MILWAUKEE ERS Employes' Retirement System

City of Milwaukee
Employes' Retirement System

Bernard J. Allen
Executive Director

David M. Silber, CFA, CAIA
Chief Investment Officer

Melody Johnson
Deputy Director

September 11, 2025

Mr. Jim Owczarski
City Clerk
Room 205, City Hall

Dear Mr. Owczarski:

Please be advised that a Meeting of the Administration & Operations (A&O) Committee Meeting of the Annuity and Pension Board of the Employes' Retirement System has been scheduled for **Thursday, September 18, 2025 at 9:00 a.m.** *Special Notice: the meeting will be held remotely via video conference. Instructions on how to observe the meeting will be available on ERS's website (www.cmers.com) prior to the meeting.*

The agenda is as follows:

I. Internal Audit Status Update – Presentation by CliftonLarsonAllen (CLA).
   A. Business Continuity Planning Audit.

Please be advised that the Administration & Operations Committee may vote to convene in closed session on the following item (I.B.), as provided in Section 19.85(1)(d), to consider "strategy for crime detection and prevention." The Committee may then vote to reconvene in open session following the closed session.

   B. IT General Controls Audit.

II. Presentation of 2024 Annual Comprehensive Financial Report (ACFR) – by Daniel Gopalan.

III. Approval of Annual Report of the Annuity & Pension Board 87th Edition, December 31, 2024.

IV. IT Projects Portfolio.

V. Organizational/Personnel Update.

Sincerely,

Bernard J. Allen
Executive Director

BJA:jmw

789 N. Water Street, Suite 300, Milwaukee, WI 53202 • Phone 414-286-3557 or 1-800-815-8418 • Fax 414-286-8428

MILWAUKEE

Internal Audit Update City of Milwaukee Employes' Retirement System

Administration and Operations Committee

September 17, 2025

We'll get you there.

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Executive Summary

Since the presentation of the Internal Vulnerability, External Vulnerability and Purple Team Assessments on March 20, 2025, CLA has completed the Business Continuity and ITGC Audits.

A description of the detailed audit procedures and findings performed for each audit can be found in the full internal audit reports that have been provided separately.

2025 Audit Plan is provided for review and discussion

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2024 Audit Plan

2024 Audit Plan	Est. Hours	Actual Hours*	Actual Cost*	Status	Status/Comments
Enterprise Risk Assessment	60	32.5	$7,660	Complete	Presented 11/26/2025
Contributions Audit	60	58	$13,930	Complete	Presented 3/20/2025
Benefit Payroll Audit	80	52	$11,960	Complete	Presented 3/20/2025
Business Continuity	100	108	$18,183	In-Progress	Presented 9/17/2025
IT General Controls (includes SOC Review)	200	202	$34,845	In-Progress	Presented 9/17/25
Internal Vulnerability Assessment	120	Project Billed	$22,920	Complete	Presented 3/20/2025
External Vulnerability Assessment	65	Project Billed	$12,415	Complete	Presented 3/20/2025
Purple Team Assessment	30	Project Billed	$5,730	Complete	Presented 3/20/2025
Engagement Management Fees	89.5	89.5	$26.605	On-Going	Oversight, administration and meetings
Totals	810	542	$154,248		
Budgeted Cost	$143,495				

** Totals through 9/2/25*

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2025 Audit Plan

2025 Audit Plan	Hours Budget	Target Start Date	Comments
Entity Levels Controls & Governance	50	Q2 2025	In Progress
Accounting & Finance	80	Q3 2025	
Benefit Calculation Process	100	Q2 2025	In Progress
Investment Management	80	Q3 2025	
IT General Controls (SOC Services)	100	Q1 2026	
Internal Vulnerability Assessment	120	Q3 2025	
Engagement Management	95	On-Going	Oversight, administration and meetings
Totals:	625		
Budgeted Cost:	$114,855		

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Questions

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Business Continuity and Disaster Recovery Internal Audit

City of Milwaukee

Employes' Retirement System

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Background

At the request and direction of the Administration and Operations (A&O) Committee, an audit of Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) processes and controls for the City of Milwaukee Employes' Retirement System (CMERS) was performed during the period from October 31, 2024, through January 20, 2025. The audit aimed to review, evaluate, and test the organization's Business Continuity and Disaster Recovery processes against leading practices. It also sought to assess internal processes and controls to identify any deficiencies within the internal control environment, including potential control design or operating deficiencies. This audit cannot be relied upon to disclose errors, fraud, or noncompliance with laws and regulations.

We have concluded our consulting engagement to perform the procedures described in the attached report. These procedures, which were agreed to by CMERS, were applied solely to assist in evaluating the internal controls of CMERS. Management of CMERS is responsible for their operations and internal controls. The execution and maintenance of adequate internal controls is solely the responsibility of the management of CMERS. Consequently, we make no representations regarding the sufficiency of the procedures described in the attached document either for the purpose for which this report has been requested or for any other purpose.

CliftonLarsonAllen (CLA) was not engaged by CMERS to conduct a financial audit, which would involve expressing an opinion on the financial statements. If we had been hired to perform such an audit in accordance with U.S. generally accepted auditing standards, other issues might have come to our attention and been reported to you. Our engagement is an internal audit project and will be done in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants ("AICPA"). Consequently, we do not express any opinion on the effectiveness of CMERS's controls over any part of its financial statements.

Internal Controls Assessment Objectives and Scope

The objective of a Business Continuity and Disaster Recovery audit is to review, evaluate, and test the processes and controls currently in place for CMERS against leading practices. This includes assessing the adequacy of the design and effectiveness of control activities, verifying the documentation supporting the BCP/DRP, and identifying deficiencies within the internal control environment. The audit aims to ensure that the organization's BCP/DRP processes are robust and effective in mitigating risks and ensuring business continuity in the event of a disaster.

The scope of the assessment encompassed several key areas:

1. Evaluate the documentation to support the BCP/DRP for the organization.
2. Understand and verify the adequacy of the design of control activities.
3. Verify the effectiveness of the operation of control activities.
4. Evaluate the effects or potential effects of inadequately designed controls and controls that are not operating effectively in order to develop recommendations for improvement.

The following processes and sub-processes were in-scope in each area:

The objective of the BCP and DRP Audit included the review of processes and controls related to the design and test of operating effectiveness, including:

1. BCP/DRP Plan Overview
    a. Risk Assessment –
    b. Business Impact Analysis (BIA)
    c. Recovery Goals (Recovery Time Objective and Recovery Point Objective)
    d. Recovery Scope
    e. Plan Assumptions and Limitations
    f. Key Terms and Definitions
    g. Roles and Responsibilities
    h. Plan Summary
    i. Plan Phases
    j. Plan implementation, testing, training and ongoing maintenance

Procedures Performed

The Business Continuity and Disaster Recovery Internal Audit was performed in collaboration with members of CMERS.

As part of the audit, various techniques were used to audit and assess the effectiveness of the internal controls, including:

1. Interviewed members of CMERS

    a. Terry Siddiqui, IT Consultant

    b. Jeffrey Shober, Chief Technology Officer

2. Gathered supporting documents describing current state processes (e.g., policies, procedures, screenshots, flowcharts, reconciliations, analyses, etc.)

3. Gathered evidence and tested CMERS processes and controls for the following functions:

    c. Business Continuity Plan (BCP)

    d. Business Impact Analysis (BIA)

    e. Disaster Recovery Plan (DRP)

Below is the executive summary of our observations.

Audit and Assessment Results – Executive Summary

All the established processes and controls that were assessed during the audit were identified to be Effective. Management has established defined and documented formalized processes, procedures, and transaction flows that are regularly updated. This level of maturity is considered suitable for these control environments by management and internal audit.

Processes	Control Description	Control Deficiency?	Issues Identified	Process Maturity Level
BCP Governance	Establishing and maintaining a formal Business Continuity Plan, including oversight and personnel assignment.	**None**	**Yes**	**Defined**
Risk and Impact Analysis	Conducting Business Impact Analysis (BIA), risk assessments, and data classification.	**None**	**Yes**	**Defined**
Training	Employees are participating and completing training on business continuity.	**None**	**Yes**	**Defined**
Testing and Updates	Testing of the BCP/BIA is completed and policies/procedures were updated accordingly.	**None**	**Yes**	**Defined**
DR Plan Specifics	Documentation/governance for manual workarounds for disruptions.	**None**	**Yes**	**Defined**
DR Governance	Establishment, review, and testing of the DR plan.	**None**	**Yes**	**Defined**
Vendor Management, Backup and IT Operations	Management of vendors, backups, network and IT assets.	**None**	**Yes**	**Defined**
PROCESS MATURITY DEFINITIONS				
***DEFINED MATURITY**	**Policies and processes are established and are reviewed and updated as needed, e.g., annually to reflect changing business needs; preventive and detective controls are employed but are primarily reliant on manual activities; performance monitoring is performed using a mix of manual and automated processes. *See Appendix for all Maturity Definitions.***			

Following the conclusion of our testing of CMERS Internal Control Environment, we did not identify observations within our testing of the Business Continuity Plan and Impact Analysis, or within our testing of the Disaster Recovery Plan.

Observations, Recommendations, and Management Responses

There were no identified observations or recommendations as a result of our review.

Closing

We would like to acknowledge and thank management with whom we interacted. The time, effort, and discussions they provided were instrumental in our understanding and provided the necessary information to complete our project. During the course of our assessment and audit, management and personnel provided all the materials requested and answered all of our questions promptly.

* * * * * * * * *

This report has been prepared in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants ("AICPA") and is solely for use by management. It is not intended for use, in whole or in part, by outside parties without the specific consent of CliftonLarsonAllen LLP.

CliftonLarsonAllen LLP
January 20, 2025

Appendix

Maturity Definitions

Capability Level	Capability Description	Capabilities Attribute
5. Optimized	Policies and processes are continuously reviewed and improved within a highly automated control environment.	• Processes and controls are continuously reviewed and improved. • Preventive and detective controls are highly automated to reduce human error and cost of operation. • Comprehensive, defined performance metrics exist, with extensive automated performance monitoring. • Extensive use of best practices, benchmarking, and/or self-assessment to continuously improve process.
4. Managed	Policies and processes are documented, standardized, regularly updated and controls increasingly use automation.	• Procedures and controls are well documented and kept current. • Preventive and detective controls are employed, with greater use of automation to reduce human error. • Many metrics are used with a blend of automated and manual performance monitoring. • Best practices and/or benchmarking are used to improve process
3. Defined	Policies and processes are established and are reviewed and updated as needed (e.g., annually) to reflect changing business needs; preventive and detective controls are employed but are primarily reliant on manual activities; performance monitoring is performed using a mix of manual and automated processes.	• Procedures are well documented, but not kept current to reflect changing business needs. • Preventive and detective controls are employed, still reliant on manual activities. • Some metrics are used, but performance monitoring is still manual and/or infrequent. • Generally occurs during periodic (e.g., annual) policy and procedure renewal.
2. Repeatable	Some standard processes are defined and success depends largely on "tribal knowledge" and detective controls.	• Some standard procedures exist, relies on “tribal knowledge.” • Mostly detective are in place, minimal preventive controls, and highly manual. • Few performance metrics exist, thus performance monitoring is inconsistent or informal. • Most likely in reaction to audits or service disruptions.
1. Initial	Few processes are defined and success depends on individual effort and heroics.	• No formal procedures exist. • Controls are non-existent or primarily in reaction to a “surprise.” • There are no metrics or performance monitoring.

The Employes' Retirement System of the City of Milwaukee

A&O Committee

September 18, 2025

2024 Annual Comprehensive Financial Report (ACFR) Review

Dan Gopalan, CPA

ERS Chief Financial Officer

MILWAUKEE ERS Employes' Retirement System

Audit Background

- Under Wisconsin 2023 Act 12, the WI Legislative Audit Bureau (LAB) is required to perform an annual audit of ERS' financial statements, review for any illegal transactions, and report on ERS' internal controls.
  - This is LAB's second year auditing ERS. As part of their audit of the financial statements, LAB also performed an actuarial audit of ERS using a 3rd party actuarial consultant.
  - LAB reports to the WI Joint Legislative Audit Committee.

MILWAUKEE ERS Employes' Retirement System

Audit Results

- Unqualified opinion (clean opinion) on ERS' financial statements.
  - No material weaknesses in internal controls or findings related to financial reporting.
- Overall, the 2024 audit process was much smoother than the initial financial audit for 2023.
- As noted in LAB's audit communication to the Board:
  - LAB did not encounter any significant difficulties or disagreements with ERS management.
  - There were no significant unusual transactions or uncorrected material misstatements identified by LAB.

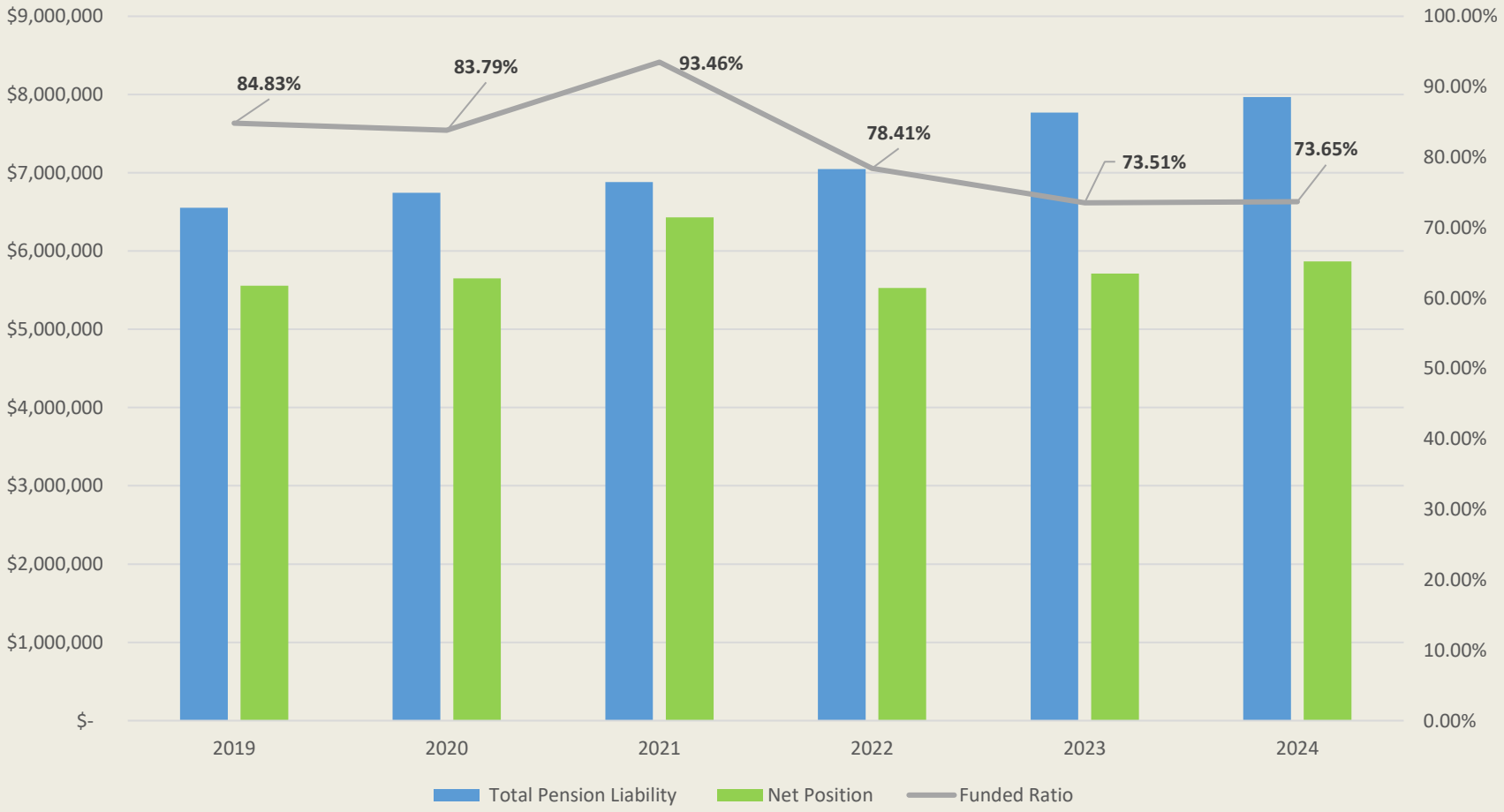
MILWAUKEE ERS Employes' Retirement System

LAB Finding of Non-compliance

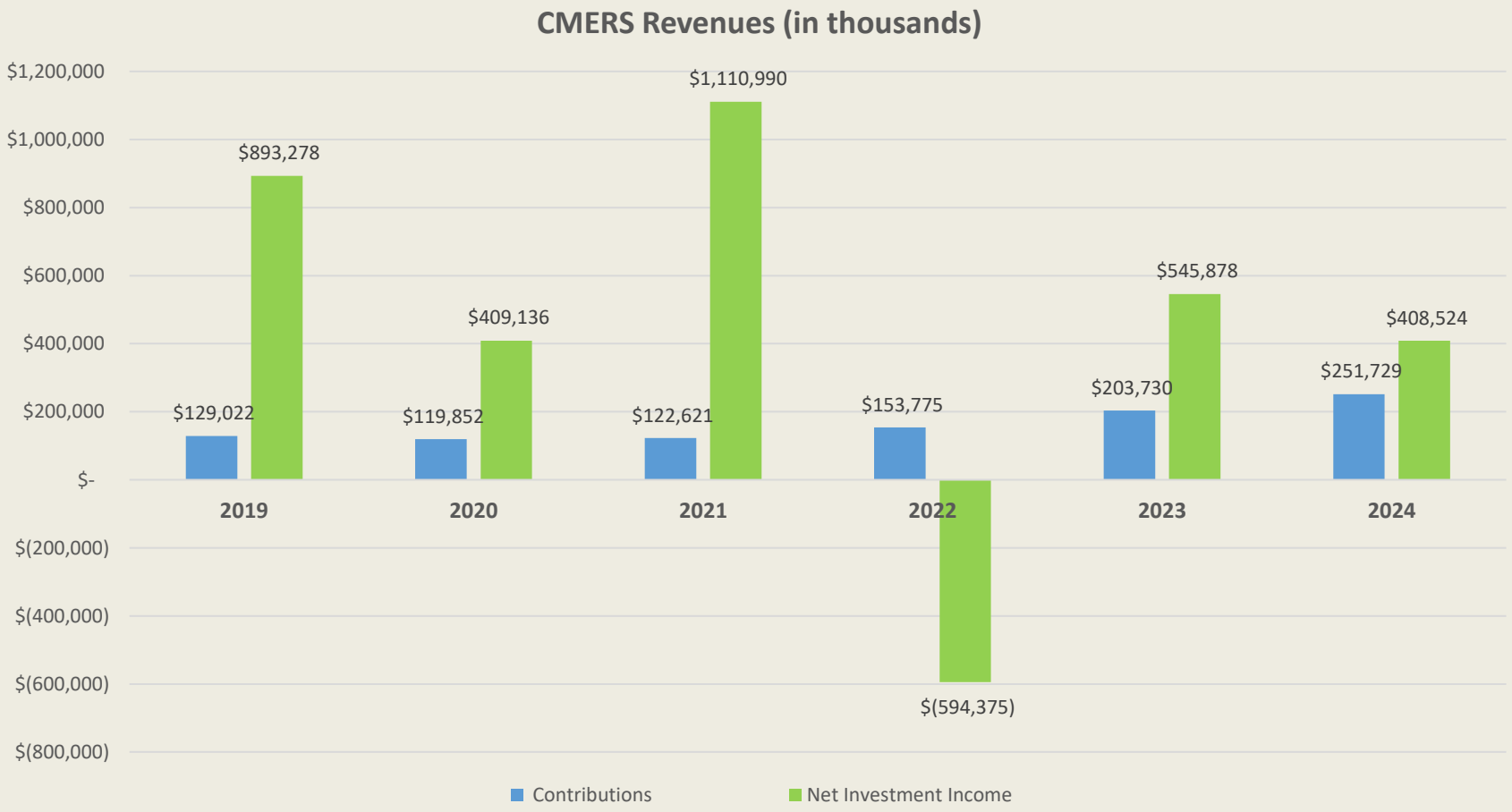
- Nine employees were incorrectly enrolled in the ERS instead of the WRS, based upon the initial determination by ERS employer agencies.
- 2024 was the first year of implementing new enrollment procedures due to the closure of the plan to new hires under WI Act 12. ERS also acts as the City's agent for WRS enrollments. Between the ERS and WRS, we enrolled 818 new hires in 2024.
  - Most enrollees were identified by ERS as being incorrectly enrolled and their enrollments had already been corrected or in the process of being corrected by the time they were identified by LAB.
- LAB recommended strengthening our enrollment procedures, refunding any employee contributions made in error, and reporting the status of the ERS' efforts to the WI Joint Legislative Audit Committee.
  - Corrective Action:
    - All nine employees identified have had their pension plan enrollment corrected and ERS has refunded contributions.
    - Going forward, ERS will flag any new ERS enrollment and this will trigger a manual review by ERS Staff. ERS will also step up our efforts to educate the hiring departments/personnel on pension plan enrollment eligibility to reduce the risk of mis-enrollment by the employers.

MILWAUKEE ERS Employes' Retirement System

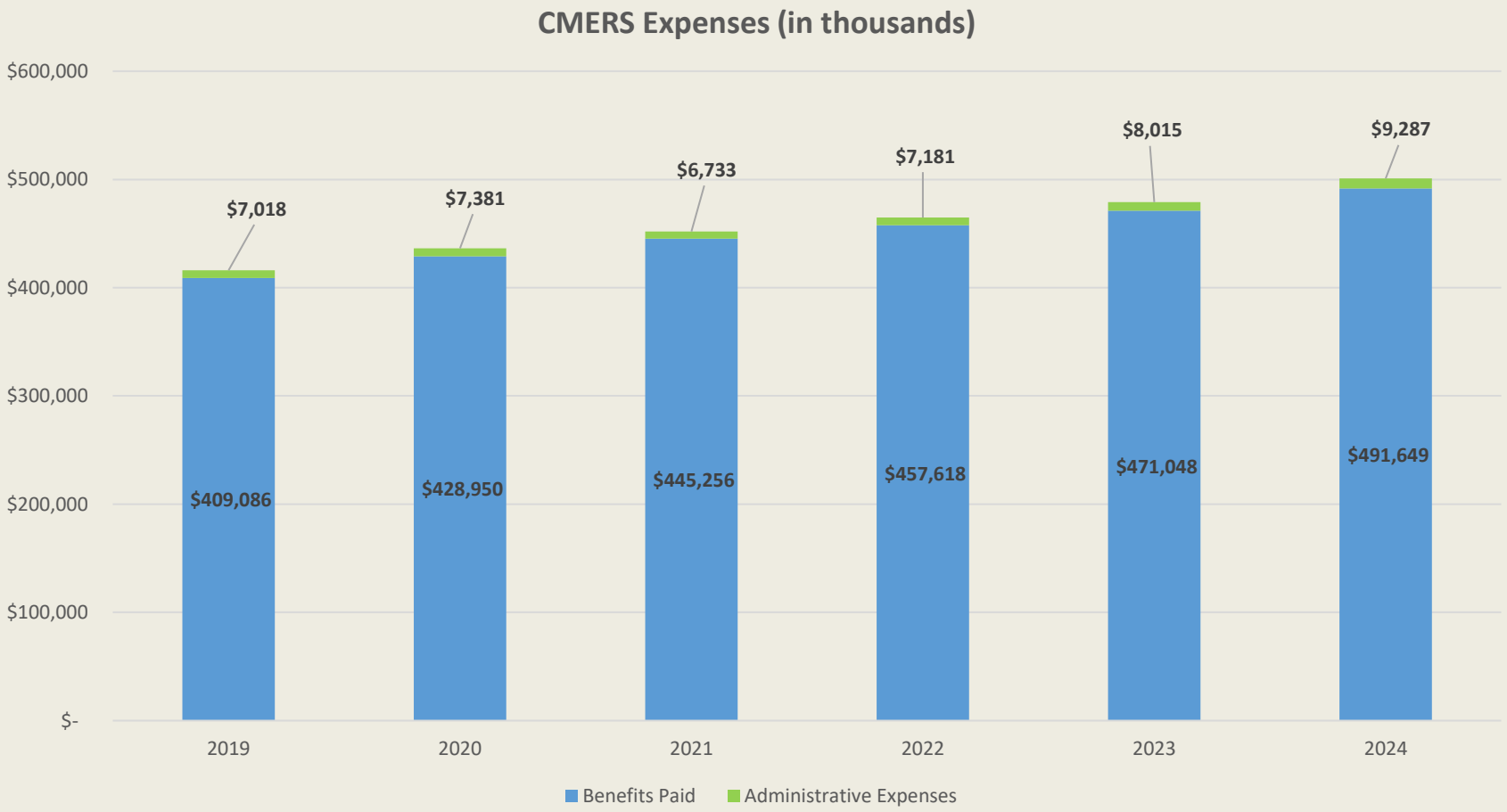
ACFR Highlights
Funded Ratio under GASB 67



Net investment income is 79% of Revenue from 2019 to 2024



Benefit Payments increased 20% from 2019 to 2024



Going forward

- ERS has already started implementing the recommendations from LAB and has communicated this to the WI Legislative Joint Audit Committee.
- Employer contributions have increased almost 300% since 2019, but Act 12 sales tax proceeds will provide a dedicated source of funding to the ERS for the next 29 years.
- Overall, ERS remains financially stable, with our funded status increasing slightly from 2023.
- Any questions?

MILWAUKEE ERS Employes' Retirement System

EMPLOYES' RETIREMENT SYSTEM
OF THE CITY OF MILWAUKEE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended December 31, 2024

Employes' Retirement System of the City of Milwaukee
789 North Water Street, Suite 300
Milwaukee, Wisconsin 53202

ANNUAL COMPREHENSIVE FINANCIAL REPORT

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE

A pension plan located in the State of Wisconsin

For the year ended December 31, 2024

Prepared by:
Bernard J. Allen, Executive Director,
David Silber, CFA, CAIA, Chief Investment Officer, &
Daniel Gopalan, CPA, Chief Financial Officer

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INTRODUCTORY SECTION

City of Milwaukee
Employes' Retirement System

Bernard J. Allen
Executive Director

David M. Silber, CFA, CAIA
Chief Investment Officer

Melody Johnson
Deputy Director

Executive Director's Letter of Transmittal

August 12, 2025

To Our Members, Employers, and Other Interested Parties:

On behalf of the Annuity and Pension Board (the Board) of the Employes' Retirement System of the City of Milwaukee (ERS, the System, or the Plan), we are pleased to present this Annual Comprehensive Financial Report (ACFR) of the Employes' Retirement System of the City of Milwaukee as of and for the year ended December 31, 2024.

ERS is a defined benefit plan created under Chapter 396 of the Laws of Wisconsin of 1937 and the City of Milwaukee Charter, Chapter 36. ERS is a qualified retirement plan under the Internal Revenue Code. The ERS Pension and Annuity Board (the Board) serves as trustee of the Plan. ERS is closed to new members hired after January 1, 2024 as a result of WI 2023 Act 12.

ERS was created to provide retirement, survivor, and disability benefits to eligible employees. Currently, this includes eligible employees of the City of Milwaukee and some of its agencies, such as Milwaukee Metropolitan Sewerage District, Wisconsin Center District, Veolia Water Milwaukee LLC, Milwaukee Housing Authority, and non-certified staff of Milwaukee Public Schools (Agencies).

Financial Information

The System's administration is responsible for the accuracy of the data, completeness, and fairness of the presentation of the ACFR, including all disclosures. The Plan's record-keeping, financial statements, and investment controls are also performed by the System's administration. To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the fiduciary net position and the change in fiduciary net position. All disclosures necessary to enable the reader to gain an understanding of the Plan's financial activities have been included. Users of this report are strongly encouraged to review the Management's Discussion and Analysis (MD&A) portion of the financial section in order to obtain a more complete understanding of ERS' financial condition and activity.

Major Initiatives

There were three major undertakings during 2024: Glide Path Analysis, Information Technology Upgrades, and Workday Implementation.

Asset Allocation Glide Path Analysis: ERS is closed to new members hired after January 1, 2024 as a result of WI 2023 Act 12. In early 2024, the Annuity and Pension Board, with the recommendation of ERS' investment consultant, Callan LLC, started work on a glide path analysis. Utilizing Callan's capital market assumptions and the ERS' liabilities as forecasted by the ERS' actuary, Cavanagh McDonald, the Board considered various options presented to them by Callan that forecast, with at least a 50% probability, that

the ERS will achieve fully funded status in 30-years. This evaluation analyzed forecasted return, risk, and liquidity considerations with the goal of de-risking the portfolio as funding status improves. The Board approved a glide path in April 2025, which resulted in new asset allocation targets that Callan forecasts can achieve a return that exceeds 6.8% over the next 10-years at a lower expected volatility than the ERS' previous asset allocation targets.

Information Technology Upgrades: In 2024, the ERS continued security enhancements and upgrades to its IT infrastructure and disaster recovery/business continuity portfolio. The ERS completed the implementation of a SIEM (System Incidence and Event Management) logging solution which now provides better insight and ability to correlate security events. We continue to operate with a SOC (Security Operations Center) provider with enhanced response and risk mitigation functions. Additional security features were implemented on the member self-service site to mitigate risks to data and access to the systems. Regular updates to the entire infrastructure were performed to keep all devices under support. These efforts were instrumental in the ERS getting a lower renewal premium for its cyber insurance. Work continued on upgrading key components of the MERITS software architecture, including additional client driven reviews and upgrades of the user navigation tools and security components within the product.

Workday Implementation: The City of Milwaukee officially announced that the City has started the process of replacing its current enterprise resource planning (ERP) system in 2024. Workday was selected to be the replacement ERP. The City has a citywide interdepartmental project team leading the implementation of Workday. Workday is a cloud-based platform that will streamline human resource and financial business operations. ERS staff has participated in meetings for the design of Workday and will continue to work with the City as necessary. The City expects to go-live with Workday in July 2026.

Actuarial and Funding Results

ERS' consulting actuary, Cavanaugh MacDonald, prepared three actuarial reports. The three reports are as follows:

- The actuarial valuation is prepared for funding purposes and produced annually. Cavanaugh Macdonald prepared the current actuarial valuation as of January 1, 2023. In 2023, the actuarial valuation was prepared twice. The *first* January 1, 2023 valuation was approved at the June 28, 2023 meeting of the Board and determines the contributions due to ERS from employers for Plan Year 2023. After the passage of 2023 Wisconsin Act 12 (Act 12), the *second* actuarial valuation as of January 1, 2023 was prepared and reflects the impact of Act 12. The second January 1, 2023 valuation determines the contributions due to ERS from employers on for Plan Year 2024. The *second* January 1, 2023 actuarial valuation was approved by the Board in March 2024.
- The GASB Statement No. 67 report is prepared annually, with the most recent report completed as of December 31, 2024 by Cavanaugh Macdonald. The GASB 67 report focuses on the reporting aspects of ERS' assets and liabilities.
- The experience study is completed every five years and the study sets the actuarial assumptions used to calculate the pension liabilities for ERS. Cavanaugh MacDonald completed the most recent experience study based on a measurement date of December 31, 2021. The experience study was adopted at the February 27, 2023 meeting of the Annuity and Pension Board.

The *second* actuarial valuation was conducted on January 1, 2023 to determine the employer contributions for Plan Year 2024. The valuation showed the actuarial value of assets was $5.85 billion as of January 1, 2023. The actuarial accrued liability was $7.63 billion, the unfunded actuarial liability was $1.78 billion, and the present value of future normal costs was $915 million. The System's funded ratio, which is the ratio of actuarial assets to actuarial liability, decreased from 82.7% for Plan Year 2023 to 76.6% for Plan Year 2024. The decrease in the funding ratio is due to the impact of Act 12, specifically the reduction in the

discount rate from 7.5% to 6.8%. As described above, the contributions for Plan Year 2023 were determined by the *first* January 1, 2023 valuation and the contributions for Plan Year 2024 were determined by the *second* January 1, 2023 valuation.

The required employer contribution is determined actuarially, based on the annual cost of accrual of benefits and amortization of the unfunded actuarial liability offset by employee contributions. The recommended employer contribution for 2024 was $217.2 million for all ERS employers and was due to ERS by January 1, 2024. Any unpaid balance will accrue interest at 6.8% on an annual basis.

Additional information regarding the actuarial valuation can be found in the Actuarial section of this report.

For GASB 67 reporting purposes, the System's Fiduciary Net Position (FNP) increased from $5.71 billion as of December 31, 2023 to $5.87 billion as of December 31, 2024. This was a 2.7% increase from 2023's net position. The FNP was insufficient to offset the Total Pension Liability (TPL) of $7.97 billion as of December 31, 2024 resulting in a Net Pension Liability (NPL) of $2.10 billion as provided on page 40. The NPL is the TPL less the FNP. This represents an increase of $40.7 million in NPL from 2023. All data related to GASB 67 is provided in the Notes to Basic Financial Statements and the Required Supplementary Information sections.

Investments

The Board is responsible for the investment of the System's assets. The responsibilities of the Board relating to the investment management of the System's assets include: establishing reasonable investment objectives and policy guidelines; using reasonable care, skill and caution in selecting investment professionals; and evaluating performance results of investment managers and other investment professionals on a systematic and regularly scheduled basis. The Board has a fiduciary duty to exercise its investment authority prudently and solely in the interest of the System's participants and beneficiaries.

The System's overall investment goal is to provide participants with retirement, disability and death and survivor benefits. To achieve this goal, the System has established investment policies with the purpose to obtain the highest return possible on its investments within corresponding acceptable levels of investment risk and liquidity requirements in recognition of prudent person standards and applicable local, state, and federal laws.

It is also the System's objective to earn or exceed the actuarial assumption rate or to outperform its policy benchmark over the long term. The System's 6.8% net of fee return, which met the actuarial assumption rate of 6.8%, underperformed the policy benchmark for the year, which was 10.8% in 2024. The System's net of fee return underperformed the policy benchmark over the past 3- and 5-year periods as well. However, the Fund and all of the asset classes the Fund invests in have generated positive returns and either matched or exceeded their respective benchmarks over the past 10 years, net of fees. Please see the Schedule of Investment Results on page 73 of this report for further detail.

The investment consultant provides the Board with quarterly and annual evaluation reports. Their annual analysis and the target asset allocation is found in the Investment Section of this report. Please refer to the MD&A for more investment and financial analysis.

Professional Services

The Board retains professional consultants to prudently discharge its fiduciary responsibility for the proper administration of the Plan. Cavanaugh Macdonald provides actuarial services and the corresponding certification. Northern Trust serves as the master custodian. Callan Associates provides investment

consulting and other investment-related services. The State of Wisconsin Legislative Audit Bureau audits ERS' financial statements and CliftonLarsonAllen, LLP performs reviews of operations. The City Attorney's Office provides legal representation.

Internal Controls

Management is responsible for establishing and maintaining a system of internal controls to protect the System from loss, theft, or misuse and to ensure adequate accounting data is compiled for the preparation of financial statements in conformity with generally accepted accounting principles. The cost of internal control should not exceed anticipated benefits; the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Awards

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to ERS for its annual comprehensive financial report for the fiscal year ended December 31, 2023. This was the sixth consecutive year that ERS has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ERS was also awarded a Certificate of Transparency by NCPERS (National Conference on Public Employee Retirement Systems) in 2024 for a fifth consecutive year. The Certificate of Transparency was awarded for ERS's contribution to the 2025 NCPERS Public Retirement Systems Study, a comprehensive study exploring the retirement practices of the public sector. The study covers 22 topics, including current and target asset allocations, returns and governance practices. The results of the study are available on NCPERS' website.

Acknowledgements

The guidance provided by the Board is greatly appreciated. The preparation of this report is a collaborative effort of many individuals and I would like to acknowledge the hard work of the ERS staff, especially Robin Hayes, CPA. The intention of this report is to provide complete and reliable information to the members of ERS, employers of the members, the City of Milwaukee, and other important users of ERS' financial and demographic information.

Respectfully submitted,

Bernard J. Allen
Executive Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Milwaukee Employes' Retirement System
Wisconsin

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morrill

Executive Director/CEO

NCPERS 1947

Certificate of TRANSPARENCY

This Certificate of Transparency is awarded to the

City of Milwaukee ERS

for its participation in the *2025 NCPERS Public Retirement Systems Study*, which seeks to further open disclosure, data collection, and encourage the public's understanding of public retirement systems.

Hank Kim, Esq.
Executive Director & Counsel

List of Principal Officials

Annuity & Pension Board Members as of December 31, 2024

Elected Representatives - Active Members:

Matthew Bell	Milwaukee Police Department
Molly King	City of Milwaukee Department of Employee Relations
Timothy Heling	Milwaukee Fire Department

Elected Representative - Retirees:

Thomas Klusman	Retired

Appointed by the President of the Common Council:

Deborah Ford	Retired
Rudolph Konrad	Retired
Nik Kovac	City of Milwaukee Budget & Management Division

Ex-Officio Member:

Bill Christianson	City of Milwaukee Comptroller

List of Professional Relationships

Investment Managers:

Abbott Capital Management LLC
Almanac Realty Investors, LLC
Apogem Capital LLC
Apollo Global Real Estate Management, L.P.
AQR Capital Management, LLC
BlackRock Investments, LLC
Brandes Investment Partners, LP
Bryanston Realty Partners LLC
CastleArk Management LLC
Deutsche Asset Management
Dimensional Fund Advisors LP
Earnest Partners LLC
Fortress Investment Group
Goldman Sachs Asset Management
Greenfield Multi-State Partners, L.P.
H/2 Capital Partners
Harrison Street Core Property Fund, L.P.
J.P. Morgan Investment Management Inc.
LaSalle Investment Management, Inc.
Loomis, Sayles & Company, L.P.
Mesirow Financial, Inc.
MFS Investment Management
Morgan Stanley Real Estate Advisor, Inc.
Neuberger Berman
Northern Trust Securities, Inc.
Polen Capital Management, LLC
Principal Asset Management
Prologis, LP
Reams Asset Management
R.W. Baird & Co., Inc.
Stockbridge Capital Partners, LLC
UBS Hedge Fund Solutions, LLC
Walton Street Capital, L.L.C.
William Blair Investment Management, LLC

Investment Trading Analytics:

Global Trading Analytics, LLC

Legal Counsel:

Bernstein Litowitz Berger & Grossman LLP
Foley & Lardner LLP
Ice Miller LLP
Reinhart Boerner Van Deuren
Evan Goyke, Milwaukee City Attorney

Bank:

U.S. Bank National Association
Wells Fargo Bank Wisconsin, NA

Investment Consultants:

Callan LLC

Custodians:

The Northern Trust Company
G. Spencer Coggs, City of Milwaukee Treasurer

Auditors:

CliftonLarsonAllen LLP
State of Wisconsin Legislative Audit Bureau

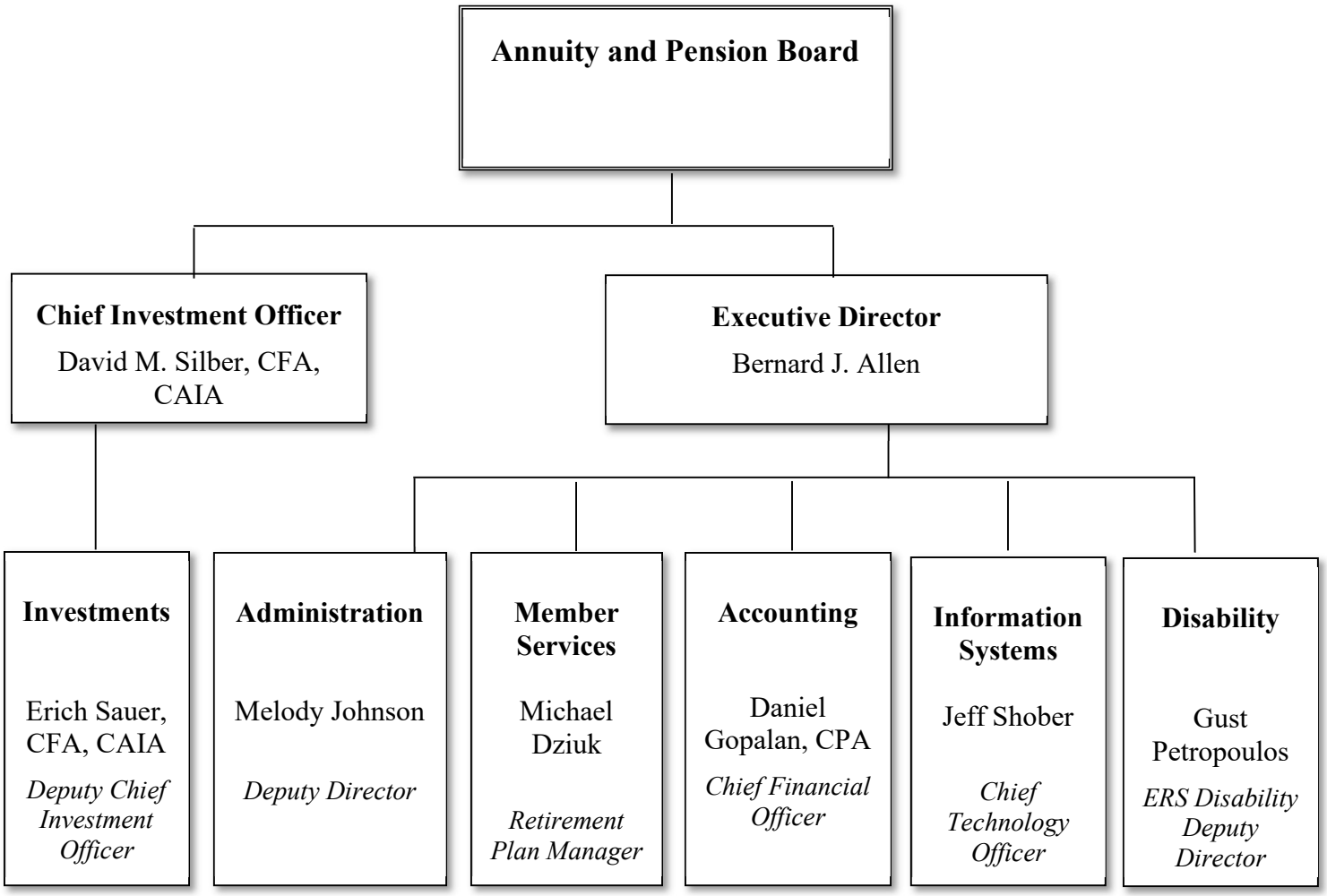
Actuaries:

Cavanaugh Macdonald Consulting, LLC

Medical Advisors:

Gregory Brotzman, M.D.
David L. Drury, M.D.
William Greaves, M.D.

Employes' Retirement System Organization Chart



Investments are managed externally through investment managers. Please refer to the Summary of Management Fees on page 75 in the Investment Section and the Schedule of Brokerage Commissions on page 76 in the Investment Section.

FINANCIAL SECTION

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STATE OF WISCONSIN
Legislative Audit Bureau

Joe Chrisman
State Auditor

22 East Mifflin Street, Suite 500
Madison, Wisconsin 53703

Main: (608) 266-2818
Hotline: 1-877-FRAUD-17

www.legis.wisconsin.gov/lab
AskLAB@legis.wisconsin.gov

Independent Auditor's Report on the Financial Statements and Other Reporting Required by *Government Auditing Standards*

Senator Eric Wimberger and
Representative Robert Wittke, Co-chairpersons
Joint Legislative Audit Committee

Members of the Annuity and Pension Board and
Mr. Bernard J. Allen, Executive Director
Employes' Retirement System of the City of Milwaukee

Report on the Audit of the Financial Statements

Opinion

We have audited the Statement of Fiduciary Net Position, the Statement of Changes in Fiduciary Net Position, and the related notes for the Employes' Retirement System of the City of Milwaukee (Retirement System) as of and for the year ended December 31, 2024, which collectively comprise the Retirement System's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Retirement System as of December 31, 2024, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, which is issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Retirement System and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management of the Retirement System is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Retirement System's ability

to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance. Therefore, reasonable assurance is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we exercised professional judgment and maintained professional skepticism throughout the audit. We also identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

In addition, we obtained an understanding of internal control relevant to the audit in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Retirement System's internal control. Accordingly, no such opinion is expressed. We also evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates and related disclosures made by management, and evaluated the overall presentation of the financial statements. We also concluded whether, in our judgment, there were conditions or events, considered in the aggregate, that raise substantial doubt about the Retirement System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis found on pages 20 through 25, and the following information found on pages 56 through 60 be presented to supplement the basic financial statements: the Schedule of Changes in the Net Pension Liability, the Schedules of Net Pension Liability and Investment Returns, the Schedule of Employers' Contributions, and the related note disclosures. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board that considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The supplementary information including the Schedules of Administrative Expenses, Investment Expenses, and Payments to Consultants; the Combining Schedule of Fiduciary Net Position—Non-Consenter Funds; and the Combining Schedule of Changes in Fiduciary Net Position—Non-Consenter Funds found on pages 63 through 65 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Administrative Expenses, Investment Expenses, and Payments to Consultants; the Combining Schedule of Fiduciary Net Position—Non-Consenter Funds; and the Combining Schedule of Changes in Fiduciary Net Position—Non-Consenter Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section on pages 5 through 14, the Investment Section on pages 66 through 77, the Actuarial Section on pages 78 through 118, and the Statistical Section on pages 119 through 129, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or provide any other form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2025, and published in report 25-14, on our consideration of the Retirement System's internal control over financial reporting; our testing of its compliance with certain provisions of laws, regulations, and contracts; and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Retirement System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be used in considering the Retirement System's internal control over financial reporting and compliance. Report 25-14 is available on our website at *www.legis.wisconsin.gov/lab*.

LEGISLATIVE AUDIT BUREAU

Legislative Audit Bureau

August 12, 2025

We are pleased to provide this analytical overview of the financial activities of the Employes' Retirement System of the City of Milwaukee ("ERS", "the System", or "the Plan") for the year ended December 31, 2024. The information provided is intended to be considered in conjunction with the Plan's financial statements.

Financial Highlights

- The System's Fiduciary Net Position increased by approximately $159,317,000 and 2.7% during 2024. The increase in Net Position is primarily attributable to both the positive investment return and increased employer contributions in 2024.

- As members consent to the Global Pension Settlement, their member balances are transferred from the Non-Consenter fund to the Global Combined Fund. Balances transferred for 2024 totaled approximately $276,000.

- The ERS's funding objective is to meet long-term benefit obligations through contributions and investment income. As of December 31, 2024, pursuant to GASB Statement No. 67, ERS's funded ratio is 73.7%. In general, this means the Plan has 73.7 cents of assets to cover every dollar of benefits due.

- For 2024, Northern Trust, the ERS custodian, reported a 6.8% annual net of fees total fund return. Returns are calculated using geometrically-linked, time and asset-weighted returns, net of investment manager fees.

(See Independent Auditors' Report)

Overview of the Financial Statements

The following discussion and analysis are intended to serve as an introduction to the Plan's financial statements and the Financial Section of this report.

The **Statement of Fiduciary Net Position** presents ERS' assets and liabilities, as well as the net position restricted for pensions and other governments at December 31, 2024. The assets comprise receivables, mainly from investment activity, investments at fair value, and securities lending collateral.

The **Statement of Changes in Fiduciary Net Position** presents information showing how the Plan's net position changed during the year. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when a formal commitment has been made by the City or Agencies to provide the contributions. All investment gains and losses are shown at trade date. Both realized and unrealized gains and losses are shown on investments. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The **Notes to Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes are an integral part of the financial statements and include detailed information not readily evident in the basic financial statements.

The statements and notes are presented in conformity with U.S. generally accepted accounting principles. These principles require certain financial statement presentations and disclosures, including the use of accrual basis of accounting to record assets and liabilities, and revenues and expenses.

The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position can be found on pages 27 and 28 of this report, respectively.

The **Required Supplementary Information** that follows immediately after the notes to the basic financial statements include the Schedules of Changes in Net Pension Liability, Net Pension Liability, Investment Returns, Contributions, and the Notes to Required Supplementary Information. See the Required Supplementary Information beginning on page 55 of this report.

The remaining supplemental schedules provide additional detailed information concerning administrative expenses, investment expenses, and payments to consultants. All of this information is considered useful in understanding and evaluation the financial activities of the Plan.

Financial Analysis

Net Position

Net position may serve over time as a useful indicator of the ERS's financial position. At December 31, 2024, assets exceeded liabilities by $5.96 billion. The net position is available to meet ERS' ongoing obligation to participants and their beneficiaries. As of December 31, 2024, total net position increased by 2.7% compared to the prior year. The change in net position is attributable to both an increase in investment market value in 2024, along with the market overall, as well as an increase in employer contributions in 2024. The increase in employer contributions is due to the decrease in the discount rate. Management believes that ERS is in a strong financial position to meet its obligations to the members, retirees, and their beneficiaries.

	For the year ended December 31,		
Fiduciary Net Position ($ in thousands)	**2024**	**2023**	**Change**
Investments	$ 6,139,458	$ 5,928,699	$ 210,759
Other assets	562,376	548,838	13,538
Total assets	6,701,834	6,477,537	224,297
Total liabilities	(746,015)	(681,035)	(64,980)
Total net position	$ 5,955,819	$ 5,796,502	$ 159,317

(See Independent Auditors' Report)

Investments

ERS is a long-term investor and manages its assets with long-term objectives in mind. A primary element of this investment philosophy is to employ a diversification of assets as the best possible way to achieve its goals. After conducting an asset-liability study with investment staff and ERS' consultant, the Board established an asset allocation plan taking into account the risk associated with each asset class as well as the financial objectives of the plan. Investments are stated at fair value and include the recognition of unrealized gains and losses in the current period.

The rate of return on investments (net of investment fees) for the year ended December 31, 2024 was 6.8%, a 3.2% decrease compared to the fiscal year 2023 rate of return of 10.0%. Returns are calculated using geometrically-linked, time and asset-weighted returns, net of investment manager fees. The Fund's 6.8% net of fee return met the actuarial assumption rate of 6.8%. However, the Fund underperformed the benchmark performance by 3.9%. The annualized rate of return (net of fees) for the last three and five periods ended December 31, 2024 were 3.2% and 6.9%, respectively.

The Investment Section beginning on page 66 gives detailed information on the ERS's investment policies. See page 77 of this report for a table showing the asset allocation targets established by the Board and actual asset allocation of the System's assets at December 31, 2024.

Liabilities

The liabilities are payables incurred by the transaction activity of the investment assets, securities lending, retirement benefit expenses, and administrative expenses of the Fund. Long-term liabilities consist of commitments for lease payments. More detailed information regarding the lease liabilities can be found in Note 9 of the financial statements.

Changes in Fiduciary Net Position
($ in thousands)

	2024	2023	Change
Additions			
Employer contributions	$ 217,640	$ 171,042	$ 46,598
Member contributions	34,089	32,688	1,401
Investing Activity:			
Net appreciation in fair value of investments	323,564	477,961	(154,397)
Interest, dividends and other investment income	155,222	130,427	24,795
Less: Direct investment expense	(70,262)	(64,612)	(5,650)
Securities Lending Activity:			
Securities lending income	15,924	18,886	(2,962)
Less: Securities lending expenses	(15,924)	(16,784)	860
Total Additions:	$ 660,253	$ 749,608	$ (89,355)
Deductions			
Administrative expenses	$ (9,287)	$ (8,015)	$ (1,272)
Benefits paid	(487,977)	(466,604)	(21,373)
Refund of contributions	(3,672)	(4,444)	772
Total Deductions	$ (500,936)	$ (479,063)	$ (21,873)
Net Increase	$ 159,317	$ 270,545	$ (111,228)
Net Position Restricted			
Beginning of year	5,796,502	5,525,957	
End of year	$ 5,955,819	$ 5,796,502	

Contributions and Investment Income

Employer contributions increased by 27.2% over last year's contributions. The employer contributions are actuarially determined in the prior year and due by December 31st of the plan year. For example, the contributions for the 2024 Plan year were determined by the second 1/1/2023 valuation and were due 12/31/2024. The increase is mainly due to the decrease in the investment return assumption from 7.5% to 6.8%, as prescribed by 2023 Wisconsin Act 12. Plan member contributions are determined by the City Charter and by contracts signed with bargaining units.

In 2024, the Fund generated positive investment returns (net of fees), along with the market overall. Net investment income includes securities lending income and investment expenses.

Retirement Benefits and Administrative Expenses

The Plan was created to provide lifetime service retirement benefits, survivor benefits, and disability benefits to eligible members and their beneficiaries. The cost of such programs includes recurring benefit

payments, death benefits, payments to terminated members, and the administrative expenses of the ERS. The primary source of expense during 2024 was for the payment of continuing retirement benefits totaling $488 million, compared to $467 million in 2023. The increase was attributable to new retirees and cost of living increases to retirees.

Requests for Information

Members of the Annuity and Pension Board and ERS senior management are fiduciaries of the pension fund and are responsible for ensuring that ERS assets are used exclusively for the benefit of plan participants and their beneficiaries. This financial report is designed to provide an overview of the financial condition of ERS, and to account for the resources entrusted to ERS for the benefit its stakeholders. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Bernard J. Allen
Executive Director and Secretary
Employes' Retirement System – City of Milwaukee
789 North Water Street, Suite 300
Milwaukee, WI 53202

(See Independent Auditors' Report)

BASIC FINANCIAL STATEMENTS

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Statement of Fiduciary Net Position
As of December 31, 2024
(in thousands)

	Pension Trust Funds		Custodial Fund	
	Global Combined Fund	Non-Consenter Retirement Funds	Employers' Reserve Fund	Total
ASSETS				
CASH AND CASH EQUIVALENTS	$ 92,598	$ 1,231	$ 967	$ 94,796
INVESTMENTS (Notes 1 and 8)				
Fixed income	1,862,914	4,829	88,465	1,956,208
Public equity	2,268,995	5,882	-	2,274,877
Absolute return	472,323	1,224	-	473,547
Real assets	662,520	1,716	-	664,236
Private equity	768,598	1,992	-	770,590
Total Investments	6,035,350	15,643	88,465	6,139,458
RECEIVABLES AND OTHER ASSETS				
Employer (Note 1)	216	-	-	216
Member (Note 1)	885	-	-	885
Actuarially determined contributions (Note 2)	2,067	18	-	2,085
Interest, dividends and foreign tax recoverable (Note 1)	17,346	44	16	17,406
Investments sold	209,272	545	-	209,817
Software development and equipment, net of depreciation (Note 1)	235	-	-	235
Securities lending collateral (Note 8)	235,365	-	-	235,365
Lease assets, net of accumulated amortization (Note 9)	1,342	-	-	1,342
Subscription-based information technology arrangements, net of accumulated amortization (Note 10)	229	-	-	229
Total Receivables and Other Assets	466,957	607	16	467,580
Total Assets	6,594,905	17,481	89,448	6,701,834
LIABILITIES				
CURRENT LIABILITIES				
Benefits payable	1,326	-	-	1,326
Unearned contributions	6,347	-	-	6,347
City of Milwaukee (Note 6)	1,133	-	-	1,133
Securities lending obligation (Note 8)	233,619	-	-	233,619
Investments purchased	500,756	1,298	-	502,054
Short-term lease liability (Note 9)	259	-	-	259
Total Current Liabilities	743,440	1,298	-	744,738
LONG-TERM LIABILITIES				
Long-term lease liability (Note 9)	1,277	-	-	1,277
Total Liabilities	744,717	1,298	-	746,015
NET POSITION				
Restricted for:				
Pensions	5,850,188	16,183	-	5,866,371
Other Governments	-	-	89,448	89,448
TOTAL NET POSITION	$ 5,850,188	$ 16,183	$ 89,448	$ 5,955,819

See Independent Auditors' Report.

The accompanying notes to financial statements are an integral part of these financial statements.

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2024
(in thousands)

	Pension Trust Funds		Custodial Fund	
	Global Combined Fund	Non-Consenter Retirement Funds	Employers' Reserve Fund	Total
ADDITIONS				
Contributions				
Employer (Note 2)	$ 217,292	$ 348	$ -	$ 217,640
Member	34,084	5	-	34,089
Total Contributions	251,376	353	-	251,729
Investment Income				
From Investing Activity:				
Net appreciation in fair value of investments	321,181	834	1,549	323,564
Interest, dividends, and other investment income	151,829	393	3,000	155,222
Total Investing Activity Income	473,010	1,227	4,549	478,786
Less: Direct investment expense (Note 6)	(70,052)	-	(210)	(70,262)
Net Investing Activity Income	402,958	1,227	4,339	408,524
From Securities Lending Activity:				
Securities lending income	15,924	-	-	15,924
Less: Securities lending borrower rebates and fees (Note 6)	(15,924)	-	-	(15,924)
Net Securities Lending Activity Income	-	-	-	-
Total Net Investment Income	402,958	1,227	4,339	408,524
Total Additions	654,334	1,580	4,339	660,253
DEDUCTIONS				
Administrative expenses (Note 6)	(9,287)	-	-	(9,287)
Benefits paid (Note 2)	(487,830)	(147)	-	(487,977)
Refunds of contributions	(3,665)	(7)	-	(3,672)
Interfund transfers (Note 3)	276	(276)	-	-
Total Deductions	(500,506)	(430)	-	(500,936)
NET INCREASE IN NET POSITION	153,828	1,150	4,339	159,317
NET POSITION RESTRICTED				
Beginning of Year	5,696,360	15,033	85,109	5,796,502
End of Year	$ 5,850,188	$ 16,183	$ 89,448	$ 5,955,819

See Independent Auditors' Report.

The accompanying notes to financial statements are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

For accounting and financial reporting purposes, the Employes' Retirement System of the City of Milwaukee ("ERS", "the Retirement System", "the System", or "the Plan") conforms with accounting principles generally accepted in the United States and reporting standards as promulgated by the Governmental Accounting Standards Board (GASB), which designates accounting principles and financial reporting standards applicable to the Plan. This report includes solely the accounts of the Plan.

As required by generally accepted accounting principles (GAAP), the System's financial statements include all funds for which financial transactions are recorded in its accounting system and for which the Annuity and Pension Board exercise administrative responsibility. The operations of ERS are accounted for in the funds described below. All the funds presented are classified as fiduciary funds.

Pension Trust Funds

Global Combined Fund: This fund is used to account for all pension-related activity, other than the activity attributed to members belonging to the Non-Consenter Retirement Fund.

Non-Consenter Retirement Fund: This fund is used to account for activity related to members who have not consented to the Global Pension Settlement, including collection of employer contributions, earnings on investments, and the payment of benefits to the fund's members.

Custodial Fund

Employers' Reserve Fund: This fund is used to account for holding voluntary employer contributions made by participating employers and the investment earnings on those contributions.

Reporting Entity

The reporting entity for the ERS consists of the primary government and any legally separate organizations in which ERS owns a majority of the equity interest.

Majority Equity Interests

CMERS Low Beta, LLC - CMERS Low Beta, LLC was created by the ERS to serve as a hedge fund of funds investment vehicle for the Retirement System. CMERS Low Beta, LLC is a legally separate entity governed by a board of directors appointed by the Annuity and Pension Board of the ERS. UBS Hedge Fund Solutions, LLC serves as investment manager for the hedge fund of funds portfolio. Although it is a legally separate entity, CMERS Low Beta, LLC is reported and included as part of the ERS because it meets the definition of an investment as defined in GASB 72 and the investment is measured in accordance with the requirements of that same standard. MUFG Fund Services (Canada) Limited is the administrator and Ernst and Young is the external auditor for the LLC. Separate financial statements are issued annually for CMERS Low Beta, LLC.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

CMERS Low Beta 2, LLC - CMERS Low Beta 2, LLC was created by the ERS to serve as a hedge fund of funds investment vehicle for the Retirement System. CMERS Low Beta 2, LLC is a legally separate entity. Goldman Sachs Asset Management serves as investment manager for the hedge fund of funds portfolio. Although it is a legally separate entity, CMERS Low Beta 2, LLC is reported and included as part of the ERS because it meets the definition of an investment as defined in GASB 72 and the investment is measured in accordance with the requirements of that same standard. SEI Investments Company is the administrator and PricewaterhouseCoopers International Limited is the external auditor for the LLC. Separate financial statements are issued annually for CMERS Low Beta 2, LLC.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Investment income is recorded when earned and expenses are recorded when they are incurred. Plan member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Contributions

The Retirement System records employee contributions as they are earned and employer contributions in the period that they relate to. Contributions earned but not yet received from the City of Milwaukee, participating city agencies and members are reported as contributions receivable. Overpayments and prepayments of contributions are reported as liabilities.

Cash and Cash Equivalents

Cash and cash equivalents are composed of cash in local banks, cash held by the custodian, and cash equivalents. Cash equivalents are defined as short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near maturity they present insignificant risk of changes in value due to changes in interest rates. Investments with an original maturity of three months or less are considered cash equivalents. Restricted securities held as collateral for Securities Lending are not included as cash equivalents.

Methods Used to Value Investments

Investments of the Retirement System are reported at fair value in accordance with applicable GASB statements. Fair value is defined as the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller. The fair value of investments is based on published market prices and quotations from major investment brokers at current exchange rates, as available. Many factors are considered in arriving at that value. In general, however, bonds and mortgage obligations are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Receivables and payables relating to investment transactions that were initiated but not settled at year-end, are recorded as assets or liabilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Real estate consists of equity and debt participation in diversified real estate investments. The majority of properties in the portfolio are offices, industrial warehouses, multi-family and retail. Real estate investments are carried at fair value as of December 31, 2024. Annual assessments performed by independent professional appraisers are used for market values, which approximate fair values.

Private equity consists of equity and debt participation in diversified private equity investments. The majority of investments in the portfolio consist of buyouts and venture capital. Private equity investments are carried at fair value as of December 31, 2024.

The Retirement System may have investments in certain derivative vehicles, including interest rate, credit, and currency futures; bond futures; deliverable and non-deliverable forward contracts; bond forwards; currency forwards; U.S. equity indices, and U.S. equity index futures; total return swaps; and to-be-announced (TBA) securities. The ERS allows UBS Hedge Fund Solutions, LLC to allocate funds within CMERS Low Beta, LLC and Goldman Sachs Asset Management to allocate funds within CMERS Low Beta 2, LLC to hedge fund managers who may invest in derivatives including, but not limited to, the derivatives listed earlier. Derivative investments comply with the Annuity and Pension Board Investment Policy and Guidelines. Additional information on derivatives for ERS, including the notional and contractual amounts, market values and unrealized gains and losses of holdings, are contained in Note 8.

All investments are made in accordance with the provisions of Section 36-09 of Chapter 36 of the Milwaukee City Charter. The provisions require several funds of the Retirement System to be invested within the requirements of ss. 40.03(1) (n) and 62.63 (3) Wisconsin Statutes. During 2024, investments were in compliance with the Annuity and Pension Board Investment Policy and Guidelines.

Investments in stocks of corporations in 2024, as measured quarterly by their cost, did not exceed 35.6% of the total assets.

The Retirement System invests in financial instruments such as U.S. Treasury Strips, collateralized mortgage obligations and asset backed securities. Investment managers may temporarily invest small amounts of available cash in short-term investments prior to purchasing securities.

The Retirement System's international equity managers may invest in warrants and foreign exchange forward contracts as a hedge for foreign currency fluctuations. The unrealized gains and losses on these positions as of December 31, 2024, are detailed in Note 8.

Investment securities, in general, are exposed to various risks, such as, but not limited to, interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term.

These value changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Investment Income

Dividends, interest and realized gains and losses are recorded as earned. Generally, investment income is allocated between the two pension trust funds based on fund balances at the beginning of the year. However, investment income earned in the securities lending program is allocated fully to the Global Combined Fund (see Note 8 for further information on the securities lending program). Investment income earned in the Employers' Reserve Fund is held separately from the pension trust funds and is recorded as earned to the Employers' Reserve Fund only.

Estimates

The financial statements are presented in conformity with generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Capitalization

The Retirement System capitalizes hardware and software development costs using a capitalization threshold of $5,000. Amounts incurred for hardware (including printers, monitors, disk drives, network infrastructure, switches) are capitalized in a yearly hardware pool and depreciated over three years. Capitalized costs are depreciated over their useful lives, with a half of a year's depreciation expensed in the year of acquisition.

Costs related to the development of the Pension Management Information System were capitalized as Software Development costs. The system went live in 2006 and as of December 31, 2014, the development costs were fully depreciated.

As of December 31, 2024, the cost of the Retirement System's hardware and software development totaled approximately $19,820,000 and accumulated depreciation totaled approximately $19,585,000. During 2024, depreciation of approximately $357,000 was recognized and included in Administrative Expenses in the accompanying Statement of Changes in Fiduciary Net Position.

Leases

The Retirement System enters into lease agreements as a lessee for financing the temporary acquisition of office space and equipment. The present value of future payments is recorded as an intangible right-to-use lease asset and amortized using the straight-line method over the term of the lease. As of December 31, 2024, the underlying lease assets totaled approximately $2,143,000 and the related accumulated amortization totaled approximately $801,000. During 2024, amortization of approximately $267,000 was recognized and included in Administrative Expenses in the accompanying Statement of Changes in Fiduciary Net Position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Subscription-Based IT Arrangements

The Retirement System enters into subscription-based IT arrangements (SBITAs) to use vendor-provided information technology. SBITAs provide the System with the right to use the vendor's information technology for a period of time. The present value of future payments is recorded as an intangible right-to-use lease asset and amortized using the straight-line method over the term of the lease. As of December 31, 2024, the underlying lease assets totaled approximately $537,000 and the related accumulated amortization totaled approximately $308,000. During 2024, amortization of approximately $169,000 was recognized and included in Administrative Expenses in the accompanying Statement of Changes in Fiduciary Net Position.

Contingencies

Claims and judgments are recorded if all the conditions of GASB pronouncements are met. Claims and judgments are recorded as expenses when the related liabilities are probable and management can reasonably estimate the amounts.

Tax Status

The Plan is a tax-exempt governmental plan qualified under Section 401 and exempt under Section 501(a) of the Internal Revenue Code.

New Pronouncements

In December 2023, the GASB issued Statement No. 102, "Certain Risk Disclosures". The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement will become effective in the 2025 fiscal year. When Statement No. 102 becomes effective, the application of this standard may result in the restatement of a portion of these financial statements.

In April 2024, the GASB issued Statement No. 103, "Financial Reporting Model Improvements". The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement will become effective in the 2026 fiscal year. When Statement No. 103 becomes effective, the application of this standard may result in the restatement of a portion of these financial statements.

In September 2024, the GASB issued Statement No. 104, "Disclosure of Certain Capital Assets". The objective of this Statement is to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets. State and local governments will be required to provide detailed information about capital assets in the notes to financial statements. The requirements of this Statement will become effective in the 2026 fiscal year.

2. DESCRIPTION OF RETIREMENT SYSTEM

The following description of the more common provisions of the Employes' Retirement System of the City of Milwaukee is provided for financial statement purposes only. The provisions reflect changes to the Retirement System enacted in 2000, known as the Global Pension Settlement (GPS). GPS increased benefits to current and future retirees and also allowed changes to the ERS administration, including permitting the use of ERS funds to pay costs related to plan administration. The 99.3% of existing members who have consented to GPS are accounted for in the Global Combined Fund. Members who have not consented are accounted for in one or more of the non-consenter funds. Refer to Chapter 36 of the City of Milwaukee Charter for more complete information.

GPS requires that members enrolled through June 28, 2000 provide written consent to ERS in order to be eligible for the benefit enhancements of GPS. Members enrolled after June 28, 2000, are automatically eligible and are included in the Combined Fund.

Subsequent to completion of the January 1, 2024 actuarial valuation, five members who were enrolled as of June 28, 2000 and had not consented to GPS, elected to consent.

Plan Administration

The Retirement System was established pursuant to the Retirement Act (Chapter 396 of the Laws of Wisconsin of 1937) to provide payment of retirement and other benefits to employees of the City of Milwaukee (City). Chapter 441 of the Laws of Wisconsin of 1947 made the benefits contractual and vested. The ERS is a cost-sharing, multi-employer plan, which provides benefits to employees of the City of Milwaukee (including Fire and Police), Milwaukee Metropolitan Sewerage District, Wisconsin Center District, Veolia Water Milwaukee LLC, Milwaukee Housing Authority, and non-certified staff of Milwaukee Public Schools (Agencies). City employees comprise approximately 56.2% of the active participants in the Retirement System.

The Annuity and Pension Board ("the Board") governs the ERS, and serves as trustee of the System's funds. The Board consists of eight members, composed as follows:

- Three representatives appointed by the President of the Milwaukee Common Council,
- Three representatives elected by the active members of the ERS,
- One member elected by retired members of the ERS, and
- The City of Milwaukee Comptroller, who serves as ex-officio voting member.

The 2023 Wisconsin Act 12 authorized the City of Milwaukee to impose a sales tax for limited purposes, subject to certain conditions. Under the Act and the subsequent amendments to the City Charter by the Milwaukee Common Council, the plan has closed to new members as of January 1, 2024.

2. DESCRIPTION OF RETIREMENT SYSTEM (cont.)

Membership

Full-time employees, part-time employees who are eligible under adopted rules and regulations, and elected officials who have evidenced their intent to join are members of the Retirement System. The Plan is closed to new members as of January 1, 2024.

At January 1, 2024, the measurement date, the membership of the plan was as follows:

Plan members currently receiving benefits	13,867
Inactive plan members entitled to, but not yet receiving benefits	6,136
Current employees:	
Vested	6,995
Non-vested	3,113
Total	30,111

This membership data is as of January 1, 2024, and reasonably approximates membership data through December 31, 2024.

Contributions

Member contributions to the ERS are required under Chapter 36-08-7. The City of Milwaukee, in its legislative capacity, has sole authority to make changes to Chapter 36, and to set contribution requirements and benefit terms. In 2023, the WI Legislature passed WI Act 12, which sets the amortization period for employer contributions. It is a section 401(a), Internal Revenue Code, qualified cost-sharing, multiple-employer defined benefit plan for participating public employees.

2. DESCRIPTION OF RETIREMENT SYSTEM (cont.)

Contribution rates, as a percentage of earnable compensation, are as follows:

a) General Employees
   i. Tier 1 (enrolled prior to January 1, 2014) – 5.5%
   ii. Tier 2 (enrolled on or after January 1, 2014) – 4.0%
b) Firemen and Policemen – 7.0%
c) Elected Officials
   i. Tier 1
      i. Enrolled prior to January 1, 2014 and elected to an office prior to January 1, 2014 – 7.0%
      ii. Enrolled prior to January 1, 2014, and elected for the first time to an office on or after January 1, 2014, and employee was paying contributions prior to being elected – employees pay contributions at the rate they were paying prior to becoming an elected official
      iii. Enrolled prior to January 1, 2014, and elected for the first time to an office on or after January 1, 2014, and employer was paying contributions on behalf of the employees prior to being elected – employer pays 7.0%
   ii. Tier 2 (enrolled on or after January 1, 2014) – 4.0%

Commencing in 1999, contributions of one dollar of each police officer's longevity pay per year are made by police officers on their own behalf. This excludes sergeant of police, detective lieutenant and any ranks above same.

In addition to the above percentage contributions, additional contributions were required of general city employees who were enrolled as active members after January 1, 2000. To participate in the Global Combined Fund, each new member was required to contribute 1.6% of his or her pensionable earnings for a period of eight years. However, the 1.6% required contributions did not apply to members required to make member contributions under 36-08-7-a or c.

The Retirement System requires regular payroll contributions from its agencies and members for all active employees covered by the plan on a biweekly basis.

Employer contributions are calculated by the actuary, and there is a one-year contribution lag. The *second* January 1, 2023 valuation calculated the employer contributions due for the 2024 plan year. The 2024 plan year contributions were due December 31, 2024, and contributions paid after January 1, 2024 accrued interest at 6.8% per annum.

2. DESCRIPTION OF RETIREMENT SYSTEM (cont.)

Benefits Provided

The normal retirement benefit is a monthly pension for the life of the member. A service retirement allowance is payable to any member who meets one of the following eligibility criteria:

Class	Enrollment Date	Eligibility for Service Retirement*
General City	Prior to January 1, 2014	Age 60, or age 55 with 30 years of creditable service
General City	On/after January 1, 2014	Age 65, or age 60 with 30 years of creditable service
Fire	Prior to July 30, 2016	Age 57, or age 49 with 22 years of creditable fire or police service
Fire	On/after July 30, 2016	Age 57, or age 52 with 25 years of creditable fire service
Police	Prior to December 20, 2015	Age 57, or any age with 25 years of creditable fire or police service
Police	On/after December 20, 2015	Age 57, or age 50 with 25 years of creditable police service

**These eligibility criteria assume consent to the provisions of the Global Pension Settlement (GPS); most members have consented to GPS.*

For General City employees, the service retirement allowance is 2%, or 1.6% for members enrolled on or after January 1, 2014, of the member's final average salary (the highest average of earnable compensation during any 3 years preceding retirement, death or termination) for each year of creditable service. The service retirement allowance for General City employees who retire after January 1, 1989, cannot exceed 70% of their final average salary.

For police officers and firefighters, the retirement allowance is 2.5% of their final average salary (computed on the year of creditable service during which earnable compensation was highest) for each year of creditable service. The retirement allowance for firefighters hired after March 1, 1989, and police officers hired after July 1, 1989, is limited to 90% of their final average salary (excluding any imputed service credit provided under the GPS).

For elected officials enrolled prior to January 1, 2014, the retirement allowance is 2.6% of their final average salary for each year of creditable service as an elected official for years before 1996 and is limited to 70% of the final average salary. For the years 1996 and forward, the accrual rate is 2.5% (For the Mayor, the accrual rate is 2.0%) for creditable service, imputed military service, or seasonal service and is limited to 70% of their final average salary. However, elected officials who were enrolled prior to 2014 and are first elected to office on or after January 1, 2014, have an accrual rate of 2% for each year if they contribute 5.5% of their earnable compensation, or 2.5% for each year if they contribute 7% of their earnable compensation. For elected officials enrolled on or after January 1, 2014, the accrual rate is 1.6% of their final average salary for each year of creditable service as an elected official, and is limited to 70% of their final average salary.

2. DESCRIPTION OF RETIREMENT SYSTEM (cont.)

Chapter 36 of the Milwaukee City Charter addresses pension escalators. General City employees participating in the Global Combined Fund and enrolled prior to January 1, 2014 and retiring on a service retirement allowance on or after January 1, 2000, are eligible for a pension escalator of 1.5% on the second, third and fourth anniversaries of their retirement, and 2% on each anniversary thereafter. Police officers and firefighters participating in the Global Combined Fund retiring on a service retirement allowance on or after January 1, 2000, are eligible for a pension escalator based upon the percentage increase in the prior year's Consumer Price Index-All Urban Consumers (CPI-U), effective on their first anniversary and each anniversary thereafter. The percentage increase is determined annually by measuring the change in the Index from November to November of each year. The pension escalator is guaranteed to be at least two percent, but is capped at three percent.

General City employees enrolled on or after January 1, 2014, retiring on a service retirement allowance are eligible for a pension escalator of 2% on their fifth anniversary of retirement and each anniversary thereafter.

Rules governing pension escalators provided to retirees retiring prior to January 1, 2000, before the Global Pension Settlement, differ from those described herein. In addition, a one-time "catch up" adjustment was provided in January of 1996 to employees who retired on a service retirement allowance on or before September 30, 1987, to partially offset the increase in inflation. For a complete description of the escalator rules, see Chapter 36 of the Milwaukee City Charter.

3. CONSENT STATUS CHANGES

Members who have not consented to the GPS have either objected to the settlement or never responded. The deadline to consent of April 24, 2004, has been extended indefinitely for those who never responded. Often, non-responders consent to GPS at the time they apply for benefits. As of the January 1, 2024 actuarial valuation, 226 members were non-consenting, including 33 active members, 182 inactive members, and 11 benefit recipients. During 2024, 5 members elected to consent to the GPS, resulting in a transfer of approximately $276,000 to the Global Combined Fund from the non-consenter funds.

4. EMPLOYERS' RESERVE FUND

The City of Milwaukee and other Agencies participating in the Retirement System may voluntarily contribute to the Employers' Reserve Fund, which was established per Section 36-08-8 of Chapter 36. Deposits to the Employers' Reserve Fund may be used to fund employer contribution requirements, but this requires a formal resolution directing a fund transfer. Employers' Reserve Fund resources are invested according to City of Milwaukee investment policies.

In 2024, there were no contributions made to the Employers' Reserve Fund and there were no transfers out of the fund to pay contributions. As of December 31, 2024, the City of Milwaukee is the only employer participating in the fund and the balance of the fund is approximately $89,448,000.

5. NET PENSION LIABILITY

The components of the pension liability at December 31, 2024, were as follows (in thousands):

Total pension liability	$ 7,965,043
Plan fiduciary net position	(5,866,371)
Net pension liability	$ 2,098,672
Plan fiduciary net position as a percentage of the total pension liability	73.7%

Actuarial Assumptions: The last actuarial valuation was performed as of January 1, 2024, and these amounts were used to roll-forward the total pension liability for the year ended December 31, 2024. The valuation was determined using the following actuarial assumptions, which were applied to all prior periods included in the measurement:

5. NET PENSION LIABILITY (cont.)

Valuation Date	January 1, 2024
Actuarial Cost Method	Entry Age Normal - Level Percentage of Pay
Amortization Method	Level dollar, closed
Asset Valuation Method	5-year smoothing of difference between expected return on actuarial value and actual return on market value
Actuarial Assumptions:	
Long-term Rate of Return, Net of Investment Expense, Including	6.8%
Projected Salary Increases, including wage inflation	General City: 3.0% - 7.5% Police & Fire: 3.0% - 19.0%
Inflation Assumption	2.5%
Cost of Living Adjustments	Varies by employee group and decrement type (see plan provisions)
Mortality Assumption	Pre-retirement mortality rates for General employees were based on the Pub-2010 Below Median General Employee Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021. Pre-retirement mortality rates for Police and Firemen were based on the Pub-2010 Median Public Safety Employee Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021. Post-retirement mortality rates for General retirees were based on the Pub-2010 Below Median General Retiree Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021. Post-retirement mortality rates for Police and Firemen retirees were based on the Pub-2010 Median Public Safety Retiree Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021. Mortality rates for survivors of General employees were based on the Pub-2010 Below Median Contingent Survivors Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021. Mortality rates for survivors of Police and Firemen were based on the Pub-2010 Median Contingent Survivors Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021. Disabled mortality rates for General employees were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021. Disabled mortality rates for Police and Firemen were based on the Pub-2010 Safety Disabled Retiree Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021.
Experience Study	The actuarial assumptions used in this valuation, are based on the results of the most recent experience study covering the five-year period ending December 31, 2021, except for the investment return assumption. The investment return assumption was lowered from 7.50% to 6.80% effective with the *Second* January 1, 2023 actuarial valuation.

5. NET PENSION LIABILITY (cont.)

The total pension liability as of December 31, 2024 was determined by rolling forward the total pension liability as of January 1, 2024 to December 31, 2024.

The actuarial assumptions used in this valuation were based on the results of the most recent experience study covering the five-year period ending December 31, 2021. The experience study was performed by Cavanaugh MacDonald, LLC and adopted by the Board at the February 27, 2023 meeting.

The rate of return assumption was based on the Retirement System's target asset allocation. In the experience review, the consultants developed best estimate ranges of expected future real rates of return (net of inflation) for the portfolio, based on the expected returns of each major asset class and their weights within the portfolio.

The consultants used an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. Expected investment expenses were subtracted and expected inflation was added to arrive at the long-term expected nominal return. The rate for the long term expected return was selected for the portfolio such that there was a better than 50% likelihood of the emerging returns exceeding the expected return.

Best estimates of arithmetic real rates of return (net of inflation) for each major asset class included in the Retirement System's target asset allocation were developed as part of the most recent experience study completed as of December 31, 2021 are listed in the table below:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	44.0%	7.3%
Fixed Income & Cash	23.0%	3.1%
Real Estate	9.7%	5.1%
Real Assets	3.3%	4.6%
Private Equity	10.0%	10.0%
Absolute Return	10.0%	3.6%
	100.0%	

** Rates provided by the System's investment consultant, Callan Associates*

Discount Rate: The discount rate used to measure the total pension liability was 6.8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the City and Agencies will be made at contractually required rates, as determined by the actuary. Based on those assumptions, the ERS' fiduciary net position was projected to be available to make projected future benefit payments for current members. The crossover analysis produced a single rate of 6.8 percent, which reflects the long-term expected rate of return on ERS investments. Based on the analysis, the discount rate was applied to all periods of projected benefit payments to determine the total pension liability.

5. NET PENSION LIABILITY (cont.)

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability calculated using the discount rate of 6.8 percent, a discount rate that is 1-percentage-point lower (5.8 percent) and a discount rate that is 1-percentage-point higher (7.8 percent) (in thousands):

	1% Decrease (5.8%)	Current Discount (6.8%)	1% Increase (7.8%)
Net pension liability	$ 3,076,583	$ 2,098,672	$ 1,288,474

6. EXPENSES

As provided under Section 36-08-9 of Chapter 36 of the Milwaukee City Charter, administrative and investment expenses of the Retirement System are the direct obligation of the Global Combined Fund. Expenses are normally paid by the City of Milwaukee and then reimbursed to the City by ERS.

Direct investment expenses were approximately $70,262,000 and securities lending fees and rebates were approximately $15,924,000, making total investment-related expenses approximately $86,186,000. The administrative expenses of approximately $9,287,000 were charged to the Retirement System in 2024.

7. INCOME TAX STATUS

The most recent determination letter is dated February 7, 2017, with the Internal Revenue Service (IRS) stating that the Retirement System, as then designed and in conjunction with the proposed amendments required by the IRS, was in compliance with the applicable requirements of the Internal Revenue Code. The Retirement System's management believes that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, the accompanying basic financial statements reflect no provision for income taxes.

8. INVESTMENTS

Investment Policies

The Retirement System's policy for the allocation of invested assets is established, and amended, as needed, by the ERS Board. The ERS Board's adopted asset allocation policy as of December 31, 2024, is provided on pages 71 and 72. ERS publishes its latest Investment Policy on its website. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Retirement System.

8. INVESTMENTS (cont.)

Rate of Return

For the year ended December 31, 2024, the annual money-weighted rate of return on ERS investments, net of pension plan investment expense, was 6.9% percent, as calculated by the custodian. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fair Value Measurement

The Retirement System categorizes their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. ERS had the following recurring fair value measurements as of December 31, 2024 (in thousands):

		Fair Value Measurements Using		
Investment Type	Fair Value	Level 1	Level 2	Level 3
Public Equity	$ 2,173,113	$ 1,100,662	$ 1,072,451	$ -
Fixed Income	1,956,208	188,001	1,768,207	-
Public Diversified Real Assets	181,361	-	181,361	-
Total assets in the Fair Value Hierarchy	$ 4,310,682	$ 1,288,663	$ 3,022,019	$ -
Investments measured at Net Asset Value *	1,828,776			
Investments at Fair Value	$ 6,139,458			

** Per GASB 72, investments that are measured using the net asset value per share (or its equivalent) are not classified in the fair value hierarchy. The fair value presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statement of Fiduciary Net Position.*

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority (Level 1) to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority (Level 3) to unobservable inputs.

Level 1: Unadjusted quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3: Valuations derived from valuation techniques in which significant inputs are unobservable.

The following is a description of the valuation methodologies used for assets measured at fair value. There were no changes to the methodologies during the year ended December 31, 2024.

U.S. treasury securities, equity securities, Real Estate Investment Trusts, and Exchange Traded Funds classified in Level 1 are valued using prices quoted in active markets for those securities.

8. INVESTMENTS (cont.)

Debt and debt derivative securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Index linked debt securities are valued by multiplying the external market price feed by the applicable day's Index Ratio. Level 2 debt securities also have nonproprietary information from multiple independent sources that were readily available to market participants who are known to be actively involved in the market. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities.

The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. When inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

Real estate, hedge fund-of-funds, private equity, and one limited partnership classified as public equity are valued using the net asset value (NAV) per share (or its equivalent). These investments are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable fair values and take the form of limited partnerships. These investments are valued based on the partnerships' audited financial statements. If December 31 statements are available, those values are used. If December 31 values are not available, the valuation is adjusted from the most recently available valuation taking into account subsequent calls and distributions, adjusted for unrealized appreciation/depreciation, other income, and fees.

The summary of unfunded commitments for these types of alternative investments is reported below (in thousands).

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private Equities	$ 770,590	$ 481,369	N/A	N/A
Real Assets - Core	473,863	12,500	Quarterly	90 Days
Absolute Return	473,547	-	Monthly - 30 Months	30 - 180 Days
Public Equities	101,764	-	Twice per Month	15 days
Real Assets - Non-Core	9,012	6,439	N/A	N/A
Totals	$ 1,828,776	$ 500,308		

8. INVESTMENTS (cont.)

Private Equities

This consists of four "fund of funds" managers that invest in a multitude of underlying private equity funds. The primary investment type of the underlying funds is buyout, venture capital, and growth equity. Investments can never be redeemed from the funds. Instead, distributions are received through the liquidation of the underlying assets of the funds. It is expected that the funds will be liquidated over the next 15-20 years. The funds are valued on a quarterly basis using appraisals based on the best estimate of fair value.

Public Equities

Public equities consist of a limited partnership that primarily invests in emerging market public equity and equity related securities (equity index futures, equity index swaps) and currency forwards. The fund may also invest in fixed-income securities, exchange-traded funds, options, warrants, equity swaps, futures, and other derivatives. Withdrawals are available on the 15th and the last calendar day of each month, with written notice given 15 calendar days before the redemption date. The fund is valued monthly based upon the best estimate of fair value.

Real Estate Investments – Non-Core

This consists of 11 closed-end funds that invest primarily in U.S. commercial real estate. Investments can never be redeemed from the funds. Instead, distributions are received through the liquidation of the underlying assets of the funds. It is expected that the funds will be liquidated over the next 3 to 6 years. The funds are valued on a quarterly basis using appraisals based on the best estimate of fair value.

Real Estate Investments – Core

This consists of five open-end funds that invest primarily in U.S. commercial real estate. Investments can be redeemed from the funds on a quarterly basis with 90 days' notice, subject to availability of sufficient capital to cover the redemption. The funds are valued on a quarterly basis using appraisals based on the best estimate of fair value.

Absolute Return

This consists of hedge funds-of-funds with the goal of providing CMERS returns regardless of how the overall markets does. The redemption notice period can vary between 30 to 180 days. The redemption frequency can vary from monthly to every 30 months. The lock-up period can vary from none up to three years of hard lock-up. The investor gate level ranges from none to 5%. At the fund gate level, the gating can vary from none to 25%.

8. INVESTMENTS (cont.)

Deposits and Custodial Credit Risk

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, the Retirement System will not be able to recover the value of its deposits, investments, or securities. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Retirement System's name, and held by the counterparty. As of December 31, 2024, no investments or securities were exposed to custodial credit risk.

The Retirement System is also exposed to custodial credit risk for uncollateralized cash and cash equivalents that are not covered by federal depository insurance. As of December 31, 2024, approximately $73,000 of cash and cash equivalents was exposed to custodial credit risk.

The Retirement System was established to provide for the present and future retirement, disability, and death and survivor benefit payments for all city and city agency employees. All of the funds of the Retirement System taken in the aggregate constitute a special trust subject to applicable local, state, and federal laws, including but not limited to sections 36-15, 36-09-1, and 36-09-6 of the Milwaukee City Charter.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. As of December 31, 2024, the Retirement System has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Retirement System's investment guidelines limit how much each fixed income manager may deviate duration from their respective benchmarks. Duration is the approximate percentage change in price for a 100-basis-point change in yield. Depending on the investment manager, the duration of the Retirement Systems active fixed income managers must either be between 50% and 250% of the duration of the Bloomberg U.S. Aggregate Index or +/- 2 years of the Bloomberg U.S. Aggregate Index. As of December 31, 2024, the segmented time distribution of the various investment types of debt securities for the Retirement System is as follows (in thousands):

8. INVESTMENTS (cont.)

Investment Type	Fair Value	Years to Maturity			
		1 Year or Less	1 to 5 Years	6 to 10 Years	More than 10 Years
Asset Backed Securities	$ 130,064	$ 1,757	$ 99,801	$ 12,625	$ 15,881
Bank Loans	12,582	-	5,546	7,036	-
Commercial Mortgage-Backed	57,823	-	6,538	95	51,190
Corporate Bonds	455,101	8,108	193,665	201,696	51,632
Corporate Convertible Bonds	6,295	245	5,945	11	94
Government Agencies	1,717	-	1,177	-	540
Government Bonds	726,977	3,276	378,143	167,507	178,051
Government Mortgage Backed Securities	288,268	-	3,683	1,489	283,096
Index Linked Government Bonds	7,392	-	-	-	7,392
Municipal/Provincial Bonds	2,712	-	-	-	2,712
Non-Government Backed C.M.O.s	79,391	-	-	-	79,391
Short Term Bills and Notes	191,602	191,602	-	-	-
Sukuk	1,894	-	1,894	-	-
Totals	$ 1,961,818	$ 204,988	$ 696,392	$ 390,459	$ 669,979

Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit. For separate accounts, ERS investment guidelines allow foreign currency contracts for defensive hedging purposes. In addition, the guidelines recommend adequate diversification by country and currency. As of December 31, 2024, the Retirement System's exposure to foreign currency risk, expressed in U.S. Dollars, is as follows (in thousands):

Foreign Currency	Equities	Fixed Income	Real Assets	Private Equity	Total Fair Value
Australian dollar	$ 5,562	$ -	$ -	$ -	$ 5,562
Brazilian real	10,942	-	-	-	10,942
British pound sterling	77,983	5,083	-	-	83,066
Canadian dollar	17,483	2,727	-	-	20,210
Danish krone	4,833	-	-	-	4,833
Euro	169,854	782	-	104	170,740
HK offshore Chinese Yuan Renminbi	2,751	-	-	-	2,751
Hong Kong dollar	23,098	-	-	-	23,098
Indonesian rupiah	-	4,650	-	-	4,650
Japanese yen	73,130	-	20	-	73,150
Mexican peso	9,564	-	-	-	9,564
New Taiwan dollar	2,263	-	-	-	2,263
New Zealand dollar	109	-	-	-	109
Norwegian krone	458	-	-	-	458
Singapore dollar	1,821	-	-	-	1,821
South African rand	-	3,583	-	-	3,583
South Korean won	16,646	-	-	-	16,646
Swedish krona	5,817	-	-	-	5,817
Swiss franc	38,329	-	-	-	38,329
Totals	$ 460,643	$ 16,825	$ 20	$ 104	$ 477,592

8. INVESTMENTS (cont.)

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Retirement System's investment guidelines require its fixed income managers to have an Investment Grade average portfolio. The Retirement System's active fixed income managers are allowed to hold a maximum of 20% of their respective portfolio's fair value in issues rated B- or B3, and an additional 5% may be invested in non-rated issues. The quality ratings of investments in fixed income securities of the Retirement System as described by Standard & Poor's as of December 31, 2024, are as follows (in thousands):

Rating	Fair Value	% of Total
AAA	$ 80,037	4.1%
AA	11,493	0.6%
A	133,088	6.8%
BBB	266,406	13.6%
BB	68,369	3.5%
B	18,277	0.9%
CCC	3,217	0.2%
CC	2,690	0.1%
C	580	0.0%
US Government Guaranteed	1,177,192	60.0%
Not Rated	200,469	10.2%
	1,961,818	100.0%

The risk above is disclosed only for investments evidenced by securities in separate accounts and commingled funds. Assets held in commingled funds are classified based on the individual fund's characteristics as of December 31, 2024.
Fair Values within this table may differ from the Statement of Fiduciary Net Position provided on page 27 and the Summary of Investment Holdings provided on page 76 due to Corporate Convertible Bonds classified as Public Equities on those pages.

Derivatives

The ERS' Statement of Investment Policy written objectives and guidelines governing the investment of Fund assets allows separate account investment managers to use forward contracts and derivatives traded on a recognized derivatives exchange for hedging and efficient portfolio management purposes if the Board approves their use within the individual manager's written guidelines. No assets shall be committed to futures, options, options on futures, forwards and other derivatives unless approved by the Board in writing.

8. INVESTMENTS (cont.)

Prohibited investments in separate accounts include mortgage interest only, principal only, inverse floaters or other CMO derivatives that have uncertain or volatile duration or price movement.

In 2024, the Retirement System's separate account investment managers utilized currency forwards, bond futures, and credit default swaps. Currency forwards are necessary to purchase or sell non-U.S. securities. Bond forwards and futures are sometimes more liquid and easier to trade than the respective underlying security and can allow an investment manager to reduce the costs of constructing an efficient portfolio.

Currency Forwards

A foreign currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. The Retirement System's International Equity, Global Equity, and two Fixed Income managers are allowed to enter into foreign exchange positions, such as forward and spot contracts, to hedge foreign currency exposure or obtain a currency for a pending cash transaction. The ERS has two Fixed Income managers who are allowed to invest globally, and they enter into spot contracts to obtain a currency for a pending cash transaction. The majority of the contracts are short-term in duration and mature within 90 days. Any exceptions require written permission of the ERS Board.

Bond Futures

A futures contract is a standardized contractual agreement between two parties, made through an organized exchange, to buy or sell a pre-determined amount of a bond at a future date in exchange for a price agreed upon today. The counterparty credit risk for a futures contract is generally less than privately negotiated forward contracts because the organized exchange acts as a clearinghouse that typically settles net changes to futures contract values daily. ERS had no futures contracts as of December 31, 2024.

The following table summarizes the aggregate notional or contractual amounts for the ERS' separate account managers as of December 31, 2024 (in thousands):

	Notational/ Contractual Amounts	Fair Value	Gain/(Loss)
Foreign exchange forward spot contracts receivable	$ 47	$ 47	$ -
Foreign exchange forward spot contracts payable	(47)	(47)	-

These instruments are recorded in cash and cash equivalents, investment receivables, and investments in the Statements of Fiduciary Net Position. The changes in fair value are included in investment income in the Statement of Changes in Fiduciary Net Position.

8. INVESTMENTS (cont.)

Fixed Income Index Credit Default Swaps

A credit default swap is a type of swap designed to transfer the credit exposure of a fixed income product from one party to another. ERS grants two of its managers the ability to sell protection on the CDS index. This position is equivalent to the credit risk of holding the underlying bonds, but carries significantly lower trading costs. The CDSs may not be used to create leverage, and must be fully collateralized by cash or US Treasury securities.

Derivative Risk

The total exposure of all hedges is limited to 100% of the total portfolio value, at market. Shorting currency exposure in countries without any underlying security exposure is prohibited.

The ERS is also exposed to market risk, the risk that future changes in market conditions may make an instrument less valuable. Exposure to market risk is managed through the limits placed on an investment manager within the Statement of Investment Policy.

The ERS is exposed to credit risk in the event of non-performance by counterparties to financial instruments. Typical counterparties for ERS are major financial institutions and broker-dealers. A counterparty's financial condition, cash on hand, and general credit worthiness is evaluated prior to entering into a transaction. In addition, ratings agencies' evaluations are reviewed.

The following table summarizes the counterparty credit risk amounts for the ERS for derivatives as of December 31, 2024 (in thousands):

Investment Type	Exchange Traded
Assets	
Swaps	
Credit Contracts	684
Total Value by Rating	$ 684

Securities Lending

ERS started the securities lending program in 1993. ERS is authorized to operate the securities lending program under Chapter 36-09-6 of the Milwaukee City Charter. Eligible securities are loaned out through the ERS custodian, Northern Trust. ERS earns a daily fee for securities loaned and incurs a reduction in earnings per the indemnification agreement with the custodian. Each security loan is initially collateralized by securities or cash for at least 102% of its fair value (105% for international securities). Collateral is held by the custodian. Cash collateral received from borrowers is invested in a short-term investment pool, which is managed by Northern Trust. The custodian's lending program does not operate the collateral investments as a "matched program" where the length of the loaned assets is specifically matched to the length of the

8. INVESTMENTS (cont.)

portfolio investments. Loans are open and renewed each day until they are no longer needed. ERS does not have the ability to pledge or sell collateral unless there is a borrower default.

Revenue earned from securities lending is used to offset expenses of the Retirement System. If revenues are not expended within one calendar year following receipt, the remaining amount is distributed to the Non-Consenter Retirement Fund. For the year ended December 31, 2024, the Retirement System earned revenue from securities lending of approximately $15,924,000 and paid custodian fees and rebates of approximately $15,924,000. The ERS disbursed $853,000 to offset some of the Retirement System's administrative costs.

As of December 31, 2024, ERS has securities on loan with a fair value of approximately $228,275,000 and the short-term collateral investment pool has a fair value of approximately $235,365,000.

Investment Type	Securities on Loan Fair Value
Global Equities	$ 7,689,235
US Agencies	219,088
US Corporate Fixed	89,063,333
US Equities	28,239,964
US Government Fixed	103,062,987
Totals	$ 228,274,607

The two main risks in securities lending are counterparty risk and collateral investment risk. Counterparty risk is the risk that the borrower defaults on a loan and is unable to return the security. The ERS' contract with Northern Trust indemnifies ERS of any losses suffered as a result of the securities lending program due to counterparty default. Collateral investment risk is the risk that an investment in a collateral option becomes impaired or decreases in value. ERS is responsible to refund any losses to the borrower as a result of losses in the collateral pool. As of December 31, 2024, the ERS' collateral pool was trading at or near fair value with no impairments.

9. LEASES

The Retirement System has entered into lease agreements as a lessee for financing the temporary acquisition of office space and equipment. These agreements qualify as leases for accounting purposes and, therefore, the assets and obligations have been recorded at the present value of the future minimum lease payments as of the inception date. The obligations for the leased assets will be repaid from the Global Combined Fund.

Description	Lease Inception	Final Maturity	Interest Rate	Balance
Office Space - 789 N Water Street, Suite 300	1/1/2022*	3/1/2030	4.4%	$ 1,240,627
Office Space - 10850 West Park Place, Suite 450	1/1/2022*	3/31/2030	4.0%	215,893
Office Space - Disaster Recovery Computer Facility	1/1/2022*	12/31/2029	7.5%	72,826
Equipment - Copiers	1/1/2022*	1/31/2025	7.5%	6,271
Total				$ 1,535,617

* The lease inception date reflects the implementation date of GASB 87 for leases that commenced prior to the implementation of GASB 87.

Annual lease payment requirements to maturity for the lease liabilities are as follows:

Year	Principal	Interest	Total
2025	$ 258,990	$ 68,410	$ 327,400
2026	272,175	56,696	328,872
2027	292,721	44,587	337,308
2028	314,410	31,563	345,973
2029	337,301	17,573	354,874
Thereafter	60,020	467	44,166
Total	$ 1,535,617	$ 219,297	$ 1,738,593

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Retirement System enters into subscription-based information technology arrangements (SBITAs) to use vendor-provided information technology. SBITAs provide the System with the right to use the vendor's information technology for a period of time. The present value of future payments is recorded as an intangible right-to-use lease asset and amortized using the straight-line method over the term of the lease. The total cost of the obligations for the subscription arrangements was paid at the arrangements' inception out of the Global Combined Fund and the Securities Lending program. Therefore, no subscription liability was recorded.

As of December 31, 2024, the total of SBITA assets was approximately $537,000, the accumulated amortization was approximately $308,000, and the net asset balance was approximately $229,000.

11. COMMITMENTS & CONTINGENCIES

The Retirement System is involved in litigation and disputes arising during the normal course of operations. Management does not believe the settlement of such matters will have a material impact on the Retirement System's basic financial statements.

12. SUBSEQUENT EVENTS

The Retirement System has evaluated subsequent events occurring through the date the financial statements were available to be issued, for subsequent events requiring recording or disclosure in the Plan's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

(See Independent Auditors' Report)

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Required Supplementary Information
Schedule of Changes in the Net Pension Liability
Last 10 Fiscal Years
(in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 104,182	$ 84,638	$ 83,123	$ 85,158	$ 88,215	$ 87,285	$ 75,119	$ 77,681	$ 70,377	$ 70,500
Interest	518,959	517,549	505,466	495,668	482,120	463,215	464,845	441,811	430,745	418,874
Benefit term changes	24,409	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	39,789	21,320	(5,552)	3,169	50,316	119,477	(91,515)	67,154	(9,921)	(30,035)
Assumption changes	-	569,618	40,766	-	-	-	475,766	244,993	-	(5,206)
Benefit payments, including member refunds	(491,649)	(471,048)	(457,618)	(445,256)	(428,950)	(409,086)	(393,526)	(385,331)	(351,303)	(347,889)
Net change in total pension liability	195,690	722,077	166,185	138,739	191,701	260,891	530,689	446,308	139,898	106,244
Total pension liability - beginning	7,769,353	7,047,276	6,881,091	6,742,352	6,550,651	6,289,760	5,759,071	5,312,763	5,172,865	5,066,621
Total pension liability - ending	$ 7,965,043	$ 7,769,353	$ 7,047,276	$ 6,881,091	$ 6,742,352	$ 6,550,651	$ 6,289,760	$ 5,759,071	$ 5,312,763	$ 5,172,865
Plan fiduciary net position										
Employer contributions	$ 217,640	$ 171,042	$ 121,571	$ 91,177	$ 87,661	$ 96,389	$ 83,166	$ 83,524	$ 74,095	$ 72,198
Employee contributions	34,089	32,688	32,204	31,444	32,191	32,633	32,085	32,494	35,918	49,553
Net investment income (loss)	404,186	541,506	(594,375)	1,110,990	409,136	893,278	(160,190)	787,809	383,747	34,982
Benefit payments, including member refunds	(491,649)	(471,048)	(457,618)	(445,256)	(428,950)	(409,086)	(393,526)	(385,331)	(351,303)	(347,889)
Administrative expenses	(9,287)	(8,015)	(7,181)	(6,733)	(7,381)	(7,018)	(7,181)	(8,637)	(8,096)	(9,686)
Net change in plan fiduciary net pension	154,979	266,173	(905,399)	781,622	92,657	606,196	(445,646)	509,859	134,361	(200,842)
Plan fiduciary net position - beginning	5,711,392	5,445,219	6,431,356	5,649,734	5,557,077	4,950,881	5,396,527	4,886,669	4,752,308	4,953,150
Plan fiduciary net position - ending	$ 5,866,371	$ 5,711,392	$ 5,525,957	$ 6,431,356	$ 5,649,734	$ 5,557,077	$ 4,950,881	$ 5,396,528	$ 4,886,669	$ 4,752,308
Net pension liability - ending	$ 2,098,672	$ 2,057,961	$ 1,521,319	$ 449,735	$ 1,092,618	$ 993,574	$ 1,338,879	$ 362,543	$ 426,094	$ 420,557

See independent auditors' report and notes to required supplementary information.

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Required Supplementary Information
Schedules of Net Pension Liability and Investment Returns
Last 10 Fiscal Years
(in thousands)

Schedule of Net Pension Liability

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability	$ 7,965,043	$ 7,769,353	$ 7,047,276	$ 6,881,091	$ 6,742,352	$ 6,550,651	$ 6,289,760	$ 5,759,071	$ 5,312,763	$ 5,172,865
Plan fiduciary net position	(5,866,371)	(5,711,392)	(5,525,957)	(6,431,356)	(5,649,734)	(5,557,077)	(4,950,881)	(5,396,527)	(4,886,669)	(4,752,308)
Net pension liability	$ 2,098,672	$ 2,057,961	$ 1,521,319	$ 449,735	$ 1,092,618	$ 993,574	$ 1,338,879	$ 362,544	$ 426,094	$ 420,557
Plan fiduciary net position as a percentage of total pension liability	73.7%	73.5%	78.4%	93.5%	83.8%	84.8%	78.7%	93.7%	92.0%	91.9%
Covered payroll	$ 603,306	$ 599,284	$ 579,351	$ 586,369	$ 596,386	$ 581,663	$ 574,394	$ 577,119	$ 583,950	$ 535,802
Net pension liability as a percentage of covered payroll	347.9%	343.4%	262.6%	76.7%	183.2%	170.8%	233.1%	62.8%	73.0%	78.5%

Schedule of Investment Returns

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	6.9%	9.9%	-6.6%	18.9%	5.9%	18.5%	-2.8%	16.4%	8.8%	0.6%

The returns on this schedule were calculated by ERS' custodian, Northern Trust

See independent auditors' report and notes to required supplementary information.

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Required Supplementary Information
Schedule of Employers' Contributions
For Last 10 Fiscal Years
(in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined employer	$ 217,640	$ 171,042	$ 81,571	$ 83,177	$ 84,661	$ 83,025	$ 83,166	$ 83,524	$ 74,095	$ 72,198
Actual employer contributions	217,640	171,042	81,571	83,177	79,661	83,025	83,166	83,524	74,095	72,198
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ 5,000	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 603,306	$ 599,284	$ 579,351	$ 586,369	$ 596,386	$ 581,663	$ 574,394	$ 577,119	$ 583,950	$ 535,802
Actual contributions as a percentage of covered payroll	36.1%	28.5%	14.1%	14.2%	13.4%	14.3%	14.5%	14.5%	12.7%	13.5%

See independent auditors' report and notes to required supplementary information.

1. This information presented in the required supplementary schedules, for pension funding purposes, was based on the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation Date	Second Annual Actuarial Valuation of the Employes' Retirement System of the City of Milwaukee as of January 1, 2023 - Reflects the statutory changes and subsequent Board actions due to the passage of Act 12 on June 21, 2023
Actuarial Cost Method	Individual Entry Age Normal Cost
Amortization Method	Level-dollar amount over a closed 30-year period
Remaining Amortization Period	As a result of the passage of 2023 Wisconsin Act 12, the projected January 1, 2024 UAAL balance, as calculated in the second January 1, 2023 actuarial valuation, will be amortized as a level-dollar amount over a closed 30-year period. Future changes in the System's UAAL are to be amortized in accordance with Actuarial Standards of Practice. At their July 24, 2023 Board meeting, the Board adopted a policy to amortize future increases in the UAAL over a closed 10-year period upon the recommendation of their actuary. Future decreases in the UAAL will be amortized over either a closed 10-year period or the remainder of the 30-year period beginning on January 1, 2024, whichever is longer.
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment Rate of Return	6.80% per annum, compounded annually
Projected Salary Increases	General City: 3.00% - 7.5% Police & Fire: 3.00% - 19.00%
Inflation Assumption	2.50% per annum
Cost of Living Adjustments	For retirees whose COLA is defined as the lesser of 3.00% and CPI-U, the assumed COLA is 2.50% per annum
Mortality Table	Active Members: For General employees, Pub-2010 Below Median General Employee Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021. For Policemen and Firemen, Pub-2010 Median Public Safety Employee Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021. Healthy Retirees: For General employees, Pub-2010 Below Median General Retiree Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021. For Policemen and Firemen, Pub-2010 Median Public Safety Retiree Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021. Beneficiaries: For General employees, Pub-2010 Below Median Contingent Survivors Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021. For Policemen and Firemen, Pub-2010 Median Contingent Survivors Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021. Disabled Retirees: For General employees, Pub-2010 Non-Safety Disabled Retiree Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021. For Policemen and Firemen, Pub-2010 Safety Disabled Retiree Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021.
Experience Study	The actuarial assumptions used in this valuation are based on the results of the most recent experience study covering the five-year period ending December 31, 2021.

2. The total pension liability contained in the Schedule of Net Pension Liability was provided by the Retirement System's actuaries, Cavanaugh Macdonald Consulting, LLC for 2018 and subsequent years and Conduent HR Consulting, LLC for years prior to 2018. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Retirement System. Effective in 2023, contributions to the Employers' Reserve Fund are no longer presented in the Schedule of Employers' Contributions and all prior periods were restated to remove the contributions to this fund.

3. The required employer contributions and percent of contributions made are presented in the Schedule of Employers' Contributions.

4. The plan is closed to employees hired on or after January 1, 2024.

5. Effective with the 2023 GASB 67 actuarial report, ERS no longer includes assets of the Employers' Reserve Fund as part of its Plan Net Fiduciary Position (PNP) to reduce the amount of Net Pension Liability, resulting in a decrease of $80.8 million in the beginning balance of the PNP. Prior periods were not restated to remove the Employers' Reserve Fund from the calculation of the Net Pension Liability.

6. Under collective bargaining agreements, certain members were entitled to a 5.8% pension contribution offset payment. This 5.8% pension contribution offset payment was not initially included in the calculation of duty disability retirement benefits. In 2024, it was ruled in court that the 5.8% pension contribution offset payment should be included in the calculation of duty disability retirement benefits.

7. Effective with the measurement period ending December 31, 2024, the methodology for projecting covered employee payroll changed due to the closure of the plan to new hires. Beginning in 2024, covered payroll no longer includes anticipated new hires for the following year. Instead, it reflects only the covered employees present at the beginning of the measurement period.

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SUPPLEMENTARY INFORMATION

(See Independent Auditors' Report)

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Schedules of Administrative Expenses, Investment Expenses, and Payments to Consultants
For the Year Ended December 31, 2024

Schedule of Administrative Expenses

Salaries	3,956,715
Fringe benefits	1,659,369
Professional services	757,914
Other operating services & supplies	733,488
Information technology services	696,485
Depreciation of equipment	357,305
Facility operations & maintenance	357,105
Amortization of lease assets	266,806
General office expense	233,629
Amortization of SBITAs	169,034
Interest portion of lease payments	79,272
Equipment usage fees	20,243
	$ 9,287,366

Schedule of Investment Expenses

Investment manager expense	$ 67,845,189
Employers' Reserve Fund investment manager expense	209,874
Security lending fees	221,866
Security lending rebates	15,702,415
Investment consulting fees	489,480
Investment custodian fees	304,500
Other investment related expenses	1,412,591
	$ 86,185,916

Schedule of Payments to Consultants

Actuary services	195,016
Audit	205,242
Legal services	82,234
Medical advisors	264,879
Memberships	9,167
Other professional services	1,376
	$ 757,914

(See Independent Auditors' Report)

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Combining Schedule of Fiduciary Net Position
Non-Consenter Funds
As of December 31, 2024
(in thousands)

	Retirement Fund	Combined Retirement Fund	General Employes' Duty Disability Fund	Total
ASSETS				
CASH AND CASH EQUIVALENTS	$ 539	$ 688	$ 4	$ 1,231
INVESTMENTS (Notes 1 and 8):				
Fixed income	2,723	2,088	18	4,829
Public equity	3,317	2,543	22	5,882
Absolute return	690	529	5	1,224
Real assets	968	742	6	1,716
Private equity	1,124	861	7	1,992
Total Investments	8,822	6,763	58	15,643
RECEIVABLES AND OTHER ASSETS				
Actuarially determined contributions (Note 2)	-	18	-	18
Interest, dividends and foreign tax recoverable (Note 1)	25	19	-	44
Investments sold	307	236	2	545
Total Receivables and Other Assets	332	273	2	607
Total Assets	9,693	7,724	64	17,481
LIABILITIES				
Investments purchased	732	561	5	1,298
Total Liabilities	732	561	5	1,298
NET POSITION RESTRICTED FOR PENSIONS	$ 8,961	$ 7,163	$ 59	$ 16,183

See Independent Auditors' Report.

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Combining Schedule of Changes in Fiduciary Net Position
Non-Consenter Funds
For the Fiscal Year Ended December 31, 2024
(in thousands)

	Retirement Fund	Combined Retirement Fund	General Employes' Duty Disability Fund	Total
ADDITIONS				
Contributions				
Employer (Note 2)	$ 2	$ 346	$ -	$ 348
Member	5	-	-	5
Total Contributions	7	346	-	353
Investment Income				
Net appreciation in fair value of investments	470	361	3	834
Interest, dividends, and other investment income	222	170	1	393
Total Investment Income	692	531	4	1,227
Investment expense (Note 6)	-	-	-	-
Net Investment Income (Loss)	692	531	4	1,227
Total Additions	699	877	4	1,580
DEDUCTIONS				
Benefits paid	(53)	(94)	-	(147)
Refunds of contributions	(7)	-	-	(7)
Interfund transfers (Note 3)	(276)	-	-	(276)
Total Deductions	(336)	(94)	-	(430)
NET INCREASE IN NET POSITION	363	783	4	1,150
NET POSITION RESTRICTED FOR PENSIONS				
Beginning of Year	8,598	6,380	55	15,033
End of Year	$ 8,961	$ 7,163	$ 59	$ 16,183

See Independent Auditors' Report.

INVESTMENT SECTION

City of Milwaukee
Employes' Retirement System

Bernard J. Allen
Executive Director

David M. Silber, CFA, CAIA
Chief Investment Officer

Melody Johnson
Deputy Director

June 7, 2025

To the Annuity and Pension Board and Our Members:

The Annuity and Pension Board (Board), as trustee of the funds in the Employes' Retirement System of the City of Milwaukee ("the Fund"), employs a prudent investment process. Together with the Fund's staff and the Fund's investment consultant, Callan Associates, the Board oversees the investment strategy through periodic reviews of return and volatility assumptions, asset class structures, and investment manager implementation.

Major stock markets around the world have exhibited volatile calendar year returns in recent years, and 2024 was no exception. Fortunately, stock market volatility had a positive impact on the Fund's returns in 2024. The Fund generated a positive return in 2024, net of fees, but underperformed its benchmark.

- The Fund's return of 6.8% in 2024, net of investment management fees, underperformed its benchmark by 391 basis points.
- As a result of the Fund's 6.8% investment return, the System's Fiduciary Net Position increased from $5.80 billion in 2023 to $5.96 billion in 2024, even after accounting for benefit payments that exceeded contributions.
- Over the past 10 years, the Fund generated annualized returns of 7.4%, net of investment management fees, which exceeded its benchmark by an annualized 20 basis points. The Fund's returns rank in the first or second quartile of its public fund peer universe over the 3 and 10-year time periods, as measured by both its custodian and investment consultant, respectively.
- The Fund's Public Equity and Absolute Return allocations generated the highest returns for the Fund in 2024, at 11.7% and 11.6%, respectively, net of investment management fees. The Fund's Real Assets allocation generated the lowest return for the Fund in 2024, at -2.7% net of investment management fees.
- The Fund and all of the asset classes the Fund invests in have generated positive returns and either matched or exceeded their respective benchmark over the past 10-years, net of investment manager fees.

The Consultant's Commentary; a summary of the Fund's goals, objectives, and guidelines; and selected investment schedules follow for your review.[1]

Sincerely,

David M. Silber, CFA, CAIA
CMERS Chief Investment Officer

[1] Data provided to the Fund by its custodian and its investment consultant form the basis of the information that is presented throughout the Investment Section. Data is based upon market values. All portfolio rates of return are presented using time and asset-weighted returns, based on the market rate of return. Returns are calculated net of investment manager fees.

Callan

Callan Associates Inc.
120 North LaSalle Street
Suite 2400
Chicago, IL 60602

Main 312.346.3536
Fax 312.346.1356

www.callan.com

May 27, 2025

Annuity and Pension Board
Employes' Retirement System of the City of Milwaukee
789 N. Water Street, Suite 300
Milwaukee, WI 53202

Dear Annuity and Pension Board,

Callan LLC is pleased to present the Employes' Retirement System of the City of Milwaukee ("Fund") results for fiscal year ended December 31, 2024. As of year-end, the Fund reported a fair value of $5.9 billion.

The U.S. economy showed a few signs of slowing during 2024, scattered across indicators like inventories and consumer debt levels, especially for autos, and exports and imports. In the end solid GDP growth persisted, and the job market proved resilient despite some head fakes during the year. The unemployment rate remained low at 4.1%. GDP grew 2.5% over the course of 2024, after a gain of 2.9% the previous year.

The Fed signaled it was done raising rates to fight inflation by mid-2024 and began cutting in September, lowering rates by a full percentage point to a target range of 4.25%–4.50%. While the long-term target midpoint is 3.0%, the unusually wide range of projections—2.4% to 4%—reflects divided views within the FOMC. Markets priced in a pause at 4%, suggesting expectations that inflation—and thus short rates—may remain higher than previously assumed. Achieving the Fed's 2% inflation goal may take time and involve economic discomfort, including below-trend growth, a softer labor market, and rising unemployment. Another inflationary risk is the threat of trade wars, particularly new U.S. tariffs and potential retaliation from global partners.

The S&P 500 ended 2024 with a strong total return of 25.0%, marking a second consecutive year of robust U.S. equity performance. Market gains were largely driven by the mega-cap "Magnificent Seven," particularly Nvidia and Tesla, which surged 171.2% and 62.5% YTD, respectively. For the second year in a row, fewer than 30% of S&P 500 constituents outperformed the index. Growth-oriented sectors led the way: Consumer Discretionary (+30.1%) and Communication Services (+40.2%) benefited from resilient consumer demand, while Technology (+36.6%) was boosted by AI-driven optimism. Defensive sectors lagged amid concerns about economic slowing and regulatory pressures. Among large caps, growth outperformed value significantly (Russell 1000 Growth +33.4% vs. Value +14.4%). Small caps trailed large caps but still posted solid gains, with the Russell 2000 up 11.5%, led by growth (+15.2%) over value (+8.1%).

Non-U.S. equity markets, as measured by the MSCI ACWI ex-USA IMI Index, advanced 5.2% for the year, but lagged domestic equities as a stronger U.S. dollar and concerns over slower global growth were headwinds, prompting a pullback in the fourth quarter. In developed markets outside the U.S., the influence of technology and AI is comparatively more muted, and value stocks outperformed growth (MSCI EAFE Value: +5.7% vs. Growth: +2.0%). Emerging markets (MSCI EM: +7.5%) outperformed developed markets (MSCI EAFE: +3.8%), led by strong results from China (+19.4%) as economic stimulus bolstered returns.

Core fixed income eked out modest gains in 2024 as the Fed cut rates by a total of 1% from September to December. The Bloomberg US Aggregate Bond Index returned 1.3% for the year as spread sectors outperformed treasuries. Leveraged finance sectors such as high yield (+8.2%) and leveraged loans (+9.0%) were the best performing sectors. Corporate credit spreads across both investment grade and leveraged finance tightened throughout the year and continued to trade through historical averages. A steepening yield curve caused long government bonds to fare the worst among fixed income sectors (-6.4%). The 10-year U.S. Treasury yield increased 0.70% over the course of the year to 4.58%.

The NCREIF ODCE Value-weighted Net Index, which tracks the performance of core U.S. open-end private real estate funds, declined 2.3% in 2024. Real Estate properties continued to experience asset depreciation across most sectors, although the pace of write-downs had slowed by year-end. Positive income returns across all sectors and regions provided cushion to declining asset values. Office was once again the worst performing property type for the year, driven by uncertainty around future office occupancy and high cost of capital required to bring older buildings up to current standards. Transaction volume ticked up from 2023 levels, but remained below five-year averages. Increasing transactions were driven by increasing confidence in multi-family and industrial values, which have largely adjusted to increased borrowing costs.

Hedge funds delivered strong performance across all major strategies in 2024, with the HFRI Fund Weighted Index up 9.8%. Within the HFRI indices, equity hedge strategies led the way, returning 11.9%, driven by strength in Technology, Energy, and Health Care, as well as elevated stock dispersion that rewarded both long and short positioning. Event-driven strategies returned 9.8%, supported by gains in special situations, distressed opportunities, and a late-year boost from renewed M&A expectations. Relative Value strategies gained 8.6%, with managers capitalizing on persistent interest rate volatility and rising bond yields. Meanwhile, Macro strategies posted a solid 5.5%, as managers successfully navigated shifting rate dynamics and commodity trends, particularly around inflation and global monetary policy shifts.

Private equity continued to face headwinds in 2024, as the asset class lagged public markets once again due to the smoothing effect that tempers both gains and losses. Fundraising remained challenged, with the number of funds raised down another 40% in 2024, continuing the steep decline since 2021. LPs showed a clear preference for larger, proven managers, with capital concentrating heavily in established buyout funds. Deal count has steadily declined over the past three years, but deal volume climbed 16% versus 2023, fueled by surging interest in early-stage AI companies, which drove valuations to new highs. Exit activity remained deeply subdued for a third consecutive year, stuck at roughly 75% of pre-pandemic levels and contributing to a growing backlog of pending exits, totaling nearly 4,000 companies.

As noted in the Schedule of Investment Results, the Fund generated a total return of approximately 6.8% (net-of-management fees) for the year ended December 31, 2024, which trailed the 10.8% return of the Fund's benchmark (the Policy Benchmark). In aggregate, the Fund's allocation to Public Equity and Absolute Return strategies provided the strongest absolute contributions. For the last five years, the Fund generated an approximate 6.9% annualized return, trailing the benchmark return of 7.1%. For the last ten years, the Fund returned an annualized 7.4% versus the benchmark return of 7.2%.

Sincerely,

John P. Jackson, CFA
Senior Vice President, Callan LLC

INVESTMENT GOALS AND OBJECTIVES

The overall investment goal is to provide participants with retirement, disability and death and survivor benefits. The purpose of the Fund establishing an investment policy is to obtain the highest return possible on Fund investments within corresponding acceptable levels of minimum investment risk and liquidity requirements in recognition of prudent person standards and compliance with applicable local, state, and federal laws governing the operation and activities of the Fund. In particular, the Fund is bound by the City of Milwaukee Charter Chapter 36.

FUNDING LEVELS AND LIQUIDITY REQUIREMENTS

The Board seeks to keep Plan benefits as well funded as possible at all times. Additionally, the Board wishes to remain as fully invested as possible at all times, while maintaining appropriate liquidity. Generally, the Fund will maintain enough liquidity to meet one month of payments and expenses.

ASSET ALLOCATION CONSIDERATIONS

The Board implements an asset allocation policy that is predicated on a number of factors, including:

1. A projection of actuarial assets, liabilities, and benefit payments and the cost of contributions;
2. Historical and expected long-term capital market risk and return behavior;
3. An assessment of future economic conditions, including inflation and interest rate levels; and,
4. The current and projected funding status.

TARGET ALLOCATIONS

The Board has determined that the following asset allocation policy is appropriate for the Fund. This allocation policy will be reviewed periodically and may be modified, if appropriate, in light of changes in the structure or goals of the Fund.

Public Equity	**Target**	**Minimum**	**Maximum**
Domestic Equity			
Passive Large Cap	6.9%		
Active Large Cap	4.4%		
Active Mid/Small Cap	6.2%		
Total Domestic Equity	**17.5%**	**13.5%**	**21.5%**
Total International Equity	**13.7%**	**10.7%**	**16.7%**
Total Global Equity	**7.8%**	**3.8%**	**11.8%**
Total Public Equity	**39%**	**34%**	**44%**
Fixed Income			
Cash	1%	0%	5.0%
Passive Fixed Income	7.2%		
Core Opportunistic Fixed Income	20.8%		
Total Fixed Income	**29%**	**26%**	**32%**
Real Assets			
Private Real Estate	**9.7%**		
Public Diversified Real Assets	**3.3%**	**1.3%**	**5.3%**
Total Real Assets	**13%**	**10%**	**16%**
Private Equity	**12%**	**9%**	**17%**
Absolute Return	**7%**	**4%**	**12%**
Total	**100%**		

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Schedule of Investment Results
For the Year Ended December 31, 2024

	2024	3 Years	5 Years
Total Fund	6.8%	3.2%	6.9%
Policy Benchmark[1]	10.8%	3.6%	7.1%
Fixed income	2.5%	0.5%	-0.2%
Bloomberg U.S. Aggregate Index	1.3%	-2.4%	-0.3%
Public equity	11.7%	4.4%	9.5%
ACWI IMI	16.4%	4.9%	9.7%
Absolute return	11.6%	13.8%	6.5%
90 Day Treasury Bill + 3%	8.2%	7.2%	5.6%
Public Diversified Real Assets	3.3%	0.1%	4.2%
Blended Benchmark[2]	4.2%	1.1%	4.1%
Private Real Estate	0.2%	-1.3%	4.1%
NCREIF Fund Index ODCE	-2.3%	-3.1%	2.0%
Private equity[3]	5.7%	1.1%	16.2%
Cambridge Private Equity Index	6.0%	3.4%	14.6%

The policy benchmark is a composite index designed to track the target asset allocation. Historical data on the Total Fund benchmark allocations can be found in the Fund's Statement of Investment Policy.

[2] *Effective April 1, 2022, the blended benchmark is as follows: 15% Bloomberg U.S. TIPS, 30% S&P Global Infrastructure, 15% S&P Global Natural Resources, 15% Bloomberg Commodity, 25% FTSE NAREIT. Prior to April 1, 2022, the blended benchmark was as follows: 35% Bloomberg U.S. TIPS, 20% S&P Global Infrastructure, 20% Global Natural Resources, 15% Bloomberg Commodity, 10% FTSE NAREIT.*

[3] *Private Equity returns shown above are calculated by the Fund's custodian at a 1-quarter lag.*

Note: With the exception of Real Estate, returns are calculated by the Fund's custodian using geometrically-linked, time and asset-weighted returns, based on the market rate of return. Returns are calculated net of investment manager fees. Real Estate returns are calculated by the Fund's Real Estate consultant.

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Schedules of Top Ten Largest Holdings
For the Year Ended December 31, 2024

Top Ten Equity Holdings	Fair Value
Microsoft Corporation	$ 22,248,456
Visa Inc.	15,160,439
Accenture plc	11,992,169
Amazon.com Inc.	11,654,216
Alphabet Inc.	11,542,741
Apple Inc.	10,517,640
Takeda Pharmaceutical Company Limited	8,985,904
SAP SE	8,328,957
Alibaba Group Holding Limited	8,309,003
Mastercard Incorporated	7,874,854

Top Ten Fixed Income Holdings	Fair Value
FNMA Pass-throughs 5.5% 30 Years	$ 84,453,400
U.S. Treasury Bonds 4.375% Due 8/15/2054	73,763,852
FNMA Pass-throughs 6.0% 30 Years	55,662,106
FNMA Single Family Mortgage 4.0% 30 Years	50,186,542
FNMA Single Family Mortgage 4.5% 30 Years	48,282,459
U.S. Treasury Notes & Bonds 3.875% Due 8/15/2034	39,755,915
U.S. Treasury Notes 4.375% Due 7/31/2026	26,106,745
FNMA Single Family Mortgage 5.0% 30 Years	24,483,754
U.S. Treasury Notes 4.25% Due 11/15/2034	21,900,438
U.S. Treasury Notes 4.625% Due 6/30/2026	21,051,244

The schedules above exclude commingled funds.

A complete list of the portfolio holdings is available for review upon request.

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Summary of Management Fees
For the Year Ended December 31, 2024

	Assets Under Management	Management Fee	Performance Fee	Fund of Fund Fee	Total Fees
Public Equity					
Domestic					
Passive Large Cap Equity	$ 401,892,290	$ 45,757	$ -	$ -	$ 45,757
Active Large Cap Equity	264,610,238	759,027	-	-	759,027
Active Mid/Small Cap Equity	374,682,265	1,194,720	1,024,814	-	2,219,534
International					
Active International Equity	787,844,993	3,903,717	-	-	3,903,717
Global					
Active Global Equity	458,858,494	1,008,874	936,990	-	1,945,864
Total Public Equity	$ 2,287,888,280	$ 6,912,095	$ 1,961,804	$ -	$ 8,873,899
Private Equity Fund of Funds[1]	$ 770,590,638	$ 7,606,961	$ 14,592,283	$ 7,176,456	$ 29,375,700
Fixed Income					
Cash	$ 35,479,862	$ -	$ -	$ -	$ -
Passive Fixed Income	416,665,326	69,768	-	-	69,768
Active Fixed Income	1,221,572,716	912,856	-	-	912,856
Total Fixed Income	$ 1,673,717,904	$ 982,624	$ -	$ -	$ 982,624
Absolute Return[1]	$ 473,547,652	$ 8,129,607	$ 11,285,614	$ 3,359,650	$ 22,774,871
Real Estate					
Private Real Estate - Core	$ 473,863,149	$ 3,915,808	$ 391,637	$ -	$ 4,307,444
Private Real Estate - Non-Core	9,013,094	109,644	296,971	-	406,616
Total Real Estate	$ 482,876,243	$ 4,025,452	$ 688,608	$ -	$ 4,714,060
Real Assets					
Public Real Assets	$ 181,360,830	$ 1,124,035	$ -	$ -	$ 1,124,035
Employers' Reserve Fund					
Fixed Income					
Active Fixed Income	$ 89,448,110	$ 209,874	$ -	$ -	$ 209,874
Total Fixed Income	$ 89,448,110	$ 209,874	$ -	$ -	$ 209,874
Total External Management Fees		$ 28,990,648	$ 28,528,309	$ 10,536,106	$ 68,055,063

Assets under management amounts may differ from the Statement of Fiduciary Net Position on page 27. Assets under management reflect the categorization of the manager, not necessarily the categorization of the assets held within separate accounts.

Fees are paid quarterly on quarter-end asset values for the majority of investment managers. Basis point calculations made from the data presented here would not be reflective of the fund's true fee rates.

[1] Management Fee and Performance Fee for Private Equity Fund of Funds and Hedge Fund of Funds (included in Absolute Return) includes, but may not be limited to, management fees and performance/carry at the underlying fund level, respectively.

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Schedule of Brokerage Commissions
For the Year Ended December 31, 2024

Broker Name	Number of Shares	Commissions	Cost Per Share
Jefferies LLC	16,769,737	$ 22,297	$ 0.00
Morgan Stanley & Co. LLC	2,632,970,996	22,256	$ 0.00
National Financial Services LLC	2,463,282	22,162	$ 0.01
Merrill Lynch International Ltd	1,375,343	21,448	$ 0.02
Paris Agency Business (Ex-SGLB)	2,171,817	21,293	$ 0.01
Goldman, Sachs & Co.	44,112,379,376	18,171	$ 0.00
UBS AG	6,027,986	17,924	$ 0.00
J.P. Morgan Securities PLC	3,109,830,918	16,020	$ 0.00
Goldman Sachs International	471,223	12,501	$ 0.03
Citgroup Global Markets Inc.	110,562,194	11,767	$ 0.00
Total - Top Ten Brokers	49,995,022,872	185,839	$ 0.00
Total - Other Brokers	31,890,810,690	253,448	$ 0.00
Grand Total	81,885,833,562	$ 439,287	$ 0.00

The schedule above excludes commingled funds.

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Summary of Investment Holdings
For the Year Ended December 31, 2024
(in thousands)

Asset Class	Fair Value	Percent of Total	Target Allocation
Cash and cash equivalents	$ 93,829	1.5%	1.0%
Fixed income	1,867,743	30.4%	28.0%
Public equity	2,274,877	37.0%	39.0%
Absolute return	473,547	7.7%	7.0%
Real assets	664,236	10.8%	13.0%
Private equity	770,590	12.5%	12.0%
	$ 6,144,822	100%	100%

This chart excludes pending investment sales and purchases for the asset class totals.

The summary above excludes investments held as part of the Employers' Reserve Fund.

ACTUARIAL SECTION

January 29, 2025

Annuity and Pension Board
Employes' Retirement System of the City of Milwaukee
789 North Water Street, Suite 300
Milwaukee, WI 53202

Members of the Board:

At your request, we performed the Eighty-Sixth Annual Actuarial Valuation of the Employes' Retirement System of the City of Milwaukee (referred to as "ERS" or "System") as of January 1, 2024 to be used for determining actuarially determined employer contributions for Plan Year 2025. There have been no changes to the set of actuarial assumptions and methods since the prior valuation.

The primary purposes of the valuation report are to determine the actuarially determined employer contribution for Plan Year 2025, to describe the current financial condition of ERS, and to analyze changes in such condition. Use of the report for any other purposes, or by anyone other than ERS and its auditors, may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the report for that purpose.

In preparing our report, we relied, without audit, on information (some oral and some in writing) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, member data and financial information. Although reviewed for reasonableness and consistency with the prior valuation, these elements have not been audited by Cavanaugh Macdonald Consulting, LLC and we cannot certify as to the accuracy and completeness of the data supplied. The valuation results depend on the integrity of this information. If any of the information is inaccurate or incomplete, our results may be different and our calculations may need to be revised. The valuation is also based on benefit and contribution provisions as disclosed herein.

The Board has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in the Summary of Actuarial Assumptions and Methods section of the actuarial valuation report. We believe that these assumptions are appropriate and reasonable, and also comply with all applicable Actuarial Standards of Practice. We certify that all costs and liabilities have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the plan and reasonable expectations) and which, in combination, offer the best estimate of anticipated experience affecting the plan. Nevertheless, the emerging costs will vary from those presented in the actuarial valuation report to the extent actual experience differs from that projected by the actuarial assumptions.

Future actuarial results may differ significantly from the current measurements presented in the actuarial valuation report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period) and changes in plan provisions or applicable law. Due to the limited scope of the assignment, we did not perform an analysis of the potential range of such future measurements.

Actuarial computations presented in the actuarial valuation report are for purposes of evaluating the funding of the Plan and calculating the actuarially determined employer contribution amount. The calculations in the report have been made on a basis consistent with our understanding of the Plan's funding requirements and goals. Determinations for other purposes may be significantly different from the results contained in the report. Accordingly, additional determinations may be needed for other purposes. For example, actuarial computations for purposes of fulfilling financial accounting requirements under Governmental Accounting Standard Number 67 and 68 are provided in separate reports.

This is to certify that the independent consulting actuaries are members of the American Academy of Actuaries and have experience in performing valuations for public retirement plans, that the valuation was prepared in accordance with standards of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement plan and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopted them as indicated later in this section.

Respectfully submitted,

Larry Langer, ASA, EA, FCA, MAAA
Principal and Consulting Actuary

Patrice A. Beckham, FSA, EA, FCA, MAAA
Consulting Actuary

Aaron Chochon, ASA, EA, FCA, MAAA
Senior Actuary

MEMBER DATA

Active Member Data by Group as of January 1, 2024

General Employees

Valuation January 1	Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay
2015	8,240	$337,248,000	$40,928	(1.39%)
2016	8,276	343,867,000	41,550	1.52%
2017	8,417	361,660,000	42,968	3.41%
2018	8,289	359,914,000	43,421	1.05%
2019	8,228	360,750,000	43,844	0.97%
2020	8,442	376,656,000	44,617	1.76%
2021	8,135	371,863,000	45,711	2.45%
2022	7,768	369,306,000	47,542	4.01%
2023	7,509	390,258,000	51,972	9.32%
2024	7,816	453,218,000	57,986	11.57%

Policemen

Valuation January 1	Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay
2015	1,920	$136,104,000	$70,888	(0.48%)
2016	1,912	135,571,000	70,906	0.03%
2017	1,922	160,106,000	83,302	17.48%
2018	1,855	157,864,000	85,102	2.16%
2019	1,916	159,971,000	83,492	(1.89%)
2020	1,827	158,596,000	86,807	3.97%
2021	1,735	154,607,000	89,111	2.65%
2022	1,631	148,844,000	91,259	2.41%
2023	1,592	146,653,000	92,119	0.94%
2024	1,601	147,304,000	92,007	(0.12%)

Firemen

Valuation January 1	Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay
2015	804	$56,587,000	$70,382	0.73%
2016	794	56,364,000	70,987	0.86%
2017	744	62,184,000	83,581	17.74%
2018	701	59,340,000	84,651	1.28%
2019	707	60,942,000	86,198	1.83%
2020	705	61,134,000	86,715	0.60%
2021	697	59,899,000	85,938	(0.90%)
2022	695	61,201,000	88,059	2.47%
2023	699	62,373,000	89,232	1.33%
2024	691	61,714,000	89,311	0.09%

Total

Valuation January 1	Active Members	Annual Payroll	Annual Average Pay	% Increase in Average Pay
2015	10,964	$529,939,000	$48,334	(1.09%)
2016	10,982	535,802,000	48,789	0.94%
2017	11,083	583,950,000	52,689	7.99%
2018	10,845	577,118,000	53,215	1.00%
2019	10,851	581,663,000	53,605	0.73%
2020	10,974	596,386,000	54,345	1.38%
2021	10,567	586,369,000	55,491	2.11%
2022	10,094	579,351,000	57,396	3.43%
2023	9,800	599,284,000	61,151	6.54%
2024	10,108	662,236,000	65,516	7.14%

Benefit Recipients by Group as of January 1, 2024

General Employees

Amount of Monthly Benefits	Total Monthly Benefits	Total Number of Recipients	Type of Benefit		
			Retired	Beneficiary	Disability
1 to 500	$581,358	2,057	1,738	299	20
501 to 1,000	1,263,325	1,730	1,335	281	114
1,001 to 1,500	1,536,165	1,243	913	247	83
1,501 to 2,000	1,580,848	906	669	185	52
2,001 to 2,500	2,115,150	940	781	131	28
2,501 to 3,000	2,354,012	856	758	79	19
3,001 to 3,500	2,256,344	695	634	49	12
3,501 to 4,000	1,656,462	445	408	32	5
4,001 to 4,500	1,291,168	304	286	16	2
4,501 to 5,000	910,727	193	177	13	3
Over 5,000	2,424,767	395	384	11	-

Policemen

Amount of Monthly Benefits	Total Monthly Benefits	Total Number of Recipients	Type of Benefit		
			Retired	Beneficiary	Disability
1 to 500	$15,708	46	32	14	-
501 to 1,000	46,345	62	38	24	-
1,001 to 1,500	92,179	72	15	57	-
1,501 to 2,000	142,126	81	12	65	4
2,001 to 2,500	116,284	52	17	32	3
2,501 to 3,000	169,844	62	25	29	8
3,001 to 3,500	375,287	115	66	44	5
3,501 to 4,000	445,881	118	72	40	6
4,001 to 4,500	580,802	137	100	36	1
4,501 to 5,000	1,208,364	252	208	44	-
Over 5,000	10,335,146	1,678	1,561	83	34

Firemen

Amount of Monthly Benefits	Total Monthly Benefits	Total Number of Recipients	Type of Benefit		
			Retired	Beneficiary	Disability
1 to 500	$7,118	21	11	10	-
501 to 1,000	8,693	12	3	9	-
1,001 to 1,500	28,636	22	6	16	-
1,501 to 2,000	63,713	36	5	31	-
2,001 to 2,500	70,044	31	8	22	1
2,501 to 3,000	122,386	44	18	20	6
3,001 to 3,500	175,260	54	23	25	6
3,501 to 4,000	256,159	68	42	22	4
4,001 to 4,500	515,031	120	102	18	-
4,501 to 5,000	869,841	183	168	15	-
Over 5,000	5,213,173	837	783	30	24

Total

Amount of Monthly Benefits	Total Monthly Benefits	Total Number of Recipients	Type of Benefit		
			Retired	Beneficiary	Disability
1 to 500	$604,184	2,124	1,781	323	20
501 to 1,000	1,318,363	1,804	1,376	314	114
1,001 to 1,500	1,656,980	1,337	934	320	83
1,501 to 2,000	1,786,687	1,023	686	281	56
2,001 to 2,500	2,301,478	1,023	806	185	32
2,501 to 3,000	2,646,242	962	801	128	33
3,001 to 3,500	2,806,891	864	723	118	23
3,501 to 4,000	2,358,502	631	522	94	15
4,001 to 4,500	2,387,001	561	488	70	3
4,501 to 5,000	2,988,932	628	553	72	3
Over 5,000	17,973,086	2,910	2,728	124	58

Reconciliation of Membership Data From January 1, 2023 to January 1, 2024

				Benefit Recipients			
	Active Members	Refund Payable	Deferred Vested	Disabled Members	Retirees	Beneficiaries	Total
Participants as of January 1, 2023	9,800	2,382	3,578	466	11,365	2,022	29,613
New Participants	1,293	157	72	0	0	143	1,665
Return to Work	120	(65)	(55)	0	0	0	0
Terminations							
- Refunded	(130)	(340)	(107)	0	0	0	(577)
- Refund Payable	(337)	345	(8)	0	0	0	0
- Deferred Vested	(331)	0	331	0	0	0	0
Service Retirements							
- Annuity	(280)	0	(133)	0	413	0	0
- Lump Sum	(5)	0	(9)	0	0	0	(14)
Disabilities							
- Duty-Related	(3)	0	0	3	0	0	0
- Non Duty-Related	(3)	0	(4)	7	0	0	0
Deaths	(16)	(1)	(7)	(17)	(398)	(135)	(574)
Benefit Payments Stopped	0	0	0	(1)	0	(1)	(2)
Reached Service Retirement Conversion Age	0	0	0	(19)	19	0	0
Data Adjustments	0	0	0	1	(1)	0	0
Participants as of January 1, 2024	10,108	2,478	3,658	440	11,398	2,029	30,111

Notes: Duty disabled members who have reached their conversion age are included in the Retirees count. Refund Payable counts include beneficiaries and estates that are owed a lump sum benefit as of January 1, 2024.

ACTUARIAL EXHIBITS

Short-Term Solvency Test

In a system that has been following the discipline of level percent of payroll financing, the liabilities for active participant accumulated contributions (liability 1) and the liabilities for future benefits to retirees, beneficiaries, and inactive participants (liability 2) will be fully covered by assets if all assumptions are met. In addition, the liabilities for service already rendered by active participants (liability 3) are normally partially covered by the remainder of the present assets. Generally, if the system has been using level percent of payroll financing, the funded portion of liability 3 will increase over time. The schedule below illustrates the history of the liabilities of the system and is indicative of the system following the discipline of level percent of compensation funding (dollar amounts in thousands).

Valuation January 1	Active Participants' Accumulated Contributions (1)	Retirees, Beneficiaries and Inactive Participants (2)	Active Participants (Employer Financed) (3)	Valuation Assets	Percent Covered By Valuation Assets (1)	(2)	(3)
2015	$510,917	$3,434,355	$990,210	$4,797,437	100%	100%	86%
2016	512,752	3,552,301	1,000,088	4,899,155	100%	100%	83%
2017	508,005	3,625,511	1,125,784	5,055,700	100%	100%	82%
2018	482,151	4,140,458	1,197,153	5,233,486	100%	100%	51%
2019	468,584	4,642,839	1,289,478	5,218,294	100%	100%	8%
2020	462,798	4,842,098	1,292,561	5,285,205	100%	100%	0%
2021	443,188	5,088,288	1,213,823	5,440,867	100%	98%	0%
2022	428,753	5,290,506	1,156,668	5,734,986	100%	100%	1%
2023	420,734	5,812,302	1,397,971	5,847,404	100%	93%	0%
2024	424,915	5,964,430	1,440,026	6,008,486	100%	94%	0%

Analysis of Financial Experience

		(Millions)
Unfunded Actuarial Accrued Liability, January 1, 2023	$	1,783.6
- Expected Change in UAAL		12.9
- Actual Contributions Versus Actuarial Contributions		(0.7)
- Investment Experience		(48.0)
- Demographic Experience		37.2
- 5.8% Employee Pension Contribution Offset Lawsuit		22.9
- Other experience		13.0
Unfunded Actuarial Accrued Liability, January 1, 2024	$	1,820.9

Note: This table shows the reconciliation of the unfunded actuarial accrued liability for the whole System.

Funded Ratio

	Actuarial Value of Assets	Market Value of Assets
January 1, 2023 Funded Ratio	**76.6%**	**72.4%**
- Expected Change	0.2%	0.0%
- Actual Contributions Versus Actuarial Contributions	0.0%	0.0%
- Investment Experience	0.5%	2.2%
- Demographic Experience	(0.3%)	(0.3%)
- 5.8% Employee Pension Contribution Offset Lawsuit	(0.3%)	(0.3%)
- Other Experience	0.0%	0.0%
- Total change	0.1%	1.6%
January 1, 2024 Funded Ratio	**76.7%**	**74.0%**

Funding Progress

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, or unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the System's funded status on an on-going concern basis. Analysis of this percentage over time indicates whether the System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the System's funding. The unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the System's funding.

Actuarial Valuation Date	Actuarial Value of Assets (AVA)* (a)	Actuarial Accrued Liabilities (AAL)* (b)	Unfunded AAL (UAAL)* (b - a)	Funded Ratio (a / b)	Covered Payroll* (c)	UAAL as Percent of Covered Payroll [(b - a) / c]
1/1/2015	$4,797,437	$4,935,482	$138,045	97.2%	529,939	26.0%
1/1/2016	4,899,155	5,065,141	165,986	96.7%	535,802	31.0%
1/1/2017	5,055,700	5,259,300	203,600	96.1%	583,950	34.9%
1/1/2018	5,233,486	5,819,762	586,276	89.9%	577,118	101.6%
1/1/2019	5,218,294	6,400,901	1,182,607	81.5%	581,663	203.3%
1/1/2020	5,285,205	6,597,457	1,312,252	80.1%	596,386	220.0%
1/1/2021	5,440,867	6,745,299	1,304,432	80.7%	586,369	222.5%
1/1/2022	5,734,986	6,875,927	1,140,941	83.4%	579,351	196.9%
1/1/2023	5,847,404	7,631,007	1,783,603	76.6%	599,284	297.6%
1/1/2024	6,008,486	7,829,371	1,820,885	76.7%	662,236	275.0%

* Dollar amounts are in thousands.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Methods

The method of financing the ERS is prescribed in Section 36.08 of the MCC.

Actuarial Cost Method

The method used to determine Normal Cost and Accrued Actuarial Liability (AAL) is the Individual Entry Age Normal Cost Method. The UAAL, under this method, is the AAL over the Actuarial Value of Assets. The total actuarially determined employer contribution is the sum of the employer portion of the Normal Cost (Total Normal Cost less expected member contributions) plus an amount to amortize the UAAL according to the Amortization Method plus an amount to reimbursement the previous year's administrative expense.

Asset Values

Two asset values are used in various exhibits. A description of each and a brief explanation of where they are used follows:

- **Market Value**

  The market value of assets is the value of investments if they were to be sold on the date valued. The market value of assets is used to develop the actuarial value of assets.

- **Actuarial Value**

  The actuarial value of the assets in the Employers' Reserve Fund is equal to the market value of assets. This Fund is not available to pay the benefits for ERS members, so it is excluded from the allocation of the actuarial value of assets to the various funds and groups and the resulting calculations of actuarially determined employer contributions. The actuarial value of assets for the remaining funds is a smoothed value of assets (see Table 5). The difference between (1) the expected return on the market value of assets at the beginning of the year, based on the investment return assumption and the net non-investment cash flows, and (2) the actual return on the market value of assets is smoothed equally over five years. As a result, there are five components of excess/shortfall returns to be smoothed each year.

Amortization Method

The System's UAAL is amortized on a level-dollar basis using what is known as a "layered" approach. Under this approach, changes to the System's UAAL each year are amortized using individual amortization schedules over various periods, which are selected based on the nature of the change. The current amortization policies, which were adopted by the Board at its February 24, 2023 meeting and subsequently adjusted to reflect the changes under 2023 Wisconsin Act 12, include:

- The total projected January 1, 2024 UAAL balance, as calculated in the second January 1, 2023 actuarial valuation, is being amortized as a level-dollar amount over a closed 30-year period in accordance with 2023 Wisconsin Act 12.
- Future increases in the Systems' UAAL resulting from experience losses will be amortized over a closed 10-year period.

- Future decreases in the System's UAAL resulting from experience gains will be amortized over either a closed 10-year period or the remainder of the 30-year period beginning on January 1, 2024, whichever is longer.
- If the UAAL is negative, all prior bases will be eliminated, and the participating employers will be required to contribute their share of the annual normal cost and administrative expenses. If the UAAL becomes positive again, it will be amortized over a closed 10-year period.
- Changes to the UAAL arising from changes to plan provisions will be amortized over various periods, depending on the nature of the change and which participants are affected.
- Changes to the UAAL arising from contributions which are above or below the actuarially determined employer contribution will be amortized over a closed 5-year period.

Contribution Lag

2023 Wisconsin Act 12 repealed the System's prior funding policy, which was to reset employer contribution rates every five years in connection with the regular experience study. As a result, participating employers are now required to contribute the Actuarially Determined Employer Contribution amount as determined in each annual actuarial valuation report. In order to more easily administer the revised funding policy, the Board, upon the recommendation of their actuary, adopted a one-year contribution lag so that results of the current valuation report will set the required contribution amount for employers during the following plan year. This policy is first effective with the *second* 2023 actuarial valuation report.

Actuarial Assumptions

Demographic assumptions are based on the experience investigation prepared as of December 31, 2021 and adopted by the Board of Trustees on September 28, 2022 for use beginning with the January 1, 2023 actuarial valuation. The set of economic assumptions was adopted by the Board of Trustees on February 27, 2023, for use in the January 1, 2023 actuarial valuation. The next experience study is scheduled to be performed for inclusion with the January 1, 2028 actuarial valuation. However, due to the passage of 2023 Wisconsin Act 12 on June 20, 2023, the investment return assumption cannot be greater than the rate used by the Wisconsin Retirement System, which has currently set their investment return assumption at 6.80% for active employees.

Investment Return Assumption: 6.80% per annum (net of investment expenses), compounded annually.

Inflation: 2.50% per annum.

Cost of Living Adjustments (COLA): For retirees whose COLA is defined as the lesser of 3.00% and CPI-U, the assumed COLA is 2.50% per annum.

Payroll Growth for UAAL amortization: None. UAAL amortization payments are developed on a level dollar basis.

Illustrative Rates of Salary Increase:

	Salary Increases*	
Service	General Employees	Firemen and Policemen
1	6.25%	18.00%
5	5.75	7.00
10	5.00	3.20
15	4.25	3.20
20	4.25	3.10
25	4.25	3.10
30	4.00	3.10
35	3.00	3.10
40	3.00	3.00

* Includes general wage increase assumption of 3.00%.

Annual increases of 2.50% per annum is assumed for Policemen, Firemen and General Employees on duty disability. The increases for duty disabled Firemen and Policemen affect both current duty disability benefits and future service retirement or extended life conversion benefits. The increases for General Employees affect only service retirement conversion benefits.

Mortality Assumptions:

a. Active Members — For General employees, Pub-2010 Below Median General Employee Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021.

For Policemen and Firemen, Pub-2010 Median Public Safety Employee Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021.

b. Healthy Retirees — For General employees, Pub-2010 Below Median General Retiree Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021.

For Policemen and Firemen, Pub-2010 Median Public Safety Retiree Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021.

c. Beneficiaries — For General employees, Pub-2010 Below Median Contingent Survivors Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021.

For Policemen and Firemen, Pub-2010 Median Contingent Survivors Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021.

d. Disabled Retirees

For General employees, Pub-2010 Non-Safety Disabled Retiree Mortality Table with a one-year age setback for males and a two-year age set forward for females, projected generationally using SOA Scale MP-2021.

For Policemen and Firemen, Pub-2010 Safety Disabled Retiree Mortality Table with a one-year age set forward for males and females, projected generationally using SOA Scale MP-2021.

Illustrative Rates of Termination:

	General Employees		Policemen	Firemen
Service	Male	Female		
1	15.00%	17.00%	4.00%	2.35%
5	9.00	10.50	2.50	1.75
10	4.50	6.75	1.25	1.00
15	4.00	4.00	0.85	0.50
20	3.00	2.75	0.85	0.50
25	1.00	2.50	0.00	0.00
30	0.00	0.00	0.00	0.00

All terminations are assumed to be involuntary.

Members who terminate vested are assumed to take a refund if it is more valuable than their deferred benefit. Regular interest credited on contribution account balances is assumed to be 4.0%.

Rates of Early and Normal Retirement:

General Employees

	Early Retirement		Normal Retirement			
	Tier 1	Tier 2	Tier 1		Tier 2	
Age	All	All	Males	Females	Males	Females
55	2%	2%	40%	32%		
56	2	2	20	25		
57	2	2	25	25		
58	2	2	25	25		
59	4	2	25	25		
60		2	25	20	40%	32%
61		2	25	20	25	20
62		2	25	25	25	25
63		2	25	20	25	20
64		4	25	20	25	20
65			27	27	27	27
66			20	27	20	27
67			27	27	27	27
68			27	30	27	30
69			27	30	27	30
70			100	100	100	100

Policemen and Firemen

Age	Firemen	Policemen	Age	Firemen	Policemen
42		40%	53	22%	40%
43		40	54	22	40
44		40	55	30	40
45		40	56	30	40
46		40	57	30	40
47		40	58	30	25
48		40	59	40	25
49	22%	40	60	40	25
50	22	40	61	50	25
51	22	40	62	50	50
52	22	40	63	100	100

Inactive vested members are assumed to begin receiving benefit payments at their minimum service retirement age, which is age 60 for Tier 1 General Employees, age 65 for Tier 2 General Employees and age 57 for Policemen and Firemen.

Illustrative Rates of Disability:

	Disability Rates		
Age	General Employees	Firemen	Policemen
20	0.040%	0.250%	0.024%
25	0.040	0.250	0.024
30	0.040	0.250	0.096
35	0.040	0.254	0.148
40	0.041	0.302	0.180
45	0.049	0.486	0.192
50	0.082	0.898	0.196
55	0.167	1.580	0.200
60	0.333	0.000	0.000
65	0.600	0.000	0.000

Elected officials are assumed to become disabled at the same rate as General Employees.

Duty Disabilities:

Employee Group	Percentage of Disabilities Incurred in the Performance of Duty	Percentage of Duty Disabilities Assumed Eligible For The 90% Benefit	Under The Heart & Lung Law	Assumption Adopted January 1
General Employees	20.0%	N/A	N/A	2023
Police other than MPA	20.0%	0.0%	N/A	2023
MPA enrolled on or before 4/18/2005	60.0%	0.0%	N/A	2023
MPA enrolled after 4/18/2005	60.0%	0.0%	N/A	2023
Fire other than MPFFA	20.0%	0.0%	0.0%	2023
MPFFA enrolled on or before 10/3/2005	75.0%	0.0%	0.0%	2023
MPFFA enrolled after 10/3/2005	75.0%	0.0%	0.0%	2023

Upon reaching their service conversion date, 100% of Policemen and Firemen who become duty disabled are assumed to convert to a service retirement benefit.

Marriage Assumption and Duty Disability Child Allotments:

It is assumed that female spouses are three years younger than males. In absence of evidence to the contrary, it is assumed that 85% of General Employees and 95% of Policemen and Firemen are married, with dependent children, described by the following table:

Member's Age at Death or Disability	Number of Dependent Children	Age of Youngest Child
20	0.0	-
25	1.5	1
30	2.5	2
35	2.5	5
40	2.5	8
45	2.0	11
50	1.5	14
55	1.0	15
60 and Over	0.0	-

The percentage of retiring employees assumed to elect option 3, the subsidized 50% option, is 25% for males and 15% for females. The percentage of General Employees assumed electing the 100% PSO option before retirement is 40% for males and 15% for females. For Firemen and Policemen, 95% are assumed to elect the 100% PSO option before retirement.

Duty Deaths:

The following percentages of deaths in active service are assumed to incur in the performance of duty:

General Employees: 5%
Police & Fire: 10%. In addition, amongst Firemen, 25% of duty deaths are assumed to occur under the Heart and Lung Law.

Imputed Military Service:

The following percentages of eligible members are assumed to earn 1 year of imputed military service credit:

General Employees: 10%
Police: 13%
Fire: 13%

These percentages are based on troop strength statistics from the Department of Defense website. (Adopted 1/1/2003)

Seasonal Service Credit: The following percentages of eligible members are assumed to receive one year of seasonable service credit:

Member's Union or Bargaining Group	Percentage with Seasonal Service	Assumption Adopted January 1
District Council 48, AFSCME	27.09%	2005
Fire Equipment Dispatchers Local 494, IBEW	0.00%	2006
Electrical Group Local 494, IBEW	31.00%	2006
Machine Shop Local 494, IBEW	12.00%	2005
Bridge Operators Local 195, IBEW	28.57%	2005
Joint 129/48 Local 139, IOUE & DC48	100.00%	2005
Machinists Local 510, IAM	5.00%	2005
Sanitation Local 61, LIUNA	98.06%	2005
TEAM (Techs, Eng, Archs of Milw)	5.00%	2005
MBCTC (Bricklayers, Carpenters, Cement Masons, Painters, Iron Workers)	10.00%	2005
Police Sworn Management, Police Civilian Management, Managers, Elected Officials (except mayor)	3.13%	2005
Non-represented in the Police Department and General City non-represented	5.00%	2005

Miscellaneous

Future Service Accrual: Active members are assumed to accrue a full year of service in each future year (adopted 1/1/2023).

Annualized Compensation: For active members, their prior year reported compensation amount is annualized based on their Future Service Accrual and further increased by a leap year adjustment factor of 1.0034 (26.089285 ÷ 26).

Deemed Inactives: Active members who worked less than 100 hours in the prior year, but who have not officially terminated employment are treated as Inactives. These members are not assumed to earn additional service credit in future years.

Decrement Timing: All withdrawals, deaths, disabilities, and retirements are assumed to occur mid-year.

Liability for Inactive Members: The data provided for inactive members does not contain all the elements to calculate the member's deferred benefit. The deferred benefit amounts for these members are estimated using the member's life-to-date earnings and assumed salary increases. For terminated members who are missing a termination date on their record, it is assumed that they terminated at age 35. The actuary is collecting data so that future members' deferred benefits can be estimated.

Administrative Expenses: Based on the most recent fiscal year end.

Normal Cost: Normal cost rate reflects the impact of new entrants during the year. Due to 2023 Wisconsin Act 12, there are no new entrants effective January 1, 2024.

Changes Since Prior Valuation: None.

SUMMARY OF BENEFIT PROVISIONS

A summary of the main benefit provisions of the Retirement System and of the sources of revenue from which benefits are paid is presented in the following digest. Items in parentheses in the text are the provisions applicable to law enforcement officers.

Eligibility for Membership

Membership is optional for all Employees that were in service as of January 1, 1938. Individuals employed prior to January 1, 2024 are automatically members as a condition of employment. Membership is optional for public officials elected prior to January 1, 2024. Note that unless specifically stated, elected officials follow the same rules as General Employees.

Additionally, effective January 1, 2014, there are two tiers of benefits. Tier 1 is for General Employees enrolled prior to January 1, 2014, and all Fire and Police Employees. Tier 2 is for General Employees enrolled on or after January 1, 2014.

As a result of 2023 Wisconsin Act 12, employees hired on or after January 1, 2024 are not eligible to participate in ERS.

Participation in the Combined Fund

On January 19, 2001 the Combined Fund was created and was retroactive to January 1, 2000. Individuals who participate in the Combined Fund may be eligible for certain benefit enhancements which are described in this Summary of Plan Provisions. Members who enroll in the ERS after June 28, 2000, and their eligible survivors, are automatically participants in the Combined Fund. Members enrolled in the ERS on or before June 28, 2000, and their eligible survivors, participate in the Combined Fund provided that the members consented in writing to the Global Pension Settlement. Eligible survivors of members or retirees who died on or before June 28, 2000 participate in the Combined Fund provided that the eligible survivors consented in writing to the Global Pension Settlement. Members or survivors whose benefit payments ceased prior to January 1, 2000, are not eligible for benefits from the Combined Fund.

Creditable Service

Creditable service equals prior service plus membership service. Prior service includes service as an employee prior to January 1, 1938, or prior to an amendment which made the employee eligible for membership in the ERS. Membership service means service as an employee since last becoming a member, on account of which contributions are made.

- For most Employees, 2080 hours of service constitute one year of creditable service. For prevailing wage Employees (carpenters and other tradespeople) 2000 hours constitute one year. For members employed by the school board for a 10-month school year, 1600 hours of service constitute a year of creditable service. After July 2006, for members serving as firefighters, 2590 hours of service constitutes one year of creditable service. After September 2016, for members serving as firefighters, 2756 hours of service constitutes one year of creditable service.

- Under certain conditions creditable service may be granted for periods of absence due to military service.

- For purposes of computing the service retirement allowance only, creditable service is granted for periods of eligibility for a duty disability retirement allowance.
- No more than one year of creditable service is granted for service in a single calendar year.

Imputed Service

Imputed service credit may be granted, under specified conditions, to members who consented to the Global Pension Settlement. Imputed service credit is used to calculate the amount of certain benefits, but is not used to determine eligibility for any kind of benefit. An individual may be eligible for one or more types of imputed service credit.

Eligibility for Imputed Service Credit

Only individuals participating in the Combined Fund can become eligible for the following types of imputed service credit.

a) Imputed military service credit: The member must have been active in the armed forces of the United States of America prior to his or her enrollment in the ERS, and must have been honorably discharged. A member must be described as in 36-04-1-c. An individual eligible for imputed military service credit must apply for the credit.

b) Imputed fire and police service credit: The member must be described as in 36-04-4-a. The member must have been in active ERS service as a fireman or policeman as of January 1, 2000, and must also retire from ERS service as a fireman or policeman, or die while a fireman or policeman eligible for protective survivorship option benefits. To be eligible, the member must retire or die as a policeman or fireman and must have attained the minimum service retirement requirements as outlined in 36-05-1.

c) Imputed service credit under the dissolution of the Firemen and Policemen's Survivorship Fund, (the "Fund"): The member must be described as in 36-04-4-b. The member must have been a policeman who was an active member of the "Fund" as of January 1, 2000. If the policeman was in active ERS service as of January 1, 2000, he must either retire as a policeman on a service retirement allowance at the minimum service retirement age of 57 or after completing 25 years of creditable service as a fireman or policeman; or he must retire on a policeman's duty disability retirement allowance and subsequently convert to a service retirement allowance. If the policeman was retired on a duty disability retirement allowance as of January 1, 2000, then he must subsequently convert to a service retirement allowance.

Benefits Affected by Imputed Service Credit

a) Imputed military service credit and/or imputed fire and police service credit: The amount of the service retirement allowance, the conversion service retirement allowance, protective survivorship option benefits, and the extended life duty disability retirement allowance are affected. If the eligible individual is also entitled to a 5% Lump Sum Bonus, and/or an 8.6% Dissolution Bonus that is based on the affected benefit, then the imputed service credit is included in calculating the base for the bonus payment(s).

b) Imputed service credit under the dissolution of the Firemen and Policemen's Survivorship Fund: The amount of the service retirement allowance and the conversion service

retirement allowance are affected. If the service retirement allowance is affected, then the imputed service credit is included in calculating the base for the 5% Lump Sum Bonus.

See the benefit descriptions later in this summary for further details on how imputed service credit is used.

Amount of Imputed Service Credit

a) Imputed military service credit: A period of eligible military service consists of a period of at least 90 consecutive days of active service in the armed forces of the United States prior to enrollment in the ERS. Total eligible military service equals the sum of all periods of eligible military service. Imputed military service credit equals one-third of the member's total eligible military service, to a maximum of three years of imputed military service credit.

b) Imputed fire and police service credit: For Policemen and Firemen with 20 years of creditable service as a fireman or policeman - 1.5 years. For Firemen with less than 20 years of creditable service as a fireman or policeman: 1.5 years times the full years of creditable fire and police service, divided by 20.

c) Imputed service credit under the dissolution of the Firemen and Policemen's Survivorship Fund: 2 years.

Seasonal Service

Seasonal service credit may be granted under specified conditions to certain General City Employees. Seasonal service credit is used to calculate the amount of certain benefits but is not used to determine eligibility for any kind of benefit.

Eligibility for Seasonal Service Credit

In order to be eligible for seasonal service credit, a member must be a General City employee with five or more years of City service credit, and a member of one of the groups as outlined in 36-04-1-d.

Benefits Affected by Seasonal Service Credit

Seasonal service credit affects the amount of the service retirement allowance, the conversion service retirement allowance and protective survivorship option benefits. If the eligible individual is also entitled to a 5% Lump Sum Bonus that is based on the affected benefit, then the seasonal service credit is included in calculating the base for the bonus payment.

Amount of Seasonal Service Credit

Seasonal service is based on the hours worked as a City Labor-Seasonal employee and/or Playground Laborer-Seasonal employee (MPS), but limited to one year of additional service credit.

Qualifying for an ERS Benefit

Rules regarding qualifying time are encapsulated in the ERS Board Rules & Regulations, XV.G. The rules have been adopted and applied prospectively for enrollments prior to 1995, 1995 to 2001 and post 2001. All members are fully vested after attaining four years of qualifying time.

Earnable Compensation

The annual regular base salary that would be payable to a member if he or she worked the full normal working time for his or her position as described in 36-02-12. Earnable compensation for the calendar year preceding retirement may also include special pays as negotiated in labor agreements such as longevity in rank pay, (limited) variable shift assignment pay, police liaison officer pay, and/or certification pay for Policemen; and emergency medical technician pay for Firemen. Earnable compensation for school board Employees represented by Local 950, OEIU, also includes site differential pay.

Final Average Salary

a) For General Employees, final average salary means the average annual earnable compensation computed on the 3 years of creditable service preceding retirement, death or separation from service during which earnable compensation was the highest.
b) For Policemen and Firemen, final average salary means the average annual earnable compensation computed on the year of creditable service preceding retirement, death or separation from service during which earnable compensation was the highest.
c) For members converting from a duty disability retirement allowance to a service retirement allowance, the service retirement allowance is computed on the basis of the current compensation of the member's position at the service retirement date.

Service Retirement

Eligibility for Service Retirement

For Tier 1 Benefits (applicable to General Employees enrolled prior to January 1, 2014 and all Fire and Police Employees), eligibility for service retirement is as defined under 36-05-01 as follows:

a) A service retirement allowance is payable to any member who elects to retire after attaining the minimum service retirement age, which is age 60 for General Employees and age 57 for Policemen and Firemen.

b) General Employees that have attained age 55 and completed 30 years of qualifying time are eligible for service retirement.

c) Policemen who participate in the Combined Fund are eligible for service retirement at any age after attaining 25 years of fire or police qualifying time, if they were hired prior to December 20, 2015.

d) Policemen who participate in the Combined Fund, who have attained age 50 are eligible for service retirement after completing 25 years of police qualifying time, if they were hired on/after December 20, 2015.

e) Firemen who participate in the Combined Fund, who have attained age 49 and completed 22 years of fire or police qualifying time, are eligible for service retirement, if they were hired prior to July 30, 2016.

f) Firemen who participate in the Combined Fund, who have attained age 52 and completed 25 years of fire qualifying time, are eligible for service retirement, if they were hired on/after July 30, 2016.

g) Policeman and Firemen who are not participants in the Combined Fund are eligible for service retirement after attaining age 52 and completing 25 years of fire or police qualifying time.

For Tier 2 Benefits (applicable to General Employees enrolled on or after January 1, 2014), eligibility for service retirement is as defined under 36-05-01 as follows:

a) A service retirement allowance is payable to any member who elects to retire after attaining the minimum service retirement age, which is age 65 for General Employees.

b) General Employees that have attained age 60 and completed 30 years of qualifying time are eligible for service retirement.

Amount of Service Retirement Allowance

The amount of a member's service retirement allowance under 36-05-01 is equal to the following:

a) For General Employees, enrolled prior to January 1, 2014, 2% of final average salary for each year of creditable service, imputed military service, or seasonal service limited to 70% of final average salary. For General Employees, enrolled on or after January 1, 2014, 1.6% of final average salary for each year of creditable service, imputed military service, or seasonal service limited to 70% of final average salary.

b) For Firemen enrolled prior to March 1, 1989, and Policemen enrolled prior to July 1, 1989, and who were in active service on or after January 1, 1995, 2.5% of final average salary for each year of creditable service or imputed service (of any kind).

c) For Firemen enrolled after February 28, 1989, and Policemen enrolled after June 30, 1989, 2.5% of final average salary for each year of creditable service or imputed military service, limited to 90% of final average salary, plus 2.5% of final average salary for each year of imputed fire and police service or imputed service under the dissolution of the Firemen and Policemen's Survivorship Fund.

d) For elected officials enrolled prior to January 1, 2014, 2.6% of final average salary for each year of creditable service as an elected official for years before 1996, limited to 70% of the final average salary; from 1996 forward the rate of accrual for creditable service, imputed military service, or seasonal service is 2.5% except for the mayor, who will have an accrual rate of 2.0%, limited to 70% of the final average salary, except for elected officials who were enrolled prior to 2014 and are first elected to office on or after January 1, 2014, in which case their accrual rate is 2% for each year if they contribute 5.5% of their earnable compensation, or 2.5% for each year if they contribute 7% of their earnable compensation. For elected officials enrolled on or after January 1, 2014, 1.6% of final average salary for each year of creditable service as an elected official limited to 70% of the final average salary.

Funds Charged with Service Retirement Allowance

For individuals participating in the Combined Fund, service retirement allowance payments are charged to the Combined Fund. For all other individuals, the service retirement allowance is charged to (i) the Retirement Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Retirement and Disability Fund if the member enrolled on or after February 1, 1996.

Ordinary Disability Retirement Allowance

Eligibility for Ordinary Disability Retirement Allowance

A member who the medical council certifies is mentally or physically incapacitated for further performance of duty that such incapacity is likely to be permanent and that such member should be retired, is eligible for the ordinary disability retirement allowance. The ordinary disability allowance is not payable if the member qualifies for the duty disability allowance.

Amount of Ordinary Disability Retirement Allowance

Imputed service credit and seasonal service credit are not used in any part of the calculation of the Ordinary Disability Retirement Allowance. The "service retirement allowance" referred to below is calculated based on creditable service only.

a) For General Employees, 90% of the service retirement allowance based on creditable service to date of disability retirement, but no less than 25% of final average salary, provided such amount does not exceed 90% of the retirement allowance payable had the member continued in service to the minimum service retirement age.

b) For Policemen and Firemen hired after January 1, 1971, who have 5 years of service, 25% of final average salary plus 2% thereof for each year of creditable service in excess of 5 years up to a maximum of 50% of final average salary.

c) For Policemen and Firemen hired before January 1, 1971, the greater of the benefit described in (a), or the benefit described in (b).

d) The benefit is payable for life while the member remains disabled, except that for General Employees with less than 10 years of qualifying time, the duration is limited to one-fourth (1/4) of the period of the service accrued to the date of disability.

e) Members receiving benefits for life may elect reduced benefits under an optional form of payment in order to provide a death benefit to a designated beneficiary.

Funds Charged with Ordinary Disability Retirement Allowance

Ordinary disability retirement allowance payments are charged to the Combined Fund if the eligible individual is a participant in the Combined Fund. Otherwise, the allowance is charged to (i) the Retirement Fund, if the member's enrollment date is before February 1, 1996, and (ii) the Combined Retirement and Disability Fund, if the member's enrollment date is on or after February 1, 1996.

Duty Disability Retirement Allowance

Eligibility for Duty Disability Retirement Allowance

If a member becomes permanently and totally incapacitated for duty as a result of the performance of his duty, and his mental or physical incapacitation is medically certified, such member is eligible for a duty disability retirement allowance. Unless the member is beyond his/her conversion age, in which case the member would be eligible for an extended lifetime Duty Disability benefit. The medical certification is made by the Medical Council for General Employees, for members of the MPA enrolled after June 28, 2005, and for members of the MPFFA enrolled after December 13, 2005 with disability based on a mental injury. For all other members, the medical certification is made by the Medical Panel, except as indicated below. There are certain diseases that are considered presumptive for purposes of duty disabilities.

All new duty disability applications are reviewed by the Medical Council effective June 19, 2016 for MPA members, effective January 1, 2016 for MPSO members, and effective July 29, 2016 for MPFFA members.

Effective July 14, 2015, a new state law was enacted related to duty disability benefits for mental injuries (section 62.624 Wis. Stat.). The ERS may only provide a duty disability benefit for a mental injury if the following criteria are met:

a) The mental injury resulted from a situation of greater dimensions than the day-to-day mental stresses and tension and post-traumatic stress that all similarly situated Employees must experience as part of the employment, ***and***

b) The employer certifies that the mental injury is a duty-related injury.

Only if a duty-related mental injury has occurred, can the duty disability application be forwarded to the Medical Panel or Medical Council for the examination and requisite certification.

Amount of Duty Disability Related Benefits

Imputed service credit and seasonal service credit are not used when calculating a duty disability retirement allowance. Imputed service credit or seasonal service credit is used when calculating the conversion service retirement allowance referred to in paragraphs (a) - (c) below. Eligibility for imputed military service credit depends upon the date of the conversion, not upon the date of the duty disability retirement.

a) For General Employees, the duty disability retirement allowance equals 75% of the member's final average salary. Members receive the allowance, while disability continues, until the later of age 65, or for a period of 5 years, at which time they convert to a service retirement allowance. General Employees receiving duty disability benefits may elect reduced benefits under an optional form of payment in order to provide a death benefit to a designated beneficiary.

b) For Firemen and Policemen, the duty disability retirement allowance is 75% of the current annual salary for the position held by the member at retirement, plus $40 per month for each child younger than age 18 (up to a maximum of 20% of the member's salary). In certain cases of extreme disability, when approved by a panel of physicians, the disability allowance will be 90% of such salary. Duty disability benefits paid to Firemen on account

of heart and lung disease are at the 75% level. In the event of the death of a Policeman or Fireman receiving a 75% or 90% disability allowance, 70% or 75%, respectively, of the amount of the member's allowance shall be paid to the member's spouse during her lifetime.

The 90% duty disability allowances are payable for life. For Policemen enrolled on or after January 1, 1990, and Firemen enrolled on or after December 17, 1989, the 75% duty disability allowances are payable until the earlier of attainment of age 57, or completion of 25 years of service and attainment of age 52, at which time the member must either convert to a service retirement allowance or irrevocably elect to receive a recalculated duty disability allowance, referred to as an extended life duty disability allowance, as described in (c), below. Different conversion age requirements apply to Policemen enrolled prior to January 1, 1990, and Firemen enrolled prior to December 17, 1989, as discussed in (d), below. A Fireman or Policeman who becomes duty disabled on or after his conversion age may choose between a service retirement or extended life duty disability retirement.

c) The extended life duty disability allowance referred to in (b), above, equals the lesser of the conversion service retirement allowance, or 75% of the current annual salary, provided further that the benefit will not be less than 57% of current annual salary for a fireman, or 60% of current annual salary for a Policeman. “Current annual salary” here refers to the salary at the conversion age, for the position held by the member at the time of injury. The extended life duty disability allowance is payable for life and, unlike the duty disability allowance, is a fixed amount that does not change after the conversion age, notwithstanding any cost of living adjustments. Firemen or Policemen receiving extended life duty disability benefits may elect reduced benefits under an optional form of payment in order to provide a death benefit to a designated beneficiary. Their spouses are not eligible to receive the 70% benefit payable to surviving spouses of Firemen and Policemen who die while in receipt of the 75% duty disability benefit.

d) For Policemen enrolled prior to January 1, 1990, and Firemen enrolled prior to December 17,1989, the conversion age determination depends upon the member’s enrollment date and whether or not the member signed the DeBraska II release form.

Under Charter Ordinance 980130 Substitute 2 (DeBraska I), duty disabled Firemen and Policemen who retired on duty disability before October 17, 1992, have a conversion age equal to the greater of the conversion age in effect when they were enrolled, or the conversion age in effect at the time of their disability retirement.

Under Charter Ordinance 000789 (DeBraska II), duty disabled Firemen and Policemen who signed the DeBraska II release form are subject to the following conversion requirements: (i) members retired on duty disability prior to February 8, 1972, will receive duty disability benefits for life; (ii) members enrolled prior to February 8, 1972, who are either Policemen who retired on duty disability on or after August 1, 1985, or Firemen who retired on duty disability on or after March 1, 1984, will have a conversion age of 63; (iii) members enrolled on or after February 8, 1972, who retired on duty disability on or after October 17, 1992, will not be required to convert to service retirement prior to the conversion age requirements that were in effect when they enrolled; and (iv) for all other members who signed the DeBraska II release form, there is no difference between the conversion requirements of Charter Ordinance 980130 Substitute 2, and Charter

Ordinance 000789. In general, only members who were duty disabled prior to January 1, 2001 were given the opportunity to sign the DeBraska II release form.

Under the Charter Ordinance (which reflects the Rehrauer decision) Firemen and Policemen who retire (or previously retired) on duty disability and who did not sign the DeBraska II release form will convert at the highest conversion age agreed upon during their employment (Section 36-05-3). Members who enrolled prior to February 8, 1972, who are either Policemen who retired on duty disability on or after November 1, 1976, or Firemen who retired on duty disability on or after October 1, 1977, will receive duty disability for life if they did not sign the DeBraska II release form, and will have a conversion age of 63 if they did sign the DeBraska II release form.

Funds Charged with Duty Disability Related Benefits

a) For participants in the Combined Fund, duty disability benefits paid to members, benefits paid to survivors of members who die while duty disabled, child allotment payments, conversion service retirement benefits, and extended life duty disability benefits are paid from the Combined Fund.

b) For General Employees who do not participate in the Combined Fund, duty disability benefits, and survivor benefits paid to beneficiaries of General Employees who elect an optional form of payment and die while disabled, are paid from (i) the General Employees Duty Disability Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Retirement and Disability Fund if the member's enrollment date is on or after February 1, 1996.

c) For members who do not participate in the Combined Fund, benefits paid after conversion to eithera service retirement allowance or an extended life disability benefit are charged to (i) the Retirement Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Retirement and Disability Fund if the member's enrollment date is on or after February 1, 1996.

Ordinary Death Benefit

Eligibility and Amount of Ordinary Death Benefit

a) In the event of death of a member while in service, a death benefit equal to the sum of the member's accumulated contributions, plus if the member has one or more years of active service, one-half his final average salary is payable to the designated beneficiary. Optional forms of payment of such benefit to the beneficiary are provided. If the member had elected a protective survivorship option – and duty death benefits are not payable – such option will become effective and the ordinary death benefit will not be payable. If a duty death benefit is payable the ordinary death benefit will not be paid.

b) Unless the member elects an optional death benefit, the death benefit subsequent to retirement is the amount remaining, if any, of the member's contributions with interest to retirement less the sum of the allowance payments made prior to the member's death.

Funds Charged with Ordinary Death Benefits

Ordinary death benefits paid on behalf of a participant in the Combined Fund are charged to the Combined Fund. Otherwise, ordinary death benefits are charged to (i) the Retirement Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Retirement and Disability Fund if the member's enrollment date is on or after February 1, 1996.

Protective Survivorship Option

Eligibility and Amount of Protective Survivorship Option

Firemen may elect a Protective Survivorship Option (PSO) during the 6 months that precede the earlier of attainment of age 49 and completion of 22 years of qualifying time as a Fireman or Policeman, or age 52 and 25 years of qualifying time as a fireman or Policeman, or age 57. Policemen may elect a Protective Survivorship Option (PSO) during the 6 months that precede the earlier of attainment of age 57, or completion of 25 years of qualifying time as a Policeman or fireman. Firemen and Policemen who fail to elect a PSO during the eligible period are deemed to have elected an Option 2 PSO with the spouse as the named beneficiary.

General Employees who enrolled prior to January 1, 2014, may elect a PSO during the 6 months that precede the earlier of attainment of age 60 or completion of 30 years of qualifying time and attainment of age 55. General Employees who enrolled on or after January 1, 2014, may elect a PSO during the 6 months that precede the earlier of attainment of age 65, or completion of 30 years of qualifying time and attainment of age 60.

Firemen and Policemen are allowed to reselect a PSO if they marry, or divorce, and to select a different option and/or beneficiary at retirement, if they wish. As of June 5, 2012, General Employees may also reselect a PSO if they marry, or divorce, or select a different option and/or beneficiary at retirement.

The PSO may be canceled if the joint annuitant predeceases the member before retirement; or if the member is divorced from the joint annuitant before retirement.

Under a PSO, if a member eligible to retire on a service retirement allowance dies prior to retirement, benefits begin to the named beneficiary just as if the member retired under such option immediately prior to his or her death, except that imputed service credit arising from the dissolution of the Firemen and Policemen's Survivorship Fund will not be used in the calculation of the PSO benefit. If a fireman eligible for PSO coverage dies prior to age 49, benefits for the named beneficiary will be deferred until the date the Fireman would have attained age 49. Imputed military service, imputed fire and police service, and seasonal service credit may be used in the calculation of the deferred PSO benefit.

In all cases where the requirements are met for both a PSO benefit and a duty death benefit, the duty death benefit will be payable in lieu of the PSO.

Funds Charged with PSO Benefits

PSO benefits for participants in the Combined Fund are charged to the Combined Fund. Benefits for individuals who do not participate in the Combined Fund are charged to (i) the Retirement Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Retirement and Disability Fund if the member's enrollment date is on or after February 1, 1996.

Duty Death Benefits

Eligibility and Amount of Duty Death Benefits

In the event the member's death occurs in the performance of his duty, a lump sum payment equal to the member's accumulated contributions, plus an annuity of 60% of such deceased member's final average salary will be paid to one of the following (payable in this order):

- The member's surviving spouse
- The member's children until their 21st birthday
- The member's dependent parents
- Death of a Fireman that is due to heart or lung disease is considered a duty death.

Funds Charged with Duty Death Benefits

Benefits payable to participants in the Combined Fund are charged to the Combined Fund. Heart & Lung duty death benefits payable to individuals who are not participants in the Combined Fund are charged to the Heart & Lung Fund. Duty death benefits (other than Heart & Lung) payable to individuals who are not participants in the Combined Fund are charged to (i) the Retirement Fund for members whose enrollment dates are prior to February 1, 1996; and (ii) the Combined Retirement and Disability Fund for members whose enrollment dates are on or after February 1, 1996.

Member Contributions

Member contribution rates are the following percentages of annual salary:

General Employees	5.5% (tier 1 – enrolled prior to January 1, 2014) 4.0% (tier 2 – enrolled on or after January 1, 2014)
Firemen and Policemen	7.0%
Elected Officials	7.0% (tier 1 – enrolled prior to January 1, 2014 and elected to an office prior to January 1, 2014; if enrolled prior to January 1, 2014, and elected or the first time to an office on or after January 1, 2014, and employee was paying contributions prior to being elected, employee pays contributions at the rate they were paying prior to becoming an elected official; if enrolled prior to January 1, 2014, and elected or the first time to an office on or after January 1, 2014, and employer was picking up contributions on behalf of the employee prior to being elected, employer pays 7.0%) 4.0% (tier 2 – enrolled on or after January 1, 2014)

Under state law, per 2011 Wisconsin Act 10, participating employers are no longer permitted to make contributions on the member's behalf (with the exception of contractually agreed upon arrangements).

Member contributions made for or by participants in the Combined Fund are credited to the Combined Fund. Member contributions made for or by individuals who are not participants in the Combined Fund are credited to (i) the Retirement Fund for members whose enrollment dates are prior to February 1, 1996; and (ii) the Combined Retirement and Disability Fund for members whose enrollment dates are on or after February 1, 1996.

Pension Escalators

Several different pension escalators are paid by the ERS as listed and described under section 36-05-1(h). They are as follows:

- Fire and Police $50 Escalator

  Eligible Groups and Amounts

  a) Firemen in Local 215 who retired under a service retirement allowance between March 1, 1990, and December 31, 1992; members of the Milwaukee Police Association (MPA) who retired under a service retirement allowance between January 1, 1990, and December 31, 1992; members of the Milwaukee Police Supervisors Organization who retired under a service retirement allowance between January 1, 1991, and December 31, 1992; and Firemen in Local 215 or members of the MPA who elect a deferred retirement allowance after separating from service between January 1, 1993, and December 31, 1994, with 25 years of service; are eligible for a pension escalator which increases their allowance by $50 per month on the 4th, 7th, and 10th anniversary of retirement.

  b) Members who both retired on duty disability and converted from duty disability to service retirement during the eligibility period are eligible for the escalators on the 4th, 7th, and 10th anniversaries of their conversion dates.

  c) The surviving spouses of eligible retirees, or of members who died during the eligibility period, are eligible provided that the member elected an optional benefit at retirement – or elected a protective survivorship option (PSO) prior to retirement – with the spouse as beneficiary. The member's surviving spouse receives increases on the member's 4th, 7th, and 10th anniversary of retirement (or spouse's retirement date in the case of a PSO) with the amount of the escalator adjusted to reflect the option elected by the member.

  Funds Charged with Duty Death Benefits

  Fire and Police $50 escalators paid to participants in the Combined Fund are charged to the Combined Fund.

  Fire and Police $50 escalators paid to individuals who are not participants in the Combined Fund are charged to the Retirement Fund.

- January 1996 Catch-up COLA for pre-October, 1987 Retirees

  Eligible Group

  a) General Employees that attained the minimum service retirement age and retired with a service retirement allowance prior to October 1, 1987, or who retired on a duty disability allowance and converted to a service retirement allowance prior to October 1, 1987.

  b) Firemen and Policemen who retired prior to October 1, 1987, who became eligible to retire on service retirement at age 57, or after attaining age 52 and completing 25 years of service. Also, Firemen and Policemen who retired on a duty disability

allowance and converted to a service retirement allowance prior to October 1, 1987.

c) Surviving spouses of eligible retirees, or of members who elected a PSO and died prior to October 1 1987, after naming their spouse as the designated beneficiary under Option 2, Option 3, or Option 4 with a percentage to the beneficiary.

Timing and Amount of Increase

The catch-up COLA was a permanent increase in the ERS monthly benefit which was granted effective January 1, 1996. The increase was an amount equal to (i) the total ERS benefit in payment, multiplied by the greater of (ii) the total percentage change in the cost of living for each full calendar month between the 8th anniversary of service retirement and October 1, 1995, and (iii) the total percentage change required to bring the member's allowance to 60% of its full inflation adjusted value considering inflation for the period from retirement to October 1, 1995. The percentage change in the cost of living was measured by the increase in the CPI-U, U.S. Cities, as reported by the U.S. Department of Labor, Bureau of Labor Statistics.

When the catch-up COLA was calculated, the factor was not applied to supplemental, pass-through benefits, which are paid by the ERS but are not a liability of the ERS. These pass-through benefits, which appear on the pension payroll data supplied to the actuary, are part of an old guaranteed minimum program. The ERS is a paying agent for these benefits, but is reimbursed by the City for all such payments.

Funds Charged

Catch-up COLA amounts paid to participants in the Combined Fund are charged to the Combined Fund. Catch-up COLA amounts paid to individuals who are not participants in the Combined Fund are charged to the Retirement Fund.

- 2% Escalator for pre-1993 Retirees

Eligible Group

a) General Employees that attained the minimum service retirement age and retired with a service retirement allowance prior to January 1, 1993, or who retired on a duty disability allowance and converted to a service retirement allowance prior to January 1, 1993.

b) Firemen and Policemen who retired prior to January 1, 1993, who became eligible to retire on service retirement at age 57, or after attaining age 52 and completing 25 years of service. Also, Firemen and Policemen who retired on a duty disability allowance and converted to a service retirement allowance prior to January 1, 1993.

c) Surviving spouses of eligible members who elected Option 3 with the spouse as the beneficiary, or of members who died prior to January 1, 1993 after electing an Option 3 PSO with the spouse as the beneficiary.

Timing and Amount of Increase

The first increase occurs with the later of the January 1996 installment or the installment next following the 8th anniversary of the member's service retirement date (or the 8th anniversary of the surviving spouse's retirement date in the case of a PSO). Thereafter, increases occur annually on the anniversary of the first increase.

The first increase is 2% of the total ERS benefit in payment. That is, the monthly benefit to which the increase is applied includes $50 fire and police escalators, and the January, 1996 catch-up COLA amount, if any, but it excludes supplemental pass-through payments, if any. Increases after the first are also 2%, and are compounded -- that is, they are applied to the total ERS benefit in payment, including all prior increases, and again, excluding any supplemental pass-through payments. (The benefit initially payable to an eligible spouse upon the member's death includes 50% of any increases in payment at the member's death.)

Funds Charged

2% escalators paid to participants in the Combined Fund are charged to the Combined Fund. 2% escalators paid to individuals who are not participants in the Combined Fund are charged to the Retirement Fund.

- CPI Escalator for post-1992 Fire and Police Retirees who don't Participate in the Combined Fund and Pre-2000 CPI Escalator for post-1992 Fire and Police Retirees who do Participate in the Combined Fund

Eligible Group

a) Firemen and Policemen in active service on or after January 1, 1993, who become eligible to retire on service retirement at age 57 or after attaining age 52 and completing 25 years of service.

b) Firemen and Policemen who retire on either a 75% Fire & Police duty disability benefit or a Heart & Lung duty disability benefit (i) between January 1, 1993, and December 31, 1994, and thereafter convert to service retirement; or (ii) on or after January 1, 1995, and who are eligible to elect between service retirement and extended life duty disability benefits at their conversion age.

c) Police in active service on or after January 1, 1995, who separate with 25 years of service and elect a deferred retirement allowance.

d) Surviving spouses of eligible members who elect Option 2 or 3, or who elect Option 4 with a percentage to the spouse, or who elect a PSO with a percentage to the spouse.

Timing and Amount of Increase

For members who retired on service retirement between January 1, 1993, and December 31, 1994; or who retired on duty disability between January 1, 1993, and December 31, 1994, and later convert to service retirement; and for eligible surviving spouses of members who died prior to retirement between January 1, 1993, and December 31, 1994, with PSO coverage in effect; the first increase occurs for March of the year following the first full calendar year of service retirement. For all others, the first increase occurs one full year after the member's service retirement date. Thereafter, increases occur annually on the anniversary of the first increase.

The monthly benefit is increased by an amount equal to (i) the total allowance for the preceding December (including all prior increases), multiplied by the lesser of (ii) 3%, and (iii) the increase in the CPI-U, U.S. Cities Average, for the calendar year preceding the increase. (The benefit initially payable to an eligible spouse upon the member's death includes a proportionate share of any increases in payment at the member's death, based on the option elected.)

Funds Charged

Benefits payable to participants in the Combined Fund are charged to the Combined Fund. For individuals who are not participants in the Combined Fund: (i) benefits are charged to the Retirement Fund for members whose enrollment dates are prior to February 1, 1996; and (ii) benefits are charged to the Combined Retirement and Disability Fund for members whose enrollment dates are on or after February 1, 1996.

- Post-1999 CPI Escalator for post-1992 Fire and Police Retirees who Participate in the Combined Fund

Eligible Group

The eligible group is restricted to individuals who were Firemen and Policemen who retired on duty disability between October 17, 1992, and December 31, 1992; or who were in active service on or after January 1, 1993, who either retire as Firemen or Policemen, or who die in active service as Firemen or Policemen; and their eligible surviving spouses. The types of benefits that receive the CPI escalator include:

a) The service retirement allowance and ordinary disability retirement allowance.

b) Benefits paid to members after the duty disability conversion age: the conversion service retirement allowance or the extended life duty disability retirement allowance.

c) Benefits paid to members after separation from service: the deferred retirement allowance, early retirement allowance, involuntary separation allowance, or the ERS allowance paid under the County transfer or State reciprocity provisions.

d) The spouse survivor allowance paid to the surviving spouse of an eligible member who elects Option 2 or 3, or who elects Option 4 with a percentage to the spouse, or who elects a PSO with a percentage to the spouse.

e) The fire and police or heart & lung duty disability surviving spouse allowance.

f) The duty death surviving spouse allowance.

Timing and Amount of Increases that occur after 1999

a) The first post-1999 increase occurs the later of March 2000 and March of the year following the first full calendar year of retirement for: members who retired on service retirement or ordinary disability between January 1, 1993, and December 31, 1994; or who convert to service retirement after a period of duty disability which commenced between January 1, 1993, and December 31, 1994; or who separated from service between January 1, 1993, and December 31, 1994, and subsequently retire on a deferred, early, involuntary separation, or County transfer/ State reciprocity allowance; eligible spouse survivors of such members, including PSO spouse survivors when the member died between January 1, 1993, and December 31, 1994; duty death surviving spouses of members who died between January 1, 1993, and December 31, 1994; and duty disability surviving spouses where both the member's duty disability retirement date and duty disabled death date were between January 1, 1993, and December 31, 1994.

b) The first post-1999 increase occurs the later of the year 2000 anniversary or the first anniversary of the member's date of death for: duty disability surviving spouses where the member's duty disability death date is on or after January 1, 1995.

c) For all others, the first post-1999 increase occurs the later of the year 2000 anniversary or the first anniversary of the member's retirement or pre-retirement death. (Note: this group includes members who retired on duty disability between October 17, 1992, and December 31, 1994, who subsequently elect an extended life duty disability retirement allowance, and members who retired on duty disability between October 17, 1992, and December 31, 1992, who subsequently convert to service retirement.)

Thereafter, increases occur annually on the anniversary of the first post-1999 increase.

The monthly benefit is increased by an amount equal to (i) the total allowance for the preceding December (including all prior increases), multiplied by the lesser of (ii) 3%, and (iii) the increase in the CPI-U, U.S. Cities Average, for the calendar year preceding the increase. If the member retired on duty disability between October 17, 1992, and December 31, 1992, and subsequently converts to service retirement, then the 2nd, 3rd, and 4th increases will not be less than 1.5%, and the 5th and subsequent increases will not be less than 2%. (The benefit initially payable to an eligible spouse upon the member's death includes a proportionate share of any increases in payment at the member's death, based on the option elected.)

Funds Charged

The CPI escalator is charged to the Combined Fund.

- 2% Guarantee for Fire and Police CPI Escalator for Participants in Combined Fund

  The eligible group is restricted to Firemen and Policemen who retire on service retirement, their spouse survivors, and PSO spouse survivors. In addition, Firemen members of Local 215 and Policemen members of the MPA must have been in active service on or after January 1, 1998; Policemen members of the MPSO must have been in active service on or after January 1, 1999; and non-represented Firemen and Policemen must have been in active service on or after January 1, 2000. The benefit is a guarantee that the CPI Escalator will not be less than 2% per annum.

- 2% Escalator for post-1992 General Employee Retirees who do Not Participate in Combined Fund

  Eligible Group

  a) General Employees who retire on a service retirement allowance on or after January 1, 1993 who have either (i) attained age 60, or (ii) completed 30 years of service and attained age 55.
  b) General Employees receiving a duty disability retirement allowance who convert to service retirement on or after January 1, 1993.
  c) Spouses of eligible members who either elect Option 3 at retirement with the spouse as beneficiary, or who die after electing an Option 3 PSO with the spouse as beneficiary.

  Timing and Amount of Increase

  The first increase occurs with the installment next following the 8th anniversary of the member's service retirement or conversion to service retirement date (or the 8th anniversary of the surviving spouse's retirement date in the case of a PSO). Thereafter, increases occur annually on the anniversary of the first increase.

  Each increase is 2%, and increases after the first are compounded -- that is, they are applied to the total benefit in payment, including all prior increases. (The benefit initially payable to an eligible spouse upon the member's death includes 50% of any increases in payment at the member's death.)

  Funds Charged

  For members whose enrollment dates are prior to February 1, 1996, the 2% escalator for post-1992 general employee retirees is paid from the Retirement Fund. For members whose enrollment dates are on or after February 1, 1996, the 2% escalator for post-1992 general employee retirees is paid from the Combined Retirement and Disability Fund.

- Post-1999 1.5% / 2% Escalator for General Employee Retirees and for Pre-1993 Fire and Police Retirees who Participate in the Combined Fund

  Eligible Group

  The eligible group includes (i) pre-1993 retirees and surviving spouses who are not eligible for either the 2% Escalator for pre-1993 retirees, or the Post-1999 CPI Escalator for post-1992 fire and police retirees; and (ii) post-1992 general employee retirees and their surviving spouses. The types of benefits that receive the 1.5%/2% escalator include:

a) The service retirement allowance and ordinary disability retirement allowance for all members, and the duty disability retirement allowance for General Employees.
b) Benefits paid to members after the duty disability conversion age: the conversion service retirement allowance for all members or the extended life duty disability retirement allowance for fire and police.
c) Benefits paid to members after separation from service: the deferred retirement allowance, early retirement allowance, involuntary separation allowance, or the ERS allowance paid under the County transfer or State reciprocity provisions.
d) The spouse survivor allowance paid to the surviving spouse of an eligible member who elects Option 2 or 3, or who elects Option 4 with a percentage to the spouse, or who elects a PSO with a percentage to the spouse.
e) The fire and police or heart & lung duty disability surviving spouse allowance.
f) The duty death surviving spouse allowance.

Timing and Amount of Increases that occur after 1999

a) The first post-1999 increase occurs for January 2000 for eligible Option 2 and 4 spouse survivors of members retired on a service retirement allowance or a conversion service retirement allowance - and for eligible Option 2 and 4 PSO spouse survivors - when the member's date of retirement or pre-retirement death was prior to January 1988.
b) The first post-1999 increase occurs the later of the year 2000 anniversary or the 2nd anniversary of the member's date of death for: duty disability surviving spouses of Firemen and Policemen.
c) For all others, the first post-1999 increase occurs the later of the year 2000 anniversary or the 2nd anniversary of the member's retirement or pre-retirement death.

Thereafter, increases occur annually on the anniversary of the first increase.

All increases for the group described in paragraph (a) are 2% increases. For paragraphs (b) and (c), an increase which takes effect on the 2nd, 3rd, or 4th anniversary is a 1.5% increase. An increase which takes effect on the 5th or subsequent anniversary is a 2% increase. Increases after the first one are compounded -- that is, they are applied to the total benefit in payment, including all prior increases. (The benefit initially payable to an eligible spouse upon the member's death includes the spouse's proportionate share of any increases in payment at the member's death, based on the option elected.)

Tier 2 Employees receive an increase of 2% on the fifth anniversary of their retirement and on each anniversary that follows, but only for service retirement.

Fire and Police Survivorship Benefits Prior to the Global Pension Settlement

The survivors of Firemen or Policemen who die in active service or while in receipt of a disability allowance may be entitled to a survivorship benefit. The survivorship benefit is payable to the spouse of the deceased member provided the spouse has one or more eligible children in her care. Eligible children include unmarried children who are either under the age of 18, or are over age 18, but who suffer from a disability which commenced before the age of 18. The amount of the survivorship benefit for a death occurring in 2000 is $600 monthly for the spouse and one child or for two or more eligible children. If there is no surviving widow and only one child, the benefit is $300. Upon attainment of age 57, $300 is payable to the spouse for her lifetime. Benefits payable to a spouse cease on remarriage and benefits payable in respect of children cease on

attainment of age 18 (unless disabled prior to age 18) or marriage. For member deaths that occurred prior to 2000 the monthly amount payable depends upon the plan provisions in effect at the member's death.

Fire and Police Survivorship Benefits for Survivors Participating in the Combined Fund

Survivors of Firemen or Policemen who died prior to 2000 while in active service or while retired on disability (and contributing to the Fire and Police Survivorship Fund) may be entitled to a survivorship benefit. The survivorship benefit is payable to the spouse of the deceased member provided the spouse has one or more eligible children in her care. For participants in the Combined Fund, the amount of the survivorship benefit for a death occurring prior to 2000 is $600 monthly for the spouse and one child under age 18, or for two or more children under age 18. If there is no surviving widow and only one child, the benefit is $300. The monthly amount payable to a disabled child over the age of 18 depends upon the plan provisions in effect at the member's death. Upon attainment of age 57, $300 is payable to the spouse for her lifetime. Benefits payable to a spouse cease on remarriage and benefits payable in respect of children cease on attainment of age 18 (unless disability commenced prior to age 18) or marriage.

Survivorship Benefits for Participants in the Combined Fund are charged to the Combined Fund.

Separation Benefits

Eligibility and Amounts

Should a member separate from service, and no other benefit is payable, such a member will possibly be entitled to one of the options outlined below. Additional eligibility information about Separation Benefits is provided under 36-05-6.

a) If the member has less than four years of creditable service, a refund of member contributions (not paid by the member's employer). Interest at 4.0% per annum on the 4%, 5.5%, or 7% member paid contributions is also payable.

b) If the member has four years of creditable service, a deferred allowance payable at the minimum service retirement age.

c) A refund of the member contributions and interest, including contributions paid on the member's behalf, is payable to (i) General Employees after 4 years of creditable service, or (ii) Firemen or Policemen after 10 years of creditable service.

d) If the member's service is involuntarily terminated, or the member terminates voluntarily after attaining age 55 and completing 15 years of creditable service, such member may elect to receive a deferred allowance at the minimum service retirement age, or an immediate allowance that is the actuarial equivalent of the deferred allowance.

e) If the member has 25 years of qualifying time as a fireman or policeman, and is not participating in the Combined Fund, a deferred allowance payable at age 52.

f) If the member is a fireman with 25 years of qualifying time as a fireman or policeman, had not attained age 49 at the date of separation from service, and is participating in the Combined Fund, a deferred allowance payable at age 52.

Imputed service credit and seasonal service credit are not used when calculating separation benefits.

Funds Charged with Separation Benefits

Benefits paid to participants in the Combined Fund are charged to the Combined Fund. Separation benefits paid to individuals not participating in the Combined Fund are charged to (i) the Retirement Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Fund if the member's enrollment date is on or after February 1, 1996.

Lump Sum Bonus Payments

Under the Global Pension Settlement, various lump sum bonus payments may be made to eligible individuals participating in the Combined Fund. An individual may be eligible for one or more types of lump sum bonus payments.

Eligibility for Lump Sum Bonus Payments

Only individuals participating in the Combined Fund can become eligible for the following types of lump sum bonus payments. In addition, the following conditions apply to the individual lump sum bonuses.

a) 5% lump sum bonus: Members who are inactive as of January 1, 2000, will become eligible at the time that their deferred retirement allowance commences.

   Members in active service as of January 1, 2000, will become eligible when they first retire.

   If a member in active service as of January 1, 2000, dies prior to retirement and the member's surviving spouse is eligible for either a surviving spouse duty death benefit (including Heart & Lung duty death) or a PSO spouse survivor benefit then the surviving spouse is eligible for this bonus payment.

   Only one 5% lump sum bonus will be paid on account of an individual member. Thus, if a member receiving a duty disability retirement allowance receives a 5% lump sum bonus on account of the duty disability benefit, then the member will not be eligible for an additional 5% lump sum bonus at the time of conversion.

b) 8.6% lump sum bonus: A fireman or policeman in active service as of January 1, 2000, who (i) retires as a fireman or policeman on a service retirement allowance; or (ii) converts to service retirement or elects an extended life duty disability retirement allowance after retiring as a fireman or policeman on duty disability; (iii) attains age 63 while in receipt of an ordinary disability retirement allowance or a lifetime Fire & Police or Heart & Lung duty disability retirement allowance, is eligible for this bonus so long as the member did not receive 2 years of imputed service credit under the dissolution of the Firemen and Policemen's Survivorship Fund; (iv) or retires as a fireman or policeman on an extended life duty disability.

   If a fireman or policeman in active service as of January 1, 2000, dies prior to retirement and the member's surviving spouse is eligible for either a surviving spouse duty death benefit (including Heart & Lung duty death) or a PSO spouse survivor benefit then the surviving spouse is eligible for this bonus payment.

A fireman or policeman retired on disability as of January 1, 2000, who is also an active member of the Firemen and Policemen's Survivorship Fund as of January 1, 2000 - under age 57 at 1/1/2000, and made all required contributions to the Survivorship Fund – is eligible for this bonus if he (i) converts to service retirement or elects an extended life duty disability retirement allowance; or (ii) is ineligible to convert to service retirement and attains age 63 while in receipt of the disability retirement allowance; provided that he (iii) did not receive 2 years of imputed service credit under the dissolution of the Firemen and Policemen's Survivorship Fund.

Amount of Lump Sum Bonus Payments

Age factors are used in the 5% lump sum bonus and the 8.6% lump sum bonus calculations. The age factors for these bonus payments are contained in s. 36-05-11-a.

a) 5% lump sum bonus: For members who are either inactive or active as of January 1, 2000, who retire in the future, the bonus payment equals 5% times their initial annual retirement allowance times a factor based on attained age on the retirement date. The retirement allowance used in the bonus calculation is to be reduced for early retirement, if applicable, but is not to be reduced for any optional election the member might have made under s. 36-05-7.

   If a member in active service as of January 1, 2000 dies prior to retirement and the member's surviving spouse is eligible for this bonus payment, then the bonus will equal 5% times the spouse's initial annual benefit times a factor based on the spouse's attained age when the benefit commences.

b) 8.6% lump sum bonus: In the explanation that follows, whenever an annual allowance is used in calculating a bonus due to a member, the allowance used is the allowance that would be paid if the member did not elect an option under s. 36-05-7.

   For members who retire on service retirement: 8.6% times the annual service retirement allowance times a factor based on attained age at retirement.

   For surviving spouses who receive either a PSO benefit or a duty death benefit: 8.6% times the initial annual allowance payable to the spouse times a factor based on the spouse's attained age when the benefit commences.

   For a member who is retired on duty disability as of January 1, 2000 - or who retires on duty disability thereafter - and who is eligible to convert to service retirement: 8.6% times the annual conversion service retirement allowance earned as of the conversion age times a factor based on attained age at conversion.

   For a member who is retired on disability as of January 1, 2000 – or who retired on disability thereafter – who is ineligible to convert to service retirement, and who is age 63 or younger at the later of 1/1/2000 or the disability retirement date: 8.6% times the "hypothetical" annual conversion service retirement allowance earned at age 63 times the attained age factor for age 63. The "hypothetical" allowance is calculated as if the member were eligible to convert at age 63.

   For a member who retires on disability after January 1, 2000, who is older than age 63 at the disability retirement date: 8.6% times the annual disability allowance payable when

the allowance commences times a factor based on the member's attained age at retirement.

Funds Charged

The 5% lump sum bonus and the 8.6% lump sum bonus are paid from the Combined Fund.

Benefits Not Valued

None.

STATISTICAL SECTION

Overview of the Statistical Section

The Statistical Section presents detailed information that assists users in using the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of ERS. The source of the information in this section is derived from ERS internal records.

Financial Trends

The following schedule shows trend information about the changes and growth in ERS's fiduciary net position over the past 10 years:

- Changes in Fiduciary Net Position

Demographic and Economic Information

These schedules offer demographic and economic indicators to help readers understand the environment within which the System's financial activities take place.

- Schedule of Retired Members by Type of Pension Benefit
- Schedule of Average Benefit Payment Amounts – Age/Service
- Schedule of Average Benefit Payment Amounts – Death
- Schedule of Average Benefit Payment Amounts – Disability
- Principal Participating Employers

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Changes in Fiduciary Net Position
For Last Ten Fiscal Years
(in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Additions										
Member contributions	$ 34,089	$ 32,688	$ 32,204	$ 31,444	$ 32,191	$ 32,633	$ 32,085	$ 32,494	$ 35,918	$ 49,553
Employer contributions	217,640	171,042	121,571	91,177	87,661	96,389	83,166	83,524	74,095	72,198
Investment earnings (net of expenses)	408,524	545,877	(594,375)	1,110,990	409,136	893,279	(160,190)	787,809	383,747	34,982
Total additions to fiduciary net position	660,253	749,607	(440,600)	1,233,611	528,988	1,022,301	(44,939)	903,827	493,760	156,733
Deductions										
Benefit payments										
Age/Service	450,905	434,207	419,365	407,606	391,317	371,719	354,553	343,430	313,927	301,667
Death	2,775	2,787	2,790	2,663	2,366	1,148	1,970	2,305	2,167	2,287
Disability	34,297	29,610	30,252	30,823	31,712	32,349	32,366	34,266	30,843	29,382
Total benefit payments	487,977	466,604	452,407	441,092	425,395	405,216	388,889	380,001	346,937	333,336
Refund of contributions										
Final death payout	1,024	832	1,680	1,931	1,287	1,150	1,647	1,688	971	949
Retirement lump sum equivalent	2,404	3,404	3,292	1,471	1,504	215	142	223	332	294
Withdrawal	244	209	239	762	764	2,505	2,848	3,420	3,063	2,910
Total refunds of contributions	3,672	4,445	5,211	4,164	3,555	3,870	4,637	5,331	4,366	4,153
Administrative expenses	9,287	8,015	7,181	6,733	7,381	7,018	7,181	8,637	8,096	9,686
Interfund Transfers	-	-	-	-	-	-	-	-	-	10,400
Total deductions from fiduciary net position	500,936	479,064	464,799	451,989	436,331	416,104	400,707	393,969	359,399	357,575
Change in fiduciary net position	$ 159,317	$ 270,543	$ (905,399)	$ 781,622	$ 92,657	$ 606,197	$(445,646)	$ 509,858	$ 134,361	$(200,842)

For the fiscal years ended 2014 and 2015, the presentation of interfund transfers has been reclassified from refunds of contributions to interfund transfers.

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Schedule of Retired Members by Type of Pension Benefit
As of December 31, 2024

Amount of Annual Pension Benefit	Number of Recipients	Type of Pension Benefit: Age/Service	Death	Disability
General City				
$0 - $10,000	3,963	3,532	152	279
$10,001 - $20,000	2,184	1,965	34	185
$20,001 - $30,000	1,563	1,465	4	94
$30,001 - $40,000	1,308	1,275	-	33
$40,001 - $50,000	746	735	1	10
$50,001 - $60,000	400	394	-	6
$60,001 - $70,000	199	198	-	1
$70,001 - $80,000	101	101	-	-
$80,001 - $90,000	55	55	-	-
$90,001 - $100,000	23	23	-	-
$100,001 - $110,000	14	14	-	-
$110,001 - $120,000	5	5	-	-
$120,001 - $130,000	1	1	-	-
$140,001 - $150,000	1	1	-	-
Totals	10,563	9,764	191	608
Police				
$0 - $10,000	143	127	15	1
$10,001 - $20,000	163	128	27	8
$20,001 - $30,000	137	116	9	12
$30,001 - $40,000	190	167	2	21
$40,001 - $50,000	231	198	4	29
$50,001 - $60,000	310	297	2	11
$60,001 - $70,000	732	717	-	15
$70,001 - $80,000	524	509	-	15
$80,001 - $90,000	204	195	-	9
$90,001 - $100,000	147	108	-	39
$100,001 - $110,000	52	49	-	3
$110,001 - $120,000	34	28	-	6
$120,001 - $130,000	12	12	-	-
$130,001 - $140,000	5	5	-	-
$140,001 - $150,000	-	-	-	-
$150,001 - $160,000	3	3	-	-
$180,001 - $190,000	1	1	-	-
Totals	2,888	2,660	59	169
Fire				
$0 - $10,000	65	44	8	13
$10,001 - $20,000	47	41	1	5
$20,001 - $30,000	61	51	4	6
$30,001 - $40,000	88	67	-	21
$40,001 - $50,000	108	81	-	27
$50,001 - $60,000	242	211	-	31
$60,001 - $70,000	328	307	-	21
$70,001 - $80,000	227	216	-	11
$80,001 - $90,000	105	87	-	18
$90,001 - $100,000	102	69	-	33
$100,001 - $110,000	60	39	-	21
$110,001 - $120,000	34	20	-	14
$120,001 - $130,000	24	20	-	4
$130,001 - $140,000	6	6	-	-
$140,001 - $150,000	2	2	-	-
$150,001 - $160,000	-	-	-	-
$160,001 - $170,000	2	2	-	-
Totals	1,501	1,263	13	225

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Schedule of Average Benefit Payment Amounts – Disability
For Last Ten Fiscal Years

Retirement Year	Employment Class	Category	Age/Service: Service Credit 0-5	5-10	11-15	16-20	20-25	26-30	31+
2015	General City	Average Annual Benefits	$ 1,991	$ 4,255	$ 8,309	$ 12,541	$ 18,101	$ 24,946	$ 31,947
		Average Final Average Salary	$ 22,370	$ 25,181	$ 28,282	$ 32,174	$ 37,678	$ 42,241	$ 43,590
		Number of Retired Members	572	1,441	1,068	1,148	1,008	1,323	2,286
	Police	Average Annual Benefits	$ 11,241	$ 6,993	$ 15,952	$ 24,070	$ 39,029	$ 42,750	$ 49,811
		Average Final Average Salary	$ 51,974	$ 36,363	$ 45,816	$ 45,734	$ 48,781	$ 49,122	$ 47,978
		Number of Retired Members	13	21	14	19	218	950	870
	Fire	Average Annual Benefits	$ 2,841	$ 9,707	$ 13,086	$ 22,290	$ 39,423	$ 44,635	$ 48,604
		Average Final Average Salary	$ 17,505	$ 25,720	$ 43,802	$ 43,025	$ 56,688	$ 53,316	$ 49,154
		Number of Retired Members	4	8	4	8	94	347	557
2016	General City	Average Annual Benefits	$ 2,029	$ 4,342	$ 8,455	$ 12,760	$ 18,514	$ 25,975	$ 32,531
		Average Final Average Salary	$ 22,634	$ 25,694	$ 29,210	$ 33,330	$ 38,696	$ 43,430	$ 44,644
		Number of Retired Members	591	1,493	1,094	1,176	1,018	1,337	2,313
	Police	Average Annual Benefits	$ 10,689	$ 7,428	$ 16,958	$ 24,777	$ 38,908	$ 43,989	$ 51,088
		Average Final Average Salary	$ 50,632	$ 36,078	$ 45,816	$ 47,087	$ 48,979	$ 51,967	$ 48,721
		Number of Retired Members	14	24	14	19	222	985	866
	Fire	Average Annual Benefits	$ 2,890	$ 9,782	$ 16,452	$ 22,595	$ 38,227	$ 45,319	$ 48,852
		Average Final Average Salary	$ 17,505	$ 25,720	$ 43,802	$ 43,025	$ 59,582	$ 55,504	$ 51,893
		Number of Retired Members	4	8	4	8	106	363	567
2017	General City	Average Annual Benefits	$ 2,096	$ 4,430	$ 8,763	$ 13,324	$ 19,037	$ 26,583	$ 33,276
		Average Final Average Salary	$ 23,289	$ 26,128	$ 29,934	$ 34,209	$ 39,784	$ 44,761	$ 46,059
		Number of Retired Members	602	1,522	1,104	1,185	1,031	1,357	2,363
	Police	Average Annual Benefits	$ 11,044	$ 8,016	$ 15,306	$ 26,203	$ 41,359	$ 45,231	$ 52,108
		Average Final Average Salary	$ 50,632	$ 37,646	$ 46,698	$ 47,087	$ 50,984	$ 55,902	$ 50,640
		Number of Retired Members	14	24	17	19	212	1,092	878
	Fire	Average Annual Benefits	$ 2,829	$ 11,696	$ 15,561	$ 21,233	$ 40,455	$ 47,937	$ 52,389
		Average Final Average Salary	$ 20,169	$ 25,720	$ 43,471	$ 43,025	$ 62,265	$ 57,378	$ 53,802
		Number of Retired Members	5	8	5	8	117	376	575
2018	General City	Average Annual Benefits	$ 2,149	$ 4,552	$ 9,001	$ 13,492	$ 19,642	$ 27,379	$ 34,536
		Average Final Average Salary	$ 23,695	$ 26,975	$ 30,734	$ 34,961	$ 40,767	$ 46,009	$ 47,329
		Number of Retired Members	617	1,560	1,118	1,202	1,054	1,377	2,373
	Police	Average Annual Benefits	$ 8,578	$ 8,543	$ 16,217	$ 24,061	$ 42,583	$ 48,585	$ 54,637
		Average Final Average Salary	$ 49,931	$ 41,594	$ 45,854	$ 47,632	$ 51,925	$ 58,490	$ 51,979
		Number of Retired Members	16	29	17	22	210	1,133	866
	Fire	Average Annual Benefits	$ 3,064	$ 11,342	$ 16,304	$ 24,575	$ 43,416	$ 49,715	$ 54,200
		Average Final Average Salary	$ 20,169	$ 28,340	$ 43,471	$ 47,079	$ 63,897	$ 58,938	$ 54,760
		Number of Retired Members	5	8	5	7	125	384	578
2019	General City	Average Annual Benefits	$ 2,309	$ 4,766	$ 9,444	$ 14,051	$ 20,978	$ 29,037	$ 36,204
		Average Final Average Salary	$ 26,240	$ 27,951	$ 32,337	$ 37,201	$ 43,600	$ 49,907	$ 52,564
		Number of Retired Members	631	1,569	1,131	1,207	1,064	1,392	2,389
	Police	Average Annual Benefits	$ 8,073	$ 9,459	$ 17,060	$ 28,387	$ 45,532	$ 53,442	$ 57,435
		Average Final Average Salary	$ 40,409	$ 41,313	$ 48,305	$ 56,393	$ 58,400	$ 66,113	$ 59,847
		Number of Retired Members	17	32	17	28	198	1,176	865
	Fire	Average Annual Benefits	$ 3,113	$ 4,594	$ 16,662	$ 25,403	$ 50,046	$ 55,691	$ 58,175
		Average Final Average Salary	$ 20,169	$ 28,340	$ 43,470	$ 53,147	$ 69,313	$ 65,246	$ 62,582
		Number of Retired Members	5	7	5	8	131	405	576

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Schedule of Average Benefit Payment Amounts – Disability
For Last Ten Fiscal Years

Age/Service - Continued

Retirement	Category		Service Credit						
2020	General City	Average Annual Benefits	$ 2,358	$ 4,745	$ 9,383	$ 13,913	$ 20,112	$ 28,116	$ 35,985
		Average Final Average Salary	$ 24,536	$ 28,345	$ 32,249	$ 36,965	$ 42,323	$ 48,065	$ 50,085
		Number of Retired Members	675	1,625	1,192	1,249	1,133	1,489	2,461
	Police	Average Annual Benefits	$ 6,653	$ 8,321	$ 16,475	$ 27,689	$ 43,869	$ 51,077	$ 57,421
		Average Final Average Salary	$ 40,253	$ 41,058	$ 46,638	$ 59,151	$ 53,897	$ 63,925	$ 55,786
		Number of Retired Members	23	41	19	33	208	1,345	907
	Fire	Average Annual Benefits	$ 3,156	$ 4,871	$ 24,186	$ 25,208	$ 47,578	$ 53,518	$ 58,473
		Average Final Average Salary	$ 20,169	$ 43,405	$ 43,471	$ 57,604	$ 67,320	$ 64,965	$ 58,130
		Number of Retired Members	5	8	6	14	141	492	599
2021	General City	Average Annual Benefits	$ 2,515	$ 4,963	$ 9,817	$ 14,612	$ 20,923	$ 29,336	$ 37,496
		Average Final Average Salary	$ 24,983	$ 29,110	$ 33,314	$ 37,942	$ 43,268	$ 49,571	$ 51,150
		Number of Retired Members	635	1,609	1,158	1,216	1,094	1,439	2,381
	Police	Average Annual Benefits	$ 8,019	$ 9,694	$ 17,439	$ 29,817	$ 45,261	$ 54,117	$ 61,144
		Average Final Average Salary	$ 40,253	$ 43,157	$ 50,073	$ 62,839	$ 55,464	$ 66,511	$ 57,511
		Number of Retired Members	19	49	23	38	203	1,325	860
	Fire	Average Annual Benefits	$ 3,912	$ 7,350	$ 17,282	$ 28,949	$ 47,664	$ 54,844	$ 59,541
		Average Final Average Salary	$ 23,090	$ 42,336	$ 43,471	$ 58,092	$ 69,512	$ 67,358	$ 59,510
		Number of Retired Members	6	10	5	13	138	467	575
2022	General City	Average Annual Benefits	$ 2,500	$ 5,125	$ 9,956	$ 15,029	$ 21,766	$ 30,521	$ 38,331
		Average Final Average Salary	$ 26,100	$ 29,684	$ 33,946	$ 38,914	$ 44,382	$ 50,726	$ 52,054
		Number of Retired Members	648	1,607	1,175	1,223	1,087	1,453	2,364
	Police	Average Annual Benefits	$ 7,833	$ 9,990	$ 18,727	$ 30,194	$ 45,825	$ 56,669	$ 62,574
		Average Final Average Salary	$ 40,433	$ 44,222	$ 50,035	$ 65,341	$ 55,923	$ 69,065	$ 59,161
		Number of Retired Members	20	57	24	43	203	1,369	858
	Fire	Average Annual Benefits	$ 4,184	$ 7,424	$ 15,286	$ 28,843	$ 47,595	$ 55,891	$ 62,080
		Average Final Average Salary	$ 23,090	$ 42,138	$ 46,829	$ 58,092	$ 72,074	$ 68,472	$ 61,379
		Number of Retired Members	6	11	6	12	150	481	563
2023	General City	Average Annual Benefits	$ 2,502	$ 5,202	$ 10,243	$ 15,335	$ 22,260	$ 29,035	$ 39,113
		Average Final Average Salary	$ 26,424	$ 30,362	$ 34,506	$ 39,725	$ 45,756	$ 51,902	$ 53,016
		Number of Retired Members	665	1,635	1,171	1,228	1,088	1,666	2,345
	Police	Average Annual Benefits	$ 7,541	$ 10,459	$ 18,456	$ 31,917	$ 46,097	$ 57,127	$ 66,034
		Average Final Average Salary	$ 40,922	$ 44,874	$ 54,302	$ 67,166	$ 58,006	$ 70,569	$ 60,096
		Number of Retired Members	23	63	27	48	209	1,483	835
	Fire	Average Annual Benefits	$ 4,274	$ 9,053	$ 19,070	$ 27,687	$ 50,403	$ 59,701	$ 64,753
		Average Final Average Salary	$ 23,090	$ 41,419	$ 46,829	$ 63,679	$ 73,914	$ 71,273	$ 63,651
		Number of Retired Members	6	14	6	14	158	538	553
2024	General City	Average Annual Benefits	$ 2,562	$ 5,283	$ 10,467	$ 15,759	$ 22,835	$ 32,278	$ 40,221
		Average Final Average Salary	$ 27,440	$ 31,067	$ 35,208	$ 40,426	$ 46,540	$ 52,702	$ 53,971
		Number of Retired Members	681	1,695	1,168	1,264	1,121	1,485	2,350
	Police	Average Annual Benefits	$ 7,942	$ 9,260	$ 20,753	$ 33,361	$ 50,171	$ 62,270	$ 68,482
		Average Final Average Salary	$ 40,922	$ 46,031	$ 54,907	$ 68,491	$ 59,910	$ 71,994	$ 61,701
		Number of Retired Members	23	87	29	53	199	1,428	841
	Fire	Average Annual Benefits	$ 3,711	$ 7,878	$ 32,646	$ 31,140	$ 53,513	$ 63,322	$ 70,502
		Average Final Average Salary	$ 24,262	$ 43,089	$ 46,829	$ 63,681	$ 75,433	$ 72,351	$ 64,753
		Number of Retired Members	8	19	7	16	160	495	558

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Schedule of Average Benefit Payment Amounts – Disability
For Last Ten Fiscal Years

Death

Retirement Year	Employment Class	Category	Service Credit 0-5	5-10	11-15	16-20	20-25	26-30	31+
2015	General City	Average Annual Benefits	$ 4,891	$ 4,931	$ 7,908	$ 12,165	$ 9,508	$ 12,560	$ 15,342
		Average Final Average Salary	$ 31,048	$ 42,480	$ 38,019	$ 48,744	$ 47,930	$ 52,597	$ 47,181
		Number of Retired Members	10	28	17	17	25	20	38
	Police	Average Annual Benefits	$ 13,367	$ 17,139	$ 14,770	$ 15,782	$ 3,600	$ 11,356	$ 3,600
		Average Final Average Salary	$ 24,992	$ 28,565	$ 62,160	$ 45,640	N/A	$ 44,780	N/A
		Number of Retired Members	7	6	10	6	3	3	1
	Fire	Average Annual Benefits	$ 8,621	$ 18,242	$ 12,657	$ 5,611	$ 21,543	$ 3,600	$ 24,388
		Average Final Average Salary	$ 19,948	$ 30,403	$ 26,150	$ 17,053	$ 35,905	N/A	$ 40,647
		Number of Retired Members	5	2	3	3	2	1	1
2016	General City	Average Annual Benefits	$ 4,941	$ 4,947	$ 5,086	$ 10,037	$ 8,530	$ 9,749	$ 16,988
		Average Final Average Salary	$ 31,132	$ 42,508	$ 38,019	$ 45,675	$ 51,104	$ 56,809	$ 50,694
		Number of Retired Members	10	28	17	21	29	24	30
	Police	Average Annual Benefits	$ 13,450	$ 17,415	$ 14,813	$ 19,073	$ 3,600	$ 11,511	$ 3,600
		Average Final Average Salary	$ 25,153	$ 29,026	$ 62,303	$ 46,513	N/A	$ 45,556	N/A
		Number of Retired Members	7	6	10	5	3	3	1
	Fire	Average Annual Benefits	$ 7,416	$ 18,600	$ 12,828	$ 6,966	$ 21,892	$ 3,600	$ 24,804
		Average Final Average Salary	$ 20,127	$ 31,000	$ 26,579	$ 17,219	$ 36,488	N/A	$ 41,339
		Number of Retired Members	6	2	3	2	2	1	1
2017	General City	Average Annual Benefits	$ 3,881	$ 4,963	$ 5,857	$ 7,816	$ 7,885	$ 10,255	$ 17,341
		Average Final Average Salary	$ 33,585	$ 42,537	$ 35,417	$ 43,227	$ 50,959	$ 57,001	$ 51,088
		Number of Retired Members	14	28	13	25	45	24	31
	Police	Average Annual Benefits	$ 13,593	$ 17,698	$ 14,857	$ 19,393	$ 3,600	$ 10,118	$ 3,600
		Average Final Average Salary	$ 25,431	$ 29,496	$ 62,449	$ 47,403	N/A	$ 38,592	N/A
		Number of Retired Members	7	6	10	5	3	3	1
	Fire	Average Annual Benefits	$ 7,924	$ 18,965	$ 13,003	$ 7,017	$ 22,249	$ 3,600	$ 25,228
		Average Final Average Salary	$ 20,413	$ 31,609	$ 27,017	$ 17,388	$ 37,082	N/A	$ 42,046
		Number of Retired Members	6	2	3	2	2	1	1
2018	General City	Average Annual Benefits	$ 5,360	$ 4,015	$ 3,240	$ 8,988	$ 8,875	$ 11,469	$ 9,726
		Average Final Average Salary	$ 35,969	$ 42,566	$ 45,266	$ 39,896	$ 48,195	$ 51,554	$ 57,259
		Number of Retired Members	13	28	17	25	41	20	23
	Police	Average Annual Benefits	$ 10,530	$ 17,985	$ 14,451	$ 17,851	$ 8,117	$ 3,600	$ 3,600
		Average Final Average Salary	$ 19,474	$ 29,976	$ 62,598	$ 59,005	$ 79,173	N/A	N/A
		Number of Retired Members	7	6	10	5	7	2	1
	Fire	Average Annual Benefits	$ 7,784	$ 19,338	$ 13,182	$ 7,068	$ 22,613	$ 3,600	$ 25,660
		Average Final Average Salary	$ 20,780	$ 32,230	$ 27,463	$ 17,561	$ 37,688	N/A	$ 42,767
		Number of Retired Members	6	2	3	2	2	1	1
2019	General City	Average Annual Benefits	$ 11,427	$ 7,943	$ 4,924	$ 9,618	$ 12,830	$ 9,992	$ 17,703
		Average Final Average Salary	$ 37,487	$ 47,985	$ 48,432	$ 39,576	$ 38,736	$ 32,327	$ 36,499
		Number of Retired Members	5	8	7	8	11	8	4
	Police	Average Annual Benefits	$ 12,261	$ 17,162	$ 12,761	$ 32,230	$ 6,151	$ 3,300	$ 3,600
		Average Final Average Salary	$ 19,435	$ 28,604	$ 28,926	$ 55,925	$ 24,483	N/A	N/A
		Number of Retired Members	6	6	5	5	4	2	1
	Fire	Average Annual Benefits	$ 9,059	$ 19,718	$ 11,612	$ 7,121	$ 24,337	$ 3,600	$ 26,101
		Average Final Average Salary	$ 12,698	$ 32,863	$ 22,080	$ 13,212	$ 40,562	$ 5,026	$ 43,502
		Number of Retired Members	5	2	3	2	1	1	1

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Schedule of Average Benefit Payment Amounts – Disability
For Last Ten Fiscal Years

Death - Continued

Retirement Year	Employment Class	Category	Service Credit 0-5	5-10	11-15	16-20	20-25	26-30	31+
2020	General City	Average Annual Benefits	$ 5,636	$ 5,157	$ 7,972	$ 9,791	$ 9,225	$ 11,433	$ 14,290
		Average Final Average Salary	$ 37,581	$ 44,012	$ 60,477	$ 39,633	$ 48,498	$ 51,554	$ 55,845
		Number of Retired Members	18	16	37	29	64	20	7
	Police	Average Annual Benefits	$ 12,423	$ 20,595	$ 9,498	$ 23,234	$ 9,401	$ 3,600	$ 3,600
		Average Final Average Salary	$ 23,725	$ 34,434	$ 45,525	$ 75,128	$ 79,173	N/A	N/A
		Number of Retired Members	6	5	4	9	7	1	1
	Fire	Average Annual Benefits	$ 8,866	$ 20,041	$ 16,721	$ 7,152	$ 24,671	$ 3,600	$ 26,467
		Average Final Average Salary	$ 21,539	$ 33,509	$ 44,931	$ 17,917	$ 41,249	N/A	$ 44,252
		Number of Retired Members	5	2	2	2	1	1	1
2021	General City	Average Annual Benefits	$ 6,798	$ 5,193	$ 8,133	$ 9,370	$ 9,759	$ 11,446	$ 14,388
		Average Final Average Salary	$ 37,626	$ 44,069	$ 60,477	$ 43,070	$ 48,511	$ 51,554	$ 55,845
		Number of Retired Members	18	16	37	37	64	20	7
	Police	Average Annual Benefits	$ 12,167	$ 20,956	$ 4,783	$ 37,069	$ 9,412	$ 3,593	$ 3,593
		Average Final Average Salary	$ 23,184	$ 34,998	$ 86,675	$ 75,366	$ 79,173	$ 3,600	$ 3,600
		Number of Retired Members	6	5	20	9	7	1	1
	Fire	Average Annual Benefits	$ 10,700	$ 20,459	$ 16,974	$ 1,498	$ 25,120	$ 3,593	$ 26,956
		Average Final Average Salary	$ 21,825	$ 34,168	$ 45,710	$ 3,003	$ 41,951	$ 3,600	$ 45,018
		Number of Retired Members	4	2	2	2	1	1	1
2022	General City	Average Annual Benefits	$ 6,352	$ 2,870	$ 8,127	$ 10,770	$ 8,000	$ 8,994	$ 14,482
		Average Final Average Salary	$ 37,672	$ 36,656	$ 60,477	$ 43,275	$ 46,968	$ 51,554	$ 55,845
		Number of Retired Members	18	36	37	33	68	20	7
	Police	Average Annual Benefits	$ 12,198	$ 13,575	$ 13,369	$ 30,197	$ 9,405	$ 3,600	$ 3,600
		Average Final Average Salary	$ 23,984	$ 57,202	$ 86,723	$ 84,023	$ 79,173	$ 3,600	$ 3,600
		Number of Retired Members	5	9	20	13	7	1	1
	Fire	Average Annual Benefits	$ 11,184	$ 20,846	$ 17,199	$ -	$ 25,529	$ 3,600	$ 25,092
		Average Final Average Salary	$ 22,921	$ 34,840	$ 46,504	$ -	$ 42,667	$ 3,600	$ 41,937
		Number of Retired Members	4	2	2	-	1	1	1
2023	General City	Average Annual Benefits	$ 6,308	$ 4,085	$ 8,120	$ 10,980	$ 9,707	$ 10,623	$ 14,582
		Average Final Average Salary	$ 39,422	$ 39,795	$ 60,477	$ 45,054	$ 44,867	$ 52,174	$ 55,845
		Number of Retired Members	22	40	37	29	44	16	7
	Police	Average Annual Benefits	$ 12,448	$ 15,007	$ 13,248	$ 30,891	$ 12,773	$ 3,600	$ 3,600
		Average Final Average Salary	$ 24,528	$ 57,528	$ 86,771	$ 84,188	$ 95,835	$ 3,600	$ 3,600
		Number of Retired Members	5	9	20	13	11	1	1
	Fire	Average Annual Benefits	$ 12,028	$ 21,237	$ 17,426	$ -	$ 25,943	$ 3,600	$ -
		Average Final Average Salary	$ 24,826	$ 35,525	$ 47,314	$ -	$ 43,396	$ 3,600	$ -
		Number of Retired Members	4	2	2	-	1	1	
2024	General City	Average Annual Benefits	$ 7,179	$ 4,945	$ 6,665	$ 10,569	$ 9,790	$ 10,701	$ 14,805
		Average Final Average Salary	$ 39,461	$ 39,817	$ 60,477	$ 46,204	$ 44,887	$ 52,174	$ 55,845
		Number of Retired Members	22	40	37	25	44	16	7
	Police	Average Annual Benefits	$ 12,809	$ 14,254	$ 13,769	$ 31,461	$ 13,489	$ 3,600	$ 3,600
		Average Final Average Salary	$ 25,087	$ 56,093	$ 86,340	$ 84,357	$ 95,835	$ 3,600	$ 3,600
		Number of Retired Members	5	9	19	13	11	1	1
	Fire	Average Annual Benefits	$ 14,167	$ 12,722	$ 17,803	$ -	$ 26,583	$ 3,600	$ -
		Average Final Average Salary	$ 32,287	$ 69,509	$ 48,140	$ -	$ 44,141	$ 3,600	$ -
		Number of Retired Members	3	6	2	-	1	1	

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Schedule of Average Benefit Payment Amounts – Disability
For Last Ten Fiscal Years

Disability

Retirement Year	Employment Class	Category	Service Credit 0-5	5-10	11-15	16-20	20-25	26-30	31+
2015	General City	Average Annual Benefits	$ 19,075	$ 9,537	$ 9,559	$ 11,193	$ 14,170	$ 19,033	$ 19,735
		Average Final Average Salary	$ 25,491	$ 28,147	$ 32,507	$ 32,202	$ 37,795	$ 34,539	$ 27,379
		Number of Retired Members	14	133	182	161	144	81	29
	Police	Average Annual Benefits	$ 48,855	$ 39,124	$ 40,842	$ 42,403	$ 42,757	$ 52,008	$ 48,977
		Average Final Average Salary	$ 64,689	$ 62,994	$ 59,312	$ 61,801	$ 62,513	$ 71,666	$ 66,246
		Number of Retired Members	15	33	36	36	28	14	20
	Fire	Average Annual Benefits	$ 42,449	$ 45,206	$ 40,620	$ 42,980	$ 40,457	$ 44,829	$ 52,367
		Average Final Average Salary	$ 65,481	$ 64,009	$ 64,085	$ 63,882	$ 61,057	$ 68,086	$ 76,838
		Number of Retired Members	18	32	36	50	39	58	32
2016	General City	Average Annual Benefits	$ 22,435	$ 9,875	$ 9,937	$ 11,213	$ 14,344	$ 19,527	$ 19,635
		Average Final Average Salary	$ 29,740	$ 28,875	$ 32,647	$ 32,813	$ 38,407	$ 35,348	$ 27,993
		Number of Retired Members	12	133	176	161	140	78	28
	Police	Average Annual Benefits	$ 60,448	$ 47,224	$ 48,980	$ 47,777	$ 51,388	$ 56,365	$ 52,484
		Average Final Average Salary	$ 79,452	$ 74,098	$ 71,998	$ 69,675	$ 71,002	$ 75,847	$ 66,246
		Number of Retired Members	14	33	38	37	28	14	20
	Fire	Average Annual Benefits	$ 41,396	$ 44,862	$ 41,587	$ 40,471	$ 40,655	$ 47,560	$ 53,366
		Average Final Average Salary	$ 63,475	$ 63,765	$ 64,241	$ 61,942	$ 61,880	$ 70,091	$ 77,702
		Number of Retired Members	18	32	37	52	41	58	31
2017	General City	Average Annual Benefits	$ 22,882	$ 9,417	$ 9,600	$ 11,875	$ 13,920	$ 20,423	$ 20,586
		Average Final Average Salary	$ 30,090	$ 29,583	$ 32,948	$ 33,274	$ 36,145	$ 36,187	$ 27,036
		Number of Retired Members	12	141	186	158	144	77	26
	Police	Average Annual Benefits	$ 56,361	$ 42,779	$ 48,749	$ 46,454	$ 47,113	$ 56,586	$ 51,247
		Average Final Average Salary	$ 74,193	$ 67,398	$ 71,253	$ 72,135	$ 67,831	$ 78,723	$ 66,246
		Number of Retired Members	13	34	36	35	29	14	20
	Fire	Average Annual Benefits	$ 48,429	$ 55,565	$ 50,837	$ 55,184	$ 48,302	$ 54,320	$ 63,596
		Average Final Average Salary	$ 71,007	$ 78,164	$ 76,053	$ 81,113	$ 71,530	$ 76,761	$ 82,874
		Number of Retired Members	17	33	38	52	43	58	31
2018	General City	Average Annual Benefits	$ 23,339	$ 9,790	$ 9,501	$ 11,967	$ 14,533	$ 18,635	$ 21,735
		Average Final Average Salary	$ 30,448	$ 29,746	$ 33,471	$ 34,062	$ 36,476	$ 36,728	$ 27,571
		Number of Retired Members	12	133	193	160	137	85	23
	Police	Average Annual Benefits	$ 53,898	$ 44,200	$ 49,099	$ 48,487	$ 47,837	$ 57,648	$ 48,808
		Average Final Average Salary	$ 71,524	$ 69,497	$ 71,315	$ 71,307	$ 70,565	$ 78,998	$ 65,601
		Number of Retired Members	13	33	37	34	28	14	21
	Fire	Average Annual Benefits	$ 49,931	$ 47,452	$ 47,234	$ 49,220	$ 48,607	$ 51,174	$ 59,296
		Average Final Average Salary	$ 72,619	$ 68,957	$ 72,578	$ 71,919	$ 69,912	$ 72,998	$ 81,132
		Number of Retired Members	13	34	37	52	44	59	31
2019	General City	Average Annual Benefits	$ 23,804	$ 10,056	$ 10,441	$ 13,968	$ 17,351	$ 21,468	$ 22,182
		Average Final Average Salary	$ 30,743	$ 29,828	$ 34,414	$ 37,022	$ 41,194	$ 44,100	$ 36,060
		Number of Retired Members	12	121	172	137	115	71	21
	Police	Average Annual Benefits	$ 58,446	$ 48,053	$ 50,976	$ 45,527	$ 57,926	$ 63,741	$ 56,804
		Average Final Average Salary	$ 77,626	$ 77,381	$ 75,704	$ 79,160	$ 79,635	$ 81,557	$ 71,296
		Number of Retired Members	12	29	37	34	30	15	21
	Fire	Average Annual Benefits	$ 50,358	$ 50,626	$ 46,885	$ 51,367	$ 48,879	$ 55,498	$ 68,092
		Average Final Average Salary	$ 73,019	$ 79,171	$ 78,986	$ 81,735	$ 71,652	$ 78,708	$ 82,455
		Number of Retired Members	13	28	38	46	42	58	33

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Schedule of Average Benefit Payment Amounts – Disability
For Last Ten Fiscal Years

Disability - Continued

Retirement Year	Employment Class	Category	Service Credit 0-5	5-10	11-15	16-20	20-25	26-30	31+
2020	General City	Average Annual Benefits	$ 24,262	$ 9,760	$ 9,976	$ 12,622	$ 15,156	$ 19,207	$ 22,139
		Average Final Average Salary	$ 31,156	$ 30,114	$ 34,153	$ 35,447	$ 37,703	$ 35,821	$ 29,132
		Number of Retired Members	11	118	182	157	132	76	20
	Police	Average Annual Benefits	$ 57,599	$ 46,814	$ 51,089	$ 46,024	$ 50,060	$ 59,407	$ 53,095
		Average Final Average Salary	$ 77,380	$ 74,533	$ 74,106	$ 72,929	$ 72,885	$ 81,146	$ 67,200
		Number of Retired Members	10	29	37	31	31	17	20
	Fire	Average Annual Benefits	$ 44,270	$ 51,043	$ 44,850	$ 47,361	$ 47,255	$ 54,210	$ 61,644
		Average Final Average Salary	$ 66,094	$ 76,339	$ 72,091	$ 72,133	$ 67,948	$ 76,378	$ 83,112
		Number of Retired Members	14	26	38	43	36	69	42
2021	General City	Average Annual Benefits	$ 24,934	$ 9,602	$ 9,894	$ 12,670	$ 15,639	$ 19,428	$ 22,202
		Average Final Average Salary	$ 31,567	$ 29,712	$ 34,555	$ 36,073	$ 38,432	$ 36,144	$ 32,010
		Number of Retired Members	10	110	180	154	126	75	15
	Police	Average Annual Benefits	$ 57,934	$ 47,575	$ 54,877	$ 47,267	$ 52,169	$ 66,161	$ 53,926
		Average Final Average Salary	$ 77,779	$ 75,036	$ 79,846	$ 75,199	$ 77,602	$ 88,547	$ 68,140
		Number of Retired Members	10	28	37	29	28	16	21
	Fire	Average Annual Benefits	$ 48,109	$ 48,457	$ 44,456	$ 46,347	$ 46,052	$ 55,059	$ 62,241
		Average Final Average Salary	$ 74,169	$ 76,273	$ 73,456	$ 71,880	$ 67,594	$ 76,363	$ 83,454
		Number of Retired Members	11	25	32	36	34	61	41
2022	General City	Average Annual Benefits	$ 20,987	$ 9,935	$ 10,196	$ 13,086	$ 16,047	$ 19,083	$ 23,469
		Average Final Average Salary	$ 25,989	$ 30,260	$ 34,948	$ 36,538	$ 39,165	$ 36,671	$ 29,414
		Number of Retired Members	10	111	174	147	123	75	13
	Police	Average Annual Benefits	$ 63,135	$ 51,744	$ 56,643	$ 45,596	$ 51,140	$ 64,763	$ 54,933
		Average Final Average Salary	$ 84,636	$ 81,894	$ 82,622	$ 75,126	$ 76,048	$ 85,160	$ 68,416
		Number of Retired Members	9	25	34	31	27	18	21
	Fire	Average Annual Benefits	$ 48,866	$ 52,197	$ 44,342	$ 46,553	$ 45,875	$ 57,473	$ 63,940
		Average Final Average Salary	$ 75,354	$ 80,534	$ 76,310	$ 72,732	$ 68,614	$ 78,975	$ 84,125
		Number of Retired Members	10	23	33	33	33	57	42
2023	General City	Average Annual Benefits	$ 23,628	$ 10,034	$ 9,868	$ 13,295	$ 16,642	$ 21,263	$ 18,053
		Average Final Average Salary	$ 28,947	$ 30,290	$ 34,919	$ 37,098	$ 39,531	$ 37,957	$ 29,024
		Number of Retired Members	9	106	165	141	123	68	13
	Police	Average Annual Benefits	$ 58,166	$ 49,406	$ 55,746	$ 48,267	$ 49,172	$ 65,248	$ 57,301
		Average Final Average Salary	$ 79,037	$ 80,230	$ 81,392	$ 76,269	$ 75,652	$ 86,201	$ 71,034
		Number of Retired Members	8	27	33	30	28	18	21
	Fire	Average Annual Benefits	$ 51,146	$ 49,787	$ 45,480	$ 41,138	$ 46,813	$ 57,987	$ 67,460
		Average Final Average Salary	$ 74,183	$ 83,293	$ 76,701	$ 69,925	$ 73,075	$ 81,695	$ 87,652
		Number of Retired Members	8	20	30	32	33	62	45
2024	General City	Average Annual Benefits	$ 23,114	$ 10,143	$ 10,268	$ 13,259	$ 16,613	$ 22,867	$ 20,131
		Average Final Average Salary	$ 29,184	$ 30,261	$ 35,562	$ 37,626	$ 40,177	$ 38,838	$ 31,050
		Number of Retired Members	9	103	164	132	125	63	12
	Police	Average Annual Benefits	$ 66,672	$ 66,025	$ 69,862	$ 53,326	$ 59,486	$ 69,316	$ 60,810
		Average Final Average Salary	$ 90,755	$ 99,310	$ 99,521	$ 83,760	$ 84,892	$ 90,715	$ 71,034
		Number of Retired Members	8	27	34	34	27	18	21
	Fire	Average Annual Benefits	$ 88,583	$ 64,519	$ 57,236	$ 53,956	$ 59,523	$ 74,400	$ 78,455
		Average Final Average Salary	$118,951	$101,144	$ 91,722	$ 90,506	$ 81,309	$ 89,542	$ 93,139
		Number of Retired Members	5	19	28	29	35	63	46

EMPLOYES' RETIREMENT SYSTEM OF THE CITY OF MILWAUKEE
Principal Participating Employers
Current Year and Nine Years Ago

	As of December 31, 2024			As of December 31, 2015		
	Active Members	Percentage of Total Plan	Rank	Active Members	Percentage of Total Plan	Rank
Participating Government						
City of Milwaukee	5,123	56.2%	1	6,042	55.5%	1
Milwaukee Public Schools	3,303	36.2%	2	4,054	37.2%	2
Milwaukee Water Works	285	3.1%	3	297	2.7%	3
Milwaukee Metropolitan Sewerage District	219	2.4%	4	214	2.0%	4
Wisconsin Center District	112	1.2%	5	78	0.7%	6
Housing Authority - City of Milwaukee	72	0.8%	6	166	1.5%	5
Veolia Water	5	0.1%	7	44	0.4%	7
Total	9,119	100%		10,895	100%	

The Employes' Retirement System of the City of Milwaukee

Annual Report of the Annuity and Pension Board

87th Edition • December 31, 2024

Dated August 13, 2025

STATEMENT OF PLAN NET POSITION FOR THE YEAR ENDED 12/31/2024

(in thousands)

ASSETS		
Cash & Cash Equivalents	**$**	94,796
Investments at Estimated Fair Value		
Fixed Income	$	1,956,208
Public Equity		2,274,877
Absolute Return		473,547
Real assets		664,236
Private equity		770,590
Total Investments	**$**	**6,139,458**
Receivables and Other Assets		
Employer	$	216
Member		885
Actuarially determined contributions		2,085
Interest, dividends and foreign tax recoverable		17,406
Investments sold		209,817
Software & equipment, net of depreciation		235
Securities lending collateral		235,365
Lease assets, net of amortizations		1,342
Subscription-based IT arrangements, net of amort.		229
Total Receivables and Other Assets	**$**	**467,850**
TOTAL ASSETS	**$**	**6,701,834**
LIABILITIES		
Benefits payable	$	1,326
Unearned contributions		6,347
City of Milwaukee		1,133
Securities lending obligation		233,619
Investments purchased		502,054
Lease liability		1,536
TOTAL LIABILITIES	**$**	**746,015**
NET POSITION RESTRICTED FOR PENSIONS & OTHER GOV'TS:	**$**	**5,955,819**

STATEMENT OF CHANGES IN PLAN NET POSITION FOR THE YEAR ENDED 12/31/2024

(in thousands)

ADDITIONS	**2024**	**2023**
Contributions		
Employer	$ 217,640	$ 171,042
Member	34,089	32,688
Total Contributions	**$ 251,729**	**$ 203,730**
Investment Income		
Net appreciation in fair value of investments	$ 323,564	$ 477,961
Interest, dividends, and other investment income	155,222	130,427
Less: Investment expense	(70,262)	(64,612)
Securities lending income	15,924	18,886
Less: Sec. Lending expenses	(15,924)	(16,784)
Net Investment Income	$ 408,524	$ 545,878
TOTAL ADDITIONS	**$ 660,253**	**$ 749,608**
DEDUCTIONS		
Administrative expenses	$ (9,287)	$ (8,015)
Benefits paid	(487,977)	(466,604)
Refund of contributions	(3,672)	(4,444)
TOTAL DEDUCTIONS	**$(500,936)**	**$(479,063)**
FUND BALANCE CHANGES		
Net increase before fund balance transfers	$ 159,317	$ 270,545
Fund balance transfers	-	-
Net increase after fund balance transfers	$ 159,317	$ 270,545
NET POSITION RESTRICTED FOR PENSION BENEFITS& OTHER GOVERNMENTS:		
Beginning of year	**$5,796,502**	**$5,525,957**
End of year	**$5,955,819**	**$5,796,502**

ACTUARIAL BALANCE SHEET as of January 1, 2025

(in thousands)

ASSETS		**LIABILITIES**	
Market value of assets	$ 5,955,819	Present value of future benefits	
Market adjustment	157,138	Annuitants	$ 5,866,170
Actuarial value of assets	$ 6,112,957	Inactive members	196,876
Unfunded actuarial accrued liability	1,929,736	Active members	2,911,511
Present value of future anticipated contributions	931,864	**TOTAL LIABILITIES**	**$ 8,974,557**
Financial resources for actuarial accrued liability	**$ 8,794,557**		

MEMBERSHIP STATISTICS as of 12/31/2024

	2024	**2023**
Active members	9,119	10,108
Retired, disability, and Survivorship	13,901	13,867
Deferred status members	6,203	6,136
TOTAL MEMBERSHIP	**29,223**	**30,111**

See Notes to the Basic Financial Statements

Section 36.15 (9) of the Milwaukee City Charter provides that the Annuity and Pension Board "shall publish annually a report showing the fiscal transactions of the retirement system for the preceding year, the amount of the assets of the system, and the financial condition of the system as disclosed by an actuarial valuation of the retirements system."

The Annuity and Pension Board submits herewith its annual report for the year ending December 31, 2024.

ANNUITY AND PENSION BOARD
as of 12/31/2024

Elected Representatives – Active Members
Matthew Bell
James Campbell
Molly Christianson

Elected Representatives – Retirees
Thomas Klusman, Retired

Appointed by the President of the Common Council
Nik Kovac, City of Milwaukee Budget & Management Director
Deborah Ford, Retired
Rudolph Konrad, Retired

Ex-Officio Member
Bill Christianson, City of Milwaukee Comptroller

ADMINISTRATIVE PERSONNEL
as of 12/31/2024

Bernard J. Allen - Executive Director and Secretary

Melody Johnson - Deputy Director

David M. Silber, CFA, CAIA – Chief Financial Officer

Daniel Gopalan, CPA – Chief Financial Officer

G. Spencer Coggs – Custodian of Funds, City of Milwaukee Treasurer

Evan Goyke – Legal Advisor, City of Milwaukee Attorney

INVESTMENT MANAGERS

Abbott Capital Management LLC
Almanac Realty Investors, LLC
Apogem Capital LLC
Apollo Global Real Estate Management, L.P.
AQR Capital Management, LLC
BlackRock Investments, LLC
Brandes Investment Partners, LP
Bryanston Realty Partners LLC
CastleArk Management LLC
Deutsche Asset Management
Dimensional Fund Advisors LP
Earnest Partners LLC
Fortress Investment Group
Goldman Sachs Asset Management
Greenfield Multi-State Partners, L.P.
H/2 Capital Partners
Harrison Street Core Property Fund, L.P.
J.P. Morgan Investment Management Inc.
LaSalle Investment Management, Inc.
Loomis, Sayles & Company, L.P.
Mesirow Financial, Inc.
MFS Investment Management
Morgan Stanley Real Estate Advisor, Inc.
Neuberger Berman
Northern Trust Securities, Inc.
Polen Capital Management, LLC
Principal Asset Management
Prologis, LP
Reams Asset Management
R.W. Baird & Co., Inc.
Stockbridge Capital Partners, LLC
UBS Hedge Fund Solutions, LLC
Walton Street Capital, L.L.C.
William Blair Investment Management, LLC

A list of investments held by the Employes' Retirement System as of December 31, 2024 is available for inspection at the System's office. The financial records of the Employes' Retirement System have been audited by the Wisconsin Legislative Audit Bureau for the year ending December 31, 2024. Complete audited Basic Financial Statements are available for inspection at the System's office or online at www.cmers.com

CONSULTANTS

Bernstein Litowitz Berger & Grossman LLP
Callan LLC
Cavanaugh Macdonald Consulting, LLC
CliftonLarsonAllen LLP
Foley & Lardner LLP
Global Trading Analytics, LLC
Ice Miller LLP
The Northern Trust Company
Reinhart Boerner Van Deuren
State of Wisconsin Legislative Audit Bureau
U.S. Bank National Association, NA
Wells Fargo Bank Wisconsin, NA

MEDICAL COUNCIL

Gregory Brotzman, M.D.
David L. Drury, M.D.
William Greaves, M.D.

Please check that your Beneficiary Designation is current.

Change of Beneficiary Designation forms are available at the ERS office at 789 North Water Street, Suite 300, Milwaukee, WI 53202 or by calling 414-286-3557 or 1-800-815-8418 or online at www.cmers.com

IT Projects and Ticket Statistics

- Major Projects/Initiatives:
  - Microsoft Windows Desktop and Laptop OS Upgrade (In Progress)
  - AD Review and Cleanup 2024 (In Progress)
  - Network Redesign (In Progress)
  - Titan Upgrade for CMERS.com (Completed)
  - IP Address Review and Cleanup 2024 (Completed)
  - DNS Review and Cleanup 2024 (Completed)
  - System Galaxy Security System Upgrade (Completed)
  - Struts Upgrade and Modernize MERITS Website (In Progress)
  - Upgrade FileNet P8 to IBM CloudPak4BA (In Progress)

- Application Statistics:

Category	High Priority	Low Priority	Total
Current Inventory	13	0	13
PIR's	4	0	4
CCR's	9	0	9
Pending/Hold	0	0	0
Deployed(Awaiting Next stage) /Ready for Production	0	0	0
Net Current Inventory	13	0	13

Portfolio as of September 10, 2025

Project Health	% Work Complete	Priority	Complexity (S / M / L)	Project Name	Project Mgr	Description	Strategic Goal	Status	Additional Vendor Required: Y/N	Actual Start Date	Target Completion Date	Estimates (Hours)	Actuals (Hours)	Hours Variance = Estimates - Actuals
G	60%	1	M	Microsoft Windows Desktop and Laptop OS Upgrade @	Powell	Upgrade the OS for Desktops and Laptops to Latest Stable Version	G1	IP	N	2/1/24	10/15/25	100	92.25	7.75
G	99%	2	M	AD Review and Cleanup 2024 @	Zampino	Complete the Yearly AD Review for 2024	G1	IP	N	2/27/25	9/30/25	100	31.45	68.55
G	5%	3	M	Upgrade Microsoft Exchange Server 2019 to MS Exchange SE @	Zampino	Upgrade Microsoft Exchange Server 2019 to MS Exchange SE	G1	IP	N	7/15/25	12/31/25	100	1.25	98.75
G	14%	4	M	Network Redesign	Zaffiro	Project to Redesign Network Infrastructure	G1	IP	N	11/27/24	12/31/26	1,100	88.50	1,012
G	15%	5	M	Upgrade FileNet P8 to IBM CloudPak4BA	Manchu	Upgrade Scanning, Indexing and Imaging to IBM CloudPak for Business Automation	G1	IP	N	4/15/24	8/31/26	1,637	145.0	1,492
G	91%	6	L	Upgrade Struts and Modernize MERITS Website	Manchu	Upgrade Struts Framework and Modernize MERITS Web Application	G1	IP	Y	6/10/21	12/31/25	18,850	17,681	1,169

Green = On Target / No Significant Issues / All Updates Approved

Yellow = On Watch List – Issues Being Addressed

Red = Project cannot move forward as planned without management attention or approval.

@ = Activity (no charter)

NS = Not Started OH = On Hold

IP = In Process C = Completed

Completed Projects & Tasks in Last 12 Months	Finished	Hours
IP Address Review and Cleanup 2023 @ (Powell)	8/2/2024	18.50 hours
DNS Review and Cleanup 2023 @ (Powell)	8/26/2024	9.75 hours
Upgrade System Galaxy Security System @ (Prosser)	9/18/2024	7 hours
MERITS - SQL LiteSpeed Upgrade @ (John)	10/9/2024	20.25 hours
MERITS - SQL Sentry Upgrade @ (John)	10/16/2024	4 hours
Disaster Recovery Test @ (Siddiqui)	11/12/2024	50 hours
Upgrade Printer Firmware @ (Powell)	1/8/2025	5 hours
Upgrade 789 and RO PC Firmware @ (Powell)	1/8/2025	13.75 hours
Upgrade Planet Press @ (John)	1/31/2025	24.75 hours
Upgrade Server Firmware @ (Prosser)	1/9/2025	38.75 hours
SQL LiteSpeed Upgrade @ (John)	3/26/2025	15 hours

Completed Projects & Tasks in Last 12 Months	Finished	Hours
MERITS - EJB Upgrade @ (Manchu)	4/3/2025	210 hours
Upgrade Network Infrastructure Firmware/OS @ (Zampino)	4/2/2025	33.5 hours
Internal Audit Vulnerability Assessments @ (Zampino)	4/2/2025	87.75 hours
Upgrade VMware Environments @ (Prosser)	4/2/2025	235 hours
Upgrade SAN Firmware and DSM @ (Raynal)	5/28/2025	25.5 hours
Firewall Review and Cleanup 2024 @ (Zampino)	5/30/2025	9.25 hours
Investigate Potential Replacements for Tracker/Serena/Solutions Business Manager @ (John)	7/2/2025	241.75 hours
Titan Upgrade @ (Zaffiro)	6/30/2025	11.25 hours
IP Address Review and Cleanup 2024 @ (Zampino)	7/9/2025	11 hours
DNS Review and Cleanup 2024 @ (Zampino)	7/31/2025	9.25 hours
Upgrade System Galaxy Security System @ (Zaffiro)	8/25/2025	17.25 hours

Organizational/Personnel Update

Administration and Operations Committee
Thursday, September 18, 2025

ERS is working with DER to fill the following position:

ERS Fiscal Services Assistant

MILWAUKEE ERS Employes' Retirement System