

**CITY OF MILWAUKEE
EMPLOYES' RETIREMENT SYSTEM**

**ACTUARIAL VALUATION
AS OF JANUARY 1, 2003**

July 21, 2003

Annuity and Pension Board
Employees' Retirement System of
the City of Milwaukee
200 East Wells Street, Room 603
Milwaukee, WI 53202

Members of the Board:

This report presents the results of the annual actuarial valuation of the assets and liabilities of the City of Milwaukee Employees' Retirement System as of January 1, 2003, prepared in accordance with Chapter 36, Part 15(15) of the Milwaukee City Charter. The valuation takes into account all of the promised benefits to which members were entitled as of January 1, 2003, including pension and survivor benefits under the Global Pension Settlement which took effect as of January 1, 2000.

The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, and as specified by the Charter. The methods are the same as those used for the prior valuation. However, the assumptions have been revised and are based upon the experience study for the five-year period ending December 31, 2001.

Assets and Membership Data

The individual data for members of the System as of the valuation date were reported to the actuary by the ERS. While we did not verify the data at their source, we did perform tests for internal consistency and reasonability. The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the ERS.

Annuity and Pension Board
Employees' Retirement System of
the City of Milwaukee
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Financing Objective and Employer Contribution

The results of the January 1, 2003 valuation determine the employer contribution for the year ended December 31, 2003.

The financing objective of the System is to:

- (a) fully fund all current costs based on the normal contribution payable determined under the funding method; and
- (b) liquidate the unfunded accrued liability over an amortization period equal to the future working lifetime of employees covered by the funds.

On this basis, the valuation indicates that the employer contribution of \$78,000 for the 2003 plan year would be sufficient to provide for the payment of the promised pension and survivor benefits.

Financial Results and Membership Data

Detailed summaries of the financial results of the valuation and of the membership data used in preparing the valuation are shown in the valuation report.

To the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice.

Respectfully submitted,

S. Lynn Hill
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Introduction

The law governing the Employees' Retirement System requires the Actuary, as the technical advisor to the Annuity and Pension Board, to “. . . make an annual valuation of the assets and liabilities of the funds of the retirement system.” {Chapter 36, Part 15(15)}. Buck Consultants, as Actuary, has completed the sixty-sixth annual actuarial valuation of the System as of January 1, 2003.

In this report we present the results of the January 1, 2003 valuation and the recommended employer contributions for the year ending December 31, 2003. For purposes of disclosure, the report also includes the schedule of employer contributions and schedule of funding progress as required by GASB Statement No. 25. The benefit provisions recognized in this valuation are those in place as of the valuation date.

The valuation was completed based upon membership and financial data provided by the administrative staff of the System. The majority of the actuarial assumptions, outlined on Pages 33-40, were adopted as of January 1, 2003, and are based on the experience study for the five-year period ended December 31, 2001. The projected unit credit actuarial cost method was adopted as of January 1, 1995, and is prescribed in section 36.08 of the Milwaukee City Charter. The actuarial asset valuation method was adopted as of January 1, 1998. Since January 1, 2000, an interest rate of 8½% has been used to value all benefits.

Changes Since Last Year

The actuarial assumptions have been revised since the January 1, 2002 actuarial valuation and are based upon the experience study for the five-year period ending December 31, 2001.

The Global Pension Settlement (GPS) provides that members enrolled through June 28, 2000, must provide written consent to the ERS in order to be eligible for the benefit enhancements of GPS. Members enrolled after June 28, 2000, are automatically participants in the Combined Fund.

Since the January 1, 2002 actuarial valuation was completed, 433 individuals who were eligible for ERS benefits as of June 28, 2000 – and who had not consented to GPS – have now consented. The January 1, 2003 valuation reflects the impact of this change.

Fiscal Impact of Change in Assumptions

The valuation reflects a 0.5% per annum decrease in the assumed rate of inflation and in expected “across-the-board” increases in rates of pay. Rates of mortality, disability, retirement and termination from active service have been revised to reflect recent experience. Active member deaths and disabilities may be either ordinary or job-related. For police and fire employees the experience study showed that the percentage of active member deaths and disabilities that are job-related has declined and the assumptions have been revised accordingly. The major economic assumptions (interest rate and total salary increases) are unchanged.

As a result of the change in assumptions, the Accrued Liability decreased by \$115.2 million, the funded status increased from 111.2% to 115.2%, and the total employer contribution due January 31, 2004 decreased from \$125 thousand to \$78 thousand.

Summary of Principal Results

Summarized below are the principal financial results for the City of Milwaukee Employees' Retirement System based upon the actuarial valuation as of January 1, 2003. Comparable results from the January 1, 2002 valuation are also shown.

Item	January 1, 2003	January 1, 2002
Membership Data		
Active Members		
➤ Number	12,889	12,986
➤ Total Annual Covered Payroll on the Valuation Date	\$ 480,800,000	\$ 466,757,000
➤ Average Pay	\$ 37,303	\$ 35,943
Retirees and Beneficiaries		
➤ Number	10,334	10,173
➤ Annual Benefit	\$ 171,410,282	\$ 161,825,066
➤ Average Benefit Payment	\$ 16,587	\$ 15,907
Asset Values (includes contributions receivable)		
➤ Actuarial Value	\$ 3,689,981,000	\$ 4,242,333,000
➤ Market Value	\$ 3,355,364,000	\$ 3,878,386,000
Actuarially Determined Employer Contribution	Due 1/31/2004	Due 1/31/2003
➤ Annual Cost	\$ 78,000	\$ 32,000
➤ As % of Covered Payroll	0.02%	0.01%
Funded Status		
➤ Accrued Liability	\$ 3,204,248,000	\$ 3,091,511,000
➤ Actuarial Value of Assets	<u>3,689,981,000</u>	<u>4,242,333,000</u>
➤ Unfunded (Overfunded) Accrued Liability	\$ (485,733,000)	\$ (1,150,822,000)
➤ Funded Ratio Based on Actuarial Value of Assets	115.2%	137.2%
➤ Accrued Liability	\$ 3,204,248,000	\$ 3,091,511,000
➤ Market Value of Assets	<u>3,355,364,000</u>	<u>3,878,386,000</u>
➤ Unfunded (Overfunded) Accrued Liability	\$ (151,116,000)	\$ (786,875,000)
➤ Funded Ratio Based on Market Value of Assets	104.7%	125.5%

Fiscal Impact of New Consents to the Global Pension Settlement

Based on data provided to the actuary, 433 active members, inactive members, and benefit recipients (or estates) eligible for ERS benefits as of June 28, 2000, who had not consented to GPS at the time the last valuation was processed, have now consented. The change in consent status increased the Present Value of Future Benefits (PVFB) for these individuals by \$1.0 million. At the direction of the Court the ERS continued to accept and process GPS consent forms until April 24, 2003, and additional Consenters will be included in the next actuarial valuation. Consent forms submitted after April 24, 2003 have been accepted, but the ERS will not process them until direction from the Court is received. Benefits will not change for individuals who did not consent to GPS, or for individuals whose forms are not processed.

Some non-consenting members have died without leaving survivors eligible for ERS benefits, some have withdrawn from the System, and some have separated without rights to a future ERS benefit. Some new members have been enrolled retroactive to a date on or before June 28, 2000 and have not consented to GPS. Some non-consenting members who had separated without rights to a future ERS benefit have returned to service. Table 6 of this report provides information about Consenters and Non-Consenters included in this valuation by membership status – active member, inactive member, or benefit recipient – and by employe group – fire, police, or general.

GPS provides that the market value of the assets in the funds for Non-Consenters be divided among Consenters and Non-Consenters. The division is based on the actuarial liability covered by each fund under pre-GPS plan provisions. The division of assets for the 533 new Consenters included in the January 1, 2002 valuation was effective January 1, 2002, and was discussed in the last valuation report. A division of the remaining assets for Non-Consenters is required at January 1, 2003, on account of the additional 433 Non-Consenters who have now consented. Table 8 of this report provides the necessary details.

Contribution Requirements for Fiscal Year 2003

Actuarially Determined Employer Contributions: The recommended contribution for 2003, payable January 31, 2004, is allocated to the different funds and employe groups as follows:

Item	General Employes	Policemen	Firemen	Total
Combined Fund	\$ 0	\$ 0	\$ 0	\$ 0
Retirement Fund	0	0	0	0
Duty Disability Funds	20,000	2,000	0	22,000
Heart & Lung Fund	N/A	N/A	0	0
Combined Retirement & Disability Fund	<u>52,000</u>	<u>4,000</u>	<u>0</u>	<u>56,000</u>
Total Contribution	\$ 72,000	\$ 6,000	\$ 0	\$ 78,000
Covered Compensation	\$ 324,939,000	\$ 102,217,000	\$ 53,644,000	\$ 480,800,000
Total Contribution as a Percentage of Covered Compensation	0.02%	0.01%	0.00%	0.02%

Member Contributions to the Above Funds:

Employer Paid

Each pay period the Employer makes fixed "member contributions" to the members' individual accounts equal to the following percentages of earnable compensation:

General Employes	5.5%
Elected officials	7.0%
Policemen	7.0% less \$1.00 per year per policeman
Firemen	7.0%

Member Paid

In addition, each policeman contributes \$1 per year to his or her individual account and general employes enrolled after 1999 who participate in the Combined Fund contribute 1.6% of earnable compensation during their first 8 years of employment.

The members' individual accounts are held in the Combined Fund, the Retirement Fund, and the Combined Retirement and Disability Fund.

Funded Ratio

The System's funded status is measured by comparing the valuation assets with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System's funding method and reflects future pay increases for active Employees.

On this basis, the System's funded ratio is 115.2% as of January 1, 2003. The funded ratio is based on an actuarial value of assets of \$3.690 billion and an accrued liability of \$3.204 billion.

Reasons for Change in the Funded Ratio

The funded ratio decreased from 137.2% as of January 1, 2002 to 115.2% as of January 1, 2003. The change is primarily due to the return on the actuarial value of assets, which was (9.59)% for the 2002 plan year – compared to the expected return of 8.5%.

GASB No. 25 Disclosure

Statement Number 25 of the Governmental Accounting Standards Board established reporting standards for the annual financial reports of defined benefit pension plans. The System complied with Statement No. 25 beginning with the January 1, 1997 valuation. The statement requires disclosure of the “schedule of funding progress” and the “schedule of employer contributions” in the System’s financial statements.

The “schedule of funding progress” (Table 12a) shows historical trend information about the System’s actuarial value of assets, the actuarial accrued liability and the unfunded actuarial accrued liability. The actuarial funded status is measured by comparing the actuarial value of assets (based on a 3-year market-related value) with the accrued liability. The accrued liability is the present value of benefits accumulated to date under the System’s funding method and reflects future pay increases for active employees. On this basis, the System’s funded ratio is 115.2% as of January 1, 2003. The funded ratio is based on an actuarial value of assets of \$3.690 billion and an accrued liability of \$3.204 billion.

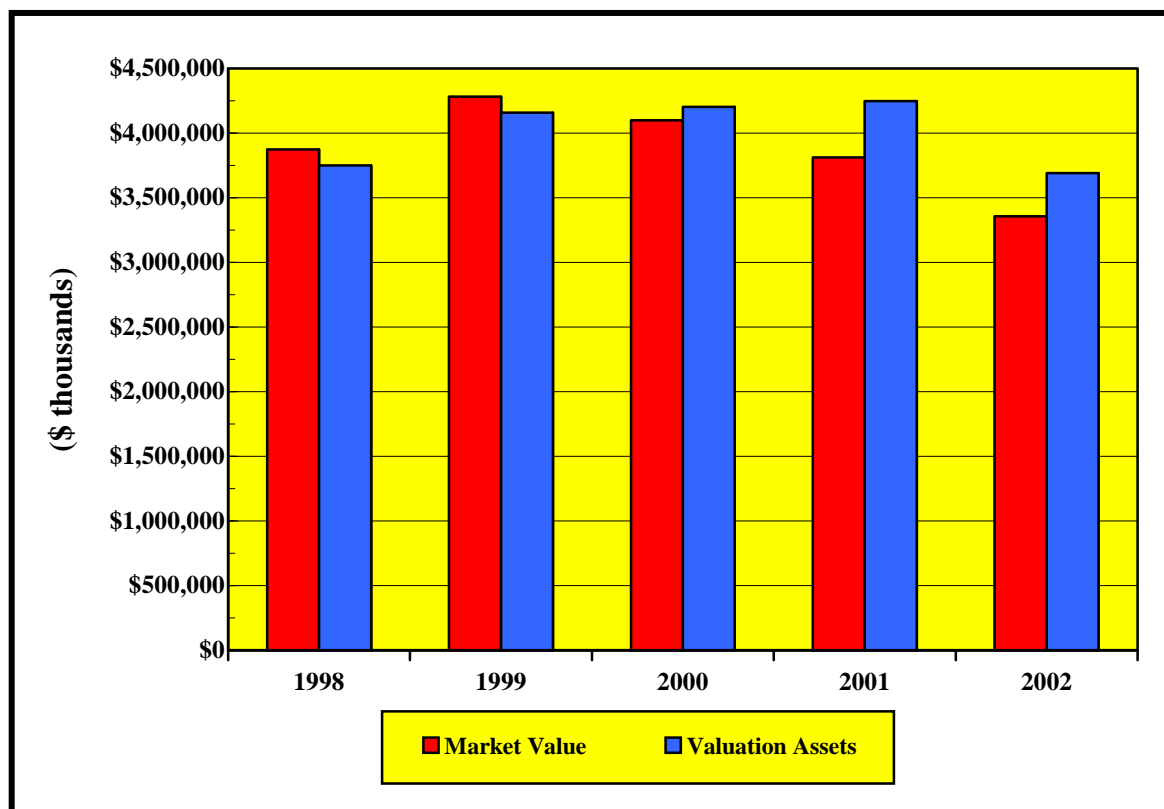
The “schedule of employer contributions” (Table 12b) shows historical trend information about the annual required contributions (ARC) of the employer and the percentage of the ARC contributed to the System. The ARC is equal to the normal cost plus amortization of the unfunded actuarial accrued liability. The maximum period for amortizing the unfunded actuarial accrued liability permitted by GASB No. 25 is 40 years. The maximum amortization period decreases to 30 years in 2006. The employer contributions to the System are equal to 100% of the ARC.

Rate of Return

The investment return on all System assets on a market value basis (i.e., total return including both realized and unrealized gains and losses) for the plan year ended December 31, 2002, was (9.74)%. The return based on the actuarial value of assets used for determining the System's funded status was (9.59)%. A five-year history of the return on the actuarial value of assets is shown below.

Plan Year Ended December 31	Return on Actuarial Value
2002	(9.59)%
2001	4.30
2000	9.32
1999	14.77
1998	15.20

Five-Year History of Market Value and Valuation Assets



The remainder of this report is comprised of the following:

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Table 1a

**Allocation of Total 2003 Contributions to Employee Groups
Members in Retirement and Duty Disability Funds
Amount Due January 31, 2004**

Group	Active Members	Covered Compensation	Fund			January 31, 2004	
			Retirement	Duty Disability	Heart & Lung	Total Due	% of Pay
General City	73	\$ 2,878,099	\$ -	\$ 8,775	\$ -	\$ 8,775	0.30%
Water Department	14	591,855	-	1,805	-	1,805	0.30%
School Board	125	2,702,342	-	8,240	-	8,240	0.30%
Milwaukee Technical College	-	-	-	-	-	-	
Sewerage Commission	6	306,527	-	935	-	935	0.30%
Wisconsin Center District	1	27,558	-	84	-	84	0.30%
Housing Authority	1	52,763	-	161	-	161	0.30%
Policemen	1	53,833	-	2,000	-	2,000	3.72%
Firemen	-	-	-	-	-	-	
TOTAL	221	\$ 6,612,977	\$ -	\$ 22,000	\$ -	\$ 22,000	0.33%

Table 1b

**Allocation of Total 2003 Contributions to Employee Groups
Members in Combined Retirement and Disability Fund
Amount Due January 31, 2004**

Group	Active Members	Covered Compensation	Fund		January 31, 2004	
			Combined Retirement & Disability	Heart & Lung	Total Due	% of Pay
General City	52	\$ 1,847,038	\$ 20,160	\$ -	\$ 20,160	1.09%
Water Department	-	-	-	-	-	
School Board	150	2,562,894	27,974	-	27,974	1.09%
Milwaukee Technical College	-	-	-	-	-	
Sewerage Commission	3	189,734	2,071	-	2,071	1.09%
Wisconsin Center District	8	132,889	1,450	-	1,450	1.09%
Housing Authority	2	31,585	345	-	345	1.09%
Policemen	2	74,019	4,000	-	4,000	5.40%
Firemen	-	-	-	-	-	
TOTAL	217	\$ 4,838,159	\$ 56,000	\$ -	\$ 56,000	1.16%

Table 1c

**Allocation of Total 2003 Contributions to Employee Groups
Combined Fund
Amount Due January 31, 2004**

Group	Active Members	Covered Compensation	January 31, 2004	
			Total Due	% of Pay
General City	3,833	\$ 161,944,994	\$ -	0.00%
Water Department	328	13,848,394	-	0.00%
School Board	4,632	104,423,085	-	0.00%
Milwaukee Technical College	19	885,438	-	0.00%
Sewerage Commission	393	22,397,011	-	0.00%
Wisconsin Center District	83	2,993,279	-	0.00%
Housing Authority	151	7,123,340	-	0.00%
Policemen	1,992	102,089,571	-	0.00%
Firemen	1,020	53,643,760	-	0.00%
TOTAL	12,451	\$ 469,348,872	\$ -	0.00%

Table 2a
Determination of Employer Contributions to
Retirement Fund
(in thousands)

	General Employees	Police	Fire	Total
1. Active Members	220	1	-	221
2. Covered Compensation	\$ 6,559	\$ 54	\$ -	\$ 6,613
3. Normal Cost				
a. Total	611	7	-	618
b. Estimated Member Contributions	<u>361</u>	<u>4</u>	<u>-</u>	<u>365</u>
c. Employer Normal Cost	250	3	-	253
(a) – (b), not less than zero				
4. Active Actuarial Accrued Liability	10,711	65	-	10,776
5. Actuarial Assets (Net of Inactive Liabilities)	27,244	165	-	27,409
6. Unfunded Accrued Liability (4) - (5)	(16,533)	(100)	-	(16,633)
7. Full Funding Limit* (3) + (6), not less than zero, with interest to 1/31/2004	-	-	-	-
8. Annual Contribution Payable January 31, 2004	\$ -	\$ -	\$ -	\$ -

* The full funding limit is the contribution which, if made January 31, 2004, would bring the assets at that date equal to the expected Actuarial Accrued Liability at that date.

Table 2b

**Determination of Employer Contributions
to Combined Retirement & Disability Fund
(in thousands)**

Item	General Employes	Police	Fire	Total
1. Active Members	215	2	-	217
2. Covered Compensation	\$ 4,764	\$ 74	\$ -	\$ 4,838
3. Normal Cost				
a. Total	296	9	-	305
b. Estimated Member Contributions	<u>262</u>	<u>5</u>	<u>-</u>	<u>267</u>
c. Employer Normal Cost (a) – (b), not less than zero	34	4	-	38
4. Active Actuarial Accrued Liability	1,371	32	-	1,403
5. Actuarial Assets (Net of Inactive Liabilities)	1,260	29	-	1,289
6. Unfunded Accrued Liability (UAL) (4) - (5)	111	3	-	114
7. Amortization of UAL (average future working lifetime)	14 (12years)	- (18years)	-	14
8. Full Funding Limit (3) + (6), not less than zero, with interest to 1/31/2004	158	8	-	166
9. Annual Contribution Payable January 31, 2004 (3) + (7), with interest to 1/31/2004, but not more than (8)	\$ 52	\$ 4	\$ -	\$ 56

* The full funding limit is the contribution which, if made January 31, 2004, would bring the assets at that date equal to the expected Actuarial Accrued Liability at that date.

Table 2c

**Determination of Employer Contributions
to Combined Fund
(in thousands)**

Item	General Employees	Police	Fire	Total
1. Active Members	9,439	1,992	1,020	12,451
2. Covered Compensation	\$ 313,616	\$ 102,089	\$ 53,644	\$ 469,349
3. Normal Cost				
a. Total	35,003	24,417	13,708	73,128
b. Estimated Member Contributions	<u>17,881</u>	<u>7,146</u>	<u>3,755</u>	<u>28,782</u>
c. Employer Normal Cost (a) – (b), not less than zero	17,122	17,271	9,953	44,346
4. Active Actuarial Accrued Liability	621,379	336,399	230,304	1,188,082
5. Actuarial Assets (Net of Inactive Liabilities)	861,816	466,565	319,418	1,647,799
6. Unfunded Accrued Liability (UAL) (4) - (5)	(240,437)	(130,166)	(89,114)	(459,717)
7. Full Funding Limit* (3) + (6), not less than zero, with interest to 1/31/2004	-	-	-	-
8. Annual Contribution Payable January 31, 2004	\$ -	\$ -	\$ -	\$ -

* The full funding limit is the contribution which, if made January 31, 2004, would bring the assets at that date equal to the expected Actuarial Accrued Liability at that date.

Table 3

**Determination of Employer Contributions to
Duty Disability Funds
(in thousands)**

Item	General Employees	Police	Fire	Total
1. Active Members	220	1	-	221
2. Covered Compensation	\$ 6,559	\$ 54	\$ -	\$ 6,613
3. Normal Cost				
a. Total	15	1	-	16
b. Estimated Member Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
c. Employer Normal Cost	15	1	-	16
(a) – (b), not less than zero				
4. Accrued Liability				
a. Actives	236	9	-	245
b. Annuitants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
c. Total	236	9	-	245
5. Actuarial Value of Assets	210	3	-	213
6. Unfunded Accrued Liability (UAL) (4) - (5)	26	6	-	32
7. Amortization of UAL (average future working lifetime)	3 (11years)	1 (18years)	-	4
8. Full Funding Limit* (3) + (6), not less than zero, with interest to 1/31/2004	45	8	-	53
9. Annual Contribution Payable January 31, 2004 (3) + (7), with interest to 1/31/2004, but not more than (8)	\$ 20	\$ 2	\$ -	\$ 22

* The full funding limit is the contribution which, if made January 31, 2004, would bring the assets at that date equal to the expected Actuarial Accrued Liability at that date.

Table 4

**Determination of City Contributions to
Firemen's Heart and Lung Fund
(in thousands)**

Item	Amount
1. Active Members	-
2. Covered Compensation	\$ -
3. Normal Cost	
a. Total	-
b. Estimated Member Contributions	-
c. Employer Normal Cost	-
(a) – (b), not less than zero	
4. Accrued Liability	
a. Actives	-
b. Annuitants	-
c. Total	-
5. Actuarial Value of Assets	-
6. Unfunded Accrued Liability (UAL)	-
7. Full Funding Limit	-
(3) + (6), not less than zero, With interest to 1/31/2004	
8. Annual Contribution	\$ -
Payable January 31, 2004	

* The full funding limit is the contribution which, if made January 31, 2004, would bring the assets at that date equal to the expected Actuarial Accrued Liability at that date.

Table 5
Determination of City Contributions to
Firemen & Policemen's Survivorship Fund
(in thousands)

Item	Accrued Liability	Full Present Value of Future Benefits
1. Liability		
a. Active Members	\$ 1	\$ 1
b. Current Beneficiaries	<u>16</u>	<u>16</u>
c. Total	\$ 17	\$ 17
2. Actuarial Value of Assets	\$ 351	\$ 351
3. Reserve for Adverse Experience	\$ 334	\$ 334
4. Number of Members Contributing as of December 31, 2002		
a. Active Members	2	
b. Members Retired on Disability	<u>-</u>	
c. Total	2	

Notes:

- (1) The City does not make contributions to the Fire & Police Survivorship Fund. Using assets allocated to the Fund for the Non-Consenters that remain in the Fund, the City will purchase single premium insurance to provide for future benefit payments to these non-Consenters. Once the insurance is purchased the remaining assets will be transferred to the Combined Fund and the Survivorship Fund will be dissolved.
- (2) Non-consenting firemen and policemen are required to contribute 0.87% of the first \$6,000 of earnable compensation (a maximum contribution of \$52.20 per year) toward Survivorship Benefits. These member contributions will be credited to the Combined Fund.

Table 6
Member Data

Item	12/31/2001	12/31/2002		
Number of Members	Total	Vested	Non- Vested	Total
Active				
General Employes	9,951	7,825	2,049	9,874
Policemen	2,013	1,554	441	1,995
Firemen	<u>1,022</u>	<u>885</u>	<u>135</u>	<u>1,020</u>
Total Active Members	12,986	10,264	2,625	12,889
Inactive				
Deferred Retirees/Refunds	3,789			3,810
Deferred Fire & Police Survivors	<u>21</u>			<u>18</u>
Total Inactive Members	3,810			3,828
Benefit Recipients				
Combined Fund				
General Employes	7,267			7,371
Policemen	1,850			1,913
Firemen	<u>966</u>			<u>1,002</u>
Combined Fund Subtotal	10,083			10,286
Retirement Fund	88			48
Duty Disability Funds				
General Employes	1			-
Firemen	-			-
Policemen	<u>-</u>			<u>-</u>
Duty Disability Funds Subtotal	1			-
Firemen's Heart & Lung Fund	-			-
Fire & Police Survivorship Fund	<u>-</u>			<u>-</u>
Total Benefit Recipients	10,173			10,334
TOTAL Membership	26,969			27,051

Notes:

- (1) Vested members have four or more years of service. Non-vested members have less than four years of service.

Table 6
Member Data
(continued)

Item	12/31/2002 Membership		
Number of Members	Consenters	Others	Total
Active			
General Employes	9,439	435	9,874
Policemen	1,992	3	1,995
Firemen	<u>1,020</u>	<u>-</u>	<u>1,020</u>
Total Active Members	12,451	438	12,889
Inactive			
Deferred Retirees/Refunds	3,044	766	3,810
Deferred Fire & Police Survivors	<u>17</u>	<u>1</u>	<u>18</u>
Total Inactive Members	3,061	767	3,828
Benefit Recipients			
Combined Fund	10,286		10,286
Retirement Fund		48	48
Duty Disability Funds			
General Employes		-	-
Firemen		-	-
Policemen		<u>-</u>	<u>-</u>
Duty Disability Funds Subtotal		-	-
Firemen's Heart & Lung Fund		-	-
Fire & Police Survivorship Fund		<u>-</u>	<u>-</u>
Total Benefit Recipients	10,286	48	10,334
TOTAL Membership	25,798	1,253	27,051

Notes:

- (1) In addition to the above, there are members who have separated from service without vested rights to either a pension or a refund of accumulated contributions. There is no current actuarial liability for such individuals, and their membership will be terminated if they do not return to active service within 5 years of their date of separation from ERS covered employment.

Table 6
Member Data
(continued)

Item	12/31/2001	12/31/2002
Annual Earnings		
General Employes	\$ 318,372,000	\$ 324,939,000
Policemen	97,999,000	102,217,000
Firemen	50,386,000	53,644,000
Total Annual Earnings	\$ 466,757,000	\$ 480,800,000
Average Earnings		
General Employes	\$ 31,994	\$ 32,909
Policemen	\$ 48,683	\$ 51,237
Firemen	\$ 49,301	\$ 52,592
Annual Benefit Payments Currently Being Made		
Combined Fund	\$ 161,271,598	\$ 171,109,619
Retirement Fund	\$ 527,970	\$ 300,663
Duty Disability Funds		
General Employes	\$ 23,098	\$ -
Firemen	-	-
Policemen	-	-
Duty Disability Funds Subtotal	\$ 23,098	\$ -
Firemen's Heart & Lung Fund	\$ -	\$ -
Fire & Police Survivorship Fund	\$ 2,400	\$ -
Total Benefit Payments	\$ 161,825,066	\$ 171,410,282

Notes:

- (1) "Annual earnings" represent a rate of pay as of the valuation date, and can be considered as the approximate average of (a) earnable compensation for the year just ended, and (b) expected earnable compensation for the year following the valuation date.
- (2) "Annual benefit payments currently being made" equal 12 times the full December monthly payment. The amounts shown include all amounts payable by the Employees' Retirement System, and have been reduced by workers' compensation offsets for members who are currently repaying a workers' compensation award.

FINANCIAL DATA

Information was obtained from unaudited financial statements prepared by the Employees' Retirement System for the year ended December 31, 2002.

The Global Pension Settlement (GPS) requires transfers between various funds as of January 1, 2003 for Consenters who were Non-Consenters when the January 1, 2002 actuarial valuation was prepared. This adjustment to the System's market value of assets is shown in Table 8.

Table 7
Summary of Market Value of Plan Assets
As of January 1, 2003
(in thousands)

Item	Amount
1. Market Value of Assets as of December 31, 2001	\$ 3,878,386
2. Contributions During Year	
a. Member	28,970
b. City to Employers' Reserve Fund	3,179
c. Employer (receivable 1/31/2003)	<u>32</u>
d. Total	32,181
3. Disbursements During Year	
Benefit Payments and Refunds During Year	185,006
4. Investment Return (net of Administrative Expenses)	(370,197)
5. Market Value of Assets as of December 31, 2002	
(1) + (2d) - (3) + (4)	\$ 3,355,364
6. Average Market Value During 2002	
(1) + ((2a) + (2b) - (3))/2	3,801,958
7. Rate of Return	
(4) / (6)	(9.74)%

Table 8

**Allocation of Market Value of Assets in Funds for Non-Consenters
Between Global Settlement Consenters who were Non-Consenters Last Year
And Current Non-Consenters as of December 31, 2002
(in thousands)**

Fund	Accrued Liability Based on Pre-GPS Benefit Provisions			Market Value of Assets		
	Consenters	Others	Total	Consenters	Others	Total
1. Retirement Fund	\$ 5,884	\$ 17,558	\$ 23,442	\$ 10,416	\$ 31,083	\$ 41,499
2. General Employees' Duty Disability Fund	39	236	275	32	191	223
3. Fire & Police Duty Disability Fund	9	9	18	2	3	5
4. Firemen's Heart & Lung Fund	-	-	-	-	-	-
5. Fire & Police Survivorship Fund	59	17	76	1,106	319	1,425
6. Combined Retirement & Disability Fund	<u>305</u>	<u>1,683</u>	<u>1,988</u>	<u>259</u>	<u>1,426</u>	<u>1,685</u>
7. Total Funds for Non-Consenters	\$ 6,296	\$ 19,503	\$ 25,799	\$ 11,815	\$ 33,022	44,837

Notes:

(1) Assets allocated to Global Settlement Consenters who were Non-Consenters last year are transferred to the Global Combined Fund as of January 1, 2003.

Table 9
Actuarial Value of Assets as of January 1, 2003
(in thousands)

Item	Total
1. Preliminary Actuarial Value January 1, 2002	\$ 4,243,061
2. Market Value January 1, 2002	3,878,386
3. Market Value January 1, 2003	3,355,364
4. Contributions	
(a) Member	28,970
(b) Employer (including 32 receivable 1/31/03)	<u>3,211</u>
(c) Total	32,181
5. Benefits and Refunds Paid	185,006
6. Actual Return Net of Administrative Expenses	(370,197)
7. Expected Return based on 8½% Interest	323,166
8. Excess of Actual over Expected	
(a) Current Year	(693,363)
(b) Previous Year	(420,694)
(c) Second Previous Year	(252,638)
9. Recognized Excess	
(a) Current Year	(231,121)
(b) Previous Year*	(140,231)
(c) Second Previous Year	<u>(84,212)</u>
(d) Total	(455,564)
10. Preliminary Value January 1, 2003 (1) + (4) – (5) + (7) + (9)	3,957,838
11. Ratio of Preliminary Value to Market Value (10) ÷ (3)	117.96%
12. Ratio Adjusted for 90%/110% Corridor*	110.00%
13. Balance in Employers' Reserve Fund	9,194
14. Market Value Excluding Employers' Reserve Fund (3) – (13)	3,346,170
15. Actuarial Value (12) x (14) + (13)	\$ 3,689,981
16. Rate of Return on Actuarial Value of Assets	(9.59)%

* The actuarial value shall not be less than 90% or greater than 110% of Market Value.

Table 10
Allocation of Assets Among Funds
as of January 1, 2003
(in thousands)

Fund	Market Value	Actuarial Value
1. Global Combined Fund	\$ 3,313,148	\$ 3,644,463
2. Employers' Reserve Fund	9,194	9,194
3. Retirement Fund	31,083	34,191
4. General Employees' Duty Disability Fund	191	210
5. Fire & Police Duty Disability Fund	3	3
6. Firemen's Heart & Lung Fund	-	-
7. Fire & Police Survivorship Fund	319	351
8. Combined Retirement & Disability Fund	<u>1,426</u>	<u>1,569</u>
9. Total all Funds	\$ 3,355,364	\$ 3,689,981

Notes:

- (1) Values shown include January 31, 2003 contributions receivable

DISCLOSURE

Table 11 shows the funded status of the Actuarial Accrued Liability. In addition, for financial reporting purposes, we have prepared tables as required by Statement No. 25 of the Governmental Accounting Standards Board (GASB) (Table 12). For historical purposes, Table 13 provides an actuarial balance sheet for members, comparing the Actuarial Accrued Liability to the Market Value of Assets.

GASB STATEMENT NO. 25

The Schedule of Funding progress (Table 12a) shows historical information about the System's actuarial value of assets, the actuarial accrued liability and the unfunded actuarial accrued liability. The schedule of employer contributions (Table 12b) shows historical information about the annual required contributions (ARC) of the employer and the percentage of the ARC contributed to the System.

Table 11a
January 1, 2003 Valuation
Funded Status on Actuarial Value of Assets
(in thousands)

Fund	Accrued Liability	Actuarial Value of Assets	Percent Funded
1. Global Combined Fund	\$ 3,184,745	\$ 3,644,463	114.4%
2. Employers' Reserve Fund	-	9,194	N/A
3. Retirement Fund	17,558	34,191	194.7%
4. General Employees' Duty Disability Fund	236	210	89.0%
5. Fire & Police Duty Disability Fund	9	3	33.3%
6. Firemen's Heart & Lung Fund	-	-	N/A
7. Fire & Police Survivorship Fund	17	351	2064.7%
8. Combined Retirement & Disability Fund	<u>1,683</u>	<u>1,569</u>	93.2%
9. Total All Funds	\$ 3,204,248	\$ 3,689,981	115.2%

Table 11b
January 1, 2003 Valuation
Funded Status on Market Value of Assets
(in thousands)

Fund	Accrued Liability	Market Value of Assets	Percent Funded
1. Global Combined Fund	\$ 3,184,745	\$ 3,313,148	104.0%
2. Employers' Reserve Fund	-	9,194	N/A
3. Retirement Fund	17,558	31,083	177.0%
4. General Employees' Duty Disability Fund	236	191	80.9%
5. Fire & Police Duty Disability Fund	9	3	33.3%
6. Firemen's Heart & Lung Fund	-	-	N/A
7. Fire & Police Survivorship Fund	17	319	1876.5%
8. Combined Retirement & Disability Fund	<u>1,683</u>	<u>1,426</u>	84.7%
9. Total All Funds	\$ 3,204,248	\$ 3,355,364	104.7%

Table 12a
Schedule of Funding Progress
GASB Statement No. 25 Disclosure
(\$ in thousands)

Valuation as of January 1	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Accrued Liability as a Percentage of Covered Payroll
2003	\$ 3,689,981	\$ 3,204,248	\$ 0	115.2%	\$ 480,800	0.0%
2002	4,242,333	3,091,511	0	137.2%	466,757	0.0%
2001	4,202,023	2,988,140	0	140.6%	459,271	0.0%
2000	4,088,042	2,979,234	0	137.2%	466,732	0.0%
1999	3,748,894	2,435,776	0	153.9%	448,972	0.0%
1998	3,346,051	2,322,020	0	144.1%	443,357	0.0%
1997	2,728,480	2,280,975	0	119.6%	431,364	0.0%
1996	2,342,835	2,169,100	0	108.0%	426,490	0.0%
1995	2,119,557	1,832,449	0	115.7%	391,314	0.0%
1994	2,048,201	1,538,464	0	133.1%	377,822	0.0%
1993	1,924,980	1,514,263	0	127.1%	376,683	0.0%
1992	1,787,761	1,491,399	0	119.9%	344,689	0.0%

Table 12b
Schedule of Employer Contributions
GASB Statement No. 25 Disclosure
(in thousands)

Fiscal Year Ended December 31	Annual Required Contribution	Percentage Contributed*
2002	\$ 32	100%
2001	144	100
2000	238	100
1999	6,806	100
1998	6,050	100
1997	5,079	100
1996	2,962	100
1995	2,557	100
1994	5,220	100
1993	3,470	100

* Certain employer contributions for the 1996 through 1999 plan years were forgiven under the Global Pension Settlement. For purposes of GASB 25 Disclosure these contributions are treated as having been made.

The information presented above was determined as part of the actuarial valuation as of one year prior to the dates indicated (i.e., the contribution determined by the valuation completed as of January 1, 2002 was contributed for the fiscal year ending December 31, 2002).

The Annual Required Contribution (ARC) is the sum of the defined contribution to the Fire and Police Survivorship Fund and the actuarially determined Employer contribution to all other Funds. It excludes voluntary employer contributions to the Employers' Reserve Fund.

Additional information as of the latest actuarial valuation follows:

Valuation Date:	January 1, 2003
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Closed; Level dollar
Remaining Amortization Period:	11-20 years
Asset Valuation Method:	3-year market-related value

Actuarial Assumptions:

- Investment Rate of Return 8.5%

Projected Salary Increases	<u>General</u>	<u>Police and Fire</u>
	3.5% - 7.5%	4% - 14%

- Inflation Assumption 3.0%
- Cost of Living Adjustments Vary by Employee Group
as explained in summary
of plan provisions

Table 13
Actuarial Balance Sheet
for Members at January 1, 2003
(in thousands)

Item	Amount
Assets:	
Market Value of Assets	\$ 3,355,364
Market Adjustment	<u>334,617</u>
Actuarial Value of Assets	\$ 3,689,981
Liabilities:	
Actuarial Present Value of Credited Projected Benefits	
Annuitants	\$ 1,942,329
Inactive Members	
Member Contributions	46,933
Employer Financed Portion	14,479
Active Members	
Member Contributions	365,738
Employer Financed Portion	834,768
Reserve for Adverse Experience	<u>485,734</u>
Total Liabilities	\$ 3,689,981

DESCRIPTION OF ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Cost Method

The method of financing the System is prescribed in section 36.08 of the Milwaukee City Charter.

Method: Projected Unit Credit

Under the Projected Unit Credit Method, the Normal Cost for a year is the Actuarial Present Value (APV) of the benefits expected to be earned in that year, based on pay projected to separation from ERS. The Actuarial Accrued Liability (AAL) is the APV of all benefits earned to the beginning of the year. The UAAL, under this method, is the excess of the AAL over the Actuarial Value of Assets, if any. The total 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 over a period equal to the future working lifetime of employees covered by the Funds from the valuation date as a level dollar amount.

If the Actuarial Value of Assets exceeds the sum of the AAL and the Employer portion of the Normal Cost, there is no Employer contribution required for that year.

Asset Values

Two asset values appear in this report. A description of each and a brief explanation of where they are used is as follows:

Market Value

The market value of assets is the value of investments if they were to be sold currently. The market value of assets is used to develop the actuarial value of assets. (See Table 7.)

Actuarial Value

The actuarial value of the assets in the Employers' Reserve Fund is equal to the market value of assets. The actuarial value of assets for the remaining funds is a smoothed value of assets. Under this method, the difference between the expected 8½% return on market value and the actual return on market value is phased in over a three-year period. The smoothed actuarial value shall not be less than 90% or more than 110% of market value. (See Table 9.) The actuarial value of assets is used in the determination of the Employer's actuarial contribution requirements. (See Tables 2-4.)

Other Considerations

Where necessary for determination of separate contributions, assets allocable to various groups were estimated.

Actuarial Assumptions
Adopted Effective January 1, 2003 (except as noted)

Interest Rate and Inflation

Interest: 8.5% per annum (adopted 1/1/2000)

Inflation: 3.0%

Salary Increases

Career average of 4½% per annum for general employes and 5½% per annum for police and fire, compounded annually (adopted 1/1/1998). Representative values are as follows:

<u>Age</u>	<u>General</u>	<u>Fire and Police</u>
25	7.1%	11.2%
30	6.1	7.7
35	5.3	5.8
40	4.6	4.7
45	4.3	4.3
50	4.0	4.1
55	3.6	4.0
60	3.5	4.0
65	3.5	4.0

Annual increases of 3.5% per annum are assumed for policemen and firemen on duty disability. Annual increases of 3% per annum are assumed for general employes. (The increases for duty disabled fire and police affect both current duty disability benefits and future service retirement or extended life conversion benefits. The increases for general employes affect only service retirement conversion benefits.)

Early and Normal Retirement

Illustrative rates of retirement are as follows:

Age	Early Retirement	Normal Retirement			
	General Employees	General Employees	Firemen	Police	
				Not in Combined Fund	In Combined Fund
44					10.0%
45					10.0
46					15.0
47					17.5
48					17.5
49			5%		20.5
50			5		23.5
51			10	44%	30.0
52			20	44	40.0
53			20	24	35.0
54		30%	20	24	35.0
55	2%	30	35	24	35.0
56	2	30	35	40	40.0
57	2	30	35	35	40.0
58	2	30	50	35	40.0
59	2	20	50	35	50.0
60		20	75	35	50.0
61		20	75	35	50.0
62		30	75	50	50.0
63		25	100	100	100.0
64		25	100	100	100.0
65		35	100	100	100.0
66		35	100	100	100.0
67		25	100	100	100.0
68		25	100	100	100.0
69		25	100	100	100.0
70		100	100	100	100.0

For firemen and policemen participating in the Combined Fund, additional rates of normal retirement apply in the year that a member is first eligible to retire on service retirement with at least 22 years of service as a fireman, or 25 years of service as a policeman.

Police: 12% if first eligible on or before age 52, grading down to 5% at ages 59 and above
 Fire: 5%

Survivor Benefits and Duty Disability Child Allotments

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

<u>Member's Age at Death or Disability</u>	<u>Number of Dependent Children</u>	<u>Age of Youngest Child</u>
20	0	N/A
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	N/A

The percentage of retiring employes assumed to elect option 3, the subsidized 50% option, is 35% for males and 10% for females. The percentage of general employes assumed electing the 100% PSO option before retirement is 45% 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 incurred in the performance of duty:

- General Employees: 5% (Adopted 1/1/1998)
- Police & Fire: 10%. In addition, amongst firemen, 25% of duty deaths are assumed to occur under the Heart and Lung Law.

Duty Disabilities

The following percentages of disabilities are assumed incurred in the performance of duty:

- General Employees: 20% (Adopted 1/1/1998)
- Police: 85%. 5% of duty disabilities are assumed eligible for the special 90% benefit.
- Fire: 85%. 5% of duty disabilities are assumed eligible for the special 90% benefit and 20% are assumed to occur under the Heart and Lung Law.

Miscellaneous

Part time employes who work less than 1,000 hours in the year preceding the valuation are assumed to earn one half year of creditable service for each calendar year of employment.

Active members who worked less than 100 hours in the prior year, but who have not officially terminated employment are included in the count of Inactives in Table 6. These members are not assumed to earn additional service credit in future years.

**Illustrative Rates of Termination, Disability, and Remarriage
for General Employees, Firemen, and Policemen**

Age	Termination		Disability		Remarriage	
	Males	Females	Males	Females	Males	Females
General Employees						
20	16.822%	17.575%	0.06%	0.032%	14.46%	14.46%
25	15.773	16.794	0.06	0.032	9.45	9.45
30	11.383	13.417	0.06	0.032	5.94	5.94
35	6.913	9.379	0.25	0.080	4.02	4.02
40	4.590	6.693	0.30	0.160	2.80	2.80
45	3.441	4.918	0.35	0.240	1.75	1.75
50	2.414	4.117	0.70	0.320	0.96	0.96
55	1.911	3.503	1.10	0.400	0.26	0.26
60	-	-	0.90	0.320	-	-
65	-	-	0.80	0.240	-	-
Fire						
20	3.750%	7.30%	0.064%	0.064%	14.46%	14.46%
25	3.570	5.90	0.136	0.136	9.45	9.45
30	2.860	4.20	0.280	0.280	5.94	5.94
35	1.720	2.50	0.760	0.760	4.02	4.02
40	0.860	1.50	1.200	1.200	2.80	2.80
45	0.600	1.50	1.200	1.200	1.75	1.75
50	-	-	1.200	1.200	0.96	0.96
55	-	-	1.200	1.200	0.26	0.26
60	-	-	1.200	1.200	-	-
65	-	-	1.200	1.200	-	-
Police						
20	3.750%	7.30%	0.060%	0.060%	14.46%	14.46%
25	3.570	5.90	0.060	0.060	9.45	9.45
30	2.860	4.20	0.150	0.150	5.94	5.94
35	1.720	2.50	0.237	0.237	4.02	4.02
40	0.860	1.50	0.630	0.630	2.80	2.80
45	0.600	1.50	0.840	0.840	1.75	1.75
50	-	-	0.630	0.630	0.96	0.96
55	-	-	0.630	0.630	0.26	0.26
60	-	-	0.630	0.630	-	-
65	-	-	0.630	0.630	-	-

**Illustrative Rates of Mortality, Disability Mortality, and Disability Recovery
for General Employees, Firemen, and Policemen**

Age	Mortality*		Duty Disability Mortality		Ordinary Disability Mortality	
	Males	Females	Males	Females	Males	Females
20	0.049%	0.028%	1.436%	0.901%	4.124%	3.611%
30	0.084	0.036	1.436	0.901	4.124	3.611
40	0.110	0.070	1.436	0.901	4.124	3.611
50	0.249	0.139	1.436	0.901	4.124	3.611
55	0.424	0.235	1.436	0.901	4.815	4.217
60	0.779	0.463	1.436	0.901	5.421	4.748
65	1.436	0.901	1.436	0.901	5.906	5.173
70	2.330	1.433	2.330	1.433	8.657	7.615
75	3.677	2.325	3.677	2.325	10.753	9.171
80	6.279	4.061	6.279	4.061	15.227	13.034
85	10.024	7.025	10.024	7.025	17.551	17.552
90	16.054	12.278	16.054	12.278	16.054	16.793
95	24.819	19.784	24.819	19.784	24.819	19.784
100	33.907	29.545	33.907	29.545	33.907	29.545
110	49.719	49.244	49.719	49.244	49.719	49.244
120	100.000	100.000	100.000	100.000	100.000	100.000

* For regular retirees and for survivors, the UP-94 Mortality Table, with mortality improvements projected to the year 2000. These are the rates shown above. For death in active service, 70% of the rate for a regular retiree the same age.

Age	Disability Recovery	
	Males	Females
20	14.950%	14.950%
25	9.940	9.940
30	4.880	4.880
35	6.920	6.920
40	2.830	2.830
45	1.700	1.700
50	0.450	0.450
55	--	--

SUMMARY OF PLAN PROVISIONS

Eligibility for Membership

Membership is optional for all employees who were in service as of January 1, 1938. New employees are automatically members as a condition of employment. Membership is optional for elected officials.

Participation in the Combined Fund

On January 19, 2001 the Combined Fund was created, 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 System. Membership service means service as an employee since last becoming a member, on account of which contributions are made.

- (a) 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, 1560 hours of service constitute a year of creditable service.

- (b) Under certain conditions creditable service may be granted for periods of absence due to military service.
- (c) For purposes of computing the service retirement allowance only, creditable service is granted for periods of eligibility for a duty disability retirement allowance.
- (d) 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. In addition, the member's date of retirement or pre-retirement death must be on or before December 31, 2002, and must also be on or after (i) January 1, 1998, for eligible members of the MPA and Local 215; (ii) January 1, 1999, for eligible general employees and members of the MPSO; and (iii) January 1, 2000, for non-represented fire and police. An individual eligible for imputed military service credit must apply for the credit.
- (b) **Imputed fire and police service credit:** 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. If the eligible individual is a policeman at death or retirement, then he must have either attained the minimum service retirement age of 57, or completed 25 years of creditable service as a fireman or policeman,

- (c) **Imputed service credit under the dissolution of the Firemen and Policemen's Survivorship Fund**, (the "Fund"): 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, a Retiree Special 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 for 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 a fraction whose numerator is years of creditable fire and police service, and whose denominator is 20.
- (c) **Imputed service credit under the dissolution of the Firemen and Policemen's Survivorship Fund:** 2 years.

Vesting Service

In the year of hire or termination, vesting service is based on elapsed time. In other years, members receive vesting service as follows:

- (a) No vesting service if creditable service is zero for the year;
- (b) One-half year of vesting service if creditable service is less than or equal to one-half the hours required for a year of creditable service; and
- (c) One year of vesting service if creditable service exceeds one-half the hours required for a year of creditable service.

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. Earnable compensation for the calendar year preceding retirement may also include longevity in rank pay, (limited) variable shift assignment pay, and/or certification pay for policemen; and emergency medical technician pay for firemen. Earnable compensation for school board employes represented by Local 950, OEIU, also includes site differential pay.

Final Average Salary

- (a) For general employes, 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.

Eligibility for Service Retirement

- (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 employes and age 57 for policemen and firemen.
- (b) General employes who have attained age 55 and completed 30 years of creditable service, are eligible for service retirement.

- (c) Policemen who participate in the Combined Fund are eligible for service retirement at any age after completing 25 years of creditable fire or police service.
- (d) Firemen who participate in the Combined Fund, who have attained age 49 and completed 22 years of creditable fire or police service, are eligible for service retirement.
- (e) 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 creditable fire or police service.

Amount of Service Retirement Allowance

The amount of a member's service retirement allowance is equal to the following:

- (a) For general employes, 2% of final average salary for each year of creditable service or imputed military 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, 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, 2.6% of final average salary for each year of creditable service as an elected official for years before 1996. From 1996 forward the rate of accrual for creditable service or imputed military service is 2.5% except for the mayor, who will have an accrual rate of 2.0%.

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.

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 is 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 creditable service, 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.

Eligibility for Duty Disability Retirement Allowance

If a member becomes permanently and totally incapacitated 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. If a fireman's disability is due to heart or lung disease, such disability is considered a duty disability.

Amount of Duty Disability Related Benefits

Imputed service credit is *not* used when calculating a duty disability retirement allowance. Imputed 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 employes, 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 employes 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. 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. A fireman or policeman who becomes duty disabled on or after his conversion age does not choose between a conversion service retirement allowance and an extended life duty disability allowance. Instead, he receives the duty retirement allowance for life.

- (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. 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) Members disabled prior to the valuation date receive benefits according to the provisions in effect at the time of their disability, or their application for disability benefits, according to the terms of the plan.

Under Charter Ordinance 980130 Substitute 2, firemen and policemen who retired on duty disability prior to October 17, 1992, will not be required to convert to service retirement prior to the conversion age requirements that were in effect when they were hired.

Under Charter Ordinance 000789, duty disabled firemen and policemen who signed the DeBraska II release form will be 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 were hired; 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.

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 employes who do not participate in the Combined Fund, duty disability benefits, and survivor benefits paid to beneficiaries of general employes who elect an optional form of payment and die while disabled, are paid from (i) the General Employes 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 firemen and policemen who do not participate in the Combined Fund, if the enrollment date is prior to February 1, 1996, duty disability benefits, child allotment payments, and surviving spouse benefits paid if the member dies while disabled, are paid from the Fire and Police Duty Disability Fund, unless the member is a fireman disabled due to heart and lung disease, in which case these benefits are paid from the Heart and Lung Fund. For firemen and policemen whose enrollment dates are on or after February 1, 1996, duty disability benefits, child allotment payments, and surviving spouse benefits paid if the member dies while disabled, are paid from the Combined Retirement and Disability Fund, unless the member is a fireman disabled due to heart and lung disease, in which case these benefits are paid from the Heart and Lung Fund.
- (d) For members who do not participate in the Combined Fund, benefits paid after conversion to either a 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

- (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 one-half of 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 excess, if any, of (i) the member's contributions with interest to retirement over (ii) 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

Firemen 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 service as a fireman. 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 service as a policeman. 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 employes may elect a PSO during the 6 months that precede the earlier of attainment of age 60, or completion of 30 years of service and attainment of age 55.

Except for firemen and policemen, the election shall be irrevocable and shall continue after retirement. 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.

The PSO is automatically 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 and imputed fire and police service 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

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:

- (a) The member's surviving spouse
- (b) The member's children until their 21st birthday
- (c) 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:

- (a) General Employes - 5.5%
- (b) Firemen and Policemen - 7.0%
- (c) Elected Officials - 7.0%

Currently, the City or the City Agency employing the member makes all contributions on the member's behalf (with the exception of \$1.00 per year contributed by each policeman).

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. They are as follows:

Fire and Police \$50 Escalator

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.

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.

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.

\$50 escalators paid to participants in the Combined Fund are charged to the Combined Fund. \$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 employes who 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.)

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 who 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.)

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.)

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.)

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.)

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

Post-1999 1.5% / 2% Escalator for General Employe 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 employe 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 employes.
- (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.)

Benefits are charged to the Combined Fund.

Fire and Police Survivorship Benefits for Individuals not Participating in Combined Fund

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.

Active firemen and policemen not participating in the Combined Fund contribute \$52.20 annually for Survivorship benefits. Firemen and policemen receiving disability benefits and not participating in the Combined Fund may retain eligibility for Survivorship benefits, until attainment of the minimum service retirement age, by continuing to make the required annual contribution of \$52.20.

The City intends to purchase single premium insurance to cover the liability for this benefit. Prior to the purchase, any benefits paid to individuals not participating in the Combined Fund will be charged to the Fire and Police Survivorship Fund. The funds to purchase the insurance will be provided by the assets allocated to the non-Consenters in the Fire and Police Survivorship Fund. Any assets remaining after this purchase will be transferred to the Combined Fund. Member contributions made toward this benefit are to be credited to the Combined Fund.

Fire and Police Survivorship Benefits for Survivors Participating in 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

Should a member separate from service and no other benefit is payable, such member will be entitled to one of the following:

- (a) A refund of member contributions (not paid by the member's employer), with interest.
- (b) If the member has four years of 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 8 years of service, or (ii) firemen or policemen after 10 years of service.
- (d) If the member's service is involuntarily terminated, or the member terminates voluntarily after attaining age 55 and completing 15 years of 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 service 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 service 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 is 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) **Military service credit cash bonus:** The member must have retired on service retirement, or converted to service retirement after duty disability, and must be in payment as of January 1, 2000. In addition, for general employes and policemen members of the MPSO, the effective date of service retirement or conversion must be prior to January 1, 1999; for firemen members of local 215 and policemen members of the MPA, the effective date of service retirement or conversion must be prior to January 1, 1998; for non-represented firemen and policemen, the effective date of service retirement or conversion must be prior to January 1, 2000. In addition, the retired member must have served in the armed forces of the U.S. prior to first being enrolled in the ERS, must have been

honorably discharged, and must apply for this bonus to the ERS no later than July 19, 2001.

- (b) **5% lump sum bonus:** All retired members and surviving spouses in payment as of January 1, 2000 are eligible *except* surviving spouses receiving either (i) a Fire & Police duty disability surviving spouse benefit; (ii) a Heart & Lung duty disability surviving spouse benefit; or (iii) a Firemen & Policemen's Survivorship Fund surviving spouse benefit.

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.

- (c) **Retiree special bonus:** All retired members and surviving spouses who originally retired prior to January 1, 2000, and who are in payment as of January 1, 2000, are eligible *except* surviving spouses receiving either (i) a Fire & Police duty disability surviving spouse benefit; (ii) a Heart & Lung duty disability surviving spouse benefit; or (iii) a Firemen & Policemen's Survivorship Fund surviving spouse benefit.
- (d) **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; or (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.

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.

- (e) **Dissolution lump sum bonus:** An individual who is a member of the ERS as of January 1, 2000, and who is also a surviving former member of the Firemen and Policemen's Survivorship Fund as of that date is eligible for this bonus payment.

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) **Military service credit cash bonus:** \$1,000,000 is to be divided pro-rata among the eligible group in proportion to each individual's "military service credit." An individual's "military service credit" equals the lesser of 1 year, or one-third of the individual's "eligible military service." An individual's "eligible military service" is the sum of all "eligible periods of active military service". An "eligible period of active military service" is a period of military service which precedes enrollment in the ERS, and which consists of not less than 90 consecutive days spent in the active service of the armed forces of the U.S.A. An individual's bonus payment cannot exceed his full December 1999 monthly allowance.
- (b) **5% lump sum bonus:** For individuals in payment as of January 1, 2000, the bonus payment equals 5% times 12 times their full December 1999 monthly allowance – or their full January 2000 allowance if the individual was not in payment for all of December 1999 – times a factor based on the age the individual attained on his birthday in 1999.

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.

- (c) **Retiree special bonus:** The bonus payment equals a factor times the full December 1999 monthly allowance – or the full January 2000 allowance if the individual was not in payment for all of December 1999 – minus an "offset"

related to the Catch-up COLA overpayment that occurred during the period January 1, 1996 through April 30, 1997.

The factor for firemen and policemen is 8. The factor for general employees depends upon the year of retirement or pre-retirement death. For an individual receiving a conversion service retirement allowance, the retirement date used in the calculation is the date of the original duty disability retirement. The general employee factor is 2 for retirement during 1997-1999; 3 for 1996 retirements; 4 for 1995 retirements; 5 for 1994 retirements; 6.5 for 1993 retirements; and 8 for retirements in 1992 and prior years.

Individuals who received a Catch-up COLA overpayment – and the surviving spouses of members who were overpaid and who had elected an optional form of payment under s. 36-05-7 naming their spouse as the beneficiary under the option – have an “offset” applied to their bonus payment. The offset equals the lesser of (i) 3 times the full December 1999 (or January 2000 allowance, as applicable) or (ii) the sum of the overpayments made to both the member and the spouse survivor.

- (d) **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.

- (e) **Dissolution lump sum bonus:** An amount equal to \$500 times the total number of surviving former members of the Firemen and Policemen’s Survivorship Fund as of January 1, 2000, is to be divided pro-rata among all eligible individuals in proportion to each individual’s full years of service as a fireman or policeman prior to January 1, 2000, including time retired on disability prior to the minimum service retirement age of 57.

The military service credit cash bonus, 5% lump sum bonus, retiree special bonus, and 8.6% lump bonus are paid from the Combined Fund. The dissolution lump sum bonus is to be paid from \$10,000,000 set aside for the Employers’ Reserve Fund. See the explanation of the dissolution of the Firemen and Policemen’s Survivorship Fund for a fuller explanation of the source of the funds that will be used to pay the dissolution bonus.

EXHIBIT 1
Age/Service Distributions

ACTIVE MEMBERSHIP – GENERAL CITY EMPLOYEES

**NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2002**

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	75 \$29,345	2 \$28,765								77 \$29,330
25-29	148 \$33,603	35 \$33,129	1 \$38,062							184 \$33,537
30-34	190 \$34,694	110 \$39,399	30 \$37,425	4 \$31,577						334 \$36,452
35-39	161 \$33,561	134 \$39,828	112 \$41,937	48 \$38,707	12 \$38,260					467 \$38,018
40-44	112 \$35,365	132 \$40,273	156 \$45,696	152 \$43,555	126 \$41,249	5 \$40,518				683 \$41,619
45-49	90 \$34,518	104 \$42,346	134 \$43,973	191 \$45,098	176 \$44,924	76 \$46,189	9 \$42,461			780 \$43,354
50-54	58 \$36,258	78 \$39,440	114 \$46,040	116 \$45,069	136 \$46,716	151 \$48,924	153 \$45,823	31 \$53,023		837 \$45,462
55-59	37 \$35,377	44 \$41,380	79 \$46,372	76 \$45,370	57 \$50,675	65 \$53,138	58 \$58,025	21 \$54,285	1 \$47,877	438 \$48,258
60-64	11 \$37,379	16 \$37,880	28 \$40,719	25 \$42,546	10 \$40,882	13 \$43,812	10 \$56,056	10 \$44,666	6 \$44,888	129 \$42,449
Over 64	3 \$ 72,870	3 \$ 29,114	7 \$ 49,050	5 \$ 49,513	4 \$ 43,255	1 \$ 122,450	5 \$ 36,273	1 \$ 31,879		29 \$ 48,468
Total	885 \$34,213	658 \$39,815	661 \$44,288	617 \$44,093	521 \$44,889	311 \$49,024	235 \$48,938	63 \$51,782	7 \$45,315	3,958 \$42,110

ACTIVE MEMBERSHIP – WATER DEPARTMENT

**NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2002**

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	3									3
	\$31,980									\$31,980
25-29	3	2								5
	\$34,131	\$43,967								\$38,066
30-34	9	4	3							16
	\$29,884	\$34,508	\$39,061							\$32,760
35-39	7	8	9	9						33
	\$33,985	\$43,365	\$44,994	\$46,242						\$42,604
40-44	1	9	21	22	12	1				66
	\$33,735	\$35,746	\$37,106	\$45,303	\$41,157	\$38,584				\$40,361
45-49	3	4	16	19	23	8				73
	\$50,086	\$59,968	\$44,173	\$45,091	\$44,982	\$48,462				\$46,245
50-54		6	10	17	16	20	26	1		96
		\$40,105	\$47,448	\$44,837	\$42,490	\$42,296	\$42,984	\$35,471		\$43,293
55-59	2	2	4	6	5	6	6	4		35
	\$35,592	\$42,869	\$35,101	\$44,663	\$38,907	\$36,732	\$42,980	\$42,989		\$40,288
60-64		1	2	3	1	1	2		1	11
		\$48,511	\$48,346	\$41,646	\$24,699	\$57,665	\$45,938		\$45,170	\$44,505
Over 64					2		2			4
					\$ 26,387		\$ 37,806			\$ 32,096
Total	28	36	65	76	59	36	36	5	1	342
	\$34,299	\$41,926	\$41,842	\$45,062	\$42,039	\$43,062	\$42,860	\$41,486	\$45,170	\$42,223

ACTIVE MEMBERSHIP – SCHOOL BOARD

**NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2002**

Age	Years of Service									Total	
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+		
Under 25	97 \$16,088	3 \$10,328									100 \$15,915
25-29	220 \$17,790	74 \$18,239	1 \$33,341								295 \$17,955
30-34	255 \$17,274	180 \$19,791	37 \$22,680								472 \$18,658
35-39	238 \$19,120	241 \$19,689	163 \$22,233	35 \$31,170	3 \$29,603						680 \$20,734
40-44	212 \$19,183	275 \$20,818	193 \$20,669	76 \$30,757	58 \$35,289	6 \$29,931					820 \$22,372
45-49	205 \$18,526	226 \$19,816	221 \$22,984	132 \$31,448	40 \$37,789	60 \$39,035	13 \$33,959				897 \$24,306
50-54	152 \$17,809	140 \$19,108	218 \$21,668	114 \$32,100	65 \$34,075	75 \$35,374	56 \$42,620	4 \$43,760			824 \$25,722
55-59	57 \$24,296	83 \$19,425	112 \$21,488	79 \$27,128	54 \$32,892	62 \$25,431	19 \$49,093	6 \$44,027			472 \$25,629
60-64	21 \$14,467	38 \$15,395	60 \$19,033	33 \$21,869	13 \$23,781	46 \$21,807	4 \$39,471	3 \$33,139	4 \$31,926		222 \$20,044
Over 64	15 \$12,055	22 \$13,182	28 \$15,919	15 \$21,097	12 \$17,870	30 \$14,323		1 \$48,786	2 \$39,958		125 \$16,047
Total	1,472 \$18,255	1,282 \$19,543	1,033 \$21,571	484 \$29,794	245 \$33,313	279 \$29,334	92 \$42,596	14 \$41,958	6 \$34,603		4,907 \$22,353

ACTIVE MEMBERSHIP – MILWAUKEE TECHNICAL COLLEGE

**NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2002**

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25										
25-29										
30-34										
35-39										
40-44										
45-49										
50-54							4	4		8
							\$48,274	\$43,207		\$45,741
55-59							3	5		8
							\$50,581	\$50,935		\$50,802
60-64								2	1	3
								\$35,744	\$41,611	\$37,700
Over 64										
Total							7	11	1	19
							\$49,262	\$45,363	\$41,611	\$46,602

ACTIVE MEMBERSHIP – SEWERAGE COMMISSION**NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2002**

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	1 \$44,651									1 \$44,651
25-29	4 \$49,436									4 \$49,436
30-34	7 \$58,019	2 \$45,957	1 \$51,232							10 \$54,928
35-39	3 \$77,770	5 \$59,725	16 \$55,008	1 \$50,096						25 \$58,487
40-44	9 \$69,205	6 \$53,968	22 \$50,640	14 \$55,059	17 \$48,714	1 \$50,690				69 \$53,774
45-49	11 \$61,039	6 \$60,485	22 \$50,880	21 \$58,580	41 \$60,448	19 \$55,607				120 \$57,657
50-54	4 \$76,244	7 \$58,870	22 \$59,828	8 \$52,747	35 \$57,902	21 \$52,563	8 \$50,639			105 \$57,055
55-59	4 \$77,367	2 \$59,905	8 \$48,760	5 \$53,188	13 \$63,951	14 \$53,778	3 \$54,542			49 \$57,820
60-64	1 \$26,430		1 \$47,996	4 \$62,815	4 \$76,817	2 \$52,037	2 \$98,712		1 \$56,666	15 \$66,075
Over 64			1 \$ 45,839	2 \$ 49,702			1 \$ 49,941			4 \$ 48,796
Total	44 \$64,022	28 \$57,470	93 \$53,386	55 \$56,176	110 \$58,834	57 \$53,825	14 \$58,293		1 \$56,666	402 \$56,948

ACTIVE MEMBERSHIP – WISCONSIN CENTER DISTRICT

**NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2002**

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	3									3
	\$26,911									\$26,911
25-29	7									7
	\$27,082									\$27,082
30-34	4	3								7
	\$25,808	\$39,257								\$31,572
35-39	11	3	1	1						16
	\$33,529	\$46,584	\$32,887	\$27,949						\$35,588
40-44	4	3	1	3	1					12
	\$41,445	\$38,343	\$30,184	\$52,887	\$36,840					\$42,208
45-49	10	3	1	3						17
	\$21,444	\$45,472	\$52,673	\$26,210						\$28,363
50-54	2	1		2		4				9
	\$50,709	\$34,126		\$57,251		\$57,809				\$53,476
55-59	1	4	1		1	1				8
	\$10,731	\$52,378	\$45,009		\$27,466	\$57,888				\$43,826
60-64		1	1		1	1				4
		\$53,760	\$10,105		\$45,950	\$57,199				\$41,754
Over 64	2	7								9
	\$ 13,677	\$ 11,155								\$ 11,716
Total	44	25	5	9	3	6				92
	\$28,684	\$35,378	\$34,172	\$42,194	\$36,752	\$57,721				\$34,280

ACTIVE MEMBERSHIP – HOUSING AUTHORITY

**NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2002**

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	5 \$27,346									5 \$27,346
25-29	9 \$32,425	1 \$29,282								10 \$32,111
30-34	11 \$40,273	3 \$50,596	1 \$45,272							15 \$42,671
35-39	8 \$42,107	5 \$44,819	3 \$56,177	2 \$45,706						18 \$45,605
40-44	10 \$42,496	5 \$40,693	1 \$42,770	7 \$57,938	3 \$47,480					26 \$46,892
45-49	6 \$46,481	5 \$45,652	7 \$53,367	2 \$58,025	5 \$62,042	3 \$41,366				28 \$51,110
50-54	11 \$37,502	8 \$40,890	6 \$58,791	4 \$63,098	3 \$65,648	3 \$55,074	1 \$84,479	1 \$33,226		37 \$49,315
55-59	3 \$49,511	3 \$48,188	1 \$22,058	2 \$64,224		3 \$74,086				12 \$55,488
60-64		1 \$50,666					1 \$61,327			2 \$55,996
Over 64	1 \$ 36,115									1 \$ 36,115
Total	64 \$39,210	31 \$43,846	19 \$52,892	17 \$58,463	11 \$59,054	9 \$56,842	2 \$72,903	1 \$33,226		154 \$46,803

ACTIVE MEMBERSHIP – GENERAL EMPLOYEES**NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2002**

Age	Years of Service									Total	
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+		
Under 25	184 \$22,388	5 \$17,703									189 \$22,264
25-29	391 \$24,728	112 \$23,450	2 \$35,701								505 \$24,488
30-34	476 \$25,669	302 \$27,801	72 \$30,216	4 \$31,577							854 \$26,834
35-39	428 \$26,006	396 \$28,009	304 \$32,261	96 \$36,818	15 \$36,528						1,239 \$29,146
40-44	348 \$26,652	430 \$27,919	394 \$33,208	274 \$41,203	217 \$40,302	13 \$36,266					1,676 \$32,739
45-49	325 \$25,291	348 \$28,304	401 \$32,978	368 \$40,887	285 \$46,461	166 \$44,703	22 \$37,437				1,915 \$35,418
50-54	227 \$24,796	240 \$28,189	370 \$32,745	261 \$39,994	255 \$44,987	274 \$45,207	248 \$45,153	41 \$50,251			1,916 \$37,612
55-59	104 \$31,094	138 \$28,932	205 \$32,525	168 \$37,224	130 \$43,984	151 \$41,616	89 \$54,735	36 \$50,855	1 \$47,877		1,022 \$38,062
60-64	33 \$22,467	57 \$23,580	92 \$26,488	65 \$33,254	29 \$37,789	63 \$28,439	19 \$56,267	15 \$41,171	13 \$41,575		386 \$30,566
Over 64	21 \$ 22,043	32 \$ 14,233	36 \$ 23,192	22 \$ 30,156	18 \$ 24,457	31 \$ 17,811	8 \$ 38,365	2 \$ 40,333	2 \$ 39,958		172 \$ 22,538
Total	2,537 \$25,502	2,060 \$27,483	1,876 \$32,206	1,258 \$39,359	949 \$43,478	698 \$41,414	386 \$47,329	94 \$48,822	16 \$41,767		9,874 \$32,909

ACTIVE MEMBERSHIP – POLICEMEN
NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2002

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	131 \$33,074	19 \$50,159								150 \$35,238
25-29	149 \$42,766	85 \$52,498	9 \$50,653							243 \$46,462
30-34	127 \$43,734	262 \$52,836	126 \$54,154	15 \$55,174						530 \$51,034
35-39	52 \$42,841	111 \$52,766	164 \$54,344	48 \$56,939	13 \$56,112					388 \$52,731
40-44	20 \$42,887	39 \$52,141	83 \$54,061	71 \$56,162	81 \$57,716	6 \$61,664				300 \$54,703
45-49	4 \$42,015	11 \$52,447	22 \$53,267	44 \$55,777	124 \$57,121	26 \$59,136	4 \$56,383			235 \$56,243
50-54	2 \$40,328	9 \$53,254	10 \$54,079	12 \$54,633	61 \$56,042	23 \$60,625	10 \$62,965			127 \$56,684
55-59			3 \$52,572	2 \$57,419	8 \$54,934	1 \$53,448	4 \$60,111	2 \$96,585		20 \$59,954
60-64						1 \$53,448				1 \$53,448
Over 64								1 \$ 54,013		1 \$ 54,013
Total	485 \$40,399	536 \$52,621	417 \$54,075	192 \$56,108	287 \$56,953	57 \$59,803	18 \$60,868	2 \$96,585	1 \$54,013	1,995 \$51,237

ACTIVE MEMBERSHIP – FIREMEN
NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2002

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	40	19								59
	\$35,713	\$48,649								\$39,879
25-29	39	24								63
	\$36,967	\$52,409								\$42,850
30-34	54	104	19							177
	\$37,886	\$52,488	\$53,986							\$48,194
35-39	24	57	86	42	1					210
	\$35,929	\$52,528	\$54,662	\$56,052	\$52,075					\$52,208
40-44	5	11	46	74	47	1				184
	\$37,958	\$54,320	\$53,460	\$55,984	\$60,337	\$71,362				\$55,959
45-49	1	4	20	60	89	27	1			202
	\$38,283	\$52,359	\$54,025	\$56,234	\$58,066	\$60,580	\$71,084			\$57,311
50-54	1		4	8	24	50	8	1		96
	\$45,347		\$53,095	\$55,625	\$59,278	\$58,644	\$58,123	\$59,272		\$58,145
55-59			2	1	1	10	15			29
			\$55,436	\$52,406	\$68,414	\$54,918	\$57,426			\$56,629
60-64										
Over 64										
Total	164	219	177	185	162	88	24	1		1,020
	\$36,901	\$52,246	\$54,178	\$56,046	\$58,931	\$58,959	\$58,227	\$59,272		\$52,592

EXHIBIT 2
Detailed Tabulations of the Data

TABLE 1
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF DECEMBER 31, 2002
GENERAL EMPLOYEES

Age	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
19	3	\$ 70,187			3	\$ 70,187
20	3	62,191	7	125,425	10	187,616
21	8	175,200	15	278,698	23	453,899
22	9	218,839	18	425,440	27	644,279
23	23	594,119	24	461,626	47	1,055,745
24	24	537,785	55	1,258,460	79	1,796,245
25	38	970,391	58	1,164,973	96	2,135,363
26	36	963,019	60	1,302,681	96	2,265,700
27	28	846,947	66	1,574,701	94	2,421,647
28	45	1,441,217	64	1,416,302	109	2,857,519
29	43	1,245,983	67	1,440,039	110	2,686,022
30	54	1,469,326	70	1,634,585	124	3,103,911
31	75	2,231,899	97	2,275,393	172	4,507,293
32	79	2,631,211	95	2,201,728	174	4,832,939
33	66	1,980,671	118	2,871,556	184	4,852,227
34	88	2,966,799	112	2,652,763	200	5,619,562
35	116	4,056,447	106	2,439,339	222	6,495,786
36	99	3,589,266	111	2,442,315	210	6,031,581
37	115	3,736,731	146	3,495,519	261	7,232,250
38	119	4,053,665	138	3,578,488	257	7,632,153
39	119	4,406,364	170	4,313,963	289	8,720,327
40	121	4,924,011	175	4,627,521	296	9,551,532
41	164	6,639,840	189	5,159,020	353	11,798,860
42	140	5,176,905	179	4,688,973	319	9,865,877
43	170	7,004,162	175	4,399,352	345	11,403,514
44	161	6,701,075	202	5,549,732	363	12,250,807
45	186	7,647,467	173	4,739,061	359	12,386,528
46	185	7,748,424	200	5,358,578	385	13,107,002
47	209	9,190,680	195	5,739,565	404	14,930,246
48	192	8,201,224	211	6,082,118	403	14,283,342
49	175	7,803,974	189	5,314,935	364	13,118,909
50	196	9,141,333	200	5,465,623	396	14,606,955
51	180	7,999,780	181	5,474,086	361	13,473,866
52	204	8,979,194	196	6,404,786	400	15,383,980
53	195	8,784,564	180	5,022,222	375	13,806,786
54	228	10,315,067	156	4,478,473	384	14,793,540
55	158	7,539,283	144	4,357,489	302	11,896,771
56	115	5,487,958	112	3,070,900	227	8,558,858
57	80	4,178,174	93	2,513,558	173	6,691,732
58	86	4,259,253	82	2,374,187	168	6,633,440

TABLE 1
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF DECEMBER 31, 2002
GENERAL EMPLOYEES

Age	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
59	68	2,991,567	84	2,127,363	152	5,118,931
60	45	2,261,027	74	1,741,282	119	4,002,309
61	26	998,155	81	2,023,228	107	3,021,384
62	17	817,853	47	1,102,286	64	1,920,139
63	12	645,783	28	610,511	40	1,256,294
64	21	843,316	35	755,090	56	1,598,406
65	9	304,535	27	587,939	36	892,474
66	8	398,616	18	363,706	26	762,322
67	6	153,975	18	282,576	24	436,551
68	4	110,901	17	310,351	21	421,251
69	3	155,052	9	115,751	12	270,804
70	3	188,124	9	152,371	12	340,496
71			8	136,354	8	136,354
72	3	79,230	4	41,746	7	120,975
73			3	52,713	3	52,713
74	2	114,066	2	28,140	4	142,206
75			3	37,841	3	37,841
76			4	56,450	4	56,450
77	1	7,464	2	27,228	3	34,692
78	1	29,944	1	7,734	2	37,678
79	2	62,237	2	26,440	4	88,677
80	1	13,520			1	13,520
81	1	18,123			1	18,123
82						
83						
84	1	13,438			1	13,438
Total	4,569	\$ 186,177,551	5,305	\$ 138,761,274	9,874	\$ 324,938,824

TABLE 2
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF DECEMBER 31, 2002
GENERAL EMPLOYEES

Years of Service	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
0	226	\$ 6,629,205	239	\$ 5,339,305	465	\$ 11,968,510
1	243	7,721,593	314	7,183,298	557	14,904,891
2	173	5,889,776	313	7,489,783	486	13,379,559
3	195	6,296,957	346	6,701,983	541	12,998,940
4	179	5,950,112	309	5,496,228	488	11,446,340
5	212	7,300,220	318	6,342,011	530	13,642,231
6	168	6,354,972	256	5,286,068	424	11,641,040
7	181	6,313,267	239	5,380,789	420	11,694,056
8	164	5,539,947	186	4,570,937	350	10,110,884
9	138	4,974,894	198	4,551,664	336	9,526,558
10	135	4,731,988	252	5,489,822	387	10,221,810
11	189	7,696,946	219	5,269,079	408	12,966,026
12	192	8,133,058	253	6,567,905	445	14,700,964
13	148	6,239,251	217	6,265,628	365	12,504,880
14	123	5,565,785	148	4,458,395	271	10,024,180
15	103	4,496,742	160	4,648,851	263	9,145,593
16	144	6,266,716	170	5,123,277	314	11,389,993
17	182	8,381,121	133	4,393,662	315	12,774,783
18	134	6,533,170	78	2,852,520	212	9,385,690
19	86	4,108,192	68	2,709,659	154	6,817,851
20	83	3,920,149	51	1,905,929	134	5,826,078
21	116	5,307,258	65	2,161,827	181	7,469,085
22	140	6,643,262	116	4,320,841	256	10,964,103
23	120	6,047,970	87	3,404,625	207	9,452,595
24	116	5,364,964	55	2,183,774	171	7,548,738
25	71	3,482,760	43	1,584,831	114	5,067,592
26	92	4,608,154	55	2,031,755	147	6,639,909
27	86	4,119,981	75	2,376,564	161	6,496,545
28	66	3,243,249	60	2,322,480	126	5,565,729
29	59	2,824,049	91	2,313,053	150	5,137,101
30	72	3,612,981	43	1,864,372	115	5,477,353
31	53	2,612,294	16	694,541	69	3,306,835
32	43	2,076,228	15	590,951	58	2,667,179
33	49	2,344,822	36	1,592,563	85	3,937,386
34	38	2,044,308	21	835,944	59	2,880,252
35	13	710,335	21	903,514	34	1,613,849
36	18	1,032,115	11	497,013	29	1,529,128
37	8	488,279	6	228,000	14	716,280
38	4	205,055	7	277,145	11	482,200
39			6	247,840	6	247,840

TABLE 2
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF DECEMBER 31, 2002
GENERAL EMPLOYEES

Years of Service	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
40	3	165,324	1	34,979	4	200,303
41	2	85,755	3	107,002	5	192,757
42	1	56,666	2	67,288	3	123,955
43			1	16,572	1	16,572
44	1	57,679	1	37,045	2	94,725
45						
46			1	39,959	1	39,959
Total	4,569	\$ 186,177,551	5,305	\$ 138,761,274	9,874	\$ 324,938,824

TABLE 3
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF DECEMBER 31, 2002
POLICEMEN

Age	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
18	3	\$ 60,525	3	\$ 60,525	6	\$ 121,050
19	14	297,894	4	85,782	18	383,676
20	15	361,675	4	93,188	19	454,863
21	10	301,539	4	123,392	14	424,931
22	11	389,846	10	382,207	21	772,053
23	27	1,161,878	10	438,021	37	1,599,899
24	26	1,159,212	9	370,080	35	1,529,292
25	20	895,434	6	243,548	26	1,138,981
26	29	1,290,411	5	220,039	34	1,510,451
27	39	1,842,669	14	631,620	53	2,474,289
28	46	2,125,421	7	342,874	53	2,468,295
29	62	3,024,782	15	673,575	77	3,698,357
30	66	3,264,233	19	933,316	85	4,197,549
31	84	4,238,791	16	808,492	100	5,047,283
32	99	5,071,810	27	1,357,680	126	6,429,490
33	75	3,902,592	26	1,349,340	101	5,251,932
34	90	4,655,158	28	1,466,809	118	6,121,967
35	79	4,127,321	14	687,899	93	4,815,220
36	56	2,967,926	20	1,053,340	76	4,021,265
37	77	4,083,681	16	859,104	93	4,942,784
38	50	2,588,986	11	596,447	61	3,185,433
39	57	3,063,683	8	431,344	65	3,495,027
40	49	2,688,176	3	161,431	52	2,849,607
41	53	2,878,587	13	673,763	66	3,552,349
42	50	2,733,438	12	617,493	62	3,350,931
43	50	2,795,279	14	746,969	64	3,542,248
44	49	2,741,283	7	374,351	56	3,115,634
45	42	2,300,243	8	441,646	50	2,741,889
46	41	2,334,175	10	637,991	51	2,972,166
47	37	2,081,180	7	382,913	44	2,464,093
48	46	2,603,433	2	105,872	48	2,709,304
49	37	2,054,654	5	274,990	42	2,329,644
50	34	1,882,995	10	569,766	44	2,452,762
51	22	1,242,074	2	105,992	24	1,348,066
52	15	907,869	4	219,393	19	1,127,262
53	24	1,324,247	1	55,995	25	1,380,242
54	15	890,589			15	890,589
55	5	280,264	3	161,532	8	441,796
56	6	399,421	1	52,795	7	452,216
57	4	251,630			4	251,630

TABLE 3
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF DECEMBER 31, 2002
POLICEMEN

Age	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
58	1	53,448			1	53,448
59						
60						
61						
62	1	53,448			1	53,448
63						
64						
65						
66	1	54,013			1	54,013
Total	1,617	\$ 83,425,911	378	\$ 18,791,512	1,995	\$ 102,217,423

TABLE 4
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF DECEMBER 31, 2002
POLICEMEN

Years of Service	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
0	99	\$ 3,694,221	25	\$ 868,553	124	\$ 4,562,774
1	116	4,437,575	40	1,562,583	156	6,000,158
2	75	3,201,321	15	560,628	90	3,761,950
3	55	2,461,421	16	698,974	71	3,160,394
4	32	1,580,880	12	527,179	44	2,108,059
5	81	4,214,972	19	982,183	100	5,197,155
6	105	5,502,893	22	1,123,524	127	6,626,417
7	114	6,035,474	34	1,765,371	148	7,800,845
8	57	3,046,369	16	832,660	73	3,879,029
9	65	3,466,044	23	1,235,458	88	4,701,502
10	121	6,434,320	37	1,985,011	158	8,419,330
11	102	5,515,096	26	1,399,156	128	6,914,252
12	63	3,467,808	10	562,317	73	4,030,125
13	21	1,131,862	5	266,869	26	1,398,731
14	27	1,504,239	5	282,546	32	1,786,785
15	21	1,156,556	3	170,936	24	1,327,493
16	23	1,298,557	5	277,639	28	1,576,196
17	60	3,321,149	13	737,832	73	4,058,981
18	18	1,060,005	5	303,093	23	1,363,098
19	37	2,069,305	7	377,697	44	2,447,002
20	43	2,445,763	7	378,104	50	2,823,867
21	49	2,837,684	16	926,152	65	3,763,836
22	77	4,312,999	6	333,839	83	4,646,838
23	36	2,106,681	4	222,613	40	2,329,293
24	47	2,666,178	2	115,552	49	2,781,730
25	20	1,162,670			20	1,162,670
26	11	664,801	2	110,817	13	775,618
27	11	643,232	1	69,484	12	712,717
28	4	230,762	1	55,633	5	286,395
29	7	471,377			7	471,377
30	4	216,112			4	216,112
31	2	112,945	1	59,108	3	172,053
32	4	283,795			4	283,795
33	5	314,148			5	314,148
34	2	109,516			2	109,516
35	2	193,171			2	193,171
36						
37						
38						
39						

TABLE 4

**THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF DECEMBER 31, 2002
POLICEMEN**

Years of Service	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
40						
41						
42	1	54,013			1	54,013
Total	1,617	\$ 83,425,911	378	\$ 18,791,512	1,995	\$ 102,217,423

TABLE 5
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF DECEMBER 31, 2002
FIREMEN

Age	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
19	6	\$ 146,967			6	\$ 146,967
20	8	255,609	1	34,682	9	290,291
21	7	259,168	1	39,072	8	298,240
22	10	399,796			10	399,796
23	16	721,895			16	721,895
24	10	495,652			10	495,652
25	16	715,693			16	715,693
26	9	409,477	1	31,485	10	440,962
27	7	267,831			7	267,831
28	13	544,060			13	544,060
29	17	730,999			17	730,999
30	26	1,234,131			26	1,234,131
31	32	1,500,475			32	1,500,475
32	47	2,259,491	2	98,417	49	2,357,908
33	22	1,070,626	3	148,143	25	1,218,770
34	43	2,114,300	2	104,711	45	2,219,011
35	38	1,923,000	1	52,229	39	1,975,230
36	34	1,730,178	2	104,647	36	1,834,826
37	37	1,865,863	7	380,040	44	2,245,903
38	45	2,399,349	1	52,110	46	2,451,459
39	40	2,159,541	5	296,659	45	2,456,200
40	29	1,589,357	3	155,675	32	1,745,032
41	32	1,734,759	2	108,258	34	1,843,017
42	32	1,705,097	3	198,429	35	1,903,526
43	31	1,766,077	2	111,325	33	1,877,403
44	48	2,815,900	2	111,576	50	2,927,477
45	37	2,095,492	4	236,579	41	2,332,071
46	58	3,344,494	3	166,778	61	3,511,272
47	28	1,608,399	1	51,907	29	1,660,306
48	38	2,196,957	1	59,046	39	2,256,002
49	32	1,817,230			32	1,817,230
50	31	1,808,139			31	1,808,139
51	17	951,361			17	951,361
52	14	790,623			14	790,623
53	16	995,192			16	995,192
54	17	977,286	1	59,272	18	1,036,558
55	19	1,074,817			19	1,074,817
56	7	399,733			7	399,733
57	3	167,705			3	167,705
Total	972	\$ 51,042,718	48	\$ 2,601,042	1,020	\$ 53,643,760

TABLE 6
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF DECEMBER 31, 2002
FIREMEN

Years of Service	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
0	26	\$ 811,548	1	\$ 31,485	27	\$ 843,033
1	17	501,676			17	501,676
2	63	2,293,506	1	34,682	64	2,328,188
3	26	1,066,803	1	39,072	27	1,105,876
4	27	1,185,020	2	88,003	29	1,273,024
5	47	2,318,775			47	2,318,775
6	40	2,079,289			40	2,079,289
7	35	1,842,979			35	1,842,979
8	63	3,377,540	3	157,108	66	3,534,648
9	29	1,561,871	2	104,339	31	1,666,211
10	41	2,181,631	11	595,637	52	2,777,268
11	31	1,674,976	1	52,418	32	1,727,394
12	40	2,187,048	4	215,761	44	2,402,809
13	19	1,040,606	1	52,213	20	1,092,819
14	29	1,589,299			29	1,589,299
15	48	2,678,435	1	52,383	49	2,730,819
16	20	1,137,590	8	452,679	28	1,590,269
17	46	2,584,754	1	55,528	47	2,640,281
18	26	1,439,497	3	182,083	29	1,621,580
19	28	1,556,065	4	229,451	32	1,785,516
20	22	1,289,661			22	1,289,661
21	22	1,283,521			22	1,283,521
22	31	1,851,656	2	139,565	33	1,991,221
23	40	2,349,492			40	2,349,492
24	44	2,573,602	1	59,363	45	2,632,965
25	22	1,357,141			22	1,357,141
26	32	1,842,774			32	1,842,774
27	14	819,844			14	819,844
28	11	647,272			11	647,272
29	9	521,398			9	521,398
30	8	484,513			8	484,513
31	2	111,959			2	111,959
32	3	167,238			3	167,238
33	6	347,158			6	347,158
34	5	286,581			5	286,581
35						
36			1	59,272	1	59,272
Total	972	\$ 51,042,718	48	\$ 2,601,042	1,020	\$ 53,643,760

TABLE 7A

**THE NUMBER AND ANNUAL BENEFITS PAYABLE TO
CONSENTING GENERAL EMPLOYEES FROM THE COMBINED FUND
AS OF DECEMBER 31, 2002**

Age	Members		Beneficiaries		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
29			2	\$ 27,536	2	\$ 27,536
32			2	24,803	2	24,803
35			1	3,684	1	3,684
36			1	5,633	1	5,633
38	1	7,550	1		1	7,550
39	3	20,484	2	6,156	5	26,640
40			4	66,707	4	66,707
41	5	61,738	2	13,238	7	74,976
42	6	142,372	2	9,312	8	151,684
43	16	230,469	1	2,998	17	233,467
44	9	101,805	3	18,447	12	120,252
45	6	108,725	2	9,661	8	118,386
46	17	187,973	3	31,174	20	219,147
47	12	132,371	4	43,547	16	175,918
48	12	150,232	5	31,600	17	181,832
49	14	188,114	9	64,019	23	252,133
50	14	146,926	4	46,073	18	192,999
51	25	276,726	7	52,567	32	329,293
52	17	183,671	1	14,241	18	197,912
53	20	239,841	10	68,773	30	308,614
54	20	298,034	5	52,669	25	350,703
55	49	906,561	13	109,124	62	1,015,685
56	56	1,238,073	13	102,676	69	1,340,749
57	67	1,517,384	7	79,336	74	1,596,720
58	76	1,774,934	7	50,849	83	1,825,783
59	75	1,717,390	12	148,427	87	1,865,817
60	125	2,428,935	19	223,206	144	2,652,141
61	134	2,577,434	14	159,228	148	2,736,662
62	155	2,321,172	13	127,455	168	2,448,627
63	170	2,446,348	22	249,176	192	2,695,524
64	208	3,218,161	19	195,020	227	3,413,181
65	219	3,350,335	20	188,762	239	3,539,097
66	219	2,963,127	20	204,790	239	3,167,917
67	177	2,364,902	19	154,595	196	2,519,497
68	217	2,497,129	28	263,405	245	2,760,534
69	226	2,877,199	25	264,889	251	3,142,088
70	250	3,036,842	25	213,265	275	3,250,107
71	252	2,888,298	43	286,694	295	3,174,992
72	247	3,120,833	44	369,563	291	3,490,396
73	228	2,823,509	48	367,978	276	3,191,487

TABLE 7A

**THE NUMBER AND ANNUAL BENEFITS PAYABLE TO
CONSENTING GENERAL EMPLOYES FROM THE COMBINED FUND
AS OF DECEMBER 31, 2002**

Age	Members		Beneficiaries		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
74	224	2,383,779	51	460,574	275	2,844,353
75	229	2,385,145	48	456,890	277	2,842,035
76	250	2,816,033	50	327,098	300	3,143,131
77	216	2,405,830	56	407,460	272	2,813,290
78	247	2,492,704	51	342,216	298	2,834,920
79	189	1,793,645	58	346,945	247	2,140,590
80	188	1,951,762	71	435,420	259	2,387,182
81	204	1,846,401	75	510,173	279	2,356,574
82	139	1,154,706	63	381,715	202	1,536,421
83	117	1,097,187	48	286,920	165	1,384,107
84	132	1,088,937	52	325,634	184	1,414,571
85	109	834,192	45	267,565	154	1,101,757
86	97	673,299	46	258,558	143	931,857
87	68	500,963	35	185,943	103	686,906
88	67	459,624	25	155,222	92	614,846
89	50	366,589	27	160,869	77	527,458
90	37	293,781	24	122,370	61	416,151
91	26	194,364	19	122,111	45	316,475
92	24	156,818	13	59,751	37	216,569
93	10	73,926	10	77,650	20	151,576
94	12	71,329	7	41,110	19	112,439
95	7	29,481	5	40,242	12	69,723
96	6	55,925	3	25,982	9	81,907
97	4	35,149			4	35,149
98	1	14,805			1	14,805
99	1	7,356	1	4,617	2	11,973
100			2	9,126	2	9,126
101	2	8,611	2	14,474	4	23,085
Total	6,003	\$ 73,737,938	1,368	\$ 10,177,911	7,371	\$ 83,915,849

TABLE 7B

**THE NUMBER AND ANNUAL BENEFITS PAYABLE TO
CONSENTING FIREMEN FROM THE COMBINED FUND
AS OF DECEMBER 31, 2002**

Age	Members		Beneficiaries		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
12			2	\$ 17,298	2	\$ 17,298
17			2	17,298	2	17,298
24	1	28,992			1	28,992
31	1	24,624			1	24,624
35	1	35,883			1	35,883
36	1	40,438			1	40,438
37			1	16,774	1	16,774
38	2	71,766			2	71,766
39	1	34,932			1	34,932
40	2	71,915			2	71,915
41	4	149,410			4	149,410
42	5	176,461			5	176,461
43	7	179,552	1	7,200	8	186,752
44	6	200,770			6	200,770
45	9	277,398			9	277,398
46	9	314,822			9	314,822
47	8	300,527	1	26,909	9	327,436
48	7	249,080	1	6,591	8	255,671
49	13	461,345	1	25,755	14	487,100
50	9	319,354	4	46,666	13	366,020
51	7	271,690			7	271,690
52	8	246,101			8	246,101
53	22	858,328	1	5,096	23	863,424
54	16	642,439	1	21,784	17	664,223
55	25	1,132,545	2	29,950	27	1,162,495
56	33	1,330,151	1	10,313	34	1,340,464
57	18	681,589	4	104,673	22	786,262
58	23	831,984	3	68,854	26	900,838
59	40	1,456,676	8	165,126	48	1,621,802
60	23	956,670	1	18,957	24	975,627
61	33	1,262,948	4	79,714	37	1,342,662
62	25	935,448	2	13,931	27	949,379
63	20	667,090	1	47,006	21	714,096
64	30	1,040,753	5	68,131	35	1,108,884
65	24	863,991	1	3,600	25	867,591
66	21	804,275	14	216,890	35	1,021,165
67	22	687,435	4	61,724	26	749,159
68	16	540,967	5	75,894	21	616,861
69	14	425,020	5	83,919	19	508,939
70	21	676,587	12	182,005	33	858,592

TABLE 7B

**THE NUMBER AND ANNUAL BENEFITS PAYABLE TO
CONSENTING FIREMEN FROM THE COMBINED FUND
AS OF DECEMBER 31, 2002**

Age	Members		Beneficiaries		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
71	35	1,054,282	17	237,432	52	1,291,714
72	35	1,132,514	15	197,726	50	1,330,240
73	41	1,173,503	6	99,344	47	1,272,847
74	24	698,924	19	308,742	43	1,007,666
75	24	657,601	11	140,713	35	798,314
76	27	711,560	16	195,889	43	907,449
77	19	567,391	9	108,028	28	675,419
78	15	369,616	3	29,276	18	398,892
79	14	375,763	2	16,859	16	392,622
80	10	264,156	2	32,540	12	296,696
81	12	293,513	4	47,725	16	341,238
82	9	185,685	3	23,565	12	209,250
83	5	90,891	3	23,661	8	114,552
84	5	96,704			5	96,704
85	1	20,028	2	10,247	3	30,275
Total	803	\$ 26,942,087	199	\$ 2,893,805	1,002	\$ 29,835,892

TABLE 7C

**THE NUMBER AND ANNUAL BENEFITS PAYABLE TO
CONSENTING POLICEMEN FROM THE COMBINED FUND
AS OF DECEMBER 31, 2002**

Age	Members		Beneficiaries		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
5			2	\$ 27,569	2	\$ 27,569
17			2	7,200	2	7,200
20			1	16,775	1	16,775
29			1	8,687	1	8,687
32	1	33,613	1	8,687	2	42,300
35	1	32,595			1	32,595
36	2	25,425	1	22,901	3	48,326
37	1	35,245			1	35,245
38	1	35,052			1	35,052
40	6	200,770	1	28,306	7	229,076
41	2	70,672	4	56,736	6	127,408
42	4	132,055	1	32,134	5	164,189
43	5	185,419	1	11,798	6	197,217
44	9	304,687			9	304,687
45	5	181,254	3	25,407	8	206,661
46	13	526,255	3	56,590	16	582,845
47	19	741,446	1	12,924	20	754,370
48	18	735,623	1	24,861	19	760,484
49	26	1,103,797	1	10,469	27	1,114,266
50	21	828,834	2	57,354	23	886,188
51	29	1,239,336	4	95,576	33	1,334,912
52	43	1,756,981	3	70,410	46	1,827,391
53	46	1,842,416	6	117,158	52	1,959,574
54	59	2,552,314	3	71,906	62	2,624,220
55	81	3,340,486	2	44,546	83	3,385,032
56	64	2,519,748	5	124,768	69	2,644,516
57	48	1,889,172	6	124,625	54	2,013,797
58	63	2,462,266	4	78,718	67	2,540,984
59	68	2,520,651	6	120,339	74	2,640,990
60	80	2,884,594	6	135,568	86	3,020,162
61	51	1,912,206	4	92,342	55	2,004,548
62	57	1,969,155	7	99,202	64	2,068,357
63	50	1,710,062	3	32,005	53	1,742,067
64	43	1,342,910	7	82,550	50	1,425,460
65	42	1,396,033	2	32,919	44	1,428,952
66	39	1,255,775	13	243,858	52	1,499,633
67	38	1,161,142	8	95,373	46	1,256,515
68	36	1,148,320	12	173,232	48	1,321,552
69	30	771,883	16	236,029	46	1,007,912
70	42	1,230,146	20	203,306	62	1,433,452

TABLE 7C

**THE NUMBER AND ANNUAL BENEFITS PAYABLE TO
CONSENTING POLICEMEN FROM THE COMBINED FUND
AS OF DECEMBER 31, 2002**

Age	Members		Beneficiaries		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
71	52	1,462,045	12	200,764	64	1,662,809
72	41	1,154,334	14	163,656	55	1,317,990
73	52	1,451,622	19	257,142	71	1,708,764
74	42	1,130,408	25	359,398	67	1,489,806
75	59	1,493,179	20	253,208	79	1,746,387
76	32	780,318	15	173,977	47	954,295
77	33	727,172	13	113,578	46	840,750
78	27	548,263	15	160,253	42	708,516
79	36	671,096	11	99,889	47	770,985
80	21	438,889	8	104,119	29	543,008
81	13	237,950	7	57,544	20	295,494
82	11	204,379	7	60,968	18	265,347
83	7	137,082	3	23,414	10	160,496
84	5	79,956	1	7,721	6	87,677
85	1	3,998	2	13,003	3	17,001
86			1	4,197	1	4,197
87	1	15,780	1	7,410	2	23,190
Total	1,576	\$ 52,614,809	337	\$ 4,743,069	1,913	\$ 57,357,878

TABLE 8

**THE NUMBER AND ANNUAL BENEFITS PAYABLE TO
NON-CONSENTERS FROM THE RETIREMENT FUND
AS OF DECEMBER 31, 2002**

Age	Members		Beneficiaries		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
48	1	\$ 5,188	1	\$ 5,031	2	\$ 10,219
55	1	25,722			1	25,722
62	1	15,107			1	15,107
63			1	8,524	1	8,524
66	1	1,014			1	1,014
68	1	1,254			1	1,254
69			1	7,509	1	7,509
70	4	33,026			4	33,026
71	1	880			1	880
73	2	13,621	1	579	3	14,200
75	4	32,199	1	5,769	5	37,968
76	3	10,602			3	10,602
77	1	9,211			1	9,211
78	1	960			1	960
79	2	21,664			2	21,664
81	3	9,464			3	9,464
82	3	12,551	1	7,379	4	19,930
83	1	5,023	1	2,187	2	7,210
85	1	8,252			1	8,252
86	1	3,065			1	3,065
87	1	6,273			1	6,273
88	1	7,955			1	7,955
89	2	19,656			2	19,656
90	1	1,108			1	1,108
91	1	2,240			1	2,240
92			2	6,780	2	6,780
94			1	10,870	1	10,870
Total	38	\$ 246,035	10	\$ 54,628	48	\$ 300,663

July 21, 2003

Ms. Anne M. Bahr
Secretary and Executive Director
City of Milwaukee
Employes' Retirement System
City Hall, Room 603
200 E. Wells St.
Milwaukee, Wisconsin 53202

Dear Anne:

Enclosed are one unbound and 15 bound copies of the City of Milwaukee Employes' Retirement System Actuarial Valuation as of January 1, 2003. Also enclosed are 15 bound copies of the Board Presentation.

I look forward to seeing you July 29th.

Sincerely,

S. Lynn Hill
Associate Principal, Retirement Consulting

SLH:pl
12736/C2281RET01-2003-Val.doc

Enc.