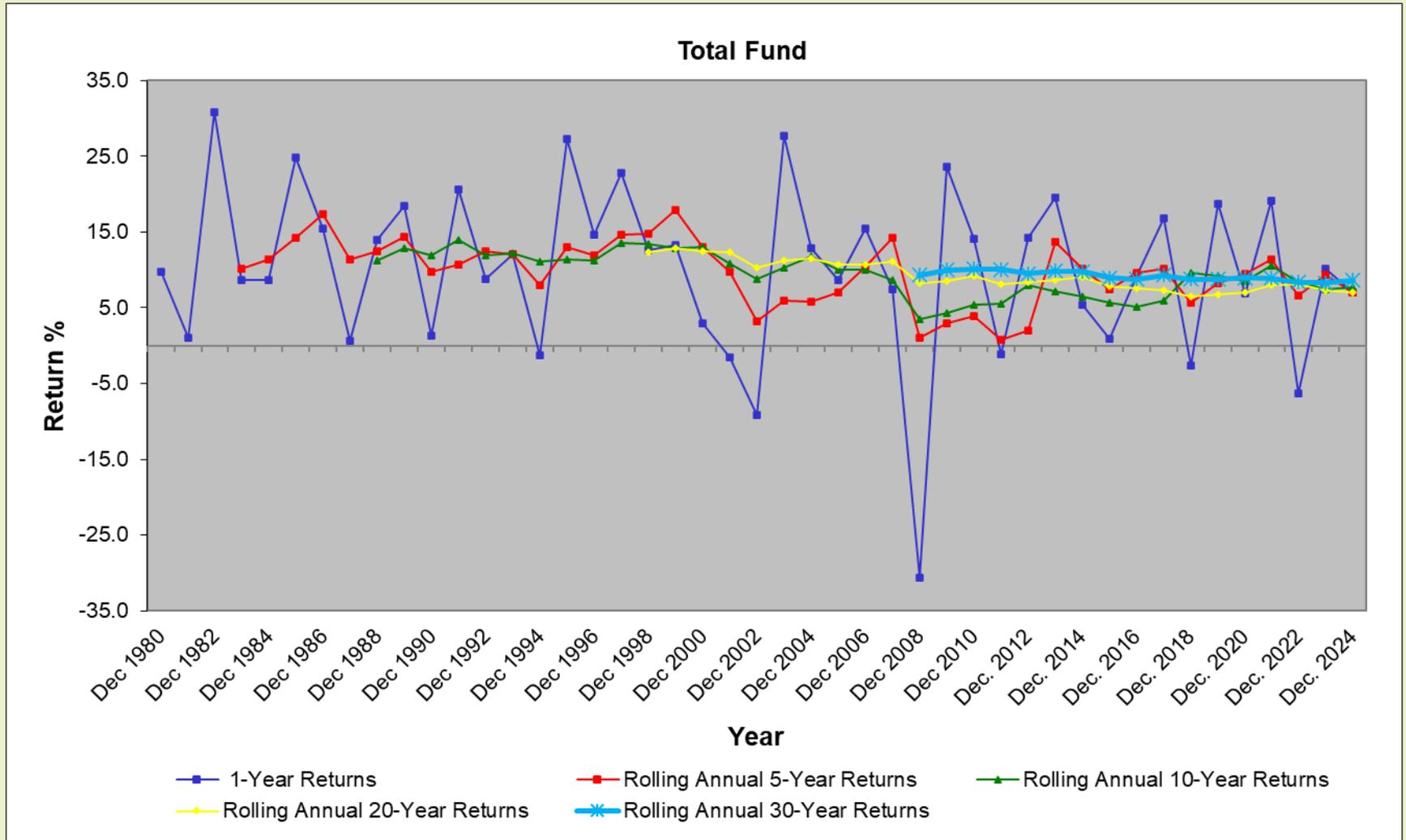


15 Year Rolling Excess Returns – 12/1/1997 to 6/30/2025

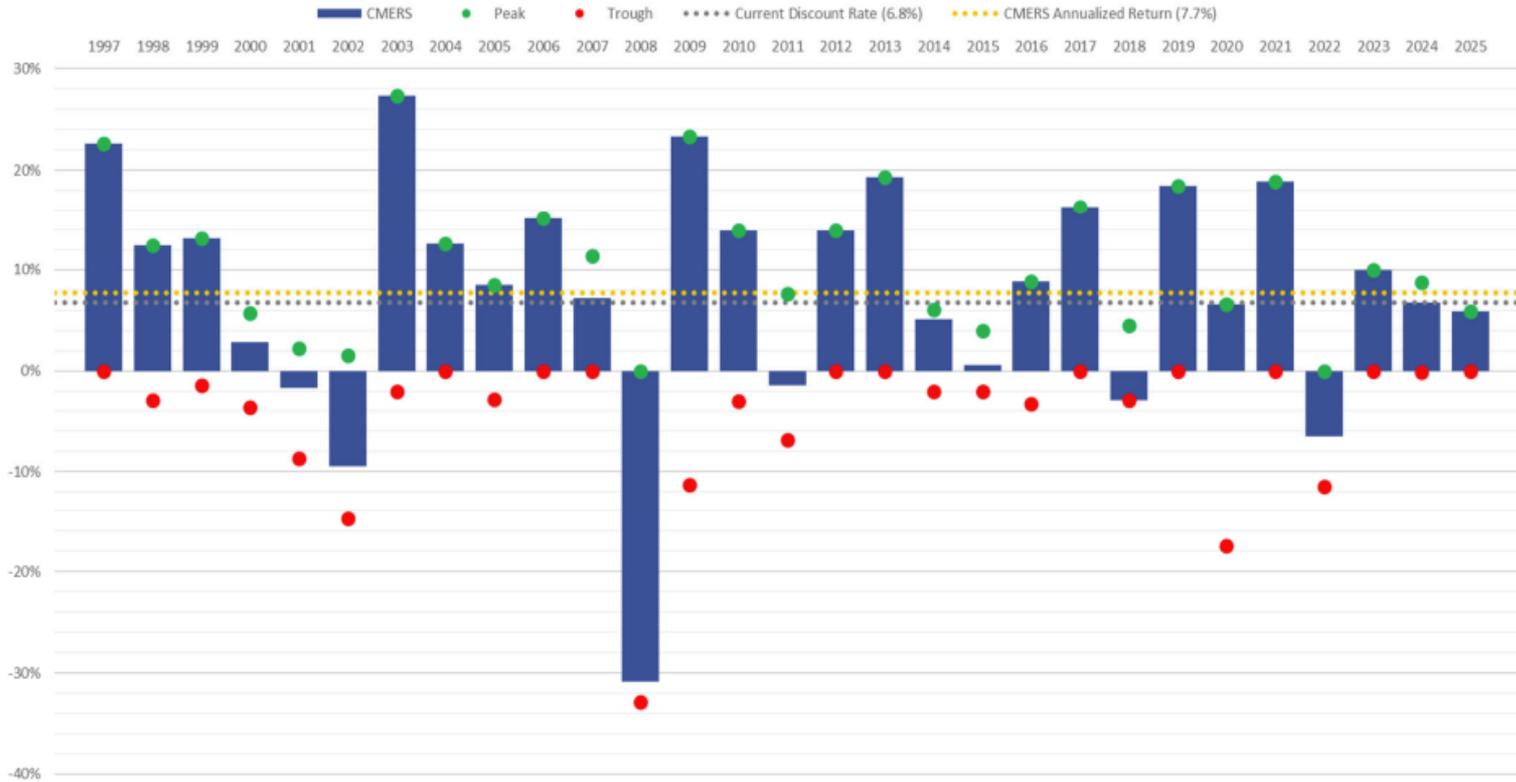
15 Years 1 Month Shift



# Rolling Fund Returns 1979 - 2024



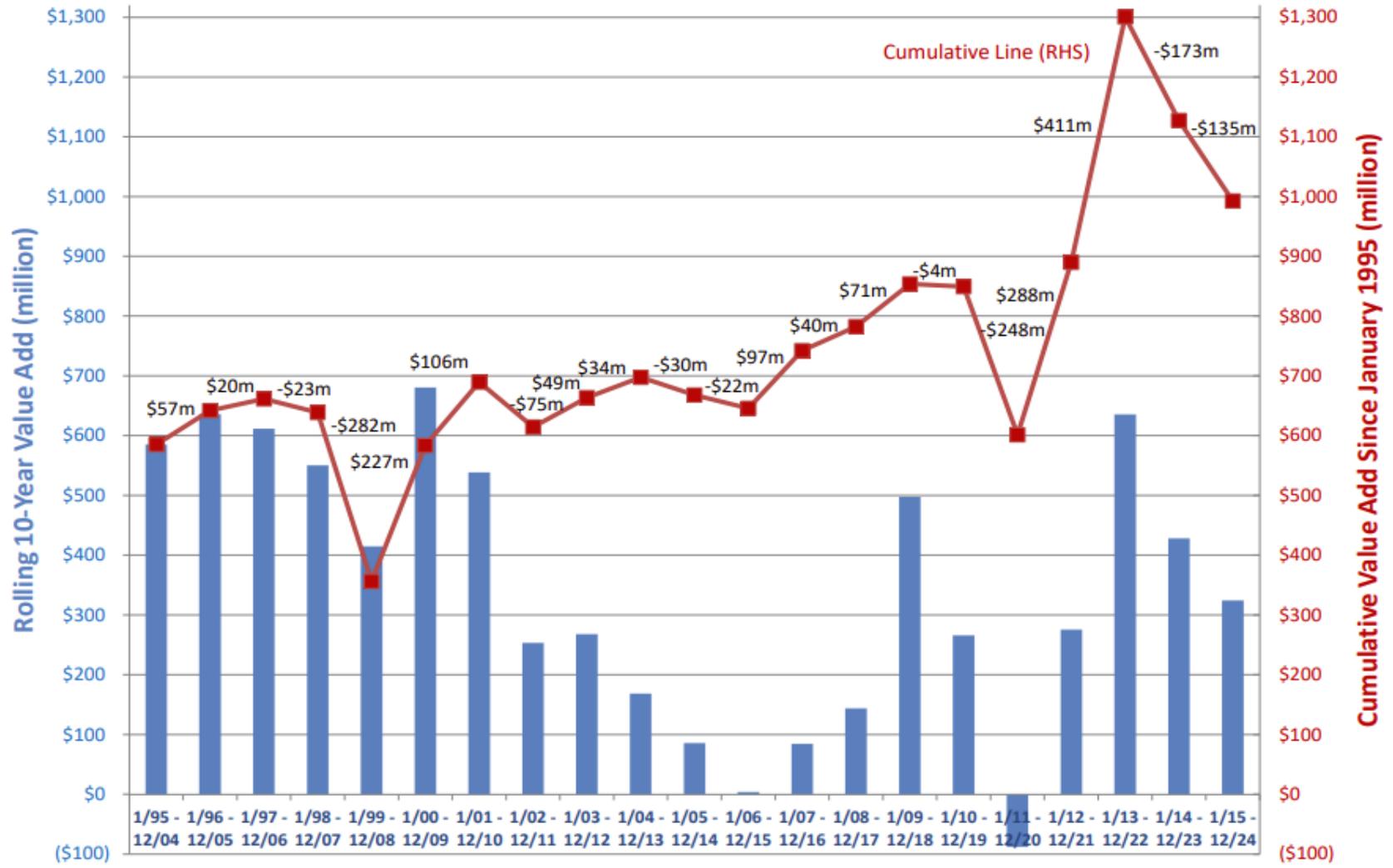
## Annual Returns, Peaks, and Troughs



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD 2025
CMERS	22.7%	12.4%	13.1%	2.8%	-1.7%	-9.4%	27.3%	12.6%	8.5%	15.1%	7.2%	-30.8%	23.3%	13.9%	-1.4%	13.9%	19.3%	5.1%	0.5%	8.8%	16.4%	-2.9%	18.4%	6.6%	18.9%	-6.5%	10.0%	6.8%	5.9%
Peak	22.7%	12.4%	13.1%	5.7%	2.3%	1.5%	27.3%	12.6%	8.5%	15.1%	11.4%	0.0%	23.3%	13.9%	7.6%	13.9%	19.3%	6.0%	4.0%	8.8%	16.4%	4.5%	18.4%	6.6%	18.9%	0.0%	10.0%	8.7%	5.9%
Trough	0.0%	-2.9%	-1.4%	-3.6%	-8.6%	-14.7%	-2.0%	0.0%	-2.9%	0.0%	0.0%	-32.9%	-11.3%	-3.0%	-6.8%	0.0%	0.0%	-2.1%	-2.0%	-3.3%	0.0%	-2.9%	0.0%	-17.5%	0.0%	-11.4%	0.0%	-0.1%	0.0%

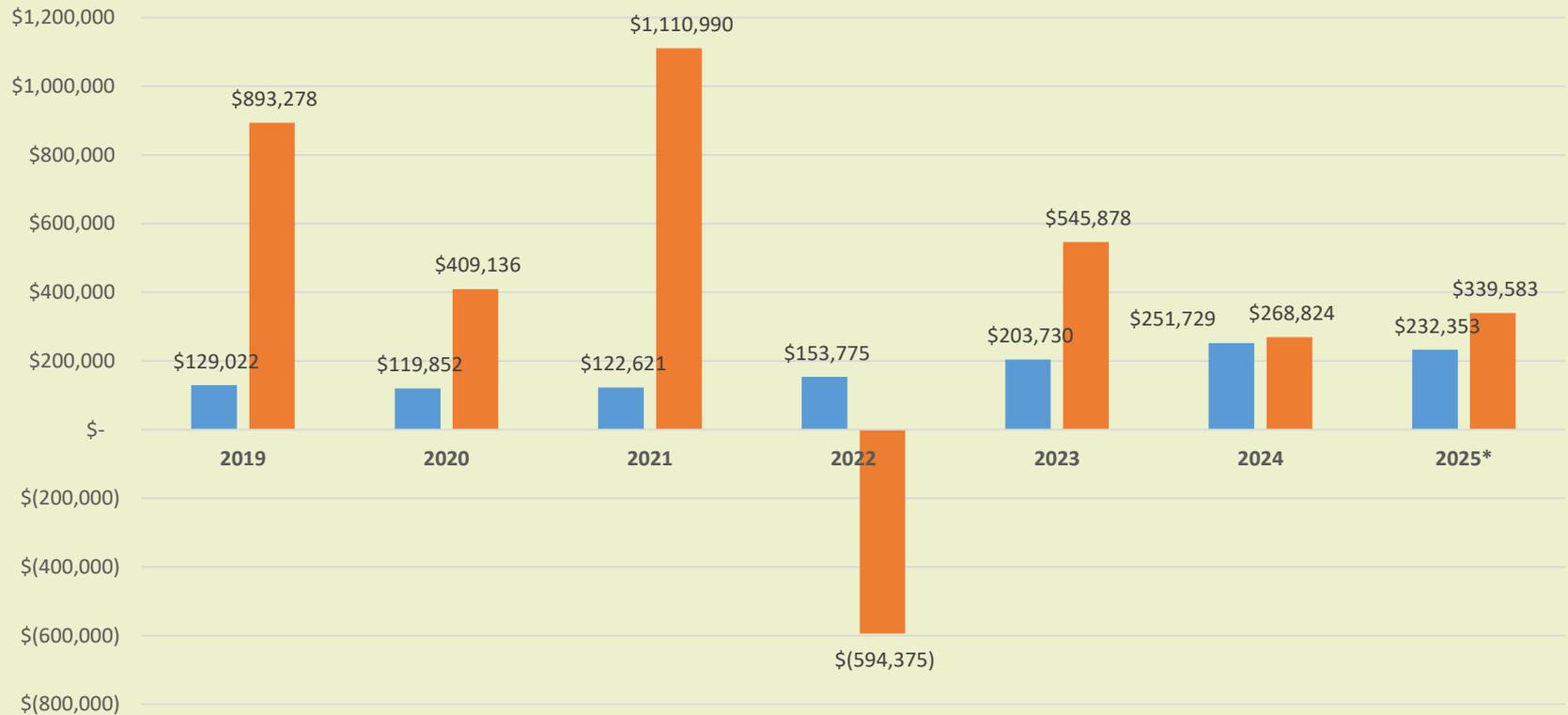
\*Net of Fees

## Historical Value Add - January 1, 1995 - December 31, 2024 CMERS Total Fund (everything except Real Assets)



# Investment Income is 71% of Revenue from 2019 - 2025

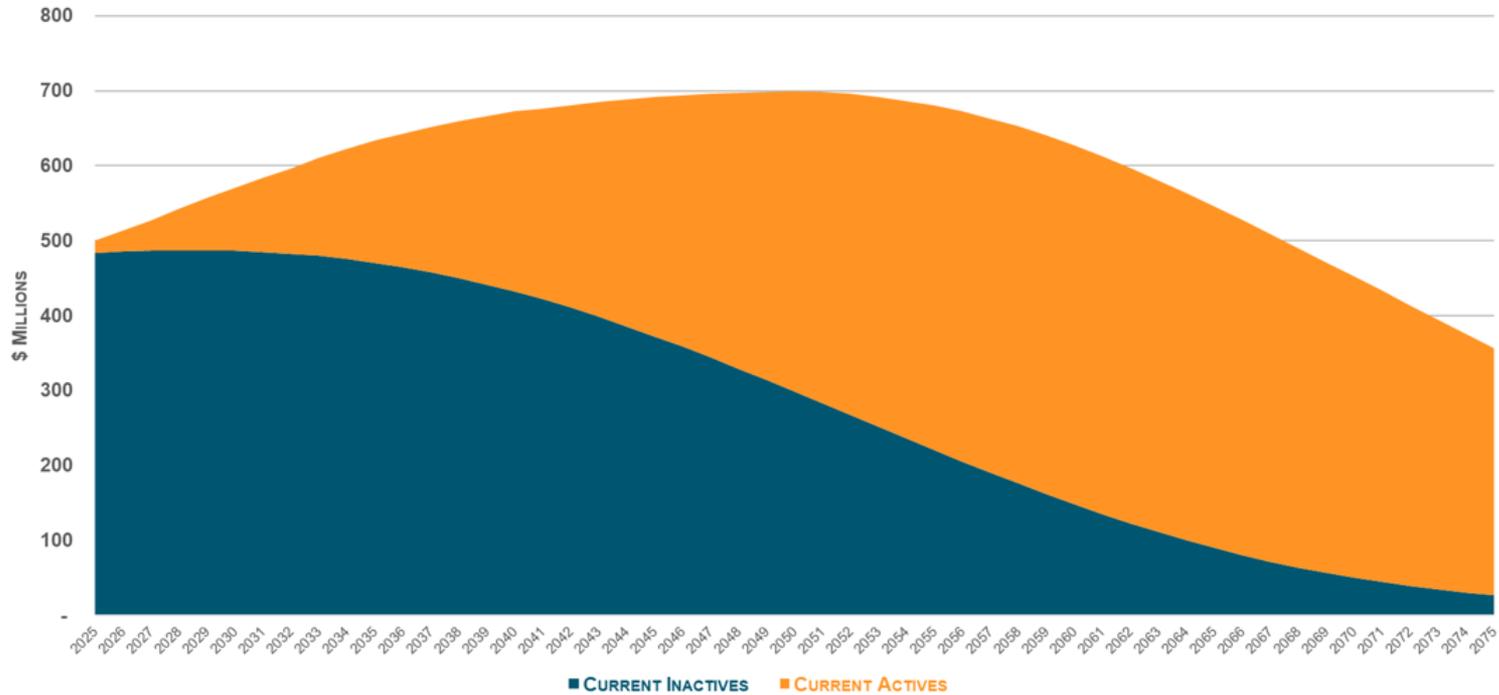
CMERS Revenues (in thousands)



\*2025 Net investment income and contributions are estimated through June 30th

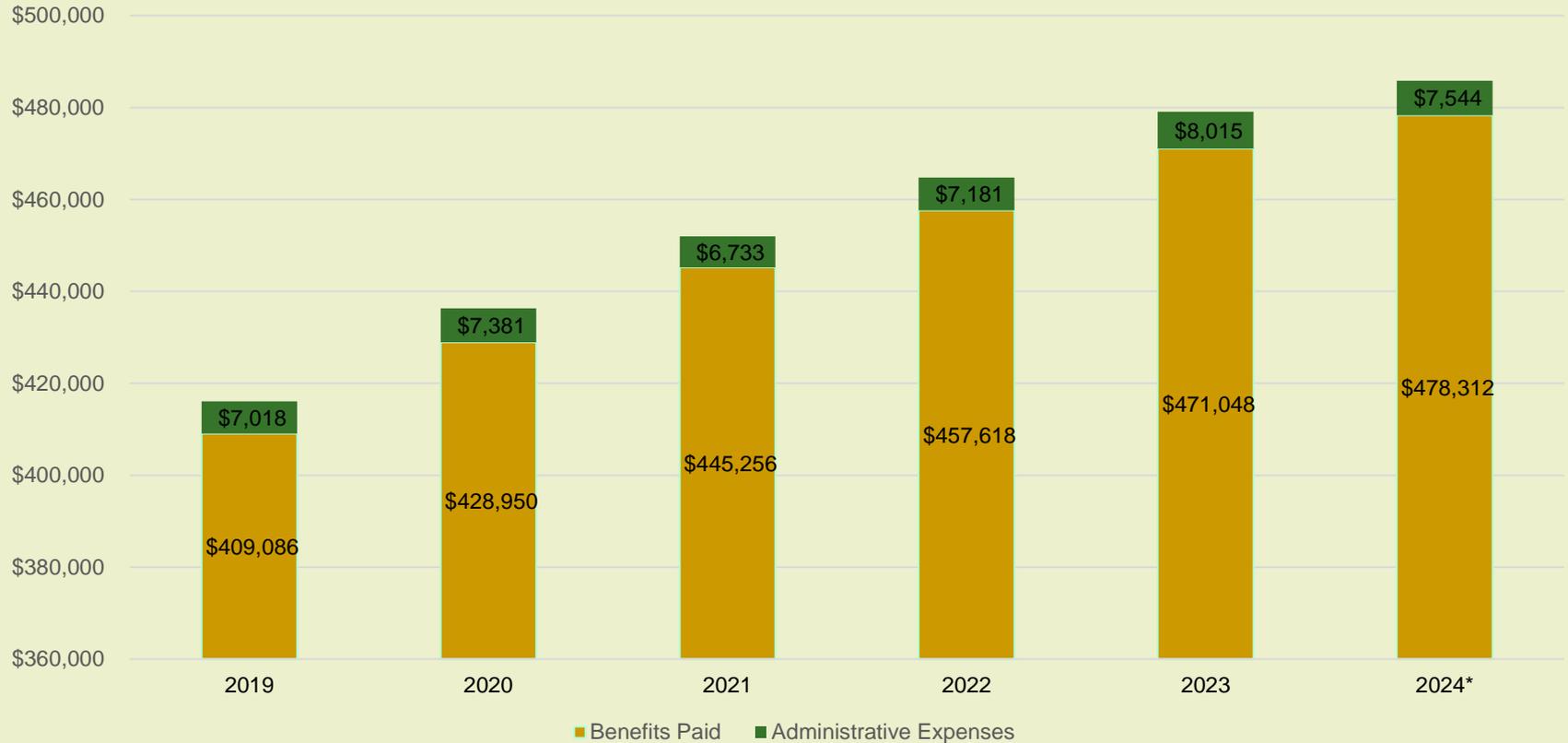
■ Contributions      ■ Net Investment Income

# PROJECTED BENEFIT PAYMENTS



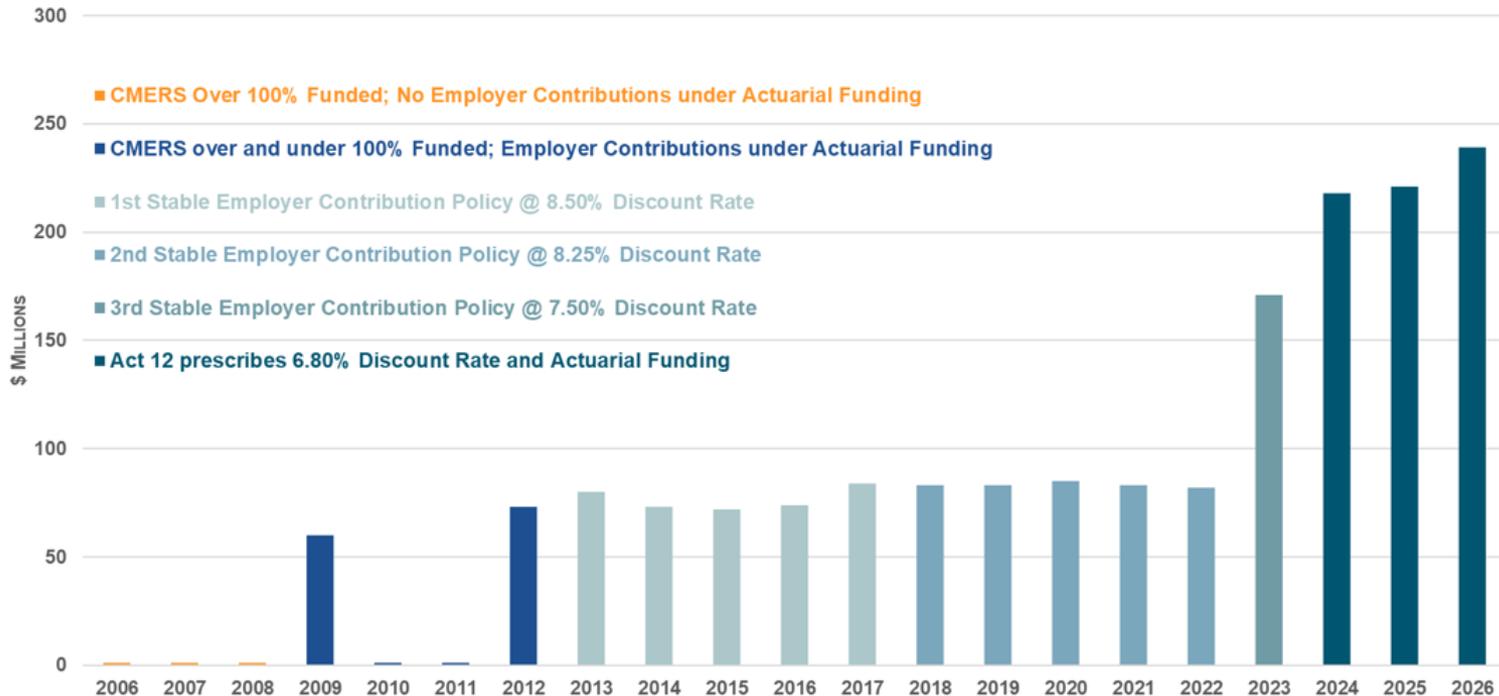
# Benefit Payments Increased by 16.9% From 2019 to 2024

CMERS Expenses (in thousands)



\*2024 Benefits Paid and Administrative expenses are projected through the end of 2024 using data available through June 30th

# TOTAL EMPLOYER CONTRIBUTIONS TO CMERS



# HIGHLIGHTS

Calendar year 2024 investment return was slightly higher than the assumed return assumption of 6.80%.

Salary increases were higher than expected, in particular for the City. Forty new actives added since last valuation.

Actuarial Audit initiated by SOWLAB reduced liability by \$10.6M, or 0.13%.

No change in funding policy since last actuarial valuation. Initial January 1, 2024 UAAL amortized over 28 years.

Results were unfavorable compared to expectations.

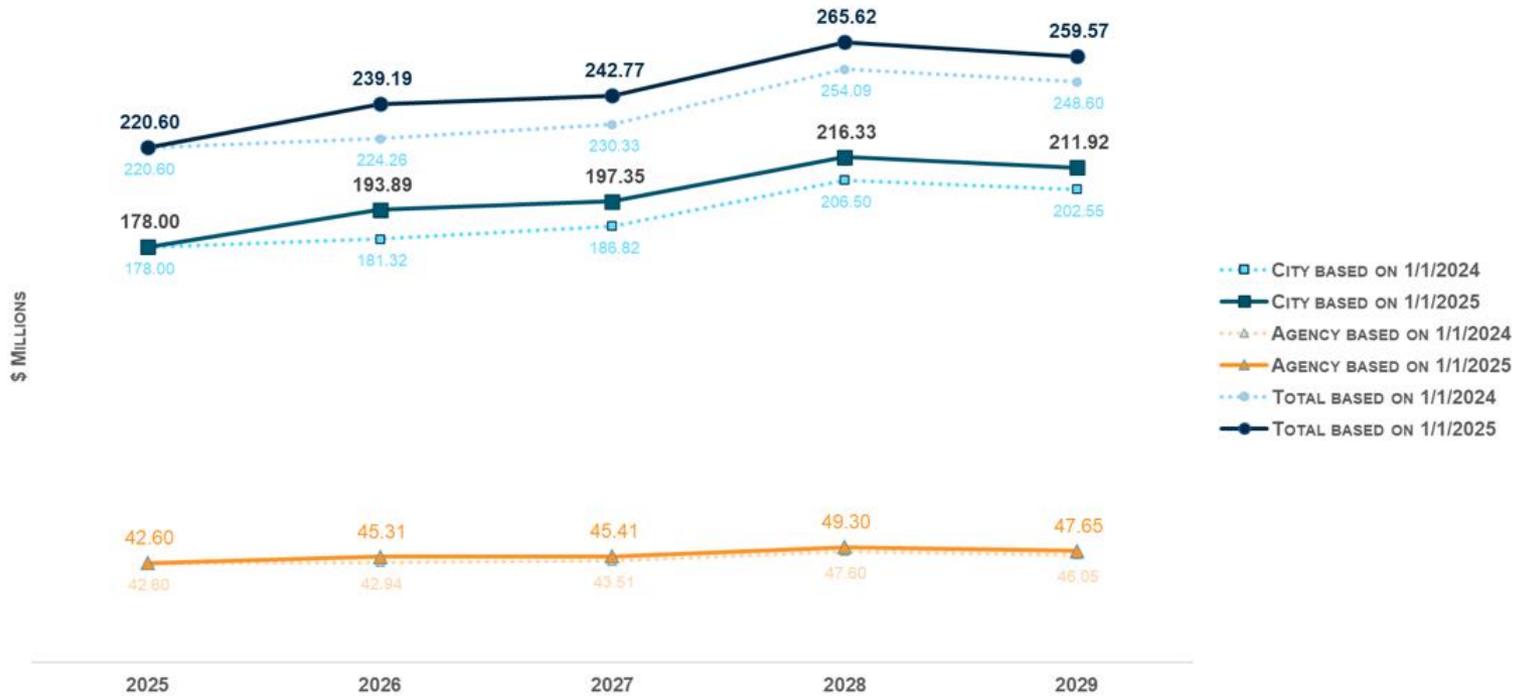
# IMPACT OF RETURNS ON RESULTS

- Investment returns which differ from the assumed return of 6.8% are the largest driver of employer contribution changes from year to year.
- On the next slide, we have developed projections based on alternate 2025 investment return scenarios of -3.2%, 6.8% and 16.8%.
- All other assumptions, including the assumed 6.8% return for Calendar Year 2026 and beyond, are assumed to occur.
- The first year's results in each of these projections are from this January 1, 2025 actuarial valuation.
- Future results are estimates and will not be known until subsequent annual actuarial valuations are performed.

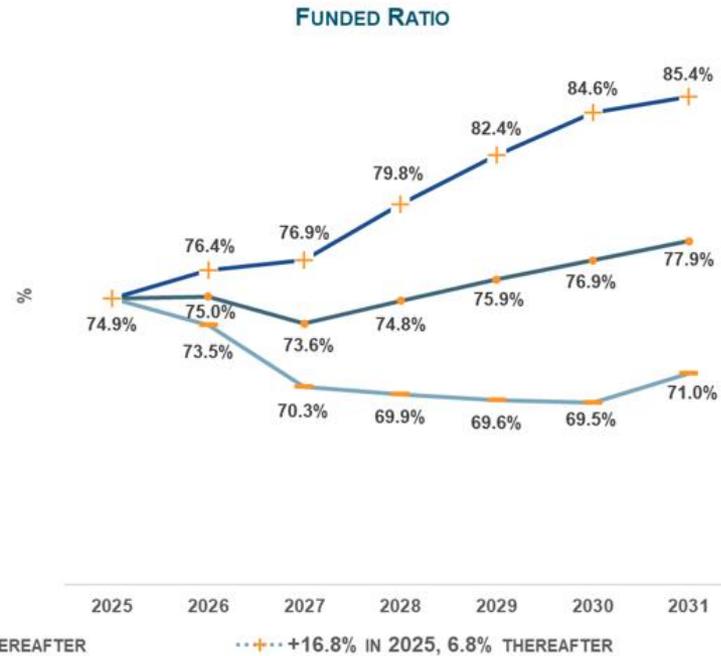
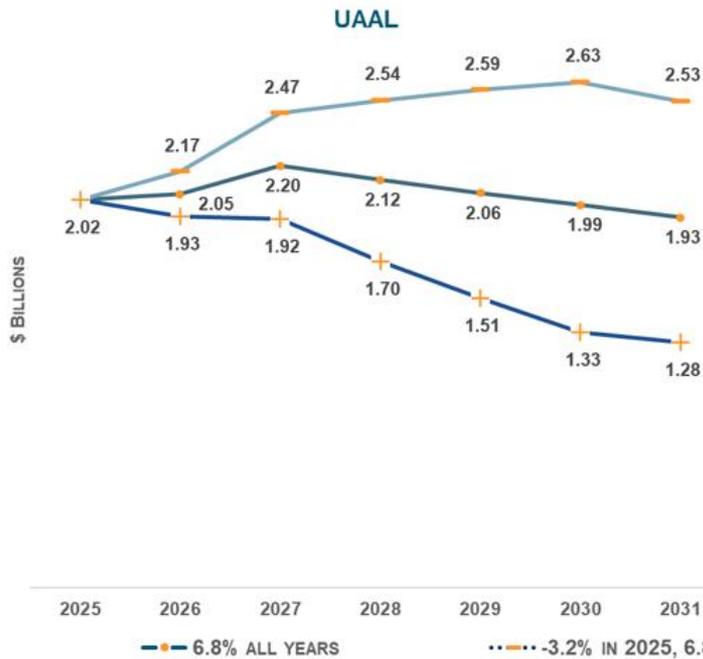
# ABOUT PROJECTIONS

- Actuarial valuation is a snapshot measurement at a single point in time
  - Provides important information, but gives no insight into future valuation results and trends
- Projections are not precise predictions
- Projections based on many assumptions
  - Assumes the 6.80% investment return assumption is met in all future years, unless otherwise noted
  - All other actuarial assumptions – economic and demographic – are met each year in the future
  - No change in current funding policy
  - Full required contribution is paid each year

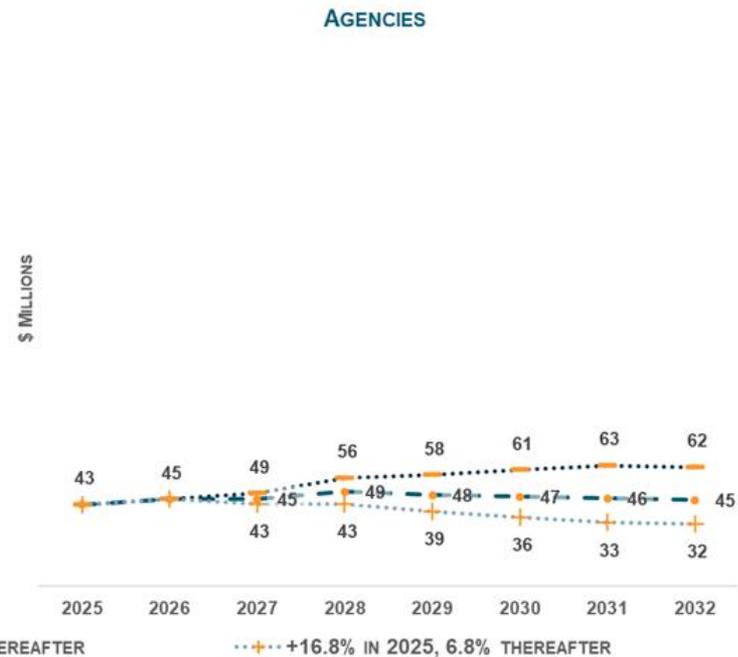
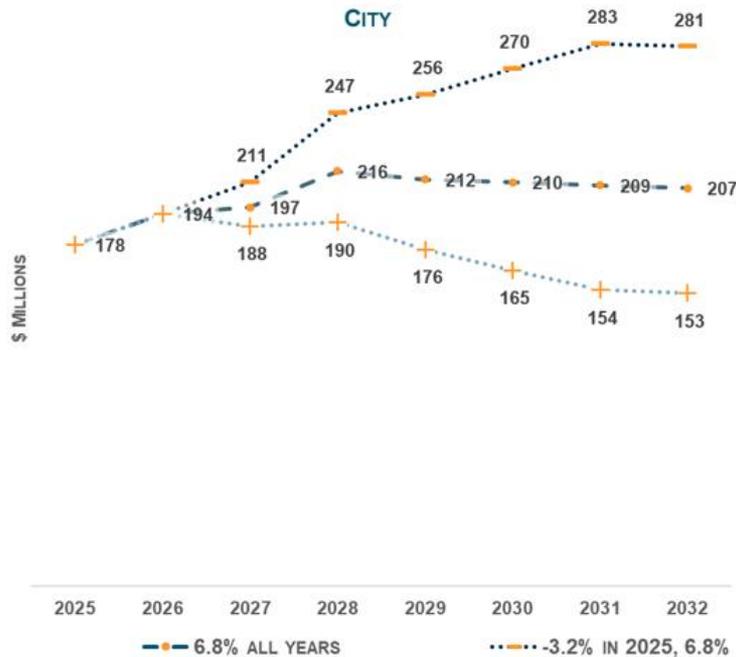
# WHAT A DIFFERENCE A YEAR MAKES



# RETURN IMPACT ON UAAL AND FUNDED RATIO



# RETURN IMPACT ON CONTRIBUTIONS



# WRS Employer Contributions as a Percent of Pay (including OT and Other Special Pays)

## Executive Summary

### 1. Required Employer Contributions to Support Retirement System Benefits

	General, Executive & Elected Officials		Protective Occupation				Average
			With Soc. Sec.		Without Soc. Sec.		
	2026	2025	2026	2025	2026	2025	2026
Employer Normal Cost	7.20%	6.95%	14.70%	14.95%	18.50%	18.95%	8.20%
Participant Normal Cost	7.20%	6.95%	7.20%	6.95%	7.20%	6.95%	7.20%
<b>Total Normal Cost</b>	<b>14.4%</b>	<b>13.9%</b>	<b>21.9%</b>	<b>21.9%</b>	<b>25.7%</b>	<b>25.9%</b>	<b>15.40%</b>

Period	Headcounts - General / Elected			Headcounts - Police			Headcounts - Fire			Headcounts - Total			Employer Contributions Estimate		
	Hired	Termed	Ending	Hired	Termed	Ending	Hired	Termed	Ending	Hired	Termed	Ending	General	Protective	Total
2024	643	45	598	105	16	89	66	14	52	814	75	739	1,227,968	657,536	1,885,504
2025 thru June	250	99	749	29	12	106	48	8	92	327	119	947	1,484,765	938,265	2,423,030
Jul	42	17	774	0	2	104	0	1	91	42	20	969	388,000	278,000	666,000
Aug	42	17	799	40	2	142	22	1	112	104	20	1,053	267,022	241,409	508,430
Sep	42	17	824	0	2	140	0	1	111	42	20	1,075	275,376	238,557	513,934
Oct	42	17	849	0	2	138	0	1	110	42	20	1,097	283,731	235,706	519,437
Nov	42	17	874	0	2	136	0	1	109	42	20	1,119	292,086	232,855	524,941
Dec	42	17	899	0	2	134	0	1	108	42	20	1,141	300,441	230,003	530,444
2026 - Jan	42	17	924	0	2	132	0	1	107	42	20	1,163	479,855	343,381	823,236
Feb	42	17	949	0	2	130	0	1	106	42	20	1,185	340,378	227,807	568,185
Mar	42	17	974	50	2	178	0	1	105	92	20	1,257	361,911	275,302	637,213
Apr	42	17	999	0	2	176	50	1	154	92	20	1,329	384,553	323,523	708,076
May	42	17	1,024	0	2	174	0	1	153	42	20	1,351	408,355	323,078	731,433
Jun	42	17	1,049	50	2	222	0	1	152	92	20	1,423	433,372	372,391	805,763
Jul	42	17	1,074	0	2	220	0	1	151	42	20	1,445	689,491	558,419	1,247,911
Aug	42	17	1,099	0	2	218	0	1	150	42	20	1,467	487,280	372,144	859,424
Sep	42	17	1,124	50	2	266	0	1	149	92	20	1,539	516,292	422,941	939,232
Oct	42	17	1,149	0	2	264	0	1	148	42	20	1,561	546,760	423,152	969,912
Nov	42	17	1,174	0	2	262	0	1	147	42	20	1,583	578,752	423,341	1,002,093
Dec	42	17	1,199	0	2	260	0	1	146	42	20	1,605	612,338	423,508	1,035,846

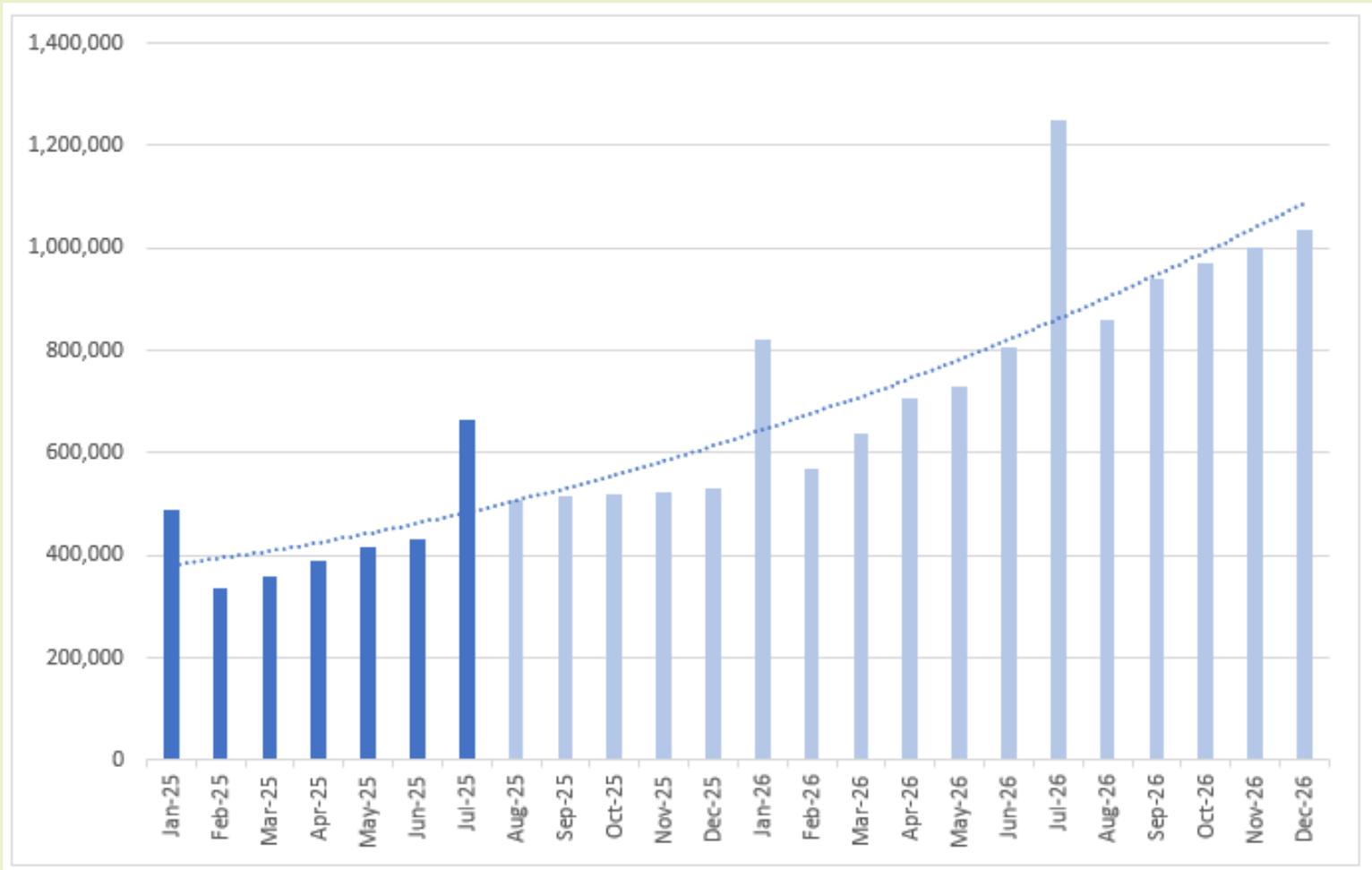
**Total Employer Contributions Estimates**

For 2025 5,686,216 increase from 2024 estimate of \$5.2mm primarily because of increased hirings of Fire and Police and the new contract wages for Fire  
 For 2026 10,328,323

**Following Assumptions / Data Inputs Used:**

- 2024 amounts are actuals as transmitted to WRS
- 2025 amounts through June pay periods are actuals as transmitted to WRS
- Headcounts are estimates; yellow shaded cells are projected and can be changed to change wages (July 2025 wages are used for projections)
- July 2025 amounts use July pay period actual (3 pay periods in month, so subsequent month is lower)
- Jan and Jul of each year use 3 pay periods for forecasting; other months have 2 pay periods each
- Police/Fire wage increases for 2026 are estimated @ 3%
- General wage increases for 2026 are estimated @ 0%
- No additional hires for Police in 2025; 150 additional hires for Police in 2026
- No additional hires for Fire in 2025; 50 additional hires for Fire in 2026
- General hire counts and all terminations are estimated at the same rate as Jan to Jun 2025
- Contribution rates for General employees are changing to 7.2% and for Protective Services to 18.6% for 2026

# COM 2025 2025 YTD and 2026 Projected WRS Contributions Trend



Spikes in January and July reflect 3 pay periods in those months

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# APPENDIX

# CMERS Participants Headcount (Active, Deferred, and Retired) (as of September 3, 2025)

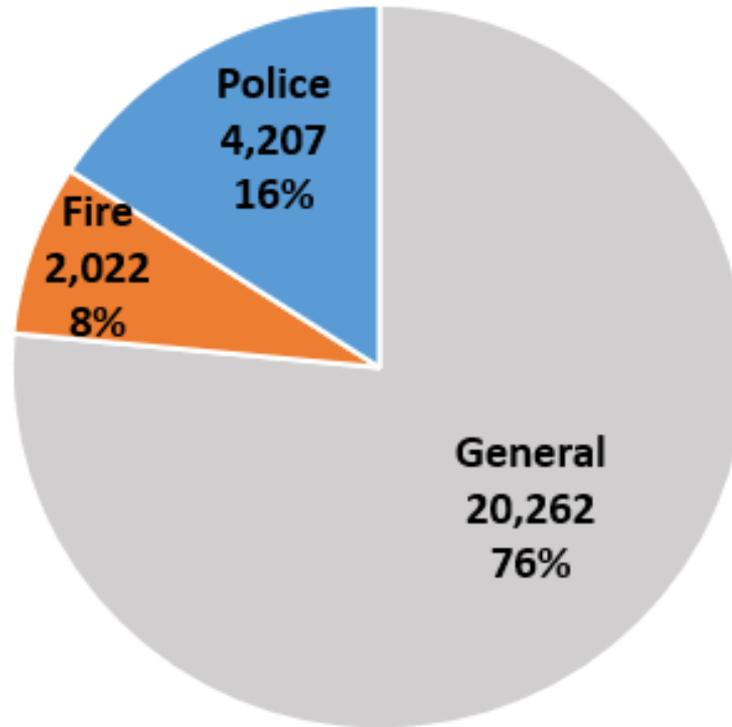
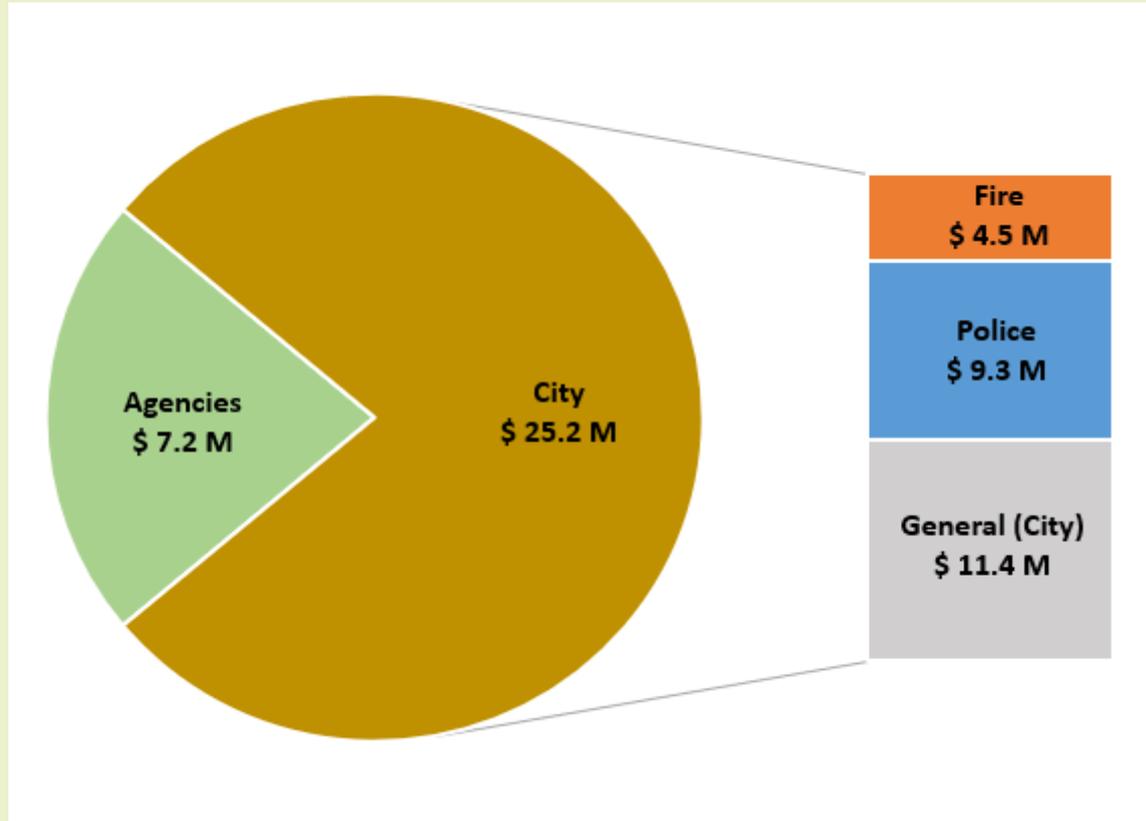


Chart does not include survivors / beneficiaries in payment

# Total Annual Member Contributions (in millions) (projected for 2025)



Projected Total Member Contributions  $\approx$  \$32.4mm

# Annual Member Contributions (projected for 2025)

Employer / Group	Reported through PP17-2025*				Straightline Projection for FY2025			
	Pensionable Wages	Employer Paid Member Contributions	Employee Paid Member Contributions	Total Member Contributions	Pensionable Wages	Employer Paid Member Contributions	Employee Paid Member Contributions	Total Member Contributions
City-FD	41,598,151	0	2,910,819	2,910,819	63,656,296	0	4,454,306	4,454,306
City-Gen	160,088,242	0	7,517,283	7,517,283	243,330,722	0	11,424,656	11,424,656
City-PD	87,426,372	0	6,119,865	6,119,865	132,804,446	0	9,296,340	9,296,340
<b>City Total</b>	<b>289,112,766</b>	<b>0</b>	<b>16,547,966</b>	<b>16,547,966</b>	<b>439,791,464</b>	<b>0</b>	<b>25,175,301</b>	<b>25,175,301</b>
Agencies	111,719,799	17,982	5,134,223	5,152,205	155,634,698	27,493	7,162,828	7,190,321
<b>Grand Total</b>	<b>\$ 400,832,565</b>	<b>\$ 17,982</b>	<b>\$ 21,682,189</b>	<b>\$ 21,700,172</b>	<b>\$ 595,426,162</b>	<b>\$ 27,493</b>	<b>\$ 32,338,129</b>	<b>\$ 32,365,622</b>

\*for some employers data is being reported through PP18-2025

# ERS Governance

- The Annuity & Pension Board (Board), the governing body of ERS, is a separate city agency and an independent corporate entity under state law, an IRS qualified plan fiduciary and is required by state law to fulfill its fiduciary duty of loyalty to ERS members and beneficiaries by acting solely in their interests to the exclusion of all other considerations.
- The Board can lawfully act in furtherance of social policy objectives only to the extent they do not conflict with its fiduciary duty of loyalty to members and beneficiaries and if such actions are merely incidental to its principle obligation to administer the retirement system.
- ERS is prohibited by state and federal law from using pension trust funds to deliver services, sponsor programs or provide resources to city residents.

# ERS Governance Con't.

- ERS established by Wisconsin Laws of 1936 as revised by 1947 session laws as an independent legal and financial entity to provide pension benefits and Annuity & Pension Board established as plan administrator and MCC-36 adopted pursuant to state statute
- Annuity & Pension Board governance of ERS confirmed by 2018 state supreme court decision and reaffirmed under Act 12 with modifications for state mandated funding requirements and state financial audit
- Common law of Trusts (3<sup>rd</sup> Restatement of Trusts) provides for independent administration of a trust by the trustee(s) from the settlor ( plan sponsor)
- IRS tax qualified retirement plan trust must be administered pursuant to provisions of plan document (MCC-36)

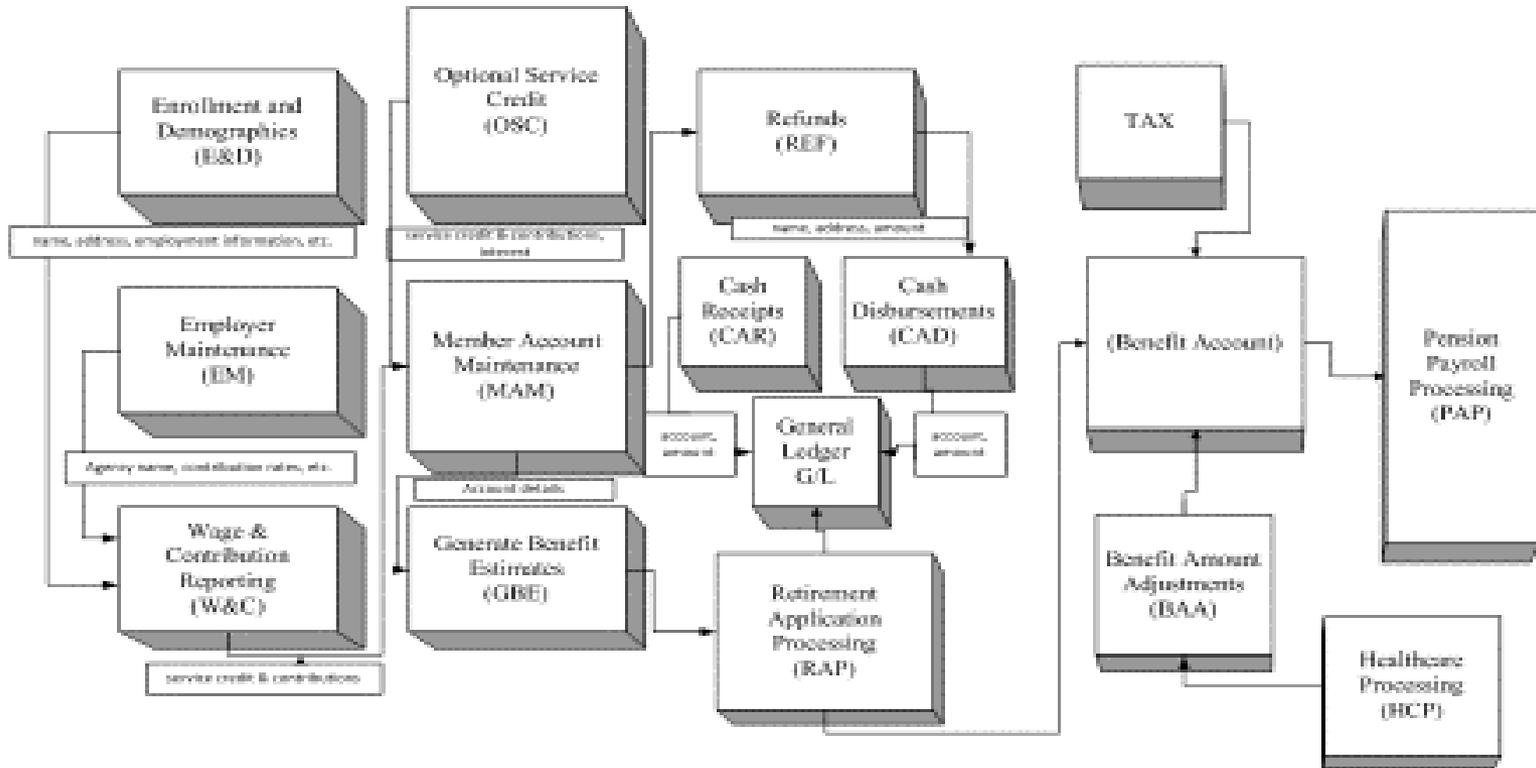
## Why Does ERS Have a separate IT Platform and Staff

- Dating to January 1, 2000 the City settled multiple pension lawsuits pursuant to a Global Pension Settlement (GPS) that enabled the City to transfer the cost of ERS administration to the pension trust which was previously bourn by the City, including investment management fees (approx. \$81 million for 2023 resulting in return of approx. \$546 million) and general administration expense.
- The GPS expressly provides that the pension system will bear the cost of developing and maintaining an IT system which ultimately cost approx. \$25 million to establish and more annually to operate and maintain per CA opinion dated June 16, 2006:

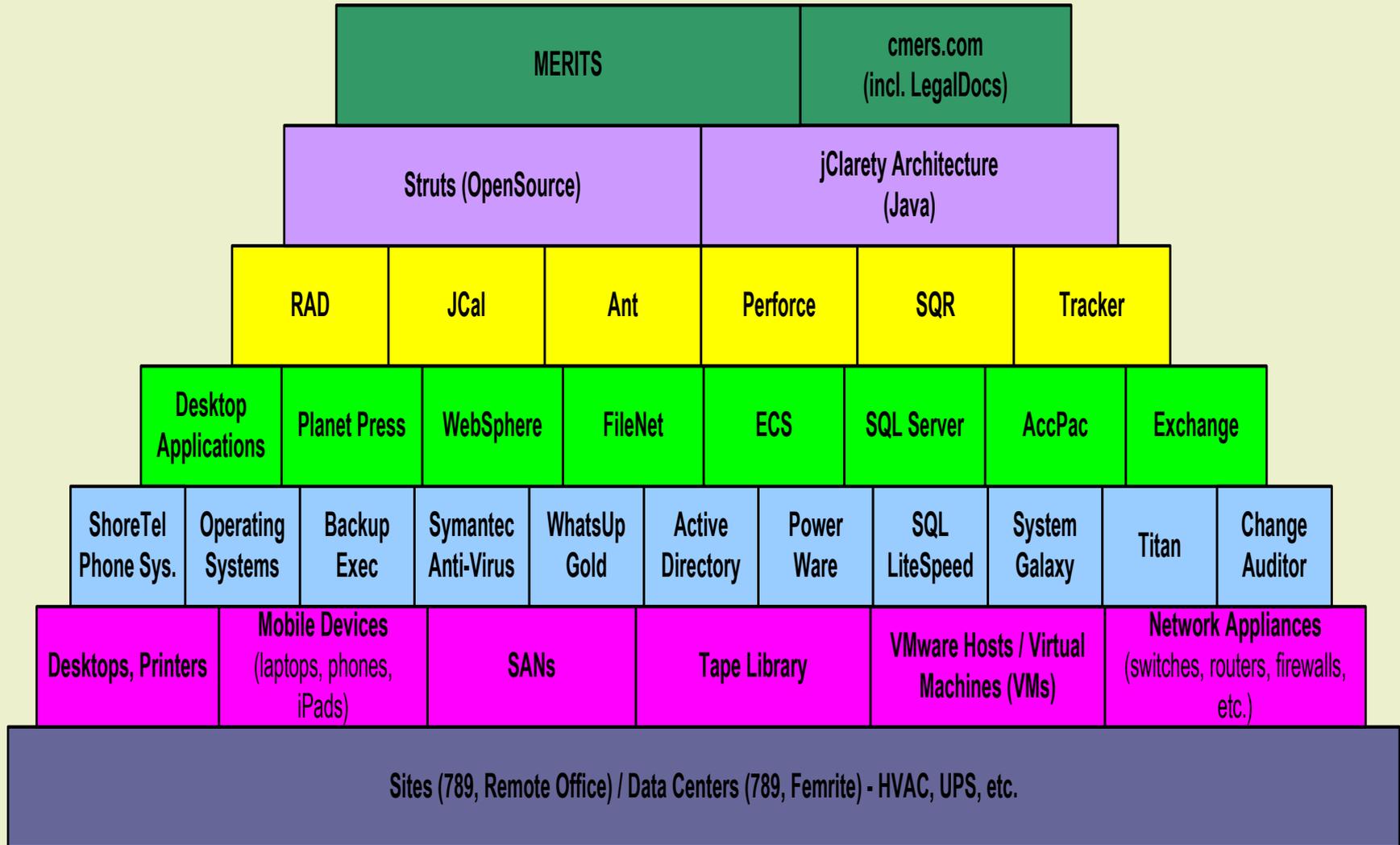
As a result of the Global Pension Settlement, effective January 1, 2000, responsibility for the payment of all expenses in connection with the administration of the ERS, *including computerization related expenses*, was transferred from the City to the combined fund of the ERS. Section 36-08-9-a. The ERS, in our opinion, is therefore responsible for any computerization related expenses associated with the determination and distribution of benefits, including any software program changes necessitated by new pension benefits.

- 36-09-8-a - “Annually, the board shall estimate the amount of money which shall be deemed necessary to provide for the expense of operation of the retirement system. On or before the second Tuesday in May of each year the board shall file with the mayor a detailed statement of all estimated expenses which are to be incurred during the ensuing calendar year. Such statement shall be reviewed and approved as are all other budgetary requests under ch. 18. (emphasis added)”

# ERS IT Functional Areas



# ERS Software Platform



# City Charter and State Law Requirements

- Employer contributions are due and payable in full by December 31 of the year following the current year as **determined** by the independent actuary (MCC 36-08).
- Employer contributions must be certified by the Annuity and Pension Board and calculations must adhere to Actuarial Standards of Practice (MCC 36-08 and 36-15), except as otherwise required by state law (e.g. 2023 Act12).
- ERS vested benefits are a contractual obligation of the City under state law and can not be diminished or impaired w/o consent of the Member (WI Laws Chapter 441, Laws of 1947; MCC 36-13).
- Global Pension Settlement provisions are locked in place by court order.
- Pension funding requirements can only be changed by a two-thirds vote of the Common Council, approval by the Mayor and the Annuity & Pension Board (MCC 36-15) and certification by the actuary as conforming to professional standards, except as required by state law (e.g. 2023 Act 12).
- Changes to funding policy pursuant to MCC-36-08 and 36-15 that cause “tangible harm” to members and beneficiaries may violate their contractual pension rights - Professional Police Association v. Lightbourn, 2001 WI 59, 243 Wis. 2d 512, 627.N.W.2d 807

# Securing Payment of Employer Contributions

- MCC 36-08-6-f and g provide authority to levy taxes to fund ERS on real and personal property annually in addition to all other taxes. For agencies not authorized to levy taxes, the amounts are to be included in their budgets.
- In the event that the employer(s) do not contribute the required amount, the Annuity & Pension Board is obligated by state law as a fiduciary to exhaust all avenues to collect such funds, and as authorized under MCC 36-15-1 (“proper operation of the retirement system”) Also, Board Rule VII A.

## Further Limitations to Benefits Alteration

Under MCC 36-14 (“Home Rule”), the City is authorized to “amend or alter the provisions of [MCC 36] in the manner prescribed by s. 66.0101, Wis. Stats., provided that no such amendment or alteration shall modify the annuities, benefits, or other rights of persons who are Members of the system prior to the effective date of such amendment or alteration.” Reaffirmed by 2023 Act 12.



## SECTION VI – ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS

**TABLE 20**

### ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTIONS ELIGIBLE TO BE PAID FROM 2023 WISCONSIN ACT 12 SALES TAX PROCEEDS

Act 12 allows an amount of no more than 90% of the sales tax revenue collected during 2024 to pay for actuarially determined employer contributions. The sales tax revenue collected during 2024 was \$200,621,090. The maximum amount of \$180,558,981 (90% of \$200,621,090) does not change in future years. The following costs are eligible to be offset by sales tax revenue under Act 12:

1. The City's share of the unfunded actuarial accrued liability (UAAL) as of January 1, 2024. This portion of the UAAL is to be amortized on a level-dollar basis over a closed, 30-year period using an assumed rate of return no greater than what has been adopted by the Wisconsin Retirement System.
2. The City's share of the cost of amortizing future changes to the UAAL. Future increases in the UAAL are to be amortized using the same basis as the January 1, 2024 UAAL, but over a closed 10-year period. Future decreases in the UAAL will be amortized over either a closed 10-year period or the remainder of the 30-year period beginning on January 1, 2024, whichever is longer.
3. The increase in normal costs attributable to the Combined Fund from 2022 to the present year for the City proper and its agencies.

Under Act 12, administrative expenses are to be included in all normal cost contributions. The following table shows the Plan Year 2026 contribution amounts for each employer that are eligible to be paid from the Act 12 sales tax proceeds. Amounts are shown as of January 1, 2026.

	<u>Total Normal Cost for the Combined Fund Only</u>			Total UAAL Payment for All Funds	Total
	2022 Total	2026 Total	Increase/ (Decrease)		
<b>1) City of Milwaukee</b>					
a) General	\$16,236,384	\$26,702,001	\$10,465,617	\$38,024,183	\$48,489,800
b) Policemen	33,883,422	40,461,253	6,577,831	61,689,374	68,267,205
c) Firemen	15,750,167	18,458,870	2,708,703	31,340,024	34,048,727
d) Total City	<u>\$65,869,973</u>	<u>\$85,622,124</u>	<u>\$19,752,151</u>	<u>\$131,053,581</u>	<u>\$150,805,732</u>
<b>2) Agencies</b>					
a) Water Dept	\$1,729,279	\$2,671,572	\$942,293	N/A	\$942,293
b) School Board	12,447,912	16,521,356	4,073,444	N/A	4,073,444
c) Milwaukee Technical College	0	12,148	12,148	N/A	12,148
d) Sewerage Commission	1,899,423	2,330,959	431,536	N/A	431,536
e) Veolia	85,835	125,726	39,891	N/A	39,891
f) Wisconsin Center District	503,437	739,117	235,680	N/A	235,680
g) Housing Authority	661,527	658,259	(3,268)	N/A	(3,268)
h) Total	<u>\$17,327,413</u>	<u>\$23,059,137</u>	<u>\$5,731,724</u>	<u>N/A</u>	<u>\$5,731,724</u>
<b>3) Total System: 1(d) + 2(h)</b>	<u>\$83,197,386</u>	<u>\$108,681,261</u>	<u>\$25,483,875</u>	<u>\$131,053,581</u>	<u>\$156,537,456</u>

Note: The total actuarially determined employer contributions eligible to be paid from Act 12 sales tax proceeds is less than the maximum allowable amount of \$180,558,981. Therefore, the full amount of eligible

## Employer Contributions, Sales Tax Proceeds Available, and Sales Tax Proceeds Utilized

