



ERS Member Handbook

(Enrolled On or After
January 1, 2014)

ERS Person ID: _____

*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 you with your **ERS Member Handbook**. This handbook summarizes the most important features of the ERS 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 (pages with an orange edge)*, *Firefighters and Police Officers (pages with a purple edge)* and *Elected Officials (pages with a maroon edge)* 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 Annuity and Pension Board's legal advisors. 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 ERS administers certain benefits for both active and retired members and their beneficiaries, please keep in mind that neither the ERS nor the Annuity & Pension Board establish the level of your benefits or cost of living increases. ERS 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.

Updates to this handbook may be made on an on-going basis, and to that end, please look on our website at www.cmers.com for the latest version.

At Your Service

The ERS office, located at 789 N Water Street, Suite 300, Milwaukee, WI, across the street from City Hall, is open Monday through Friday from 8:00 a.m. to 4:45 p.m. (including the lunch hour). 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 17). 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. The ERS is a qualified defined benefit plan as described under section 403(b) of the Internal Revenue Code. 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

The Annuity and Pension Board ("Board"), consisting of eight (8) members, administers the Retirement System. The 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 (Chapter 36). 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 ERS'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 assets of the ERS.

A Chief Investment Officer reports to the Board. In addition to this position, the Board also employs investment managers to invest and reinvest monies in the fund under the "prudent investor" standard, retains a custodian to hold investment securities and retains an investment consultant to assist with reviews of the performance of the investment managers and provide recommendations regarding the Board's Investment Policy.

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, retirees, 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 section also administers group life insurance and retiree health insurance for City of Milwaukee and certain agencies. 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 and disbursing retirement and separation benefits. Fiscal Services also records all transactions received through the active members' payroll interface from each participating agency. This section 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, as well as maintaining a disaster recovery plan.
- **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 then sets investment policies with the assistance of the ERS' investment consultants.

The Board, Executive Director and the ERS staff 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 2021)

Rudolph M. Konrad	Appointed by Common Council
Matthew Bell	Elected Representative - Active - City of Milwaukee - Police
James Campbell	Elected Representative - Active - City of Milwaukee - Police
Deborah Ford	Appointed by Common Council
Molly King	Elected Representative - Active - City of Milwaukee - General
Thomas Klusman	Elected Representative - Retirees
Nicholas Kovac	Appointed by Common Council
Aycha Sawa	(Ex-Officio) City Comptroller City of Milwaukee - Comptroller
Benard J. Allen	Secretary and Executive Director ERS 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 December 2013. 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 and retiree health insurance for the City of Milwaukee and certain agencies. COBRA dental benefits for retirees of the City of Milwaukee and certain agencies are also administered by the ERS.

Covered Employee Groups

The exact terms of your benefits depend on the employee group to which you belong. 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 Protective Services employees), and those employed by participating

city agencies, including most boards, commissions, divisions, departments, offices or agencies 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); classified 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. 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. 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. However, once you start receiving a retirement benefit, and subsequently get re-hired by the City or one of its participating agencies, you will not be eligible

for a second membership, nor will contributions be made for a second retirement benefit.

When you are enrolled in the ERS you will be issued a six-digit Person-ID number. The Person-ID number is used to uniquely identify members of the Retirement System. The Person-ID number is used on ERS documents and correspondence.

Naming Beneficiaries

When you join the ERS, you are required to complete two separate Beneficiary Designation Forms: one for ERS pension benefits and one for group life insurance (if you work for the City of Milwaukee or another eligible agency). Non-City members should contact their employee benefit departments regarding life insurance beneficiary forms. If you die while in active service, benefits will 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 and click on “Forms”).

How ERS Benefits are Funded

Members are required to contribute a percentage of the employee’s 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 and the bargaining group to which you may belong.

In addition, your employer may be required to make contributions from time to time pursuant to funding requirements outlined in Chapter 36. 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 enrollment; 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 Employees’ Retirement System of the City of Milwaukee, 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 the accumulated contributions made to your account, 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 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.
- If you have four years of creditable service (for general city employees) or 10 years of creditable service (for protective service employees—Fire & Police), you may withdraw your accumulated contributions.
- 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 website at www.cmers.com and **click on “Forms.”**

Summary of ERS Benefits

If You...	As an ERS Member...
... <i>Become Disabled</i>	You may be eligible to begin receiving a monthly disability retirement benefit.
... <i>Voluntarily Separate from ERS Service</i>	<ul style="list-style-type: none"> • If you have four years of General City creditable service, you may withdraw all contributions made to the ERS, plus interest, if you waive your pension vesting rights. • If you have 10 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. • 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. • 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. • 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, a deferred retirement allowance, or an early retirement allowance.

Summary of ERS Benefits

If You...	As an ERS Member...
<p>... Approach Eligibility for Retirement</p>	<p>You become eligible to elect a Protective Survivorship Option within the 6-month period 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.</p>
<p>... Retire from the ERS</p>	<p>You will receive a monthly retirement allowance (pension) for your lifetime; however if your monthly retirement benefit is less than \$100, you will receive a one-time lump sum instead. Cost of living adjustments (COLAs) may apply. If you elect a survivor payment option, a monthly allowance will continue after your death to your designated survivor for their lifetime.</p> <p>When you leave employment, please notify the ERS in writing if your home address changes.</p>

Summary of ERS Benefits

If You...	As an ERS Member...
<p>... <i>Die While in Active Service</i></p>	<ul style="list-style-type: none"> • 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 in your account. 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.)
<p>... <i>Die While Retired</i></p>	<ul style="list-style-type: none"> • If at retirement you selected a survivorship payment option, a monthly benefit will continue to your designated survivor(s). • 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 Monday through Friday, 8:00 a.m. through 4:45 p.m. (including the lunch hour). 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 to 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.

Online

Our website, 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 register with our website enabling you to access your account information directly (Member Self-Service). 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

You can submit questions about ERS benefits and issues via e-mail. The ERS will reply 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 (DER) 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:** pre-tax dollars allocated 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.

The City of Milwaukee Deferred Compensation Plan is 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. Information can be obtained at city.milwaukee.gov/Deferred-Compensation-Plan or from Voya Financial (the plan's third-party administrator) at www.milwaukee457.com.

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

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GENERAL CITY EMPLOYEES

**(Protective Services Employees,
please refer to Page 49)**

Benefits Summary – General City Employees

Service Retirement, page 25

- Age 65
- Age 60 with 30 years of creditable service

Early Retirement (reduced benefit), page 43

- 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 42

- Age 65 with four years of creditable service

Withdrawal of Contributions and Interest, page 42

- Separation from City service (other than retirement or death)

Immediate Reduced Allowance, page 44

- Involuntary separation from City service (other than death)

Disability Benefits, page 38

- Duty Disability
- Ordinary (non-duty) Disability

Death Benefits, page 46

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

Other Important Information, page 83

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 employee in a position regularly scheduled for 30 hours or more per week on either a 10- or 12-month basis;
- 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 are receiving an ERS retirement allowance, you cannot re-enroll with the ERS.

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

Enrolling in the ERS

Eligible members will be enrolled automatically in the ERS by the agency payroll departments. This also applies to Elected Officials who have chosen to enroll in the ERS. You will receive an ERS Membership Application form to

complete. You also must complete separate Beneficiary Designation Forms for pension benefits and group life insurance (for non-City of Milwaukee employees, group life insurance may be administered by your employing agency).

Member Contributions

To help fund your ERS benefits, member contributions are made to the ERS in an amount equal to 4% of your pensionable earnings. These contributions are deducted from your paycheck on a pre-tax basis. "Pensionable earnings" exclude any overtime pay you may receive. These contributions earn interest at the annual rate of 4% (this interest is credited to your account on a delayed compounded basis).

4% Employee Paid Contributions

General City employees hired on or after January 1, 2014, are required to pay 4% of their pensionable earnings as their pension contribution.

If you separate from ERS service:

1. with less than four years of creditable service, your 4% 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 associated with that enrollment period. Note: you will receive only $\frac{1}{2}$ the interest credited after your separation date.
2. with four or more years of creditable service, you may withdraw all your accumulated contributions (with interest) and waive your rights to all future benefits associated with that enrollment period. Note: you will receive only $\frac{1}{2}$ 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 65; or
 - Age 60 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 years of creditable service. Early retirement is described more fully on page 43 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 pensionable City employment;
- **Percentage multiplier:** 1.6% 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 1.6% = 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 \$100, your total benefit will be 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 Years of Creditable Service x 1.6%) =
48% Multiplier

48% x \$40,000 Final Average Salary =
\$19,200 Maximum Retirement Allowance

$\$19,200 / 12 = \$1,600$ Monthly Service Retirement Allowance

In this example, your monthly service retirement allowance is \$1,600.

Seasonal Service Credit

Certain ERS members who served as seasonal employees, prior to being enrolled in the ERS, may be eligible for up to an additional year of imputed 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.

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 43.75 years, or a 70% service credit multiplier ($43.75 \times 1.6\% = 70\%$). This imputed service credit cannot be used to determine retirement eligibility.

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 50.4% ($31.5 \times 1.6\%$), which would produce a Maximum Retirement Allowance of \$20,160 (\$1,680 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.

If you go on an authorized military leave of absence while an active employee, that time may be included as creditable service.

Cost of Living Adjustments (COLAs)

If you retire on a service retirement, you are guaranteed to receive an increase of 2% on the fifth anniversary of your retirement and on each anniversary that follows.

Here is an example of how 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	N/A	\$1,500.00
Year 3	N/A	\$1,500.00
Year 4	N/A	\$1,500.00
Year 5	(2% of \$1,500) = \$30.00	\$1,530.00
Year 6	(2% of \$1,530.00) = \$30.60	\$1,560.60

COLAs are also provided to spouse survivors based upon the survivorship option selected by the retiree, but not to non-spouse survivors.

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, whichever is higher.

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). If you choose to continue to work beyond your service retirement age, a PSO provides protection for your named survivor(s) in the event of your death. 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.

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. You must make this election in writing on a form provided by the ERS. If you elect a PSO, the retirement option can be changed only in the event of marriage, divorce, or retirement.

Survivorship Option: You will be asked when you apply for retirement whether you wish to elect a survivorship, or modify your PSO election if you had made one, to provide a continuing allowance to your named survivor(s) 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(s) after you actually retire, even if your named survivor(s) predecease you.**

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

Cancelling 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.

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 10 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 to be paid 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.
 - You cannot elect a survivorship option that would give your survivor a benefit equal to more than 100% of your own benefit.
 - 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, or a final prorated benefit, whichever is greater.

Survivorship Options and COLAs

You are eligible to receive a 2% COLA starting with the 5th anniversary of your service retirement. Only service retirees are eligible for a COLA.

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.

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 youngest survivor’s) age as of the birthday closest to your retirement date. The following is an example of how the age is calculated for the purpose of determining the option factor:

If your 65th birthday is February 1 and you retire on or before August 1 of that year, you would be no more than 65 years and 6 months on your retirement date; therefore, your age would be rounded down to age 65 for the purpose of determining the option factor. If you retire after August 1 of that year, you would be at least 65 years, 6 months, and 1 day; therefore, your age would be rounded up to age 66. Your survivor’s age is calculated in the same way for the purpose of determining the option factor.

The rounded age difference between you and your survivor determines the option factor to be used in the calculations. If your survivor is younger than you, then the greater the age

difference, the larger the benefit reduction based upon the option factor. If your survivor is older than you, then the greater the age difference, the smaller the benefit reduction based upon the option factor.

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 ERS and ask to speak with a Pension Specialist.

Pension Advance

Chapter 36, under very limited circumstances, allows certain members, between the ages of 60 and 62, retiring on a service retirement to take a pension advance. If you would like more details on this option, please contact the ERS Office.

Taxes and Your Retirement Benefits

Money contributed on your behalf to the ERS, or contributed by you on a pre-tax basis, 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). If you receive a lump sum benefit, you can defer taxes on your benefit until you withdraw it by electing a direct rollover of this one-time lump sum benefit. The option to rollover your benefit is only available if you receive your benefit as a one-time lump sum amount, and not a monthly annuity.

Money that you personally contributed after-tax 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 4%

member contributions) 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, 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. 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.

You must complete your retirement application at least 30 days, and no more than 90 days, prior to your planned retirement effective date. At your appointment, the pension specialist will review your retirement options and help you complete the 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 65—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.

ERS Pre-Retirement Seminars

If you are considering retiring in the near future, you can attend 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, Social Security, and Deferred Compensation 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 further information can be obtained by calling the ERS office. The dates for the seminars are available on DER's website at city.milwaukee.gov/der/Training# and at www.cmers.com. 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.

Other Important Contact Information

MMSD Health Insurance: 414-225-2049

MPS Health Insurance: 414-475-8554

Deferred Compensation:

city.milwaukee.gov/Deferred-Compensation-Plan

414-286-5541

Voya Financial 844-360-6327

(Deferred Compensation's
Third Party Administrator)

www.Milwaukee457.com

Milwaukee County Veterans Services Office 414-266-1234

Milwaukee Retiree Association 414-297-9215

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, if eligible.

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.

Before you can apply for the disability benefit, the ERS may require verification from your department that you are no longer able to perform your duties and that accommodations for work restrictions are not available.

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 will be offset against your duty disability allowance. This may

occur as a deduction from your ERS duty disability allowance, or you may repay the present value of the award in a single lump-sum amount.

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.

Returning to Your Job

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 service 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 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 25, 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, as an active member, you are totally and permanently incapacitated as a result of a non-duty related injury or medical condition, 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).

Generally, this benefit can continue for as long as you remain disabled; however, if you have less than 10 years of service credit, benefits are payable for a period that equals one quarter of your actual creditable service.

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 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.

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.

Applying for Duty or Ordinary Disability Benefits

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 duty disability or ordinary disability 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 65.

Outside Earnings Limit

If you are able to engage in gainful employment while receiving a disability benefit (duty or ordinary disability), a portion of your potential earnings up to having attained the age for service retirement 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.

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 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, but with at least four years of creditable service, you can begin receiving a monthly retirement allowance at age 65. 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 43 for more details.

Your deferred retirement allowance will be calculated through the same formula used to calculate service retirement allowances. (See page 25.) 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 65.

Withdrawal of Contributions and Interest

If you separate from City employment (other than death, retirement or Involuntary Separation, the latter of which is explained on page 44) and you have at least four years of creditable service, you may be eligible, at any time after separation, for a one-time withdrawal of either your accumulated contributions or an actuarial lump sum – whichever is bigger. (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.

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 65.

If, at separation from service, you do choose to withdraw these contributions, and subsequently return to work in a pensionable position at the City or one of the City Agencies, you may become eligible to start accumulating contributions and service towards a second benefit. Your actual pension terms and conditions will be governed by the rules in effect at the time of, and subsequent to, your re-employment.

Return of Employee Contributions

You may receive a refund of your contributions if:

- you separate from ERS service with less than four years of creditable service; or
- you are eligible to withdraw your accumulated contributions,

Please note that by receiving a refund of your contributions, you waive your rights to all future benefits associated with this enrollment period.

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.

Monthly Early Retirement Allowance Formula

Years of Creditable Service x 1.6% =
Multiplier

Multiplier x Final Average Salary = Maximum
Annual Service Retirement Allowance

Maximum Annual Service Retirement
Allowance x Early Retirement Reduction
Factor = Maximum Retirement Allowance
(Annual Benefit)

Maximum Retirement Allowance / 12 =
Monthly Early Retirement Allowance

Immediate Reduced Allowance (Involuntary Separation)

If you are removed or otherwise involuntarily separated from service for any cause, you may be eligible to:

- Elect a monthly actuarially reduced involuntary separation benefit (if you choose this option, your benefit will be reduced based on your current age in a manner similar to the early retirement formula described above. Note: if the monthly benefit is less than \$100 per month (or the minimum provided in the City Charter), you will receive this option in a one-time, lump-sum payment); or
- Elect to defer receiving your full (unreduced) retirement benefit until you reach your minimum service retirement eligibility age; or
- Elect an early retirement benefit at age 55 with 15 years of service; or
- Withdraw your accumulated contributions.

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,

retirement, or death, 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 a lump sum payment.

If you do not make an election to withdraw or begin an immediate allowance within six months of your separation, you will be administratively placed in a deferred status, and you will then be eligible for a deferred retirement allowance at age 65 (or an early retirement allowance at age 55 if you had at least 15 years of creditable service at the time of separation).

Outside Earnings Limit

If you are able to engage in gainful work outside of City employment while receiving an early retirement allowance, a portion of your potential earnings may be offset from your retirement 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 65.

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. Return of your accumulated contributions, plus
2. 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 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 four 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 death. If you had less than four years of creditable service, any contributions paid by you, plus interest earned on those contributions as of your date of death, will be payable to your named beneficiary or estate.

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PROTECTIVE SERVICES EMPLOYEES

**(General City Employees,
please refer to Page 21)**

Benefits Summary – Firefighters and Police Officers

Service Retirement – Firefighters – page 52

- Age 57
- Age 49 with 22 years of fire or police creditable service, if hired prior to July 30, 2016
- Age 52 with 25 years of fire creditable service, if hired on/after July 30, 2016

Service Retirement – Police Officers – page 52

- Age 57
- 25 years of fire or police creditable service (at any age), if hired prior to December 20, 2015
- Age 50 with 25 years of police creditable service, if hired on/after December 20, 2015

Early Retirement (*reduced benefit*) – page 73

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

Deferred Retirement Status – page 71 (*after leaving City employment*)

- Age 57 with 4 years of creditable service

Withdrawal of Contributions and Interest – page 71

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

Immediate Reduced Allowance – page 74

- Involuntary separation from City service (other than death)

Disability Benefits – page 64

- Duty Disability
- Ordinary (non-duty) Disability

Death Benefits – page 76

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

Other Important Information – page 83

ERS Membership

Generally, full-time Protective Service employees of the Milwaukee Fire or Police Department are eligible for membership in the Employees' Retirement System. If you have any questions about your eligibility status, please contact the ERS office.

Enrolling in ERS

Eligible members will be enrolled automatically in the ERS by the payroll departments. You will receive an ERS Membership Application form to complete. You also must complete separate Beneficiary Designation Forms for pension benefits and group life insurance

Member Contributions

To help fund your ERS benefits, member contributions in an amount equal to 7% of your pensionable earnings are due and are deducted from your paycheck on a pre-tax basis. "Pensionable earnings" exclude any overtime pay you may receive.

If you are a member of the Milwaukee Police Association (MPA), you contribute to the ERS each year an additional \$1.00 of your salary and \$1.00 of your longevity pay. These contributions are deducted from your paycheck on a post-tax basis.

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 49 with 22 years of service, if hired prior to 7/30/2016*
- Age 52 with 25 years of Fire service, if hired on/after 7/30/2016

Police Officers

- Age 57
- 25 years of service (at any age)*
- Age 50 with 25 years of Police service, if hired on/after 12/20/2015

**Only creditable service earned while in a Protective Service position applies.*

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 74 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 Service employee.

- **Percentage multiplier:** 2.5% times 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 may be included in your final average salary.

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

Notes:

- If you earned creditable service as a non-Protective Service 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 25.)
- Your Maximum Retirement Allowance cannot exceed 90% of your Final Average Salary.
- If your calculated monthly allowance is less than \$100, your total benefit will be 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 51, 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

$62.50\% \times \$63,000$ 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.

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). The amount of this service credit will be added to the years of creditable service used to calculate your service retirement allowance.

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% ($26.5 \times 2.5\%$).

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.

If you go on an authorized military leave of absence while an active employee, that time may be included as creditable service.

Consumer Price Index Cost of Living Adjustments (CPI COLAs)

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.

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 COLA is also guaranteed to be at least 2% regardless of the change in the CPI.

Here is an example of how the 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) = \60.00	\$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.

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 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, 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 PSO election eligibility period stated above. The ERS will contact you when you become eligible to elect a PSO.

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

The following 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 to be paid 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.
 - You cannot elect a survivorship option that would give your survivor a benefit equal to more than 100% of your own benefit.
 - 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 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 based on the survivorship percentage you elected on your PSO or at retirement.

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 youngest survivor’s) age as of the birthday closest to your retirement date. The following is an example of how the age is calculated for the purpose of determining the option factor:

If your 57th birthday is February 1 and you retire on or before August 1 of that year, you would be no more than 57 years and 6 months on your retirement date; therefore, your age would be rounded down to age 57 for the purpose of determining the option factor. If you retire after August 1 of that year, you would be at least 57 years, 6 months, and 1 day; therefore, your age would be rounded up to age 58. Your survivor’s age is calculated in the same way for the purpose of determining the option factor.

The rounded age difference between you and your survivor determines the option factor to be used in the calculations. If your survivor is younger than you, then the greater the age difference, the larger the benefit reduction based upon the

option factor. If your survivor is older than you, then the greater the age difference, the smaller the benefit reduction based upon the option factor.

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 ERS.

Taxes and Your Retirement Benefits

Most retirement benefits are generally taxable and the rules provided by the IRS are applied to these benefits. Certain payments to duty disabled retirees, however, may be non-taxable.

Money that you personally contributed on a **post-tax** basis will not be taxed by the federal or state government when you receive it because it was taxed at the time you earned it. If you receive a monthly annuity, the total post-tax contributions are divided across your annuity payments in accordance with IRS regulations and are excluded from your tax calculations.

The ERS staff does not provide tax advice. If you have questions about the tax implications of your pension benefits, 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 to request an estimate of your pension benefit under the different payment options. 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.

Other Important Contact Information

Deferred Compensation:

city.milwaukee.gov/Deferred-Compensation-Plan

414-286-5541

Voya Financial
(Deferred Compensation's
Third Party Administrator)

844-360-6327

www.Milwaukee457.com

Milwaukee County Veterans
Services Office

414-266-1234

Milwaukee Retiree Association

414-297-9215

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

You can apply for one or both types of disability benefits, 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.

Before you can apply for the disability benefit, the ERS requires verification from the member's department that the member is no longer able to perform his/her duties and that accommodations for permanent work restrictions are not available.

If you receive payments under the Wisconsin Worker's Compensation Act for the same disability (a Permanent Partial Disability award) the value of such payments will be offset against your duty disability benefit allowance. This may occur as a deduction from your ERS duty disability allowance, or you may repay the present value of the award in a single lump-sum amount.

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

- 75% Duty Disability
- 90% Duty Disability

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 based upon the current annual salary for your position in accordance with the salary ordinance in effect. In addition, you will receive an allotment of \$40 per month for each child under the age of 18 (total child allotment cannot exceed 20% of the current annual salary for your position).

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 Consumer Price Index (CPI) COLAs.

90% Fire and Police Duty 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 current annual salary, and your allowance will change based upon the current annual salary for your position in accordance with

the salary ordinance in effect (reduced by the value of any worker's compensation payments you receive for the same disability). You will not convert to a service retirement. In addition, you will receive an allotment of \$40 per month for each child under the age of 18 (total child allotment cannot exceed 20% of the current annual salary for your position).

Upon your death while receiving a 90% duty disability allowance, 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 or Medical Council 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.

Conversion to Service Retirement or Election of Extended Life Duty Disability

Generally, your eligibility for the 75% duty disability allowance continues until the first of the next month 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 52, using the current 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, your extended life duty disability allowance will be limited to the lesser of the service retirement allowance or 75% of the current annual salary for your position. Your extended life duty disability allowance will not be less than 57% for a Firefighter, or 60% for a Police Officer, of the current annual salary for your position. The extended life duty disability allowance is partially non-taxable. 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.

Ordinary (non-duty) Disability Benefits

If, as an active member, you are totally and permanently incapacitated as a result of a non-duty related injury or medical condition, 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 Fire or Police 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.

Before you can apply for the disability benefit, the ERS requires verification from the member's department that the member is no longer able to perform his/her duties and that accommodations for permanent work restrictions are not available.

The amount of your ordinary disability allowance will not increase over time, except for annual COLAs.

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

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 Council. The Medical Council may also request an independent medical examination by a third, independent doctor. The City pays for the medical examination, but not for incidental costs such as travel.

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.

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 (or Medical Council) 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 and recommendation from the ERS Medical Council 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.

Outside Earnings Limit

If you are able to engage in gainful work outside of City employment while receiving a duty disability allowance, 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.

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 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 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 deferred 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 73 for more details.

Your deferred retirement allowance will be calculated through the same formula used to calculate service retirement allowances. (See page 52.) 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 10 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.

However, 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.

If you have *less than* four (4) years of creditable service when you leave City employment and you waive your right to a future pension, you can withdraw any contributions you yourself made to the System, plus interest on those contributions. (Note: any interest credited after your year of separation is reduced by one half.)

If you have less than four years of creditable service when you leave City employment, and you do not withdraw your funds at the time of separation, if you do not return to work with the City or one of its agencies within five years of separation, contributions you made yourself to the system, plus interest on those contributions will be administratively returned to you. (Note: any interest credited after your year of separation is reduced by one half.)

If, at separation from service, you do choose to withdraw these contributions, and subsequently return to work in a pensionable position at the City or one of the City Agencies, you may become eligible to start accumulating contributions and service towards a second benefit. Your actual pension terms and conditions will be governed by the rules in effect at the time of, and subsequent to, your re-employment.

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	
<u>Age at Early Retirement</u>	<u>Approximate Reduction Factor</u>
55	0.82
56	0.90

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):

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

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

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

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

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.

Outside Earnings Limit

If you are able to engage in gainful work outside of City employment while receiving an early retirement allowance, a portion of your potential earnings may be offset from your retirement 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 57.

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 a lump sum payment.

If you do not make an election to withdraw or begin an immediate allowance within six months of your separation, you will be administratively placed in a deferred status, and you will then be eligible for a deferred retirement allowance at age 57 (or an early retirement allowance at age 55 if you had at least 15 years of creditable service at the time of separation).

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 performing your job.

Duty death benefits consist of two portions:

1. Return of your accumulated contributions, plus
2. A non-taxable 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 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 10 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 death.

ELECTED OFFICIALS

Summary of Benefits

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 22 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

If you enrolled as a member of the ERS on or after January 1, 2014, member contributions, to help fund your ERS benefits, are made to the Employees' Retirement System in an amount equal to 4% of your pensionable earnings. These contributions are deducted from your paycheck on a pre-tax basis. "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.)

Retirement Benefits

The retirement allowance formula is based on your years of creditable service, a percentage multiplier and your final average salary. The percentage multiplier used in calculations for Elected Officials is 1.6%.

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 25 for an example of how retirement allowances are calculated for General City employees.)

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OTHER IMPORTANT INFORMATION

ERS Review and Appeal Procedures

As a member, with the exception of issues that involve the interpretation of the law, you have the right to request that an ERS decision, such as determination of a benefit amount, be reviewed for modification or reversal. The procedures for making this request are set forth by Wisconsin state 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 10 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 ERS/Board, upon review, may be represented by counsel, and may 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 10 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 website. Click on the “Library” link, then “Rules and Regulations.” Board Rule XX describes the review process, and Board Rule 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.

A Government Pension Offset provision also exists 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.

DOMA Ruling

As a result of the U.S. Supreme Court ruling on the federal Defense of Marriage Act (DOMA), the Internal Revenue Service (IRS) issued Revenue Ruling 2013-17, effective September 16, 2013, related to same-sex marriages. Revenue Ruling 2013-17 directs that the ERS must recognize a same-sex spouse as a spouse for purposes of compliance with federal tax laws related to qualified retirement plans, if the marriage was validly entered into in a jurisdiction whose laws authorize the marriage, even if the married couple lives in a jurisdiction that does not recognize the validity of same-sex marriage. Please contact a pension counselor with any further questions you may have regarding this change.

ERS Administrative Information

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

- The ERS is a qualified defined benefit plan as described under section 403(b) of the Internal Revenue Code.
- The 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

Accidental Death Benefits. See Duty Death Benefits.

Accumulated Contributions. Member and employer contributions accumulated with Regular Interest.

Annuity and Pension Board. See Board.

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 upon your death.

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.

City Agency. City agencies include any board, commission, division, department, office, or agency of the city government, including Milwaukee Public Schools, Wisconsin Center District, Milwaukee Metropolitan Sewerage District, Housing Authority of the City of Milwaukee, Redevelopment Authority of the City of Milwaukee, and Milwaukee Area Technical College.

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. These benefits are also referred to as Accidental Death benefits.

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 but less than 30 years (less than 25 years for Protective Service 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 Service employees.)

Final Prorated Benefit Amount. The portion of a benefit that has been earned (but not yet paid) by a beneficiary (retiree or survivor) prior to the beneficiary's death.

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 Service employees.

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

Guaranteed Benefit Amount. A member (or his/her beneficiaries) is guaranteed to receive a minimum retirement allowance that equals the Accumulated Contributions.

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 and all other officers. In this handbook, Police Officers are sometimes referred to as Protective Service 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.

Regular Interest. The interest rate that is applied to a member's Accumulated Contributions balance. This rate is set by the Board (currently this is set at 4%).

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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