



ERS Member Handbook

*Employees' Retirement System (ERS)
of the City of Milwaukee*

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Welcome

TO THE EMPLOYEES' RETIREMENT SYSTEM

We are pleased to welcome you to the Employees' Retirement System (ERS) of the City of Milwaukee and to present your **ERS Member Handbook**. This handbook summarizes the most important features of the Employees' Retirement System and describes the various benefits that the ERS administers for our membership.

Whether you are just entering the work force or nearing retirement, these benefits can play a valuable role in your family's financial security; both today and in the future. This handbook will help acquaint you with your ERS benefit coverage.

Using Your Handbook

The About the ERS and Annuity and Pension Board sections explain how the ERS is structured and overseen by the Board. Your ERS Membership provides general information on ERS benefits and services and shows how your coverage provides protection at different stages of your life.

The General City Employees, Firefighters and Police Officers and Elected Officials sections describe the specific benefits that cover each ERS employee group. Finally, the Other Important Information and Glossary sections provide additional detail about ERS practices and the terms we use.

While this handbook explains the benefits available to most workers employed by the City of Milwaukee and its participating agencies, some groups or bargaining units may have benefits that are slightly different than those described here. If you have questions on whether your benefits differ from those outlined in this handbook, please contact your union representative or an ERS pension specialist at 414-286-3557.

This handbook provides an easy-to-read explanation of your ERS benefits in summary form. It is not intended as a substitute for the plan documents that provide the legal basis for your ERS benefits. The plan documents consist of Chapter 36 of the Milwaukee City Charter, the Rules and Regulations of the Annuity and Pension Board, and the legal interpretations of the legal advisors that have been accepted by the Annuity and Pension Board. In addition, some of the actuarial factors discussed in this

handbook are approximations of the actual factors in effect at the time this book was issued. These factors may change from time to time as our mortality experience dictates. All benefit determinations affecting you will be based exclusively on the plan documents.

While the Employees' Retirement System administers certain benefits for both active and retired members and their beneficiaries, please keep in mind that the ERS does not establish the level of your benefits or cost of living increases. Benefit provisions are contained in Chapter 36 of the Milwaukee City Charter, the Rules and Regulations of the Annuity and Pension Board, or other city ordinances enacted by the Common Council. The Council enacts changes in charter ordinances to implement collective bargaining agreements that are negotiated by various unions.

At Your Service

The Employees' Retirement System office, located at 789 N Water Street, Suite 300, Milwaukee, WI, across the street from City Hall, is open from 8:00 a.m. to 4:45 p.m. (including during the lunch hour), Monday through Friday. The office is closed on all city holidays and designated furlough days. If you have any questions about your benefits, please contact the ERS office at 414-286-3557 or 1-800-815-8418, toll free. If you have a telephone with a touch-tone keypad, you can hear recorded messages about the ERS services 24 hours a day (for more information on using our automated phone system, turn to page 14). You may also contact the ERS via e-mail at norm@cmers.com. This Handbook and other general information about the ERS may be found on our website: www.cmers.com.

The Employees' Retirement System does not discriminate on the basis of disability. Upon reasonable notice, we will try to accommodate individuals with disabilities at our office and at meetings through the use of sign language interpreters, readers, guides, audio tapes and auxiliary aids. To request assistance or to obtain additional information, please call (414) 286-3557 (voice) or (414) 286-2025 [Text Telephone (TTY)], or contact us by fax at (414) 286-8428.

We, at the ERS, appreciate the opportunity to serve you.

Bernard J Allen
Executive Director

ABOUT THE EMPLOYEES' RETIREMENT SYSTEM

The Employees' Retirement System (ERS) of the City of Milwaukee, created by the Wisconsin Legislature in 1937, is a plan that provides retirement, disability and survivor benefits to the City of Milwaukee and other agency employees and their beneficiaries. By law, the ERS has the same powers and privileges of a corporation, including the power to contract with its members. As a member, you (and your beneficiaries) have a contractual right to your retirement, disability and survivorship benefits.

The mission of the Employees' Retirement System (ERS) is to *administer the Plan as provided under the City Charter, maintain member records, pay the benefits to which members are entitled, and invest and manage the funds of the Trust in a prudent and vigilant manner.*

The Annuity and Pension Board

An eight-member Annuity and Pension Board, referred to as the "Board" in this handbook, administers the Retirement System. This Board consists of:

- three representatives appointed by the President of the Common Council
- three representatives elected by the active members of the ERS
- one member elected by retired members of the ERS, and
- the City Comptroller, who serves as an ex-officio voting member.

The Board serves as trustee of the ERS funds, is charged with the proper operation of the ERS, and makes effective the provisions of the Employees' Retirement Act. The Board serves as a fiduciary with respect to the members and beneficiaries, which means that the Board has numerous duties and responsibilities imposed upon it by law. Among these duties is the duty to administer the trust exclusively in the interest of the members and beneficiaries. This means that Board members cannot be motivated by their own personal interest, the interest of the employer, or employee organizations in making decisions. The Board also has administrative responsibilities relative to the City group life insurance and retiree health insurance plans. In fulfilling these life and health insurance responsibilities, the Board does not act as a fiduciary.

The Board appoints an Executive Director to professionally manage all aspects of the Retirement System's operations: Administrative Support, including legal compliance, Fiscal Services, Investments, Membership Services, and Information Systems. . The Board also retains a qualified actuary to serve as its technical advisor and provide an annual valuation of the liabilities and reserves of the Retirement System.

In addition, the Board appoints a Chief Investment Officer and employs investment managers to invest and reinvest monies in the fund under the "prudent investor" standard. The Board retains a custodian to hold investment securities, and retains an investment consultant to assist with reviews of the performance of the investment managers.

The City Attorney is the ERS' statutory legal counsel.

How ERS Benefits Are Funded

Member contributions, along with any actuarially required contributions from the City and its agencies, are invested in order to pay the pension benefits to which you may be entitled when you retire, and the death or survivor benefits to which your named beneficiaries and/or survivors would be entitled to upon your death.

The ERS Staff

Under the direction of the Annuity and Pension Board, the highest priority of the ERS staff is delivering essential services to City of Milwaukee and other member agency employees and their beneficiaries. Under the direction of the Executive Director, the ERS staff is structured to provide members with confidential, efficient and responsive service. Each staff member has a defined role within one of the five functional areas described below:

Membership Services provides counseling on the following benefits: pension, disability, separation and death, and is responsible for processing benefit applications. This area also administers group life insurance and health insurance for City of Milwaukee retirees. Most of the direct contact between the ERS and its members and beneficiaries takes place within Membership Services.

Fiscal Services processes the ERS pension payroll and supports Membership Services by calculating retirement benefits. Fiscal Services also records all transactions received through the active members' payroll interface from each participating agency. This area also prepares annual financial statements and manages the departmental budget, departmental payroll processing and accounts payable.

Information Systems maintains the health of the computers, applications and networks used to process all retirement benefits. This responsibility includes upgrading or replacing existing systems.

Administrative Support provides general administrative services for the office and the Annuity and Pension Board and performs specialized functions such as research and special projects.

Investments oversees the performance of the investment managers hired to manage the assets of the Retirement System. This group reports directly to the Annuity and Pension Board.

The Board, Executive Director and staff of the Retirement System strive at all times to safeguard the System's assets by following best practices of fiduciary and professional care. The ERS is committed to prompt and courteous member service, and the complete, accurate and timely reporting of performance results. Your questions, comments and concerns are essential and always welcome at 414-286-3557, 800-815-8418, or via e-mail at norm@cmers.com.

ANNUITY AND PENSION BOARD
(as of April , 2010)

| | |
|--------------------|--|
| W. Martin Morics | (Ex-officio) City Comptroller City of Milwaukee – Comptroller |
| John Barmore | Elected Representative – Active City of Milwaukee – Fire Department |
| William C. Carey | Elected Representative – Retired |
| Konrad Ellenberger | Elected Representative – Active City of Milwaukee – Police Department |
| Larry Holland | Appointed by Common Council President |
| Michael J. Murphy | Appointed by Common Council President City of Milwaukee – Alderman |
| Gust Petropolous | Elected Representative – Active City of Milwaukee – Police Department |
| Ron Walter | Appointed by Common Council President |
| Bernard J Allen | Secretary and Executive Director ERS Office Telephone: (414) 286-3557 ERS Office Fax: (414) 286-8428 |

YOUR ERS MEMBERSHIP

The ERS administers a wide variety of benefits to our members and their beneficiaries, including:

- Regular retirement benefits
- Disability retirement benefits
- Separation benefits
- Death benefits

Your specific benefit provisions are codified by Chapter 36 of the Milwaukee City Charter. From time to time, these provisions are changed. For example, a benefit enhancement may be negotiated by a bargaining unit either permanently or temporarily. This handbook provides *general* information of the fundamental provisions of Chapter 36 as of April, 2010. If you have any questions about your ERS coverage, or if you are contemplating retiring, separating from service or otherwise taking action potentially affecting your benefits, please contact an ERS pension specialist at 414-286-3557

In addition, the ERS administers group life insurance for all City of Milwaukee employees and retiree health insurance and COBRA dental benefits for former employees of the City of Milwaukee.

Covered Employee Groups

The exact terms of *your* benefits depend on the employee group to which you belong (and in some cases, whether Global Pension Settlement provisions apply to you). Unless specifically noted otherwise, this handbook uses the word “City” to mean the City of Milwaukee and its participating City agencies. The ERS provides benefits to four different City employee groups:

- **General City Employees:** those employed by the City of Milwaukee other than as Protective Services employees, and those employed by participating city agencies, including any board, commission, division, department, office or agency of the city government. This group includes employees of the Wisconsin Center District (WCD), the Housing Authority of the City of Milwaukee (HACM) and the Redevelopment Authority of the City of Milwaukee (RACM); some employees of Milwaukee Public Schools (MPS); and employees of the Milwaukee Metropolitan Sewerage District (MMSD), including employees of Veolia Water Milwaukee LLC, who previously were members while employed by United Water Services and MMSD.

- **Police Officers:** those employed in the Milwaukee Police Department whose duties are to preserve peace and good order in the City of Milwaukee, and who have the power of arrest without warrant. This group includes the Chief and all other officers and police aides. Police Officers are part of the group referred to as *Protective Services* employees.
- **Firefighters:** those employed in the Milwaukee Fire Department whose duties are to extinguish fires and to protect property and life. This group includes the Chief and all other Firefighters, officers and paramedics. Firefighters are part of the group referred to as *Protective Services* employees.
- **Elected Officials:** those elected by the people to positions in the government of the City of Milwaukee.

Eligibility for ERS Membership

Generally, full-time employees of the City or one of its participating agencies are eligible for ERS membership. Some part-time employees, as defined under the rules and regulations adopted by the Board, are also eligible for ERS membership.

If you are eligible for ERS membership, the ERS will issue a Person-ID number when enrolled in the plan. The Person-ID number is used to securely identify members of the Retirement System. The Person-ID number is used on ERS documents, correspondence, and required on ballots for Board elections.

Naming Beneficiaries

When you join the ERS, you are required to complete two separate Beneficiary Designation Forms: one for group life insurance (if you work for the City of Milwaukee), and one for ERS pension benefits. Non-City members should contact their employee benefit departments regarding life insurance beneficiary forms. If you were to die while in active service, benefits would be paid according to the most recent forms on file with the ERS.

It is in your best interest to keep both beneficiary designations current. If your family status changes — for example, if you marry, have a child, divorce, or become widowed — please consider whether you want to change your current beneficiary designations. If the status of your named beneficiary changes; (e.g., from spouse to ex-spouse or friend to spouse), it is important that you submit a new beneficiary form changing the relationship — even if you are naming the same person. To change your beneficiary, complete and submit new Beneficiary Designation Forms (available from the ERS office or on the ERS website at: www.cmers.com, click on Benefits & Forms, then select Forms).

How ERS Benefits are Funded

Members are required to contribute, or have contributed on their behalf by their employer, a percentage of their pensionable earnings to the Employees' Retirement System. The amount you are required to contribute is governed by the provisions of Chapter 36 and is currently influenced by such factors as your initial date of enrollment, the bargaining group to which you may belong and the number of years of service you have.

In addition, your employer may be required to make contributions from time to time pursuant to funding requirements determined by an annual actuarial valuation of the plan. The ERS invests all contributions with the objective of generating funds that will be sufficient to pay the retirement, separation and death benefits to which our members may be entitled.

The ERS funds do not pay for group life or retiree health insurance coverage.

Pension Vesting Rights

As an ERS member, you earn vesting rights after you complete **four** years of creditable service. "Vesting" means that you are eligible to begin receiving a pension after you reach the minimum service retirement age for your employee group. "Creditable service" *generally* includes your period of active City employment, starting from your date of hire; certain absences, including U.S. military leave may also count as creditable service.

Intrastate Reciprocity, Milwaukee County Transfers and State Service Credit

Wisconsin Statute §40.30 provides limited reciprocity between the City of Milwaukee Employees' Retirement System, the Wisconsin Retirement System, and the Milwaukee County Employees' Retirement System. The ERS also provides certain benefits for employees who transfer from Milwaukee County or have prior State of Wisconsin service. Because of complex rules regarding reciprocity between systems, County to City transfer and prior State service, please contact the ERS office to learn whether or not you are eligible.

Contribution Withdrawal Rights

If you separate from City employment (other than death or retirement), you may be eligible to withdraw your accumulated contributions made on your behalf plus any interest credited to your account. If you qualify, you can receive a lump sum payment of your accumulated contributions and interest any time after separation. (Note: any interest credited after your year of separation is reduced by one half.)

Contribution Withdrawal Rights (continued)

You must meet the following criteria:

- If you have less than four years of creditable service, you may request a refund of contributions paid by you. If you do not request a refund, the ERS will administratively withdraw your membership after five years of separation and refund your contributions to you. For those members paying an after-tax 1.6% contribution, no interest is payable. Members paying the pre-tax 5.5% member contributions, interest is payable.
- If you have **eight** years of creditable service (for general city employees) or **ten** years of creditable service (for protective service employees – Fire & Police).
- You waive your pension vesting rights (which means you will not receive a pension when you reach minimum retirement age) by submitting a signed waiver form that is approved by the Annuity and Pension Board.

The cash withdrawal process may take up to 90 days.

Keep Your Home Address Up to Date

If you separate from service before you are eligible to receive your pension benefit, be sure to notify the ERS in writing, whenever your address changes. You may obtain a Change of Address form from the pension office, or online at the ERS web site: www.cmers.com, click on **Benefits & Forms, then Forms**.

The Global Pension Settlement

GPS Basics

The Global Pension Settlement (GPS) is a settlement between the City, City agencies, employee organizations and retiree organizations that established several new benefits and improved some existing benefits. The settlement affects members who consented to the GPS and, as of January 1, 2000, were in active service as City employees; in deferred retirement status; or in payment of an ERS retirement allowance.

Most GPS benefit changes were effective as of January 1, 2000. These changes involve several different benefits, including one-time lump sum bonus payments; additional service credits (factored into pension calculations); improved and expanded Cost of Living Adjustments (COLAs); and improved eligibility for service retirement. No ERS member is entitled to all the benefit changes.

Under the GPS, every consenting participant has a contractual right to the pension benefits (including GPS benefits) in the amount and on the

terms and conditions as provided in the law on January 19, 2001 (the date on which the City of Milwaukee certified that the Charter Ordinance regarding the Global Pension Settlement was in full force and effect).

GPS and You

On an individual basis, your eligibility for any GPS benefit depends on several factors, including your employee group; your ERS membership status as of January 1, 2000; and whether you consented to the settlement. Members hired on or after June 28, 2000 are automatically enrolled as consenting members to the GPS.

For example, some GPS benefits apply only to Firefighters or Police Officers, while others apply only to General City employees. Some benefits affect those who were active ERS employees as of January 1, 2000, but not those who joined the ERS after that date.

To learn whether you may be entitled to a GPS benefit, turn to the handbook section that pertains to your employee group. You'll find a description of the GPS provisions that *may* affect you. **Keep in mind that if you were an active member of the ERS before June 28, 2000, any GPS benefit described in this handbook applies to you only if you consented to the settlement. You may consent at any time prior to retirement.**

How Your ERS Benefits Protect You

If You ...

... *Join the ERS as a New Full-time Employee*

As an ERS Member ...

- You begin to earn creditable service.
- *If you join the ERS as a General City employee after December 31, 1999, you begin to contribute (through payroll deduction) a percentage of your pensionable earnings. How much you are required to contribute and how long you are required to make contributions depends on your individual circumstances*

.... *Have 4 Years of Creditable Service*

You are now vested in your pension benefit. You are entitled to a monthly retirement allowance beginning at your minimum retirement age (age 60 for General City employees; age 57 for Protective Services employees) if you do not withdraw your accumulated contributions.

...*Have a Change in Family Status (marry, have a child divorce or become widowed)*

You should review your current beneficiary designations. If you wish to make changes, complete a new Beneficiary Designation Form.

How Your ERS Benefits Protect You

| If You... | As an ERS Member... |
|--|--|
| ... <i>Become Disabled</i> | You may be eligible to begin receiving monthly disability retirement benefits equal to a portion of your salary. |
| ... <i>Voluntarily Separate from ERS Service</i> | <ul style="list-style-type: none"><li data-bbox="496 359 1206 478">■ If you have eight years of General City creditable service, you may withdraw all contributions made to the ERS, plus interest, if you waive your pension vesting rights.<li data-bbox="496 520 1206 640">■ If you have ten years of Fire or Police creditable service, you may withdraw all contributions made to the ERS, plus interest, if you waive your pension vesting rights.<li data-bbox="496 682 1206 802">■ If you leave the ERS with pension vesting rights and elect a deferred retirement option, you can receive a deferred pension when you reach minimum service retirement age.<li data-bbox="496 844 1206 921">■ If you leave the ERS with at least 15 years of creditable service, you can begin receiving a reduced pension when you reach age 55.<li data-bbox="496 963 1206 1041">■ If you die while in deferred retirement status and had withdrawal rights, your pension beneficiary would receive a death benefit. |
| ... <i>Involuntarily Separate from ERS Service</i> | You may be eligible for an immediate reduced monthly allowance or a deferred retirement allowance or an early retirement allowance. |
| ... <i>Approach Eligibility for Retirement</i> | You become eligible to elect a Protective Survivorship Option within 6 months prior to service retirement eligibility, which would provide monthly survivor benefits if you continue working beyond your minimum retirement age, then die while in active service. |
| ... <i>Retire from the ERS</i> | You will receive a monthly retirement allowance (pension) for your lifetime. Annual COLAs may apply. If you elect a survivor payment option, a monthly allowance would continue after your death to your designated survivor for their lifetime. |
| | Should you leave employment, please always notify the ERS in writing should your home address change. |

How Your ERS Benefits Protect You

If you ...

... *Die While in Active Service*

As an ERS Member ...

- If your death is duty-related, your surviving spouse or other eligible family member will receive in a lump sum your accumulated contributions balance. In addition, a monthly benefit equal to 60% of your final average salary is payable.

- If your death is not duty-related (or if you have a duty death and no eligible family survivor), your pension beneficiary will receive the accumulated contributions made on your behalf. If you have at least one year of creditable service, a one-time payment of 50% of your final average salary is also payable. (If you are eligible for service retirement and have selected a Protective Survivorship Option, your survivor would instead receive a monthly survivor allowance.)

... *Die While Retired*

- If at retirement you selected a survivorship payment option, a monthly benefit will continue to your designated survivor.

- If you did not select a survivorship option, your monthly benefit will end. (If the total pension payments you received prior to your death equals less than your account balance at retirement, a guaranteed minimum payment will be payable to your beneficiary or estate.)

Please note: This is a *general* summary of how benefits may work at different stages of ERS membership. Your specific coverage depends on the pension law and your individual circumstances.

Contacting the ERS

The ERS is here to serve you. Our staff includes specialists in each type of benefit provided to our members.

The ERS office is located at:

789 N Water Street, Suite 300

Milwaukee, Wisconsin 53202

(414) 286-3557 or 1-800-815-8418 (toll free)

Our business hours are 8:00 a.m. through 4:45 p.m. (including the lunch hour), Monday through Friday. The office is closed on all city government holidays and designated city furlough days.

In Person

During normal business hours, you may pick up forms and brochures at the ERS office. If you wish to meet with an ERS staff member, **please call first to schedule an appointment.**

By Telephone

You can speak with an ERS staff member during normal business hours. In addition, you have **24-hour access** (by using a phone with a touch-tone keypad) to recorded information about ERS services and benefits.

The ERS phone system is easy to use. Just call **(414) 286-3557** or **1-800-815-8418 (toll free)**. If you are using a touch-tone phone, you will be guided to the keypad buttons that can connect you to your desired information. You still have the option of speaking with a staff member during normal ERS hours. At any time during the recorded messages, you may press 0 and be connected to the receptionist.

If you are using a rotary phone, please hold and you will automatically be connected to the receptionist, who can send your call to the appropriate staff member.

Here is how the ERS phone system works:

When you call the ERS, you will be greeted by a recorded message asking you to choose one of the following options:

- *To hear the list of automated messages, press 1.*
- *To speak with the receptionist (or if you are using a rotary phone)*, stay on the line, or press 0.*

**during normal ERS hours: 8:00 a.m. – 4:45 p.m.*

If you would like to listen to any of the menu selections, the system will tell you how to access that message.

Through the Internet

Our Web site, www.cmers.com, provides detailed information about the ERS. You'll also find useful links and administrative forms that you can print from your computer. There is a pension benefit calculator that will help you estimate your retirement allowance. When you log on to the website, you'll find a list of various topics, Just click on the subject that interests you.

You may also register with our website enabling you to access your account information directly. You will be asked to create a Username and password to authenticate your identity prior to accessing your information.

Through the E-mail Reply Service

Through our "Ask Norm" feature, you can submit questions via e-mail about ERS benefits and issues. The ERS will respond to you at your e-mail address. Please e-mail "Norm" directly at norm@cmers.com.

Your Other City Benefits

As a City of Milwaukee employee, you *may* be entitled to other benefits not described in this handbook. Your eligibility for other benefits depends on your employee group and/or the coverage negotiated by your union.

The Department of Employee Relations administers the following benefits:

- **Health Benefits** — medical coverage for you and your family
- **Dental Benefits** — dental coverage for you and your family
- **Flexible Spending Accounts** – to spend pre-tax dollars for certain out-of-pocket expenses
- **Long Term Disability Coverage** — income protection if extended illness or injury prevents you from working
- **Tuition Benefits** — assistance with educational expenses
- **Workers' Compensation, Injury Pay, Sick Leave** — benefits for certain absences or work-related injuries

For more information about these benefits, please contact the Department of Employee Relations at (414) 286-3751.

Nationwide Retirement Solutions, Inc. administers the City's Deferred Compensation Plan — a way to save for your future while reducing your taxes today. This plan can provide retirement income that supplements your pension from the Employees' Retirement System. You can reach Nationwide Retirement Solutions at (414) 276-2079 or visit their website at: www.Milwaukee457.com.

If you are an employee of a participating agency, contact your agency's employee benefits officer to learn about the other benefits to which you may be entitled.

Benefits Summary—General City Employees

Service Retirement page 19

- Age 60
- Age 55 with 30 years of creditable service

Early Retirement (*reduced benefit*) page 33

- Age 55 with 15 years of creditable service — also available if you are on deferred retirement status

Deferred Retirement Status (*after leaving City employment*) page 32

- Age 60 with 4 years of creditable service

GPS 5% Lump Sum Bonus page 25

- Payable on Service, Early, Deferred or Disability Retirement (and to spouse survivors under a PSO or Duty Death). *Payable only if you were an ERS member as of January 1, 2000 who consented to the Global Pension Settlement.*

Withdrawal of Contributions and Interest page 32

- Separation from City service (other than retirement or death) with 8 years of creditable service; or if required to pay the 5.5% member contribution separated with less than 4 years of creditable service.

Immediate Reduced Allowance page 34

- Involuntary separation from City service (other than death)

Disability Benefits page 29

- Duty Disability
- Ordinary (non-duty) Disability

Death Benefits page 35

- Duty Death
- Ordinary (non-duty) Death
- Death while on Deferred Retirement status with 8 years of creditable service

Other Important Information page 61

GENERAL CITY EMPLOYEES

ERS Membership

Generally, full-time City employees are eligible for membership in the Employees' Retirement System (ERS). You are considered eligible if:

- you are employed on a yearly basis and work more than 1,040 hours in a calendar year
- you are an MPS ten-month employee and work more than 800 hours in the school year
- you are employed on a prevailing wage basis of 2,000 hours a year and work more than 1,000 hours in a calendar year.

Exceptions

Some exceptions to these eligibility rules exist:

- You cannot be enrolled in both the State of Wisconsin pension system and the ERS for the same job. For example, if you are employed as a certified teacher in the Milwaukee Public School system, you cannot also enroll in the ERS.
- Your job title may exclude you from membership. For example, you cannot enroll in the ERS if you are classified as a City Laborer-Seasonal (before you obtain permanent status) or as a School Crossing Guard. Certain persons on boards, commissions and special authorities also are not eligible.

If you have any questions about your eligibility status, please contact your department, agency or the ERS office.

Enrolling in the ERS

To enroll in the Employees' Retirement System, you may complete an ERS Membership Application Form and/or be enrolled automatically by your agency payroll department. You also must complete separate Beneficiary Designation Forms for pension benefits and group life insurance. Group life insurance may be administered by your employing agency.

Participating in the Global Combined Fund

Members who enrolled in the ERS prior to June 28, 2000 participate in the Global Combined Fund (a separate fund within the trust) if they consented to the Global Pension Settlement. Members who enroll in the ERS on or after June 28, 2000 automatically participate in the Global Combined Fund.

Member Contributions

To help fund your ERS benefits, contributions are made to the Employees' Retirement System in an amount equal to 5.5% of your pensionable earnings. "Pensionable earnings" exclude any overtime pay you may receive. While in your ERS account, these contributions earn interest at the annual rate of 4%. (This interest is credited to your account on a delayed compounded basis.)

1.6% Employee Contributions *

The Global Pension Settlement (GPS) provides that *if you join the ERS after December 31, 1999 and participate in the Combined Fund*, you must contribute to the Employees' Retirement System an additional 1.6% of your pensionable earnings during your first eight years of ERS enrollment. These are after-tax contributions. You make these contributions through automatic payroll deductions.

These contributions will be used to fund cost of living adjustments (COLAs) added to your future monthly pension benefit.

If you separate from ERS service:

1. *with less than four years of creditable service*, your 1.6% contributions will be refunded to you (without interest) after five years of separation, or by request if you waive your right to all future benefits.
2. *with at least four but less than eight years of creditable service*, your 1.6% contributions will remain with the System until you reach retirement age, at which time you will begin to receive a pension benefit.
3. *with eight or more years of creditable service*, you may withdraw all your accumulated contributions and waive your rights to all future benefits; in this case, your 1.6% contributions will be refunded to you without interest.

* If you were an ERS member prior to January 1, 2000, you do not make these 1.6% contributions. Some members hired on or after January 1, 2010 are not required to make these contributions, but instead contribute 5.5% of their pensionable earnings.

5.5% Employee Paid Contributions

Managers and non-represented employees, and members of certain bargaining units hired on or after January 1, 2010, are required to pay 5.5% of their pensionable earnings as their pension contribution.

If you separate from ERS service:

1. *with less than four years of creditable service*, your 5.5% contributions will be refunded to you (with interest) after five years of separation, or by request if you waive your right to all future benefits.
2. *with at least four but less than eight years of creditable service*, your 5.5% contributions will remain with the System until you reach retirement age, at which time you will begin to receive a pension benefit.
3. *with eight or more years of creditable service*, you may withdraw all your accumulated contributions (with interest) and waive your rights to all future benefits. Note: you will receive only ½ the interest credited after your separation date.

Retirement Benefits

Together with Social Security benefits and your own savings, your ERS retirement benefits can help make your future financially secure.

Monthly Pension Benefits

These benefits provide you with a monthly allowance during your retirement years.

The ERS administers two basic types of retirement, as provided under Chapter 36 of the City Charter:

Service Retirement: You are eligible to begin receiving a service retirement allowance (unreduced pension benefits) any time after you reach:

- Minimum service retirement eligibility age of age 60, or
- Age 55 with 30 years of creditable service.

Early Retirement: You are eligible to begin receiving a reduced retirement allowance any time after reaching age 55 if you have at least 15 (but less than 30) years of creditable service. Early retirement is described more fully on page 32 under “Separation Benefits.”

How Your Pension is Calculated

The monthly service retirement allowance formula is based on:

- **Years of creditable service:** your total period of City employment, up to 35 years
- **Percentage multiplier:** 2.0% times years of creditable service, and
- **Final average salary:** generally, the sum of your three highest years of pensionable earnings, divided by three.

Monthly Service Retirement Allowance Formula

Years of Creditable Service x 2.0% = Multiplier

Multiplier x Final Average Salary = Maximum Retirement Allowance
(Annual Benefit)

Maximum Retirement Allowance / 12 = Monthly Retirement Allowance

Notes:

- Your Maximum Retirement Allowance cannot exceed **70%** of your Final Average Salary.
- If your calculated monthly allowance is less than the minimum provided in the City Charter, your total benefit will be actuarially determined and paid in a single lump sum payment.

Example: Service Retirement Calculation

Here is an example of how a service retirement allowance is calculated. Assume that when you reach age 60, you will have 30 years of City service. Excluding overtime, your three highest years of compensation produce a final average salary of \$40,000. Your estimated benefit is:

$$(30 \text{ Years of Creditable Service} \times 2.0\%) = 60\% \text{ Multiplier}$$

$$60\% \times \$40,000 \text{ Final Average Salary} = \$24,000 \text{ Maximum Retirement Allowance}$$

$$\$24,000 / 12 = \$2,000 \text{ Monthly Service Retirement Allowance}$$

In this example, your monthly service retirement allowance is \$2,000.

Military Service Credit

Certain ERS members (determined by bargaining unit contracts) can receive additional service credit for their prior periods of active military service from which they have been honorably discharged. You can receive one year of creditable service for every three years of active duty service (up to three years of additional creditable service). The amount of this service credit will be added to the *years of creditable service* used to calculate your service retirement allowance. However, General City creditable service is capped at 35 years, or a 70% service credit multiplier (35 x 2.0% = 70%).

Using the above example, for instance, assume that before your 30 years of City service, you had 4.5 years of qualifying active military service (which provides you an additional 1.5 years of service credit). Your service retirement allowance would be calculated with a multiplier of 63% (31.5 x 2.0%), which would produce a Maximum Retirement Allowance of \$25,200 (\$2,100 per month).

To apply for military service credit at retirement, you must submit your DD-214 documentation of your pre-ERS military service. This service would be in addition to your other service credit and does not count toward retirement eligibility.

Seasonal Service Credit

Certain ERS members who served as seasonal employees, prior to being enrolled in the ERS, may be eligible for an additional year of service credit for their seasonal service. The Department of Employee Relations (DER) validates applicable seasonal service. This service would be in addition to your other service credit and does not count toward retirement eligibility.

Cost of Living Adjustments (COLAs)

If you consented to the Global Pension Settlement or you first joined the ERS on or after June 28, 2000, the amount of your monthly retirement allowance will periodically increase. These increases will

begin on the second anniversary of your retirement and take place each retirement anniversary after that.

Under GPS, you are guaranteed to receive an increase of 1.5% on the second, third and fourth anniversaries of your retirement. On the fifth anniversary of your retirement — and on each anniversary that follows — you will receive a 2% increase.

Here is an example of how GPS cost of living adjustments (COLAs) will increase your monthly pension payment over time. For illustration purposes, we will assume that your initial retirement allowance is \$1,500 per month.

| Retirement Anniversary Date | Annual COLA | New Monthly Benefit |
|-----------------------------|--------------------------------|---------------------|
| Year 1 | N/A | \$1,500.00 |
| Year 2 | (1.5% of \$1,500) = \$22.50 | \$1,522.50 |
| Year 3 | (1.5% of \$1,522.50) = \$22.84 | \$1,545.34 |
| Year 4 | (1.5% of \$1,545.34) = \$23.18 | \$1,568.52 |
| Year 5 | (2% of \$1,568.52) = \$31.37 | \$1,599.89 |
| Year 6 | (2% of \$1,599.89) = \$32.00 | \$1,631.89 |

Generally, COLA's are also provided to spouse survivors, but not to non-spouse survivors.

If you were an ERS member prior to June 28, 2000 who *did not* consent to the Global Pension Settlement, COLA provisions are limited for you or may not apply at all. Contact the ERS for more information.

Your Pension Payment Options

At retirement, you can elect to receive either your full benefit through a **maximum retirement allowance**, or a reduced benefit through a **survivorship option**.

Maximum Retirement Allowance/No Survivorship (Option 1): Under this option — or if you fail to elect any other option — you will receive for your lifetime your full monthly retirement allowance, as calculated under the appropriate formula. After your death, these monthly payments will stop. Your pension beneficiary (or if you have not named a beneficiary, your estate) will receive any remaining balance of your accumulated contributions or a final prorated benefit.

Survivorship Options (Options 2, 3 and 4). Under these options, your maximum retirement allowance will be reduced in order to guarantee that after you die, a monthly allowance continues to your named survivor. The amount of your reduction is determined by your age at retirement, the age and relationship of your named survivor and the option you select.

How Survivorship Options Work

Chapter 36 provides for two types of survivorship payment programs:

- Protective Survivorship Option (PSO)
- Survivorship Option

Both programs offer the same choice of payment options.

Protective Survivorship Option (PSO). A PSO provides protection if you continue working beyond your minimum service retirement age. If you die before you retire but after attaining service retirement eligibility, your named survivor will receive the same benefit he or she would have received if you had elected a survivorship option, retired and later died. However, your survivor would not be eligible to receive ERS ordinary (non-duty) death benefits. When you retire, the option you selected as a PSO will continue as a survivorship option.

It is important to note that you have a limited opportunity to elect a PSO. Generally, you can elect a PSO only during the six-month period prior to the date you first become eligible for retirement. If you elect a PSO, the retirement option selected is irrevocable.

Survivorship Option: If you do not elect a PSO, you will be asked when you apply for retirement whether you wish to elect a survivorship to provide a continuing allowance to your named survivor after your death during retirement. The option you select will become effective on your retirement date. If you elect a survivorship during your retirement counseling session, you can change your selection up to the day before your actual retirement date; however, ***you cannot change your selection or your named survivor after you actually retire.***

By law, you must elect your payment option at least 30 days prior to your retirement date.

Changing a PSO Election

You can cancel your PSO selection only if your survivor dies before you retire, or if your named survivor is your spouse and you are subsequently divorced before you retire. *Cancellation due to divorce requires a written request to the ERS.* If you revoke or cancel your PSO, you may elect a new survivorship option when you retire or elect the maximum allowance.

Your Survivorship Payment Options

Here are the payment plans available under both the Protective Survivorship Option (PSO) and Survivorship Option. Under these options, your maximum retirement allowance will be permanently reduced based on a formula that takes into account your age and the age and relationship of your named survivor at the date of your retirement.

- **Option 2: 100% Survivorship.** If you die before your named survivor, **the same** reduced monthly allowance you had been receiving will continue to this survivor for his or her lifetime. Under IRS regulations, you cannot elect this option if your named survivor is not your spouse and that person is more than ten years younger than you.
- **Option 3: 50% Survivorship.** If you die before your named survivor, **one-half** of your reduced monthly allowance will continue to your named survivor for his or her life. If your named survivor is your spouse, the election of Option 3 cannot reduce your Maximum Retirement Allowance by more than 5%.
- **Option 4: Variable Survivorship.** This option allows you to choose a different percentage of your reduced monthly allowance (or a flat dollar amount) to go to a single survivor or multiple survivors. The reduction is determined based on your age and the age of your youngest named survivor at the time of your retirement, as well as the benefit percentage you elect. Two limitations apply to Option 4:
 - You cannot elect a survivorship option that would give your survivor a benefit equal to more than 100% of your own benefit.
 - COLAs to spouse survivors would be payable only if you selected a continuing benefit that is a percentage of your benefit; COLAs will not be made to flat dollar benefits.

In addition, your request under Option 4 is subject to Board approval. Consult an ERS pension specialist to review your request, or for more details about this payment option.

If you do not elect a survivorship option or your survivor dies before you, upon your death your named beneficiary or your estate will receive the difference between the total allowance already paid and your accumulated contributions.

Survivorship Options and COLAs

If you consented to the Global Pension Settlement (or if you became an ERS member on or after June 28, 2000), you are entitled under all options to annual cost of living adjustments (COLAs) beginning two years after retirement. If you die before retirement while a PSO is in effect, annual COLAs to your eligible spouse survivor will begin two years after the spouse survivor benefit begins.

If you were an ERS member on or before June 28, 2000, and you *did not* consent to the Global Pension Settlement and you take a service retirement, the COLA provisions for your surviving spouse are limited or may not apply at all.

If you die after retirement, leaving a spouse survivor eligible for COLAs, the initial monthly allowance to your spouse survivor will reflect any COLAs you had been receiving at the time of your death. Your spouse survivor will receive future COLAs at the same time, and in the same percentage, that you would have received had you continued to live.

Please note: COLAs are **not** payable to non-spouse survivors.

How Birth Dates Affect Survivorship Options

If you elect a survivorship option, the date you retire can affect the percentage by which your maximum retirement allowance will be reduced. This is because the “option factor” used to calculate the reduction is based on your (and your survivor’s) age as of the birthday closest to your retirement date. Your reduced monthly benefit will be greater the *lower* your “nearest birthday” age is, and the *higher* your survivor’s nearest birthday age is.

Example: If your 60th birthday is February 1 and you retire on or before August 1 of that year, your age would be rounded down to age 60. If you retire *after* August 1 of that year, your age would be rounded up to age 61. This means that your monthly benefit will be higher if you retire by August 1, when your rounded age is still 60. Your survivor’s age will also affect your benefit reduction. Assuming that your survivor’s rounded age would increase on July 1, for example, it would be advantageous for you to retire *after* July 1.

Note: If you elect Option 3: 50% Survivorship and designate your spouse as survivor, your monthly benefit is guaranteed to be reduced no more than 5%. This means that in some cases, your age and your spouse's age at your retirement would not affect the amount of your reduction.

To see how your specific situation would affect your benefit under any survivorship option, please contact the pension office.

Pension Advance

You will become eligible to begin receiving your full Social Security benefit depending on your year of birth. Instead of waiting until you are eligible for full benefits, you can elect to begin receiving *reduced* Social Security benefits at age 62.

If you choose to retire before age 62, the ERS Pension Advance can help you balance your total monthly income before and after you become eligible for reduced Social Security benefits.

Under the Pension Advance, your ERS monthly retirement allowance will be **temporarily increased** until you reach age 62. At age 62, your allowance will be **permanently reduced** to repay the ERS the total amount of your Pension Advance, plus interest. (This permanent reduction will take place even if you choose not to begin Social Security benefits at age 62.)

If you are interested in the Pension Advance, the ERS staff can calculate your monthly retirement allowance and your reduced Social Security benefit. You must submit a copy of your annual Social Security statement. Using actuarial formulas, the ERS will then determine how to adjust your pension to balance your retirement income for the rest of your life. Under these actuarial determinations, **the longer you live, the more you will repay to the ERS**, which may exceed the amount that was advanced to you. Your benefit reduction would end at your death. Your survivor's allowance, if any, would continue as if you had never elected the Pension Advance.

If you die after electing the Pension Advance and before age 62, your Pension Advance will end.

GPS 5% Lump Sum Bonus

If you were an ERS member on January 1, 2000 who consented to the Global Pension Settlement, you are entitled to receive the GPS 5% Lump Sum Bonus. This one-time benefit will become payable when you begin a service, early, deferred or disability retirement. If you are eligible to retire and if you die prior to retirement with a PSO in effect that names your spouse as survivor, or if you die a duty death and leave a surviving spouse, this GPS benefit will be payable to that spouse.

At retirement, your lump sum bonus will be calculated through the following formula:

5% Lump Sum Bonus Formula

$$5\% \times \text{Maximum Retirement Allowance} \times \text{Factor}$$

“Maximum Retirement Allowance” is your initial annual retirement allowance (reduced for early retirement, if applicable, but not for any survivorship option you may have selected). The “Factor” is an actuarial value that is based on your attained age at retirement, as shown in the table below.

| 5% Lump Sum Bonus Factors* | | | |
|-----------------------------------|---------------|---------------------|---------------|
| Attained Age | Factor | Attained Age | Factor |
| 55 | 10.4570 | 63 | 9.3591 |
| 56 | 10.3406 | 64 | 9.1961 |
| 57 | 10.2182 | 65 | 9.0280 |
| 58 | 10.0896 | 66 | 8.8553 |
| 59 | 9.9551 | 67 | 8.6779 |
| 60 | 9.8147 | 68 | 8.4955 |
| 61 | 9.6685 | 69 | 8.3084 |
| 62 | 9.5166 | 70 | 8.1178 |

*The charter ordinance that implemented the Global Pension Settlement provides factors for attained ages of 15 through 100. This table is a partial list.

Examples: 5% Lump Sum Bonus Calculations

Here are some examples of how the 5% Lump Sum Bonus is calculated, based on attained age at retirement.

Example 1: Mary

Age at Service Retirement: 60

Maximum Annual Retirement Allowance: \$21,000

$$5\% \times \$21,000 \times 9.8147 = \mathbf{\$10,305.44 \text{ Lump Sum Bonus}}$$

Example 2: Joe

Age at Early Retirement: 55

Maximum Annual Retirement Allowance: \$18,600

$$5\% \times \$18,600 \times 10.4570 = \mathbf{\$9,725.01 \text{ Lump Sum Bonus}}$$

Example 3: Carl

Age at Disability Retirement: 62

Maximum Annual Retirement Allowance: \$25,000

$$5\% \times \$25,000 \times 9.5166 = \mathbf{\$11,895.75 \text{ Lump Sum Bonus}}$$

How Your Bonus is Paid

At retirement, you can elect to receive your 5% Lump Sum Bonus through either a cash payment (minus mandatory federal income tax withholding), a direct rollover to an eligible tax-deferred investment vehicle (such as a 457 plan, individual retirement account IRA or other qualified employer plan), or a combination of these two options.

Taxes and Your Retirement Benefits

Money contributed *on your behalf* to the ERS will be subject to taxes when you receive it through a monthly allowance or as a lump sum benefit (except for certain payments to duty disabled retirees). By electing a direct rollover of your 5% Lump Sum Bonus, you can defer taxes on this benefit until you withdraw it.

Money that you *personally* contributed after-tax (such as the 1.6% contributions required of some employees) will not be taxed by the federal or state government when you receive it because it was taxed at the time you earned it; money that you personally contributed before-tax (such as the 5.5% contributions required of some employees) will be subject to taxes when you receive it in the same manner as money contributed on your behalf.

The ERS staff does not provide tax advice. If you have questions about the tax implications of your pension benefits or the GPS 5% Lump Sum Bonus, please contact the Department of Revenue in your state of residence, the Internal Revenue Service or your own tax professional.

Applying for Retirement Benefits

To begin the retirement process, call the ERS office to request an estimate of your pension benefit under the different payment options and (if you are eligible) your GPS Lump Sum Bonus benefit. After you receive your estimate through the mail, contact the ERS again to schedule an appointment with a pension specialist. It is also advisable to contact your payroll clerk to certify your last day of employment.

Your pension counseling appointment must take place 30 to 90 days prior to your planned retirement effective date. At your appointment, your pension specialist will review your retirement options and help you complete your retirement forms.

Your retirement effective date will be the day after your last day on the payroll. (If you are in deferred retirement status, your retirement effective date will be the day you reach age 60 — or age 55, if you elect to begin receiving an early retirement allowance.) Generally, you will receive your first pension check four to six weeks after your retirement date. If eligible, you also will receive your 5% Lump Sum Bonus approximately 30 days after you receive your first pension payment.

ERS Pre-Retirement Seminars

If you are considering retiring in the near future, you can enroll in pre-retirement seminars that the ERS conducts for General City employees. (The ERS recommends that you attend this seminar at least one year prior to the date you plan to retire.) Seminar speakers discuss pension and Social Security benefits, how to continue health and life insurance, and important financial and lifestyle concerns of the post-employment years. The Department of Employee Relations will inform City employees when the next seminar is scheduled, or call the ERS office. You may enroll by contacting your department training coordinator.

Other city agencies may also schedule pre-retirement seminars. Contact the personnel office of your agency or ERS Member Services at (414) 286-3557 to determine if a seminar has been scheduled.

Social Security Benefits

To receive Social Security benefits, you must file a request with your local Social Security office. If you have questions about Social Security, contact the Social Security Administration at 1-800-772-1213, or visit their website: www.socialsecurity.gov.

If you plan to retire before you are eligible for reduced Social Security benefits, you may want to consider a Pension Advance, which is explained on page 25.

Other Important Telephone Numbers

| | |
|--|-------------------------------------|
| MMSD Health Insurance: | (414) 225-2049 |
| MPS Health Insurance: | (414) 475-8554 |
| Nationwide Retirement Solutions: www.Milwaukee457.com | (414) 276-2079 or 1-800-829-1183 |
| Milwaukee County Veterans Services Office: | (414) 382-1727 |

Disability Benefits

If you become totally and permanently incapacitated and cannot perform your job-related duties, you may be eligible for monthly benefits that replace a portion of your City paycheck. In general, two types of disability benefits are provided under Chapter 36:

- **Duty Disability:** benefits for disabilities that are the direct result of an injury you suffer on the job, and
- **Ordinary (non-duty) Disability:** benefits for disabilities that prevent you from doing your job.

You can apply for either type of disability benefit, or both, but you can receive only one.

Duty Disability

Any member in active service who becomes permanently and totally incapacitated for duty as the natural and proximate result of an injury occurring at some definite time and place while in the performance of duty, may qualify for a duty disability benefit.

Chapter 36 provides that prior to applying for duty disability benefits, you must also have applied through workers' compensation for determination of permanent disability or partial disability for the same injury.

The monthly duty disability allowance is 75% of your final average salary at the time you became disabled. If you receive payments under the Wisconsin Worker's Compensation Act for the same disability (a Permanent Partial Disability award), the value of those payments may be deducted from your ERS duty disability allowance, or may be reimbursed in full as a lump-sum payment. If you consented to the Global Pension Settlement (or were enrolled on or after June 28, 2000) the amount of your duty disability allowance will increase through future annual COLAs.

Outside Earnings Limit

If you are able to engage in gainful employment while on disability, a portion of your potential earnings may also be offset from your disability allowance up to age 60. (Social Security benefits are not considered outside earnings.) You will need to annually submit to the ERS signed copies of your federal tax forms, with all applicable schedules, attachments and any other required forms.

Returning to Your Job

If the ERS Medical Council determines that you no longer meet the requirements for disability benefits, you may be returned to active service and your duty disability benefit will be discontinued. There is no guarantee that the employer you worked for will return you to your prior position. You must contact the employer to determine your status.

If you return to active service, your ERS pension account balance will be restored. The time you spent on duty disability will count toward your total creditable service for the purpose of calculating your future retirement allowance.

At any time during your disability, should you voluntarily accept a different job with the City or any other City agency, your disability benefit for that injury will stop.

Conversion to Service Retirement

If you retire on a duty disability prior to age 60, your duty disability retirement benefit will convert to a service retirement allowance at age 65. If you retire on duty disability at or after age 60, you will convert to service retirement five years later.

At the time of conversion, your service retirement allowance will be calculated as described on page 19, based on the current final average salary for your position and your years of creditable service (including your period of duty disability).

Ordinary (non-duty) Disability Benefits

If you are totally and permanently incapacitated and cannot perform your normal duties, you may be eligible for ordinary disability benefits.

The monthly ordinary disability allowance is 90 percent of a service retirement allowance (calculated as if you had been eligible to receive a service retirement allowance at the time you became disabled). If you are able to engage in gainful employment while on ordinary disability, a portion of your potential earnings may also be offset from your disability allowance. (Social Security benefits are not considered outside earnings.) You will need to annually submit to the ERS signed copies of your federal tax forms, with all applicable schedules, attachments and any other required forms.

If you consented to the Global Pension Settlement (or were enrolled on or after June 28, 2000) the amount of your ordinary disability allowance will increase through future annual COLAs..

Generally, this benefit can continue for as long as you remain disabled — however, *if you have less than ten years of service credit*, benefits are limited to a period that equals one quarter of your actual creditable service.

Returning to Your Job

If it is determined after a medical examination that you no longer meet the requirements for disability, your ordinary disability benefit will end. You will be placed on a reinstatement list for a position similar to the one you held at the time of your disability. You must contact your employer about your job status.

Applying for Duty or Ordinary Disability Benefits

The entire disability application process normally takes two to three months. To begin the process, contact the ERS to provide basic information and request a disability benefit estimate. When you receive your estimate, contact the ERS to schedule a counseling appointment with a disability specialist.

Your ERS disability specialist will oversee your application procedure. In addition to completing certain forms, you will need to obtain, at your expense, a medical examination and a doctor's recommendation that you receive disability benefits. The ERS Medical Council, which is comprised of three doctors appointed by the Board, will review your doctor's recommendation. If the Medical Council orders further medical testing, the ERS will pay for that expense. The Medical Council will decide whether to recommend to the Annuity and Pension Board that you be approved for benefits. The Board will accept the Medical Council's recommendation as to whether the disability benefits be approved or denied, and will notify you of the decision.

Re-examinations

If your application for duty or ordinary disability is approved, you must receive annual medical examinations from your doctor during the first five years that you receive benefits and appear before the Medical Council. After five years, you must be examined every third year until you reach the minimum service retirement age of 60.

Disability Benefits and Taxes

If you have questions about taxation of your pension benefits, please contact the Department of Revenue in your state of residence, the Internal Revenue Service or your tax professional.

Separation Benefits

If you resign, vacate or are discharged from City employment before reaching minimum service retirement age, you will be eligible for ERS benefits if, at the time of separation, you meet one of the following conditions:

- Four to eight years of creditable service
- Eight or more years of creditable service
- Age 55 with 15 years of creditable service
- Involuntary separation from service

Deferred Retirement Status

If you separate from City employment with at least four years of creditable service before you are eligible for service retirement, you can begin receiving a monthly retirement allowance at age 60. If you have at least 15 years of creditable service when your City employment ends, you may instead begin to receive a *reduced* retirement allowance at age 55. See “Early Retirement Benefits” on page 33 for more details.

Your deferred retirement allowance will be calculated through the same formula used to calculate service retirement allowances. (See page 19.) However, if your calculated monthly allowance is less than the minimum provided in the City Charter, your total benefit will be actuarially determined and paid in a single lump sum payment when you reach age 60.

Withdrawal of Contributions and Interest

If you separate from City employment (other than death or retirement) *and* you have at least eight years of creditable service, you may be eligible to withdraw your accumulated contributions plus any interest credited to your account. If you qualify, you can receive a lump sum payment of your accumulated contributions and interest any time after separation. (Note: any interest credited after your year of separation is reduced by one half.)

If you withdraw these contributions, you forfeit your right to a monthly pension benefit, as well as your right to GPS benefits.

If, at separation from service, you choose not to withdraw these contributions, you can be reinstated in the ERS until you reach retirement age. If you have at least four years of service when you leave, you can receive a deferred monthly pension beginning at age 60.

Return of Employee Contributions

If you are required to make contributions on your own behalf (either 1.6% or 5.5%), you may receive a refund of these contributions if:

- you separate from ERS service with less than four years of creditable service; or
- you are eligible to withdraw your accumulated contributions, and
- you waive rights to all future benefits.

Please note: 1.6% contributions do not earn interest

Early Retirement Benefits

You can begin receiving an early retirement allowance any time after reaching age 55 if you have at least 15 years of creditable service. If you retire early, the amount of your allowance will be reduced by an actuarial factor to reflect the longer period of time lifetime monthly benefits will be paid to you, as shown in the following table:

| General City Early Retirement Factors | |
|---------------------------------------|------------------------------|
| Age at Early Retirement | Approximate Reduction Factor |
| 55 | 0.61 |
| 56 | 0.67 |
| 57 | 0.74 |
| 58 | 0.82 |
| 59 | 0.90 |

At age 55, for example, this reduction is approximately 40% of your calculated allowance. (The closer you are to age 60 when you take early retirement, the smaller the reduction will be.) If you work for another employer, your retirement allowance may be further reduced by offsets against outside earnings until you reach age 60. Annually you must submit signed copies of your signed Federal tax forms until you reach age 60.

Here is an example of how an **early retirement allowance** is calculated. Assume that when you reach age 55, you will have 20 years of City service. Excluding overtime, your three highest years of compensation produce a final average salary of \$30,000. The General City early retirement factor for age 55 is 0.6081. Your estimated early retirement allowance would be (approximately):

Example: Early Retirement Calculation

$$(20 \text{ Years of Creditable Service} \times 2.0\%) = 40\%$$

$$40\% \times \$30,000 \text{ Final Average Salary} = \$12,000 \text{ Maximum Retirement Allowance}$$

$$\$12,000 \times 0.60 \text{ Reduction Factor} = \$7,200.00 \text{ Annual Early Retirement Allowance}$$

$$\$7,200.00 / 12 = \$600.00 \text{ Monthly Early Retirement Allowance}$$

In this example, your monthly **early retirement allowance** is \$600.00, which would limit your outside annual earnings to \$22,800.00 (\$30,000 minus \$7,200.00). For every dollar over \$22,800.00 that you earn in a calendar year prior to age 60, your early retirement allowance would be reduced.

Immediate Reduced Allowance (Involuntary Separation)

If you are discharged or your position is eliminated and you have no other employment with the City, you may be eligible for monthly separation benefits. You can elect to start receiving actuarially reduced benefits immediately; wait to receive a full benefit when you reach your minimum service retirement eligibility age; or elect an early retirement benefit at age 55 with 15 years of service. If you elect immediate payment, your benefit will be reduced based on your current age, in a manner similar to the early retirement formula described above.

If you begin receiving a reduced benefit and later return to City employment, your separation benefits will stop. Any benefit that would become payable at your later separation, death or retirement would be reduced to reflect the separation benefits you had already received.

You will not be eligible for these separation benefits if your calculated monthly benefit is less than the minimum provided in the City Charter. In this case, you will receive an actuarial equivalent in a lump sum payment.

Death Benefits

Chapter 36 provides two types of death benefits:

- **Duty Death benefits:** benefits for a death that results directly from an injury you suffer on the job, and
- **Ordinary (non-duty) Death benefits:** benefits for a death that is not job-related.

Duty Death Benefits

Duty death benefits are payable if:

- you die while in active service with the City, and
- your death resulted from an accident that occurred at a definite time and place while you were actually performing your job.

Duty death benefits consist of two portions:

- 1) a return of your accumulated contributions, plus
- 2) a monthly allowance equal to 60% of your final average salary.

Chapter 36 of the Milwaukee City Charter requires that the ERS distribute your duty death benefit to your spouse. If you have no spouse, the benefit will be distributed to your unmarried children under the age of 21. If you have no spouse or unmarried children under age 21, the benefit will be distributed to a dependent parent.

If you have no spouse, unmarried children under age 21 or dependent parents, your named beneficiary will receive an ordinary death benefit (as described below), rather than the duty death benefit.

Ordinary (non-duty) Death Benefits

If you die while in active service with the City and your death *did not* result from an accident that occurred while you were performing your job, your named beneficiary will receive an ordinary death benefit equal to the value of your accumulated contributions.

If you have more than one year of City service at the time of your death, your named beneficiary will also receive a one-time payment equal to one-half your final average salary.

If you have not named a beneficiary, death benefits will be paid to your estate,

ERS Beneficiary Designation

Remember to keep your beneficiary designations current. Beneficiary Designation Forms are available from the ERS office or on the ERS website at: www.cmers.com, click on Benefits & Forms, then select Forms.

How Disability Affects Death Benefits

If you die after you have applied for any disability benefit and you had selected a survivorship option, the ERS will continue to process your disability benefit application. If your application is approved, disability survivorship benefits will be paid instead of death benefits. These disability survivorship benefits would become effective as of your date of death.

Death Benefits and Deferred Retirement Status

If you separate from City employment and your retirement benefit has been deferred, but you die before your pension payments begin, a death benefit will be payable *if you had at least eight years of creditable service*. In this case, your named beneficiary or estate would receive the value of your accumulated contributions as of your date of separation.

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Benefits Summary—Firefighters and Police Officers

Service Retirement – Firefighters – page 40

- Age 57
- Age 52 with 25 years of creditable service
- Age 49 with 22 years of creditable service

Service Retirement – Police Officers – page 40

- Age 57
- Age 52 with 25 years of creditable service
- 25 years of creditable service (at any age)

Early Retirement (*reduced benefit*) – page 56

- Age 55 with 15 years of creditable service — also available from deferred retirement status

Deferred Retirement Status (*after leaving City employment*) - page 55

- Age 57 with 4 years of creditable service

GPS 5% Lump Sum Bonus* - page 47

- Payable at Service, Early, Deferred or Disability Retirement (*and to spouse survivors under a PSO or Duty Death*)

Withdrawal of Contributions and Interest - page 55

- Separation from City service (other than retirement or death) with 10 years of creditable service

Immediate Reduced Allowance - page 57

- Involuntary separation from City service (other than death)

Disability Benefits - page 50

- Duty Disability
- Ordinary (non-duty) Disability

Death Benefits - page 58

- Duty Death
- Ordinary (non-duty) Death
- Death while in Deferred Retirement Status

Other Important Information – page 61

* payable only if you were an ERS member as of January 1, 2000 who consented to the Global Pension Settlement

FIREFIGHTERS AND POLICE OFFICERS

(Protective Services)

ERS Membership

Generally, full-time Protective Services employees of the Milwaukee Fire or Police Department are eligible for membership in the Employees' Retirement System. You are considered "full-time" if you are employed on a yearly basis and work more than 1,040 hours in a calendar year.

If you have any questions about your eligibility status, please contact the ERS office.

Enrolling in ERS

To enroll in the Employees' Retirement System, you may complete an ERS Membership Application Form, and/or be automatically enrolled by your agency payroll department. You should also complete separate Beneficiary Designation Forms for pension benefits and group life insurance.

Participating in the Global Combined Fund

Members who enrolled in the ERS prior to June 28, 2000 participate in the Global Combined Fund if they consented to the Global Pension Settlement. Members who enroll in the ERS on or after June 28, 2000 automatically participate in the Global Combined Fund.

Member Contributions

Firefighters

To help fund your ERS benefits, the City of Milwaukee contributes to the Employees' Retirement System an amount equal to 7% of your pensionable earnings. "Pensionable earnings" exclude any overtime pay you may receive.

Police Officers

To help fund your ERS benefits, the City of Milwaukee contributes to the Employees' Retirement System an amount equal to 7% of your pensionable earnings. "Pensionable earnings" exclude any overtime pay you may receive. As a member of the Milwaukee Police Association (MPA), you contribute to the ERS each year \$1.00 of your salary and \$1.00 of your longevity pay.

Retirement Benefits

Your ERS retirement benefits can work with your own savings to help make your future financially secure.

Pension Benefits

These benefits provide you with monthly income during your retirement years.

The ERS offers two types of retirement:

Service Retirement: You are eligible to begin receiving a service retirement allowance (unreduced pension benefits) any time after you reach your minimum service retirement eligibility age:

Minimum Service Retirement Eligibility

Firefighters

- Age 57
- Age 52 with 25 years of service*
- Age 49 with 22 years of service*

Police Officers

- Age 57
- Age 52 with 25 years of service*
- 25 years of service (at any age)*

* Only protective services creditable service applies.

Generally, service credit as a firefighter or police officer is reciprocal.

Early Retirement: You are eligible to begin receiving an early retirement allowance any time after reaching age 55 if you have at least 15 years of creditable service. Early retirement is more fully described on page 56 under "Separation Benefits."

How Your Pension is Calculated

The monthly service retirement allowance formula is based on:

- **Years of creditable service*:** your total period of service as a Protective Services employee
 - For Police Officers who joined the ERS after July 1, 1989, this service is limited to 36 years*.
 - For Firefighters who joined the ERS after March 1, 1989, this service is limited to 36 years*.
- **Percentage multiplier:** 2.5% x years of creditable service, and
- **Final average salary:** your 12 months of highest salary, not counting overtime pay. In addition to your base salary, some special annual payments such as longevity pay are included in your final average salary.

* You may be entitled to imputed service under the Global Pension Settlement, which would be added to the creditable service used in your pension calculation. See pages 42 and 43 for more information.

If you also earned creditable service as a non-Protective Services City employee, the portion of your pension benefit based on that period of time will be calculated according to the General City multiplier. (See page 19.)

Monthly Service Retirement Allowance Formula

Years of Creditable Service x 2.5% = Multiplier

Multiplier x Final Average Salary = Maximum Retirement Allowance
(Annual Benefit)

Maximum Retirement Allowance / 12 = Monthly Retirement Allowance

Example: Service Retirement Calculation

Here is an example of how a **service retirement allowance** is calculated. Assume that when you reach age 52, you will have 25 years of City service and your final average salary will be \$60,000. Your estimated benefit is:

(25 Years of Creditable Service x 2.5%) = 62.50% Multiplier

62.50% x \$63,000 Final Average Salary = \$39,375 Maximum Retirement Allowance

\$39,375 / 12 = \$3,281.35 Monthly Service Retirement Allowance

In this example, your monthly **service retirement allowance** is **\$3,281.25**.

Example: Service Retirement Calculation Using Imputed Service

Using the above example, assume that under the Global Pension Settlement, you are entitled to 1.5 years of imputed service. Here is how your imputed service would increase your **service retirement allowance**.

(25 Years of Creditable Service + 1.5 Years of Imputed Service) =
26.5 Years

(26.5 Years x 2.5%) = 66.25% Multiplier

66.25% x \$63,000 Final Average Salary = \$41,737.50 Maximum Retirement Allowance

\$41,737.50 / 12 = \$3,478.13 Monthly Service Retirement Allowance

In this example, your monthly **service retirement allowance** is **\$3,478.13** — an increase of \$196.88 per month provided by your imputed service.

GPS Benefits: Additional Service Credit

The Global Pension Settlement includes two benefits that provide eligible members with additional service credit. The amount of this service credit will be factored into the calculation of a service retirement allowance, PSO spouse survivor allowance, conversion service retirement allowance or extended life duty disability retirement allowance (but will not count toward eligibility for benefits).

Military Service Credit. Certain ERS members can receive additional service credit for their prior periods of active military service from which they have been honorably discharged. You can receive one year of creditable service for every three years of active duty service (up to three years of additional creditable service). To apply for this benefit at retirement, you must submit your military DD214 as documentation of your pre-ERS military service. Call the pension office for details. This service is in addition to your service credit and will not count toward eligibility for benefits.

For example, assume that before your 25 years of City service, you had 4.5 years of qualifying active military service (which provides you an additional 1.5 years of service credit). Your service retirement allowance would be calculated with a multiplier of 66.25% ($26.5 \times 2.5\%$).

Imputed Service Credit for Firemen and Policemen. Certain ERS members who were active Firemen or Policemen as of January 1, 2000 will receive additional service credit.

- For those who retire or die in active service as Policemen, and who either have at least 25 years of creditable fire or police service or have reached age 57, the imputed service credit is **1.5 years**.
- For those who retire or die in active service as Firemen, the imputed service credit is:
 - if at least 20 years of creditable fire or police service*: 1.5 years
 - if less than 20 years of creditable fire or police service*: (1.5 times creditable fire or police service*) divided by 20

** not counting additional Military Service Credit*

GPS Benefits Related to Fire and Police Survivorship Fund Dissolution

Under the Global Pension Settlement, the Fire and Police Survivorship Fund was dissolved as of January 1, 2000. If on that date, you were an active fund member (meaning that you were contributing to the fund) and you consented to the settlement, you may be eligible for one of the following GPS benefits related to the fund's dissolution:

- **8.6% Lump Sum Bonus for Eligible Fire and Police:** a one-time benefit payable at service retirement. This benefit will be calculated by multiplying your initial annual service retirement allowance by 8.6%, then multiplying the resulting amount by a factor that is based on your age at retirement. These are the same factors used to calculate the GPS 5% Lump Sum Bonus.

- **2 Years Imputed Service Credit for Eligible Police:** an additional two years of service credit used in the calculation of your service retirement allowance (or your conversion service retirement allowance, if you convert from a duty disability retirement). This additional service credit will be included in the calculation of your GPS 5% Lump Sum Bonus, but will not count for purposes of the 90% limit on the amount of your service retirement allowance, or for eligibility for benefits.

Please note: If you are eligible for the 2 Years Imputed Service Credit, you are not eligible for the 8.6% Lump Sum Bonus.

Consumer Price Index Cost of Living Adjustments (CPI COLAs)

If you consented to the Global Pension Settlement *or* you first joined the ERS on or after June 28, 2000, the amount of your monthly retirement allowance will increase on an annual basis. These increases will be effective on each anniversary of your retirement date.

Under the GPS, as a service retiree, you will receive an annual increase equal to the lesser of 3% or the change in the CPI (Consumer Price Index) as of November of the year preceding your increase. The GPS guarantees that regardless of the change in the CPI, the annual increase will be at *least* 2%.

Here is an example of how the GPS COLAs will increase your monthly pension benefit over time. For illustration purposes, we will assume that your initial service retirement allowance is \$3,000 per month and that you receive 2% COLAs each of your first five years of retirement.*

| Retirement Anniversary Date | Annual COLA | New Monthly Benefit |
|-----------------------------|-------------------------------------|---------------------|
| Year 1 | $(2\% \times \$3,000) = \60 | \$3,060.00 |
| Year 2 | $(2\% \times \$3,060) = \61.20 | \$3,121.20 |
| Year 3 | $(2\% \times \$3,121.20) = \62.42 | \$3,183.62 |
| Year 4 | $(2\% \times \$3,183.62) = \63.67 | \$3,247.29 |
| Year 5 | $(2\% \times \$3,247.29) = \64.95 | \$3,312.24 |

*This example assumes that the CPI increases 2% or less each year.

If you were an ERS member prior to June 28, 2000 who *did not* consent to the Global Pension Settlement, COLA provisions are limited for you or may not apply at all. Contact the ERS for more information.

Protective service members separating from service and drawing a benefit other than a service retirement also receive COLAs. *Generally,* these members receive an annual increase equal to the lesser of 3% or the change in the CPI. However, unlike members receiving service retirement benefits, they are not guaranteed a minimum annual increase. If you have any questions concerning COLAs, call the ERS office for details.

Your Pension Payment Options

At retirement, you can elect to receive either your full benefit through a maximum retirement allowance, or a reduced benefit through a survivorship option.

Maximum Retirement Allowance (Option 1): Under this option — or if you are unmarried and fail to elect any other option — you will receive for your lifetime your full monthly retirement allowance, as calculated under the appropriate formula. After your death, these monthly payments will stop. Your pension beneficiary (or if you have not named a beneficiary, your estate) will receive any remaining balance of your accumulated contributions or a final prorated benefit payment.

Survivorship Options (Options 2, 3 and 4): Under these options, your maximum retirement allowance will be reduced in order to guarantee that after you die, a monthly allowance continues to your named survivor. The amount of your reduction will be determined by your age at retirement, the age and relationship of your named survivor and the option you select.

How Survivorship Options Work

Chapter 36 provides for two types of survivorship payment programs:

- Protective Survivorship Option (PSO) (during the six months prior to minimum service retirement eligibility)
- Survivorship Option (eligible at retirement)

Both programs offer the same choice of payment options.

Please note: If you are a Firefighter or Police Officer and have a spouse at the time you become eligible to make a PSO election –fire and police with 25 years of protective service credit or fire attaining age 49 and 22 years of protective service credit –you will automatically be covered under PSO-Option 2 with your spouse as your named survivor unless you sign for a different option within the eligibility period described below.

Protective Survivorship Option (PSO): A PSO provides protection if you continue working beyond your minimum service retirement age. If you die before you retire but after attaining service retirement eligibility, your named survivor will receive the same benefit he or she would have received if you had elected a survivorship option, retired and later died. However, your survivor would not be eligible to receive ERS ordinary (non-duty) death benefits. When you retire, the option you selected as a PSO will continue as a survivorship option, unless you change the option at the time you retire.

It is important to note that you have a limited opportunity to elect a PSO or a survivorship. Generally, you can elect a PSO only during the six-month period prior to the date you will be eligible for retirement. The ERS will contact you when you become eligible to elect a PSO. If you were an ERS member on January 1, 2000 who did not consent to the Global Pension Settlement, you can also elect a PSO when you attain 25 years of creditable service as a protective service employee, or within six months of marrying after attaining 25 years of service but before age 57.

By law, you must elect your payment option at least 30 days prior to your retirement eligibility date.

Canceling or Changing a PSO Election

You can cancel your PSO selection only if your named survivor dies before you retire, you get married, or if your named survivor is your spouse and you are subsequently divorced before you retire. You must notify the ERS of your intent to change your survivorship option. If your PSO is canceled, you may elect a new survivorship option when you retire..

If you divorce and remarry before you retire, you can reselect your PSO within six months of your remarriage as long as your reselection takes place before your retirement date.

At retirement, you may cancel your PSO and elect a new survivor and/or a new survivorship option.

Your Survivorship Payment Options

Here are the payment plans available under both the Protective Survivorship Option (PSO) and Survivorship Option. Under these options, your maximum retirement allowance will be permanently reduced based on a formula that takes into account your age and the age and relationship of your named survivor at the date of your retirement.

- **Option 2, 100% Survivorship:** If you die before your named survivor, the **same** reduced monthly allowance you had been receiving will continue to this survivor for his or her lifetime. Under IRS regulations, you cannot elect this option if your named survivor is not your spouse and that person is more than ten years younger than you.
- **Option 3, 50% Survivorship:** If you die before your named survivor, **one-half** of your reduced monthly benefit will continue to your named survivor for his or her life. If your named survivor is your spouse, the election of Option 3 cannot reduce your Maximum Retirement Allowance by more than 5%.
- **Option 4, Variable Survivorship:** This option allows you to choose a different percentage of your reduced monthly allowance (or a flat dollar amount) to continue to a single survivor or multiple survivors. The reduction is determined based on your age and the age of your youngest named survivor at the time of your retirement, as well as the benefit percentage you elect.

After your death (and the death of your survivor, if any), your beneficiary or your estate will receive the difference between the total allowance already paid and your accumulated contributions.

Survivorship Options and COLAs

If your spouse is your named survivor under any survivorship option or PSO, after your death any COLA you had been eligible to receive will continue to your surviving spouse — unless you designate a flat-dollar amount, rather than a percentage, under Option 4. If you did not consent to the Global Pension Settlement, COLAs for you and your spouse may not apply at all.

How Birth Dates Affect Survivorship Options

If you elect a survivorship option, the date you retire can affect the percentage by which your maximum retirement allowance will be reduced. This is because the “option factor” used to calculate the reduction is based on your (and your survivor’s) age as of the birthday closest to your retirement date. Your reduced monthly benefit will be greater the *lower* your “nearest birthday” age is, and the *higher* your survivor’s nearest birthday age is.

For example: If your 57th birthday is February 1 and you retire on or before August 1 of that year, your age would be rounded down to age 57. If you retire *after* August 1 of that year, your age would be rounded up to age 58. This means that your reduced monthly benefit will be higher if you retire by August 1, when your rounded age is still 57. Your survivor’s age will also affect your benefit reduction. Assuming that your survivor’s rounded age would increase on July 1, for example, it would be advantageous for you to retire *after* July 1.

Note: If you elect Option 3: 50% Survivorship and designated your spouse as survivor, your monthly benefit is guaranteed to be reduced no more than 5%. This means that in *some* cases, your age and your spouse’s age at your retirement would not affect the amount of your reduction.

To see how your specific situation would affect your benefit under any survivorship option, please contact the pension office.

GPS 5% Lump Sum Bonus

If you were an ERS member on January 1, 2000 who consented to the Global Pension Settlement, you are entitled to receive the GPS 5% Lump Sum Bonus. This one-time benefit will become payable when you begin a service, early, deferred or disability retirement. If you die prior to retirement with a PSO in effect that names your spouse as survivor, or if you die a duty death and leave a surviving spouse, this GPS benefit will be payable to your spouse.

At retirement, your lump sum bonus will be calculated through the following formula:

5% Lump Sum Bonus Formula

$$5\% \times \text{Maximum Retirement Allowance} \times \text{Factor}$$

“Maximum Retirement Allowance” is your initial annual retirement allowance (reduced for early retirement, if applicable, but not for any survivorship option you may have elected). The “Factor” is an actuarial value that is based on your attained age at retirement, as shown in the following table.

5% Lump Sum Bonus Factors*

| Attained Age | Factor | Attained Age | Factor | Attained Age | Factor |
|--------------|---------|--------------|---------|--------------|--------|
| 43 | 11.4408 | 53 | 10.6720 | 63 | 9.3591 |
| 44 | 11.3842 | 54 | 10.5674 | 64 | 9.1961 |
| 45 | 11.3235 | 55 | 10.4570 | 65 | 9.0280 |
| 46 | 11.2586 | 56 | 10.3406 | 66 | 8.8553 |
| 47 | 11.1891 | 57 | 10.2182 | 67 | 8.6779 |
| 48 | 11.1151 | 58 | 10.0896 | 68 | 8.4955 |
| 49 | 11.0365 | 59 | 9.9551 | 69 | 8.3084 |
| 50 | 10.9531 | 60 | 9.8147 | 70 | 8.1178 |
| 51 | 10.8647 | 61 | 9.6685 | | |
| 52 | 10.7711 | 62 | 9.5166 | | |

**The charter ordinance that implemented the Global Pension Settlement provides factors for attained ages of 15 through 100. This table is a partial list.*

Examples: 5 % Lump Sum Bonus Calculations

Here are some examples of how the 5% Lump Sum Bonus is calculated, based on attained age at retirement.

Example 1: Sarah

Age at Service Retirement: 52

Maximum Retirement Allowance: \$45,000

5% x \$45,000 x 10.7711 = **\$24,234.98 Lump Sum Bonus**

Example 2: Mike

Age at Early Retirement: 55

Maximum Retirement Allowance: \$45,600

5% x \$45,600 x 10.4570 = **\$23,841.96 Lump Sum Bonus**

Example 3: Paul

Age at Disability Retirement: 51

Maximum Retirement Allowance: \$38,000

5% x \$38,000 x 10.8647 = **\$20,642.93 Lump Sum Bonus**

How Your Bonus is Paid

At retirement, you can elect to receive your 5% Lump Sum Bonus through either a cash payment (minus mandatory federal income tax withholding), a direct rollover to an eligible tax-deferred investment vehicle (such as a 457 plan, individual retirement account IRA or other qualified employer plan), or a combination of these two options.

Taxes and Your Retirement Benefits

Money contributed *on your behalf* to the ERS will be subject to taxes when you receive it through a monthly allowance or as a lump sum benefit (except for certain payments to duty disabled retirees). By electing a direct rollover of your 5% Lump Sum Bonus, you can defer taxes on this benefit until you withdraw it.

Money that you *personally* contributed will not be taxed by the federal or state government when you receive it because it was taxed at the time you earned it.

The ERS staff does not provide tax advice. If you have questions about the tax implications of your pension benefits or the GPS 5% Lump Sum Bonus, please contact the Department of Revenue in your state of residence, the Internal Revenue Service or your own tax professional.

Applying for Retirement Benefits

To begin the retirement process, call the ERS office to request an estimate of your pension benefit under the different payment options and (if you are eligible) your GPS Lump Sum Bonus benefit. After you receive your estimate through the mail, contact the ERS again to schedule an appointment with a pension specialist. It is also advisable to contact your payroll clerk to certify your last day of employment.

Your pension counseling appointment must take place 30 to 90 days prior to your planned retirement effective date. At your appointment, your pension specialist will review your retirement options and help you complete your retirement forms.

Your retirement effective date will be the day after your last day on the payroll. (If you are in deferred retirement status, your retirement effective date will be the day you reach age 57 — or age 55, if you elect to begin receiving an early retirement allowance.) Generally, you will receive your first pension check four to six weeks after your retirement date. If eligible, you also will receive your 5% Lump Sum Bonus approximately 30 days after you receive your first pension payment.

Other Important Telephone Numbers

| | |
|--|-------------------------------------|
| Nationwide Retirement Solutions: www.Milwaukee457.com | (414) 276-2079 or 1-800-829-1183 |
| Milwaukee County Veterans Services Office: | (414) 382-1727 |
| Police Relief Association of the City of Milwaukee | (414) 649-8373 1-888-649-2377 |

Disability Benefits

If you become totally and permanently incapacitated and cannot perform your job-related duties, you may be eligible for monthly benefits that replace a portion of your City paycheck. In general, Chapter 36 provides two types of disability benefits:

- **Duty Disability:** benefits for disabilities that are the direct result of an injury you suffer on the job, and
- **Ordinary (non-duty) Disability:** benefits for disabilities that prevent you from doing your job.

You can apply for either type of disability benefit, or both, but you can receive only one.

Duty Disability

Any member in active service who becomes permanently and totally incapacitated for duty as the natural and proximate result of an injury occurring at some definite time and place while in the performance of duty, may qualify for a duty disability benefit. (Note: Firefighters and Police Officers are not eligible for duty disability benefits while in training at the Fire and Police Academy or the Medical College of Wisconsin.)

Chapter 36 provides that prior to applying for duty disability benefits, you must also have applied through workers' compensation for determination of permanent disability or partial disability for the same injury.

If you receive payments under the Wisconsin Worker's Compensation Act for the same disability (a Permanent Partial Disability award), the value of those payments may be deducted from your ERS duty disability allowance, or may be reimbursed in full as a lump-sum payment

Upon qualification, two types of duty disability benefits are available:

- **75% Fire and Police Duty Disability.** You will receive a monthly allowance equal to 75% of the current salary for the position you held at the time of your injury (which may be reduced by the value of any worker's compensation payments you receive for the same disability – see above). Your allowance will change whenever your union's bargaining agreements lead to a change in the annual salary for your position. In addition, you will receive an allotment of \$40 per month for each child under the age of 18.

If you die while on 75% disability, your surviving spouse (if any) will receive monthly benefits equal to 70% of the disability allowance you had received. This benefit will continue until your surviving spouse remarries or dies. Any child allotment amounts will cease, but your spouse will be eligible for future CPI COLAs.

Conversion to Service Retirement or Election of Extended Life Duty Disability

Generally, if your eligibility for the 75% duty disability allowance continues until the first of the month next following your attainment of age 57, or your attainment of at least age 52 and completion of 25 years of creditable Fire and Police service, whichever comes first, you will be required at that time to either convert to a service retirement allowance, or to irrevocably elect to receive an extended life duty disability allowance. Please note that some members have a conversion age of 63. Please contact the ERS office for questions related to conversion age.

If you convert to a service retirement allowance, your allowance will be calculated as described on page 40, using the current (conversion age) final average salary for your position and your total years of creditable service (including your period of duty disability). You will receive future CPI COLAs, and you will no longer be eligible to receive \$40-per-month child allotment payments for your children under age 18 (if any).

If you elect to receive an extended life duty disability allowance, the ERS will first calculate the allowance you would have received had you converted to a service retirement allowance. Next, your extended life duty disability allowance will be limited to the lesser of the service retirement allowance or 75% of the current (conversion age) annual salary for your position. Finally, your extended life duty disability allowance will not be less than 57% for a Firefighter, or 60% for a Police Officer, of the current (conversion age) annual salary for your position. You will receive future CPI COLAs, and you will continue to be eligible for \$40-per-month child allotment payments for your children under age 18 (if any). Please note that if you elect an extended life disability allowance, you may only choose your spouse as your survivor.

Whether you convert to a service retirement allowance, or elect to receive an extended life duty disability allowance, duty disability death benefit coverage for your spouse (described under "75% Fire and Police Duty Disability") will end at your conversion age. If you wish to provide death benefit coverage for anyone after your new allowance commences, you must elect a survivorship option. If your designated survivor is your spouse, then your survivor may be eligible for future CPI COLAs.

Outside Earnings Limit

If you are able to engage in gainful work outside of City employment while on duty disability, a portion of your potential earnings may be offset from your disability allowance. You will need to annually submit to the ERS signed copies of your federal tax forms, with all applicable schedules, attachments and any other required forms until age 60.

- **90% Disability:** For severe disabilities — as defined by Chapter 36 of the Milwaukee City Charter — you will receive a lifetime monthly allowance equal to 90% of your position's salary at the time you became disabled (reduced by the value of any worker's compensation payments you receive for the same disability). You will not convert to a service retirement.

When you die while on 90% disability, your surviving spouse (if any) will receive monthly benefits equal to 75% of the allowance you had received. This benefit will continue until your surviving spouse remarries or dies. Your spouse will be eligible for future CPI COLAs.

Returning to Your Job

If the ERS Medical Panel determines that you no longer meet the requirements for disability benefits, you will be returned to active service and your duty disability benefit will be discontinued. You must follow the rules provided by the Fire and Police Commission regarding returning to your job.

The time you spent on duty disability will count toward your total creditable service for the purpose of calculating your future service retirement allowance.

If you voluntarily accept a different job with the City or any other City agency, your disability benefit will stop.

Ordinary (non-duty) Disability Benefits

If you are totally and permanently incapacitated and cannot perform your normal duties, and you have at least five years of creditable service, you may be eligible for ordinary disability benefits.

With five years of creditable service, you will receive the minimum ordinary disability benefit of 25% of your final average salary at the time you became disabled. This benefit will increase by 2% for each additional year of creditable service, up to a maximum benefit equal to 50% of your final average salary. If you are able to engage in gainful work outside of City employment while on ordinary disability, a portion of your potential earnings may be offset from your disability allowance. You will need to annually submit to the ERS signed copies of your federal tax

forms, with all applicable schedules, attachments and any other required forms to age 60.

The amount of your ordinary disability allowance will *not* increase over time, except for annual COLA(s).

Returning to Your Job

If it is determined after a medical examination that you no longer meet the requirements for disability, your ordinary disability benefit will end. You must follow the rules provided by the Fire and Police Commission regarding returning to your job.

Applying for Disability Benefits

The entire disability application process normally takes two to three months. To begin the process, contact the ERS to provide basic information and request a disability benefit estimate. When you receive your estimate, contact the ERS to schedule a counseling appointment. Your ERS disability pension specialist will oversee your application procedure.

For Duty Disability Benefits, you must receive a medical examination and recommendation from the ERS Medical Panel*, which consists of a doctor (normally, your personal physician) appointed by your bargaining unit and a doctor appointed by the City. The Medical Panel* may also include a third, independent doctor. The City pays for the medical examination, but not for incidental costs such as travel.

The Medical Panel* will decide whether to recommend to the Annuity and Pension Board that you be approved for benefits. The Board will accept the Medical Panel's* recommendation as to whether the disability benefits be approved or denied, and will notify you of the decision.

For Ordinary Disability Benefits, you must obtain, at your expense, a medical examination and recommendation from your doctor. The ERS Medical Council, which is comprised of three doctors appointed by the Board, will review your doctor's recommendation. If the Medical Council orders further testing, the ERS will pay for that expense.

The Medical Council will decide whether to recommend to the Annuity and Pension Board that you be approved for benefits. The Board will accept the Medical Council's recommendation as to whether the disability benefits be approved or denied, and will notify you of the decision.

Re-examinations: Duty Disability

If your application for duty disability is approved, you must receive an annual medical examination and recommendation from the ERS Medical Panel* until you reach the minimum service retirement age of 57.

Re-examinations: Ordinary Disability

If your application for ordinary disability is approved, you must receive an annual examination from your doctor during the first five years that you receive benefits. After five years, you must be examined every third year until you reach the minimum service retirement age of 57.

Disability Benefits and Taxes

If you have questions about taxation of your pension benefits, please contact the department of revenue in your state of residence, the Internal Revenue Service or your tax professional.

****Special Note***

As a result of contract negotiations, all new disability applications as of the effective dates listed below will be reviewed by the ERS Medical Council instead of the ERS Medical Panel:

| Employee Class | Union | Effective Date |
|-----------------------|--------------|-----------------------|
| Police | MPA | June 19, 2016 |
| Police | MPSO | January 1, 2016 |
| Fire | Local 215 | July 29, 2016 |

Separation Benefits

If you resign or are discharged from City employment before reaching minimum service retirement age, you will be eligible for ERS benefits if, at the time of separation, you meet one of the following conditions:

- Four to ten years of creditable service
- Ten or more years of creditable service
- Age 55 with 15 years of service
- Involuntary separation from service

Deferred Retirement Status

If you separate from City employment with at least four years of creditable service before you are eligible for service retirement, you can begin receiving a monthly retirement allowance at age 57. If you have at least 15 years of creditable service when your City employment ends, you may instead begin to receive a *reduced* retirement allowance at age 55. See “Early Retirement Benefits” on page 56 for more details.

Your deferred retirement allowance will be calculated through the same formula used to calculate service retirement allowances. (See page 40.) However, if your calculated monthly allowance is less than the minimum provided in the City charter, your total benefit will be actuarially determined and paid in a single lump sum payment when you reach age 57.

Withdrawal of Contributions and Interest

If you separate from City employment (other than death or retirement) *and* you have at least ten years of creditable service, you may be eligible to withdraw your accumulated contributions plus any interest credited to your account. If you qualify, you can receive a lump sum payment of your accumulated contributions and interest any time after separation. (Note: any interest credited after your year of separation is reduced by one half.)

If you withdraw these contributions, you forfeit your right to a monthly pension benefit, as well as your right to GPS benefits.

If at separation from service, you choose *not* to withdraw these contributions, you can be reinstated in the ERS until you reach retirement age. If you have at least four years of service when you leave, you can receive a deferred monthly pension beginning at age 57.

Early Retirement Benefits

You can begin receiving an early retirement allowance any time after reaching age 55 if you have at least 15 years of creditable service. If you retire early, your allowance will be reduced by an actuarial factor to reflect the longer period of time monthly benefits will be paid to you, as shown in the following table:

Fire and Police Early Retirement Factors

| Age at Early Retirement | Approximate Reduction Factor |
|-------------------------|------------------------------|
| 55 | 0.82 |
| 56 | 0.91 |

At age 55, for example, this reduction is approximately 18% of your calculated allowance. If you work for another employer, your retirement allowance may be further reduced by offsets against outside earnings until you reach age 57.

Example: Early Retirement Calculation

Here is an example of how an early retirement allowance is calculated. Assume that when you reach age 55, you will have 15 years of City service and a final average salary of \$50,000. The Fire and Police early retirement factor for age 55 is 0.8229. Your estimated early retirement allowance would be (approximately):

$$(15 \text{ Years of Creditable Service} \times 2.5\%) = 37.50\% \text{ Multiplier}$$

$$37.50\% \times \$50,000 \text{ Final Average Salary} = \$18,750 \text{ Maximum Retirement Allowance}$$

$$\$18,750 \times 0.82 \text{ Reduction Factor} = \$15,375.00 \text{ Annual Early Retirement Allowance}$$

$$\$15,375.00 / 12 = \$1,281.25 \text{ Monthly Early Retirement Allowance.}$$

In this example, your monthly **early retirement allowance** is \$1,281.25, which would limit your outside annual earnings to \$34,625.00 (\$50,000 minus \$15,375). For any amount over \$34,625.00 that you earn in a calendar year prior to age 57, your early retirement allowance would be reduced by that amount.

Immediate Reduced Allowance (Involuntary Separation)

If you are discharged or your position is eliminated and you have no other employment with the City, you may be eligible for monthly separation benefits. You can elect to either start receiving actuarially reduced benefits immediately, or wait to receive a full benefit when you reach your minimum service retirement eligibility age. If you elect immediate payment, your benefit will be reduced based on your current age, in a manner similar to the early retirement formula described above.

If you begin receiving a reduced benefit and later return to City employment, your separation benefits will stop. Any benefit that would become payable at your later separation, death or retirement would be reduced to reflect the separation benefits you had already received.

You will not be eligible for these separation benefits if your calculated monthly benefit is less than the minimum provided in the City charter. In this case, you will receive an actuarial equivalent as a lump sum payment.

Death Benefits

Chapter 36 provides two types of death benefits:

- **Duty Death benefits:** benefits for a death that results directly from an injury you suffer on the job, and
- **Ordinary (non-duty) Death benefits:** benefits for a death that is not job-related.

Duty Death Benefits

Duty death benefits are payable if:

- you die while in active service with the City, and
- your death resulted from an accident that occurred at a definite time and place while you were actually performing your job.

Duty death benefits consist of two portions:

- 1) a return of your accumulated contributions, plus
- 2) a monthly allowance equal to 60% of your final average salary.

Chapter 36 of the Milwaukee City Charter requires that the ERS distribute your duty death benefit to your spouse. If you have no spouse, the benefit will be distributed to your unmarried children under the age of 21. If you have no spouse or unmarried children under age 21, the benefit will be distributed to a dependent parent.

If you have no spouse, unmarried children under age 21 or dependent parents; your named beneficiary will receive an ordinary death benefit (as described below), rather than the duty death benefit.

Ordinary (non-duty) Death Benefits

If you die while in active service with the City and your death *did not* result from an accident that occurred while you were performing your job, your named beneficiary will receive an ordinary death benefit equal to the value of your accumulated contributions.

If you have more than one year of City service at the time of your death, your named beneficiary will also receive a one-time payment equal to one-half your final average salary. If you have not named a beneficiary, this benefit will be paid to your estate.

ERS Beneficiary Designation

Remember to keep your beneficiary designations current. Beneficiary Designation Forms are available from the ERS office or on the ERS website at: www.cmers.com, click on Benefits & Forms, then select Forms.

How Disability Affects Death Benefits

If you die after you have applied for any disability benefit, the ERS will continue to process your disability benefit application. If your application is approved, disability survivorship benefits automatically will be paid instead of death benefits. These disability survivorship benefits would become effective as of your date of death.

Death Benefits and Deferred Retirement Status

If you separate from City employment and your retirement benefit has been deferred, but you die before your pension payments begin, a death benefit will be payable *if you had at least ten years of creditable service*. In this case, your named beneficiary or estate would receive the value of your accumulated contributions as of your date of separation.

ELECTED OFFICIALS

The benefits for Elected Officials are the same as those provided to General City employees, with some exceptions. Those exceptions are noted below. For complete information about your benefits, please read the General City employees benefit section, which begins on page 16 of this handbook.

ERS Membership

As an Elected Official, you are eligible for membership in the ERS. However, you must submit a written request to the ERS office. Membership benefits will begin the day you apply for membership; it is not automatic.

Member Contributions

To help fund your ERS benefits, the City of Milwaukee contributes to the Employees' Retirement System an amount equal to 7% of your pensionable earnings.

Retirement Benefits

The retirement allowance formula is based on your years of creditable service, a percentage multiplier and your final average salary. The percentage multipliers used in calculations for Elected Officials are provided below:

Percentage for Elected Officials other than the Mayor

- For service performed before 01/01/1996: **2.6%**
- For service performed on or after 01/01/1996: **2.5%**

Percentage for the Mayor

- For service performed before 01/01/1996: **2.6%**
- For service performed on or after 01/01/1996: **2.0%**

You can calculate your estimated monthly retirement allowance by multiplying your years of creditable service by the appropriate percentage and by your final average salary, and then dividing by 12. (See page 19 for an example of how retirement allowances are calculated for General City employees.)

1.6% Employee Contributions — Elected Officials

The Global Pension Settlement (GPS) provides that *if you join the ERS after December 31, 1999 and participate in the Combined Fund*, you must contribute to the Employees' Retirement System an additional 1.6% of your pensionable earnings during your first eight years of ERS enrollment. You make these contributions through automatic payroll deductions.

These contributions will be used to fund cost of living adjustments (COLAs) added to your future monthly pension benefit.

If you separate from ERS service:

1. *with less than four years of creditable service*, your 1.6% contributions will be refunded to you (without interest) after five years of separation, or by request if you waive your right to all future benefits.
2. *with at least four but less than eight years of creditable service*, your 1.6% contributions remain with the System until you reach retirement age, at which time you will begin to receive a pension benefit.
3. *with eight or more years of creditable service*, you may withdraw all your accumulated contributions and waive your rights to all future benefits; in this case, your 1.6% contributions will be refunded to you without interest.

If you were an ERS member prior to January 1, 2000, you do not make these 1.6% contributions.

OTHER IMPORTANT INFORMATION

ERS Review and Appeal Procedures

As a member, you have the right to request that a previous ERS decision (such as determination of a benefit amount) be modified or reversed. The procedures for making this request are set forth by Wisconsin statutes. This section provides a brief summary of these procedures.

Requesting a Review

You must submit a *written* request to the ERS office within 30 days after you are notified of the original decision. Your request that the decision be modified must include the reason that you think the ERS decision should be changed. With your written request, you should include any evidence that supports your position.

Review Procedure

An independent committee or person, appointed by the Annuity and Pension Board, will review your request within 15 days of receiving it (unless you agree to extend this time frame). You will be notified of the results of the review, the reasons for the review decision and your right to appeal the review decision.

Requesting an Appeal of a Review Decision

If you wish to appeal the review decision, you must file a written notice of appeal within 30 days after receiving the review decision. This notice of appeal must be filed with the person or office designated in the review decision.

Appeal Procedure

The Board will provide a hearing on your appeal within 15 days of receiving your notice of appeal. You will be notified of this hearing at least ten days ahead of time. The hearing may be conducted by an impartial person or committee designated by the Board.

At the hearing, both you and the decision-maker, upon review, may be represented by counsel, call and examine witnesses and cross-examine witnesses of the other party. The hearing will be conducted according to Annuity and Pension Board rules. Within 30 days after the hearing is completed, the person or committee that conducted the hearing will mail to the Board and all involved parties, a report stating the proposed appeal decision and the reasons supporting this decision.

Within 45 days after this report is mailed, you (and the other involved parties) can file with the Board written briefs setting forth your positions which will be included as part of the record. The Board will not conduct any additional hearings, but the hearing examiner's report will be presented at the next special or regularly scheduled meeting. Within ten days of its final decision, the Board will send you its written determination of your appeal, including the reasons for its determination. The Board's decision will be final.

Judicial Review

In accordance with procedures established by Wisconsin statutes, you may cause the Board's final decision to be reviewed in the Circuit Court.

You can read the full text of the ERS review and appeal process at the www.cmers.com Web site. Click on "Useful Links at the bottom of the page," then "Legal Documents," then "Rules and Regulations." Board Rule XX describes the review process, and XXI describes the appeal process.

Social Security Offset

Sworn Fire & Police Personnel

Your ERS pension is from employment in which you did not pay Social Security taxes. Should you also qualify for your own Social Security retirement or disability benefit (from employment not related to your protective service position), your Social Security benefit may be reduced, but not eliminated, by the Windfall Elimination Provision (WEP). The amount of the reduction, if any, depends on your earnings and number of years in jobs in which you paid Social Security taxes; and the year you are age 62 or become disabled. To estimate WEP's effect on your Social Security benefit, visit www.socialsecurity.gov/WEP-CHART

There is also a Government Pension Offset provision that may reduce your spouse's, widow's or widower's social security benefits. You may find information related to this provision on the Social Security's website at socialsecurity.gov. Search on the term "Government Pension Offset".

Please contact the social security office for any questions related to the Windfall Elimination Provision or the Government Pension Offset, toll free, at 1-800-772-1213. The ERS staff is unable to answer questions related to these provisions.

ERS Administrative Information

Here are some other important facts about the Employees' Retirement System.

- The ERS is a defined benefit plan.
- The Employees' Retirement System (ERS), as a government plan, is not generally subject to the regulation of the federal Employee Retirement Income Security Act of 1974 (ERISA).
- The ERS does not accept Qualified Domestic Relations Orders (QDROs) for property division.
- The ERS accepts court orders pursuant to Wisconsin State Statute 767.75 specifically for child support or maintenance, with payment to clerk of courts.
- The ERS does not permit members to make loans or any withdrawals from their accumulated contributions.
- The ERS does not accept assignments, liens or garnishments with the exception of income tax liens.

GLOSSARY

Accumulated Contributions. Member and employer contributions accumulated with regular interest.

Beneficiary (Pension). The person(s) you designate to receive your guaranteed minimum pension benefit or account balance in the event that you die while an active employee.

Beneficiary (Life Insurance). The person(s) or organization(s) you designate to receive your group life insurance benefit in the event that you die.

Board. The Annuity and Pension Board, which is responsible for the operation of the Employees' Retirement System (ERS).

City. Unless specifically noted otherwise, City means the City of Milwaukee and its participating City agencies. Participating agencies include any board, commission, division, department, office or agency of the City government.

COLA. The Cost of Living Adjustment (a percentage increase) made to pension benefits at designated intervals.

Creditable Service. Service as a City employee for which credit is granted pursuant to Chapter 36 of the Milwaukee City Charter. Creditable service is used in determining the member's retirement allowance. It does not include overtime hours.

Deferred Retirement Status. The status assigned to a member who leaves active service prior to reaching minimum retirement age and elects a deferred retirement allowance.

Death Benefits. Benefits paid to an eligible beneficiary if the member dies while in active service with the City or one of its participating agencies. The Pension Law provides two types of death benefits: duty death benefits and ordinary (non-duty) death benefits.

Duty Death Benefits. Benefits paid to an eligible beneficiary if the member dies while in active service with the City or one of its participating agencies and the death resulted from an accident that occurred at a definite time and place while performing the member's job.

Duty Disability Benefits. Benefits paid to members who are totally and permanently incapacitated and are unable to perform their duties because of an injury that occurred at a definite time and place while performing their job.

Early Retirement. Voluntary separation from service by members who are at least age 55 and have at least 15 and less than 30 years (less than 25 years for Protective Services employees) of creditable service.

Elected Officials. Officials elected through the public voting process to represent the residents of the City of Milwaukee.

Employees' Retirement System (ERS). The Employees' Retirement System of the City of Milwaukee administers benefits for members and their beneficiaries, as provided by Chapter 36 of the Milwaukee City Charter. The ERS does not establish benefits; it administers benefits established by law.

Final Average Salary. The member's average annual earnable compensation, which is used to compute the retirement allowance. Final average salary does not include overtime earnings, but may include certain special payments. (This amount is calculated differently for General City employees and Protective Services employees.)

Firefighters. Those members employed by the City of Milwaukee Fire Department whose duties are to extinguish fires and to protect life and property. This includes the Chief, all other Firefighters, officers and paramedics. In this handbook, Firefighters are sometimes referred to as *Protective Services* employees.

General City Employees. Employees of the City of Milwaukee or its participating agencies who are not Protective Services employees.

Global Pension Settlement (GPS). A settlement between the City, City agencies, employee organizations and retiree organizations that established several new benefits and improved existing benefits. Most GPS benefit changes are effective as of January 1, 2000. To receive GPS benefits, those who were active or inactive ERS members as of January 1, 2000 must have provided written consent to the terms of the settlement.

Minimum Service Retirement Eligibility Age. The age at which a member typically becomes eligible to retire with full benefits.

Ordinary (non-duty) Death Benefits. Benefits paid to a beneficiary if the member dies while in active service with the City and the member's death was not the result of an accident that occurred while performing the member's job.

Ordinary (non-duty) Disability Benefits. Benefits paid to members who are incapacitated and are unable to perform their job but are not eligible for duty disability benefits.

Pension Advance. An optional benefit that allows General City members to level their monthly retirement income before and after the earliest age they become eligible for reduced Social Security retirement benefits.

Pension Law. Chapter 36 of the Milwaukee City Charter. The Pension Law, along with legal interpretations, specifies the benefits administered by the ERS. *Chapter 36 and the Annuity and Pension Board Rules and Regulations govern in the case of any differences between what is contained in the law and this handbook.*

Pensionable Earnings. The amount of earnings used to determine benefits. Pensionable earnings exclude any overtime pay, but may include certain special payments.

Police Officers. Those employed in the City of Milwaukee Police Department whose duties are to preserve peace and good order in the City of Milwaukee, and who have the power of arrest without warrant. This includes the Chief, all other officers and police aides. In this handbook, Police Officers are sometimes referred to as *Protective Services* employees.

Protective Survivorship Option (PSO). A survivorship option that provides continuing benefits to the member's named survivor if the member dies after reaching service retirement eligibility age but while still working for the City of Milwaukee.

Separation Benefits. Benefits paid to members who separate from City employment through resignation, discharge or elimination of their positions.

Service Retirement. A retirement based on attaining the age and service criteria specified in Chapter 36.

Survivor. The person or persons designated to continue receiving a monthly retirement allowance after the member's death.

Survivorship Options. Options allowing the member to specify that a portion of his or her monthly retirement allowance will continue to a named survivor after the member's death.

Vesting Rights. The right to receive a benefit from the ERS. An ERS member earns pension vesting rights after completing four years of creditable service or after reaching minimum service retirement eligibility age (whichever comes first).

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