

**CITY OF MILWAUKEE
EMPLOYEES' RETIREMENT SYSTEM**

**ACTUARIAL VALUATION
AS OF JANUARY 1, 2007**

July 13, 2007

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, 2007, 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, 2007.

The results of this valuation reflect improved reporting of participant data that was provided by a new ERS benefit administration system. This change is discussed on page 2 of this report.

Global Pension Settlement (GPS) benefits have been provided to 77 individuals who consented to the GPS since the last valuation and, as a result, assets are transferred from the non-consenter funds in which these members previously participated to the Global Combined Fund.

The valuation was based on the actuarial assumptions and methods as adopted by the Board of Trustees, and as specified by the Charter. Except for an improvement to the methodology used to project future serve of active members (based on the improved participant data reporting discussed above), the methods and assumptions are the same as those used for the prior valuation.

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.

Financing Objective and Employer Contribution

The results of the January 1, 2007 valuation determine the employer contribution for the year ending December 31, 2007.

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 \$0 (zero) for the 2007 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
Director, Retirement Consulting



Timothy Abramic
Director, Consulting Actuary

SLH:pl
12736/C5650RET01-2007-Valuation.doc

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-ninth annual actuarial valuation of the System as of January 1, 2007.

In this report we present the results of the January 1, 2007 valuation and the recommended employer contributions for the year ending December 31, 2007. 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 35-44, were adopted as of January 1, 2003, and are based on the experience study for the five-year period ended December 31, 2001. The methodology used to project future service of active members was revised this year to reflect improved reporting of participant data by the retirement system. 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

During calendar year 2006 the ERS implemented a new benefit and data administration system that allows more detailed reporting of participant data to the actuary. As a result, the participant data for this valuation included actual qualifying time and credited service, as well as a five-year history of hours worked, and additional data useful for projecting the future service credit of active members. In previous valuations both past and future service credits were estimated based on information about enrollment dates and hours worked in the year prior to the valuation.

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, 2006 actuarial valuation was completed, 77 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, 2007 valuation reflects the impact of this change.

Fiscal Impact of Changes

As a result of improved reporting of participant data, the accrued liability decreased by \$8.6 million, which increased the funded status by 0.2%.

The fiscal impact of new consents to GPS is explained on page 4.

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, 2007. Comparable results from the January 1, 2006 valuation are also shown.

Item	January 1, 2007	January 1, 2006
Membership Data		
Active Members		
➤ Number	11,928	12,015
➤ Total Annual Covered Payroll on the Valuation Date	\$ 528,854,000	\$ 515,934,000
➤ Average Pay	\$ 44,337	\$ 42,941
Retirees and Beneficiaries		
➤ Number	10,854	10,787
➤ Annual Benefit	\$ 211,100,541	\$ 201,554,748
➤ Average Benefit Payment	\$ 19,449	\$ 18,685
Asset Values (includes contributions receivable)		
➤ Actuarial Value	\$ 4,899,721,000	\$ 4,556,371,000
➤ Market Value	\$ 5,087,083,000	\$ 4,602,191,000
Actuarially Determined Employer Contribution	Due 1/31/2008	Due 1/31/2007
➤ Annual Cost	\$ 0	\$ 0
➤ As % of Covered Payroll	0.00%	0.00%
Funded Status		
➤ Accrued Liability	\$ 3,846,481,000	\$ 3,706,198,000
➤ Actuarial Value of Assets	<u>4,899,721,000</u>	<u>4,556,371,000</u>
➤ Unfunded (Overfunded) Accrued Liability	\$ (1,053,240,000)	\$ (850,173,000)
➤ Funded Ratio Based on Actuarial Value of Assets	127.4%	122.9%
➤ Accrued Liability	\$ 3,846,481,000	\$ 3,706,198,000
➤ Market Value of Assets	<u>5,087,083,000</u>	<u>4,602,191,000</u>
➤ Unfunded (Overfunded) Accrued Liability	\$ (1,240,602,000)	\$ (895,993,000)
➤ Funded Ratio Based on Market Value of Assets	132.3%	124.2%

Fiscal Impact of New Consents to the Global Pension Settlement

Based on data provided to the actuary, 77 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 \$520 thousand. At the direction of the Court, the ERS has continued to accept and process GPS consent forms and additional Consenters will be included in future actuarial valuations. Benefits will not change for individuals who do not consent to GPS.

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 non-consenting members who had separated without rights to a future ERS benefit have returned to service. Table 5 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 required division of assets for members who consented during 2006 was calculated as of January 1, 2006 (the beginning of the year of consent). Table 7 of this report provides the necessary details.

Contribution Requirements for Fiscal Year 2007

Actuarially Determined Employer Contributions: The recommended contribution for 2007 payable January 31, 2008 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	0	0	0	0
Heart & Lung Fund	N/A	N/A	0	0
Combined Retirement & Disability Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Contribution	\$ 0	\$ 0	\$ 0	\$ 0
Covered Compensation	\$ 347,717,000	\$ 120,319,000	\$ 60,818,000	\$ 528,854,000
Total Contribution as a Percentage of Covered Compensation	0.0%	0.0%	0.0%	0.0%

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 127.4% as of January 1, 2007. The funded ratio is based on an actuarial value of assets of \$4.900 billion and an accrued liability of \$3.846 billion.

Reasons for Change in the Funded Ratio

The funded ratio increased from 122.9% as of January 1, 2006 to 127.4% as of January 1, 2007. The change is primarily due to the return on the actuarial value of assets, which was 11.83% for the 2006 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 11a) 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 127.4% as of January 1, 2007. The funded ratio is based on an actuarial value of assets of \$4.900 billion and an accrued liability of \$3.846 billion.

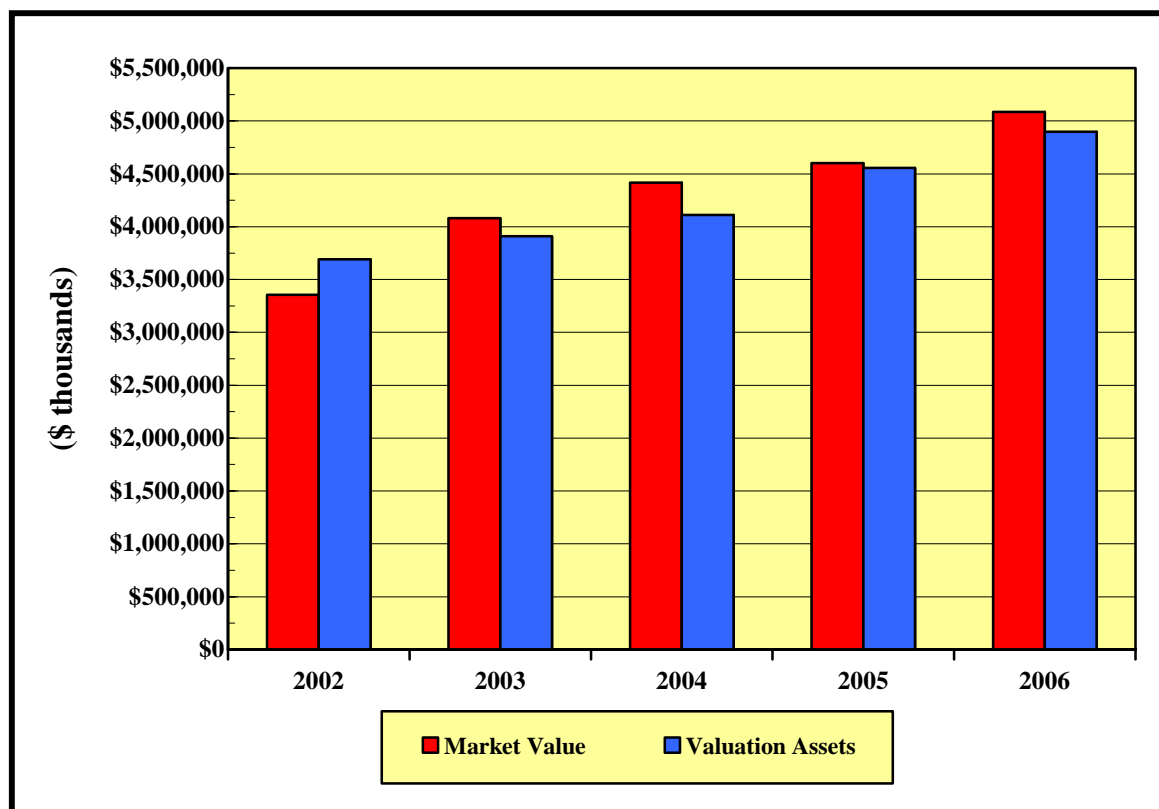
The “schedule of employer contributions” (Table 11b) shows historical trend information about the annual required contributions (ARC) of the employer and the percentage of the ARC contributed to the System. The ARC is equal to the normal cost plus amortization of the unfunded actuarial accrued liability. The maximum period for amortizing the unfunded actuarial accrued liability permitted by GASB No. 25 is 30 years. 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, 2006, was 14.85%. The return based on the actuarial value of assets used for determining the System's funded status was 11.83%. 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
2006	11.83%
2005	15.34
2004	9.49
2003	10.46
2002	(9.59)

Five-Year History of Market Value and Valuation Assets



The remainder of this report is comprised of the following:

Results of the Valuation		<u>Page No.</u>
Tables 1a/1b/1c	- Allocation of Total Contributions to Employee Groups	10-12
Table 2a	- Determination of Employer Contributions to Retirement Fund	13
Table 2b	- Determination of Employer Contributions to Combined Retirement & Disability Fund.....	14
Table 2c	- Determination of Employer Contributions to Combined Fund	15
Table 3	- Determination of Employer Contributions to Duty Disability Funds	16
Table 4	- Determination of City Contributions to Firemen's Heart and Lung Fund.....	17
Table 5	- Member Data	18-20
Financial Data		
Table 6	- Summary of Market Value of Plan Assets	22
Table 7	- Allocations Between Non-Consenters Who Consented to Global Settlement During 2006 and Those Who Did Not	23
Table 8	- Actuarial Value of Assets	24
Table 9	- Allocation of Assets Among Funds.....	25
Disclosure		
Table 10a	- Funded Status Based on Actuarial Assets	27
Table 10b	- Funded Status Based on Market Assets.....	28
Table 11a	- Schedule of Funding Progress – GASB Statement No. 25 Disclosure	29
Table 11b	- Schedule of Employer Contributions – GASB Statement No. 25 Disclosure	30
Table 12	- Actuarial Balance Sheet for Members.....	31
Description of Actuarial Methods and Assumptions		32-41
Summary of Plan Provisions.....		42-76
Age/Service Distributions		77-87
Detailed Tabulations of the Data		88-104

Table 1a

**Allocation of Total 2007 Contributions to Employee Groups
Members in Retirement and Duty Disability Funds
Amount Due January 31, 2008**

Group	Active Members	Covered Compensation	Fund			January 31, 2008	
			Retirement	Duty Disability	Heart & Lung	Total Due	% of Pay
General City	40	\$ 1,945,942	\$ -	\$ -	\$ -	\$ -	0.00%
Water Department	4	226,544	-	-	-	-	0.00%
School Board	51	1,389,572	-	-	-	-	0.00%
Milwaukee Technical College	-	-	-	-	-	-	
Sewerage Commission	2	117,054	-	-	-	-	0.00%
Wisconsin Center District	1	31,204	-	-	-	-	0.00%
Housing Authority	-	-	-	-	-	-	
Policemen	-	-	-	-	-	-	
Firemen	-	-	-	-	-	-	
TOTAL	98	\$ 3,710,316	\$ -	\$ -	\$ -	\$ -	0.00%

Table 1b

**Allocation of Total 2007 Contributions to Employee Groups
Members in Combined Retirement and Disability Fund
Amount Due January 31, 2008**

Group	Active Members	Covered Compensation	Fund		January 31, 2008	
			Combined Retirement & Disability	Heart & Lung	Total Due	% of Pay
General City	34	\$ 1,526,790	\$ -	\$ -	\$ -	0.00%
Water Department	-	-	-	-	-	
School Board	52	1,230,358	-	-	-	0.00%
Milwaukee Technical College	-	-	-	-	-	
Sewerage Commission	2	152,907	-	-	-	0.00%
Wisconsin Center District	3	51,737	-	-	-	0.00%
Housing Authority	1	47,909	-	-	-	0.00%
Policemen	1	60,169	-	-	-	0.00%
Firemen	-	-	-	-	-	
TOTAL	93	\$ 3,069,870	\$ -	\$ -	\$ -	0.00%

Table 1c

**Allocation of Total 2007 Contributions to Employee Groups
Combined Fund
Amount Due January 31, 2008**

Group	Active Members	Covered Compensation	January 31, 2008	
			Total Due	% of Pay
General City	A 3,568	\$ 173,941,664	\$ -	0.00%
Water Department	317	15,823,763	-	0.00%
School Board	4,199	113,601,010	-	0.00%
Milwaukee Technical College	6	308,336	-	0.00%
Sewerage Commission	384	23,942,544	-	0.00%
Wisconsin Center District	68	2,936,297	-	0.00%
Housing Authority	186	10,442,877	-	0.00%
Policemen	B 2,037	120,258,804	-	0.00%
Firemen	C 972	60,818,498	-	0.00%
TOTAL	11,737	\$ 522,073,793	\$ -	0.00%

Table 2a

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

Item	General Employees	Police	Fire	Total
1. Active Members	98	-	-	98
2. Covered Compensation	\$ 3,710	\$ -	\$ -	\$ 3,710
3. Normal Cost				
a. Total	366	-	-	366
b. Estimated Member Contributions	204	-	-	204
c. Employer Normal Cost (a) - (b), not less than zero	162	-	-	162
4. Active Actuarial Accrued Liability	7,708	-	-	7,708
5. Actuarial Assets (Net of Inactive Liabilities)	21,521	-	-	21,521
6. Unfunded Accrued Liability (4) - (5)	(13,813)	-	-	(13,813)
7. Amortization of UAL (average future working lifetime (10 years))	(1,940)	-	-	(1,940)
8. Full Funding Limit* (3) + (6), not less than zero, with interest to 1/31/2008	-	-	-	-
9. Annual Contribution Payable January 31, 2008 (3) + (7), with interest to 1/31/2008, but not more than (8)	\$ -	\$ -	\$ -	\$ -

* The full funding limit is the contribution which, if made January 31, 2008, 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 Employees	Police	Fire	Total
1. Active Members	92	1	-	93
2. Covered Compensation	\$ 3,010	\$ 60	\$ -	\$ 3,070
3. Normal Cost				
a. Total	208	8	-	216
b. Estimated Member Contributions	166	4	-	170
c. Employer Normal Cost (a) - (b), not less than zero	42	4	-	46
4. Active Actuarial Accrued Liability	1,779	58	-	1,837
5. Actuarial Assets (Net of Inactive Liabilities)	1,981	66	-	2,047
6. Unfunded Accrued Liability (UAL) (4) - (5)	(202)	(8)	-	(210)
7. Amortization of UAL (average future working lifetime)	(24) (13 years)	(1) (17 years)	-	(25)
8. Full Funding Limit* (3) + (6), not less than zero, with interest to 1/31/2008	-	-	-	-
9. Annual Contribution Payable January 31, 2008 (3) + (7), with interest to 1/31/2008, but not more than (8)	\$ -	\$ -	\$ -	\$ -

* The full funding limit is the contribution which, if made January 31, 2008, 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	8,728	2,037	972	11,737
2. Covered Compensation	\$ 340,997	\$ 120,259	\$ 60,818	\$ 522,074
3. Normal Cost				
a. Total	38,843	28,350	15,668	82,861
b. Estimated Member Contributions	20,094	8,418	4,257	32,769
c. Employer Normal Cost (a) - (b), not less than zero	18,749	19,932	11,411	50,092
4. Active Actuarial Accrued Liability	716,164	415,328	295,094	1,426,586
5. Actuarial Assets (Net of Inactive Liabilities)	1,226,174	711,100	505,242	2,442,516
6. Unfunded Accrued Liability (4) - (5)	(510,010)	(295,772)	(210,148)	(1,015,930)
7. Amortization of UAL (average future working lifetime)	(76,818) (9 years)	(37,115) (12 years)	(27,792) (11 years)	(141,725)
8. Full Funding Limit* (3) + (6), not less than zero, with interest to 1/31/2008	-	-	-	-
9. Annual Contribution Payable January 31, 2008 (3) + (7), with interest to 1/31/2008, but not more than (8)	\$ -	\$ -	\$ -	\$ -

* The full funding limit is the contribution which, if made January 31, 2008, 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	98	-	-	98
2. Covered Compensation	\$ 3,710	\$ -	\$ -	\$ 3,710
3. Normal Cost				
a. Total	7	-	-	7
b. Estimated Member Contributions	-	-	-	-
c. Employer Normal Cost (a) - (b), not less than zero	7	-	-	7
4. Accrued Liability				
a. Actives	135	-	-	135
b. Annuitants	-	-	-	-
c. Total	135	-	-	135
5. Actuarial Value of Assets	187	-	-	187
6. Unfunded Accrued Liability (UAL) (4) - (5)	(52)	-	-	(52)
7. Amortization of UAL (average future working lifetime)	(7) (10 years)	-	-	(7)
8. Full Funding Limit* (3) + (6), not less than zero, with interest to 1/31/2008	-	-	-	-
9. Annual Contribution Payable January 31, 2008 (3) + (7), with interest to 1/31/2008, but not more than (8)	\$ -	\$ -	\$ -	\$ -

* The full funding limit is the contribution which, if made January 31, 2008, 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 & 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 1/31/2008	
8. Annual Contribution	\$ -
Payable January 31, 2008	

* The full funding limit is the contribution which, if made January 31, 2008, would bring the assets at that date equal to the expected Actuarial Accrued Liability at that date.

Table 5
Member Data

Item	12/31/2005	12/31/2006		
Number of Members	Total	Vested	Non- Vested	Total
Active				
General Employes	9,022	7,480	1,438	8,918
Policemen	2,003	1,670	368	2,038
Firemen	990	907	65	972
Total Active Members	12,015	10,057	1,871	11,928
Inactive				
Deferred Retirees/Refunds	3,899			3,652
Deferred Fire & Police Survivors	14			12
Total Inactive Members	3,913			3,664
Benefit Recipients				
Combined Fund				
General Employes	7,674			7,692
Policemen	2,014			2,054
Firemen	1,072			1,082
Combined Fund Subtotal	10,760			10,828
Retirement Fund	27			26
Duty Disability Funds				
General Employes	-			-
Firemen	-			-
Policemen	-			-
Duty Disability Funds Subtotal	-			-
Firemen's Heart & Lung Fund	-			-
Total Benefit Recipients	10,787			10,854
TOTAL Membership	26,715			26,446

Notes:

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

Table 5
Member Data
(continued)

Item	12/31/2006 Membership		
Number of Members	Consenters	Others	Total
Active			
General Employes	8,728	190	8,918
Policemen	2,037	1	2,038
Firemen	972	-	972
Total Active Members	11,737	191	11,928
Inactive			
Deferred Retirees/Refunds	3,325	327	3,652
Deferred Fire & Police Survivorship Fund	12	-	12
Total Inactive Members	3,337	327	3,664
Benefit Recipients			
Combined Fund	10,828		10,828
Retirement Fund		26	26
Duty Disability Funds			
General Employes		-	-
Firemen		-	-
Policemen		-	-
Duty Disability Funds Subtotal		-	-
Firemen's Heart & Lung Fund		-	-
Total Benefit Recipients	10,828	26	10,854
TOTAL Membership	25,902	544	26,446

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 5
Member Data
(continued)

Item	12/31/2005	12/31/2006
Annual Earnings		
General Employes	\$ 342,161,000	\$ 347,717,000
Policemen	114,839,000	120,319,000
Firemen	58,934,000	60,818,000
Total Annual Earnings	\$ 515,934,000	\$ 528,854,000
Average Earnings		
General Employes	\$ 37,925	\$ 38,990
Policemen	\$ 57,333	\$ 59,038
Firemen	\$ 59,529	\$ 62,570
Annual Benefit Payments Currently Being Made		
Combined Fund	\$ 201,357,627	\$ 210,900,285
Retirement Fund	\$ 197,121	\$ 200,256
Duty Disability Funds		
General Employes	\$ -	\$ -
Firemen	-	-
Policemen	-	-
Duty Disability Funds Subtotal	\$ -	\$ -
Firemen's Heart & Lung Fund	\$ -	\$ -
Total Benefit Payments	\$ 201,554,748	\$ 211,100,541

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, 2006.

The Global Pension Settlement (GPS) requires transfers between various funds as of January 1, 2006 for members who consented to GPS during 2006. This adjustment to the System's market value of assets is shown in Table 7.

Table 6
Summary of Market Value of Plan Assets
As of January 1, 2007
(in thousands)

Item	Amount
1. Market Value of Assets as of December 31, 2005 (Unaudited)	\$ 4,602,191
2. Contributions During Year	
a. Member	31,979
b. City to Employers' Reserve Fund	-
c. Employer (receivable 1/31/2007)	-
d. Total	31,979
3. Disbursements During Year	
Benefit Payments and Refunds During Year	216,647
4. Investment Return (net of Administrative Expenses and net of adjustment from unaudited to audited 12/31/2005 market value)	669,560
5. Market Value of Assets as of December 31, 2006 (Unaudited) (1) + (2d) - (3) + (4)	5,087,083
6. Average Market Value During 2006 (1) + ((2a) - (3))/2	\$ 4,509,857
7. Rate of Return (4) / (6)	14.85%

Table 7

**Allocations Between Non-Consenters Who Consented to Global Settlement During 2006 and Those Who Did Not
Allocation of 1/1/2006 Market Value of Assets in Proportion to 1/1/2006 Accrued Liability
Allocation of 1/31/2007 Employer Contribution in Proportion to 1/1/2006 Covered Compensation
(in dollars)**

Fund	Allocation of 1/1/2006 Market Value of Assets in Funds for Non-Consenters in Proportion to 1/1/2006 Accrued Liability			Allocation of 1/31/2007 Employer Contribution to Funds for Non-Consenters in Proportion to 1/1/2006 Covered Compensation		
	Consenters in 2006	Others	Total (Audited)	Consenters in 2006	Others	Total
1. Retirement Fund	\$ 3,041,689	\$ 23,464,076	\$ 26,505,765	\$ -	\$ -	\$ -
2. General Employees' Duty Disability Fund	34,525	168,538	203,063	-	-	-
3. Fire & Police Duty Disability Fund	-	-	-	-	-	-
4. Firemen's Heart & Lung Fund	-	-	-	-	-	-
5. Combined Retirement & Disability Fund	485,136	1,932,995	2,418,131	-	-	-
6. Total Funds for Non-Consenters	\$ 3,561,350	\$ 25,565,609	\$ 29,126,959	\$ -	\$ -	\$ -

Notes:

- (1) January 1, 2006 Assets allocated to members who consented to Global Settlement during 2006 are transferred to the Global Combined Fund as of January 1, 2006.
- (2) January 31, 2007 Employer Contributions allocated to members who consented to Global Settlement during 2006 are credited to the Global Combined Fund instead of to the funds for non-consenters.

Table 8

**Actuarial Value of Assets as of January 1, 2007
(in thousands)**

Item	Total
1. Preliminary Actuarial Value January 1, 2006	\$ 4,556,226
2. Market Value January 1, 2006	4,602,191
3. Market Value January 1, 2007	5,087,083
4. Contributions	
(a) Member	31,979
(b) Employer	-
(c) Total	<u>31,979</u>
5. Benefits and Refunds Paid	216,647
6. Actual Market Return Net of Administrative Expenses	669,560
7. Expected Market Return based on 8-1/2% Interest	383,338
8. Excess of Actual over Expected Return	
(a) Current Year	286,222
(b) Previous Year	(8,490)
(c) Second Previous Year	154,875
9. Recognized Excess	
(a) Current Year	95,407
(b) Previous Year	(2,830)
(c) Second Previous Year	51,625
(d) Total	<u>144,202</u>
10. Preliminary Value January 1, 2007 (1) + (4) - (5) + (7) + (9)	4,899,098
11. Ratio of Preliminary Value to Market Value (10) / (3)	96.30%
12. Ratio Adjusted for 90%/110% Corridor*	96.30%
13. Balance in Employers' Reserve Fund	23,235
14. Market Value Excluding Employers' Reserve Fund (3) - (13)	5,063,848
15. Actuarial Value (12) x (14) + (13)	\$ 4,899,721
16. Rate of Return on Actuarial Value of Assets	11.83%

* The actuarial value shall not be less than 90% nor greater than 110% of Market Value.

Table 9
Allocation of Assets Among Funds
as of January 1, 2007
(in thousands)

Fund	Market Value	Actuarial Value
1. Global Combined Fund	\$ 5,034,342	\$ 4,848,071
2. Employers' Reserve Fund	23,235	23,235
3. Retirement Fund	26,949	25,952
4. General Employes' Duty Disability Fund	194	187
5. Fire & Police Duty Disability Fund	-	-
6. Firemen's Heart & Lung Fund	-	-
7. Combined Retirement & Disability Fund	<u>2,363</u>	<u>2,276</u>
8. Total all Funds	\$ 5,087,083	\$ 4,899,721

Notes:

(1) Values shown include January 31, 2007 contributions receivable

DISCLOSURE

Table 10 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 11). For historical purposes, Table 12 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 11a) 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 11b) shows historical information about the annual required contributions (ARC) of the employer and the percentage of the ARC contributed to the System.

Table 10a
January 1, 2007 Valuation
Funded Status on Actuarial Value of Assets
(in thousands)

Fund	Accrued Liability	Actuarial Value of Assets	Percent Funded
1. Global Combined Fund	\$ 3,832,140	\$ 4,848,071	126.5%
2. Employers' Reserve Fund	-	23,235	N/A
3. Retirement Fund	12,139	25,952	213.8%
4. General Employes' Duty Disability Fund	135	187	138.5%
5. Fire & Police Duty Disability Fund	-	-	N/A
6. Firemen's Heart & Lung Fund	-	-	N/A
7. Combined Retirement & Disability Fund	<u>2,067</u>	<u>2,276</u>	110.1%
8. Total All Funds	\$ 3,846,481	\$ 4,899,721	127.4%

Table 10b
January 1, 2007 Valuation
Funded Status on Market Value of Assets
(in thousands)

Fund	Accrued Liability	Market Value of Assets	Percent Funded
1. Global Combined Fund	\$ 3,832,140	\$ 5,034,342	131.4%
2. Employers' Reserve Fund	-	23,235	N/A
3. Retirement Fund	12,139	26,949	222.0%
4. General Employes' Duty Disability Fund	135	194	143.7%
5. Fire & Police Duty Disability Fund	-	-	N/A
6. Firemen's Heart & Lung Fund	-	-	N/A
7. Combined Retirement & Disability Fund	<u>2,067</u>	<u>2,363</u>	114.3%
8. Total All Funds	\$ 3,846,481	\$ 5,087,083	132.3%

Table 11a
Schedule of Funding Progress
GASB Statement No. 25 Disclosure
(\$ in thousands)

Valuation as of January 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2007	\$ 4,899,721	\$ 3,846,481	\$ -	127.4%	\$ 528,854	0.0%
2006	4,556,371	3,706,198	-	122.9%	515,934	0.0%
2005	4,112,558	3,523,179	-	116.7%	505,609	0.0%
2004	3,909,085	3,370,923	-	116.0%	486,384	0.0%
2003	3,689,981	3,204,248	-	115.2%	480,800	0.0%
2002	4,242,333	3,091,511	-	137.2%	466,757	0.0%
2001	4,202,023	2,988,140	-	140.6%	459,271	0.0%
2000	4,088,042	2,979,234	-	137.2%	466,732	0.0%
1999	3,748,894	2,435,776	-	153.9%	448,972	0.0%
1998	3,346,051	2,322,020	-	144.1%	443,357	0.0%

Table 11b
Schedule of Employer Contributions
GASB Statement No. 25 Disclosure
(in thousands)

Fiscal Year Ended December 31	Annual Required Contribution	Percentage Contributed*
2006	\$ -	100%
2005	47	100%
2004	46	100%
2003	78	100%
2002	32	100%
2001	144	100%
2000	238	100%
1999	6,806	100%
1998	6,050	100%
1997	5,079	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, 2006 was contributed for the fiscal year ending December 31, 2006).

The Annual Required Contribution (ARC) is the sum of the defined contribution to the Fire and Police Survivorship Fund (dissolved November 22, 2004) 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, 2007
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Closed; Level dollar
Remaining Amortization Period:	9-17 years
Asset Valuation Method:	3-year market-related value

Actuarial Assumptions:

- Investment Rate of Return 8.5%
- | | | |
|----------------------------|-------------------------------|------------------------------------|
| Projected Salary Increases | <u>General</u>
3.5% - 7.5% | <u>Police and Fire</u>
4% - 14% |
|----------------------------|-------------------------------|------------------------------------|
- Inflation Assumption 3.0%
 - Cost of Living Adjustments Vary by Employee Group
as explained in summary
of plan provisions

Table 12
Actuarial Balance Sheet
for Members at January 1, 2007
(in thousands)

Item	Amount
Assets:	
Market Value of Assets	\$ 5,087,083
Market Adjustment	<u>(187,362)</u>
Actuarial Value of Assets	\$ 4,899,721
Liabilities:	
Actuarial Present Value of Credited Projected Benefits	
Annuitants	\$ 2,316,108
Inactive Members	
Member Contributions	66,420
Employer Financed Portion	27,687
Active Members	
Member Contributions	445,826
Employer Financed Portion	990,440
Reserve for Adverse Experience	<u>1,053,240</u>
Total Liabilities	\$ 4,899,721

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 AAL over the Actuarial Value of Assets. 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 6.)

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 8.) 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:

Member's Age at Death or Disability	Number of Dependent Children	Age of Youngest Child
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

Employee Group	Percentage of Disabilities	Percentage of Duty Disabilities Assumed		Assumption Adopted January 1
	Incurred in the Performance of Duty	Eligible For The Special 90% Benefit	Under The Heart & Lung Law	
General	20.0%	N/A	N/A	1998
Police other than MPA	85.0%	5.0%	N/A	2003
MPA enrolled on or before 4/18/2005	85.0%	5.0%	N/A	2003
MPA enrolled after 4/18/2005	73.3%	7.5%	N/A	2006
Fire other than MPFFA	85.0%	5.0%	20.0%	2003
MPFFA enrolled on or before 10/3/2005	85.0%	5.0%	20.0%	2003
MPFFA enrolled after 10/3/2005	73.3%	7.5%	30.0%	2006

Imputed Military Service

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

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

These percentages are based on troop strength statistics from the Department of Defense website.

Seasonal Service Credit

The following percentage of eligible members are assumed to receive one year of seasonal service credit:

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

Miscellaneous

For members active on the valuation date, credited service in each future year is assumed to be the greater of credited service earned in the year prior to the valuation, or the average of the three highest years of service credit out of the five years that preceded the valuation date (adopted 1/1/2007).

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 5. 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	-	-

* For members of the MPA enrolled after 4/18/2005, and members of the MPFFA Local 215 enrolled after 10/3/2005, 77.39% of the rates of disability that apply to police and fire who enrolled on or before those dates.

**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 employes who were in service as of January 1, 1938. New employes 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 employe prior to January 1, 1938, or prior to an amendment which made the employe eligible for membership in the System. Membership service means service as an employe since last becoming a member, on account of which contributions are made.

- (a) For most employes, 2080 hours of service constitute one year of creditable service. For prevailing wage employes (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 (i) on or after January 31, 1998 for all eligible members of the MPA; (ii) on or after January 1, 1998 for all eligible members of Local 215; (iii) on or after January 1, 1999 for members of the MPSO; (iv) on or after January 1, 1999 and on or before a date, if any, specified in the member's contract for eligible general employees; and on or after January 1, 2000 for all non-represented fire and police. The general employee members of the following groups do not have to retire before a specified date in order to be eligible for imputed military service: management in General City, non-represented in General City, non-represented in the Police Department, management in the Housing Authority, non-represented in the

Housing Authority, non-represented in the Milwaukee Area Technical College, non-represented in the Sewerage Commission, Admin. & Sup. Council in the MPS, exempt from 1616 in the MPS, exempt from 1053 FT clerical in the MPS, exempt from ASC in the MPS, or exempt from 150 HAS/HCA in the MPS. The general employe members of the following groups must retire on or before December 31, 2007 in order to be eligible for imputed military service: General City District Council 48 unions, Local 494-Machine Shop, Fire Equipment Dispatchers Local 494, Staff Nurses, Local 195 Bridge Operators, Association of Scientific Personnel, Local 75, Association of Municipal Attorneys, Local 139, Local 510, Local 281 (not including Police Aides), Local 61, TEAM (techs, engineers, architects). The general employe members of the Local 494 Electrical Group must retire on or before May 31, 2007, and the general employe members of the MBCTC (bricklayers, carpenters, cement masons, painters, iron workers) must retire on or before July 31, 2007 in order to be eligible for imputed military service. Members of ALEASP Local 218 (Police Aides) must retire before December 31, 2007 in order to be eligible for imputed military service. 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.

Seasonal Service

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

Eligibility for Seasonal Service Credit

In order to be eligible for seasonal service credit, a member must be a General City employee with five or more years of City service, and a member of one of the following groups District Council 48, Local 494-Shop IBEW, Local 494-Fire Equipment Dispatchers IBEW, Local 494-Electrical Group IBEW, Local 195-Bridge Operators IBEW, Local 139, Local 150-Machinists IAM, Local 61-Sanitation LIUNA, TEAM (Techs, Engineers, Architects), MBCTC, Police Sworn Management, Police Civilian Management, elected officials, non-represented, or non-represented in the Police Department.

Benefits Affected by Seasonal Service Credit

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

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

Amount of Seasonal Service Credit

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

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, police liaison officer 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, imputed military service, or seasonal service limited to 70% of final average salary.
- (b) For firemen enrolled prior to March 1, 1989, and policemen enrolled prior to July 1, 1989, 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, imputed military service, or seasonal 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 and seasonal service credit are not used in any part of the calculation of the Ordinary Disability Retirement Allowance. The “service retirement allowance” referred to below is calculated based on creditable service only.

- (a) For general employes, 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 employes 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 for duty as a result of the performance of his duty, and his mental or physical incapacitation is medically certified, such member is eligible for a duty disability retirement allowance. The medical certification is made by the Medical Council for general employes, for members of the MPA enrolled after April 18, 2005, and for members of the MPFFA enrolled after October 3, 2005. For all other members, the medical certification is made by the Medical Panel. 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 and seasonal service credit are *not* used when calculating a duty disability retirement allowance. Imputed service credit or seasonal service credit *is* used when calculating the conversion service retirement allowance referred to in paragraphs (a) - (c) below. Eligibility for imputed military service credit depends upon the date of the conversion, not upon the date of the duty disability retirement.

- (a) For general 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. For policemen enrolled on or after January 1, 1990, and firemen enrolled on or after December 17, 1989, the 75% duty disability allowances are payable until the earlier of attainment of age 57, or completion of 25 years of service and attainment of age 52, at which time the member must either convert to a service retirement allowance or irrevocably elect to receive a recalculated duty disability allowance, referred to as an extended life duty disability allowance, as described in (c), below. Different conversion age requirements apply to policemen enrolled prior to January 1, 1990, and firemen enrolled prior to December 17, 1989, as discussed in (d), below. A fireman or policeman who becomes duty disabled on or after his conversion age 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) For policemen enrolled prior to January 1, 1990, and firemen enrolled prior to December 17, 1989, the conversion age determination depends upon the member's enrollment date, the member's duty disability retirement date, and whether or not the member signed the DeBraska II release form.

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

Under Charter Ordinance 000789 (DeBraska II), duty disabled firemen and policemen who signed the DeBraska II release form are subject to the following conversion requirements: (i) members retired on duty disability prior to February 8, 1972, will receive duty disability benefits for life; (ii) members enrolled prior to February 8, 1972, who are either policemen who retired on duty disability on or after August 1, 1985, or firemen who retired on duty disability on or after March 1, 1984, will have a conversion age of 63; (iii) members enrolled on or after February 8, 1972, who retired on duty disability on or after October 17, 1992, will not be required to convert to service retirement prior to the conversion age requirements that were in effect when they enrolled; and (iv) for all other members who signed the DeBraska II release form, there is no difference between the conversion requirements of Charter Ordinance 980130 Substitute 2, and Charter Ordinance 000789. In general, only members who were duty disabled prior to January 1, 2001 were given the opportunity to sign the DeBraska II release form.

Under the proposed Charter Ordinance (which reflects the Rehrauer decision) firemen and policemen who retire (or previously retired) on duty disability and who did not sign the DeBraska II release form will not be required to convert to

service retirement prior to any of the conversion age requirements that were in effect during their employment. Members who enrolled prior to February 8, 1972, who are either policemen who retired on duty disability on or after November 1, 1976, or firemen who retired on duty disability on or after October 1, 1977, will receive duty disability for life if they did not sign the DeBraska II release form, and will have a conversion age of 63 if they did sign the DeBraska II release form.

Funds Charged with Duty Disability Related Benefits

- (a) For participants in the Combined Fund, duty disability benefits paid to members, benefits paid to survivors of members who die while duty disabled, child allotment payments, conversion service retirement benefits, and extended life duty disability benefits are paid from the Combined Fund.
- (b) For general employees who do not participate in the Combined Fund, duty disability benefits, and survivor benefits paid to beneficiaries of general employees who elect an optional form of payment and die while disabled, are paid from (i) the General Employees Duty Disability Fund if the member's enrollment date is prior to February 1, 1996, and (ii) the Combined Retirement and Disability Fund if the member's enrollment date is on or after February 1, 1996.
- (c) For 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, imputed fire and police service, and seasonal service credit may be used in the calculation of the deferred PSO benefit.

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

Funds Charged with PSO Benefits

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

Combined Retirement and Disability Fund if the member's enrollment date is on or after February 1, 1996.

Duty Death Benefits

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

Funds Charged with Separation Benefits

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

Lump Sum Bonus Payments

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

Eligibility for Lump Sum Bonus Payments

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

- (a) **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, 2006**

Age	Years of Service									Total	
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+		
Under 25	49 \$31,010	3 \$40,476									52 \$31,556
25-29	123 \$38,882	46 \$40,446	1 \$39,805								170 \$39,310
30-34	112 \$39,778	96 \$44,773	23 \$47,504								231 \$42,623
35-39	114 \$40,388	171 \$46,461	85 \$49,948	30 \$46,667	1 \$38,093						401 \$45,468
40-44	90 \$39,399	125 \$43,642	110 \$52,166	100 \$51,062	53 \$50,956	22 \$44,464					500 \$47,049
45-49	98 \$40,993	94 \$45,794	106 \$49,243	145 \$52,507	145 \$53,002	122 \$50,255	11 \$54,819				721 \$49,340
50-54	66 \$43,143	73 \$46,146	87 \$53,149	131 \$51,800	164 \$53,269	150 \$54,535	85 \$53,450	8 \$54,912			764 \$51,734
55-59	46 \$41,535	53 \$46,539	68 \$46,434	98 \$53,686	95 \$51,756	118 \$56,587	85 \$60,237	23 \$54,853	1 \$68,974		587 \$52,540
60-64	14 \$40,670	18 \$45,321	25 \$46,683	44 \$49,523	30 \$51,961	17 \$64,752	13 \$65,575	12 \$75,141	5 \$85,080		178 \$53,766
Over 64	3 \$ 47,211	5 \$ 62,467	7 \$ 46,396	4 \$ 65,169	6 \$ 46,429	3 \$ 39,335	3 \$ 73,852	3 \$ 49,874	4 \$ 42,529		38 \$ 52,034
Total	715 \$39,711	684 \$45,246	512 \$50,018	552 \$51,823	494 \$52,458	432 \$53,670	197 \$57,566	46 \$59,831	10 \$66,449		3,642 \$48,713

ACTIVE MEMBERSHIP – WATER DEPARTMENT

**NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2006**

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 \$40,449									1 \$40,449
25-29	10 \$41,933	2 \$39,587								12 \$41,542
30-34	2 \$35,666	7 \$51,349	2 \$35,289							11 \$45,578
35-39	14 \$42,019	10 \$42,498	4 \$45,633	4 \$58,298						32 \$44,655
40-44	15 \$40,279	3 \$44,820	6 \$43,998	12 \$49,352	11 \$58,225					47 \$47,560
45-49	2 \$45,479	2 \$43,476	10 \$46,278	19 \$52,279	23 \$56,740	15 \$48,389	1 \$67,589			72 \$51,839
50-54	2 \$39,643	3 \$69,037	5 \$66,936	18 \$54,234	14 \$51,453	20 \$48,796	8 \$55,877			70 \$53,437
55-59	2 \$46,166		5 \$43,037	12 \$54,561	13 \$48,489	12 \$51,713	8 \$50,770	5 \$55,655		57 \$50,835
60-64	1 \$46,545	1 \$60,860	2 \$58,641	1 \$39,275	2 \$58,806	2 \$41,793	1 \$33,702	2 \$50,987	1 \$36,940	13 \$49,060
Over 64				1 \$ 74,186	1 \$ 60,469	1 \$ 38,747	1 \$ 65,314	1 \$ 42,584	1 \$ 56,026	6 \$ 56,221
Total	49 \$41,483	28 \$48,321	34 \$48,442	67 \$53,181	64 \$54,285	50 \$48,893	19 \$53,673	8 \$52,854	2 \$46,483	321 \$50,001

ACTIVE MEMBERSHIP – SCHOOL BOARD
NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2006

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	62									62
	\$19,101									\$19,101
25-29	144	70	3							217
	\$19,903	\$24,947	\$25,540							\$21,608
30-34	133	127	33	1						294
	\$22,948	\$24,447	\$28,677	\$42,486						\$24,305
35-39	153	188	114	34						489
	\$21,567	\$25,114	\$26,371	\$34,347						\$24,939
40-44	125	214	200	99	24	7				669
	\$21,521	\$23,252	\$27,335	\$30,749	\$40,898	\$44,005				\$26,109
45-49	92	202	197	144	62	53	7			757
	\$22,746	\$26,025	\$25,119	\$28,655	\$42,359	\$40,326	\$49,404			\$28,446
50-54	102	172	192	179	86	47	65	4		847
	\$24,050	\$23,509	\$24,618	\$31,027	\$38,083	\$45,602	\$44,529	\$38,635		\$29,804
55-59	59	106	118	154	78	47	47	19		628
	\$20,143	\$21,684	\$22,792	\$28,388	\$40,876	\$42,542	\$41,612	\$47,428		\$29,606
60-64	22	48	47	57	32	14	20	4	1	245
	\$18,082	\$25,224	\$24,086	\$24,159	\$31,804	\$33,041	\$24,144	\$58,841	\$38,627	\$25,938
Over 64	14	9	29	21	12	4	5			94
	\$ 17,562	\$ 15,600	\$ 17,614	\$ 22,797	\$ 22,807	\$ 20,311	\$ 16,695			\$ 19,300
Total	906	1,136	933	689	294	172	144	27	1	4,302
	\$21,490	\$24,207	\$25,192	\$29,263	\$38,648	\$41,465	\$40,016	\$47,816	\$38,627	\$27,016

ACTIVE MEMBERSHIP – MILWAUKEE TECHNICAL COLLEGE

**NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2006**

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										
55-59								3		3
								\$51,943		\$51,943
60-64									3	3
									\$50,836	\$50,836
Over 64										
Total								3	3	6
								\$51,943	\$50,836	\$51,389

ACTIVE MEMBERSHIP – SEWERAGE COMMISSION

**NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2006**

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	15 \$46,969									15 \$46,969
30-34	9 \$54,744	2 \$51,483								11 \$54,151
35-39	6 \$60,891	5 \$77,956	1 \$48,789	1 \$54,247						13 \$66,012
40-44	8 \$59,012	4 \$82,851	4 \$70,276	19 \$60,378	1 \$53,946					36 \$63,492
45-49	10 \$65,128	6 \$73,472	6 \$63,276	23 \$56,917	21 \$61,354	19 \$55,247	3 \$67,848			88 \$60,483
50-54	5 \$53,127	8 \$74,610	5 \$71,205	27 \$62,650	22 \$61,215	49 \$67,969	9 \$61,624			125 \$65,135
55-59	8 \$57,907	4 \$63,933	5 \$69,818	13 \$58,382	11 \$60,330	28 \$63,036	3 \$61,166			72 \$61,655
60-64	2 \$65,907	3 \$69,412	2 \$67,765	5 \$53,876	3 \$54,871	7 \$87,991	1 \$65,183	1 \$60,030		24 \$68,780
Over 64	2 \$ 45,051			1 \$ 73,082			1 \$ 50,926			4 \$ 53,527
Total	65 \$55,950	32 \$72,682	23 \$67,400	89 \$59,590	58 \$60,644	103 \$65,642	17 \$62,222	1 \$60,030		388 \$62,403

ACTIVE MEMBERSHIP – WISCONSIN CENTER DISTRICT

**NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2006**

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	9 \$34,320	1 \$25,419								10 \$33,430
30-34	3 \$45,725	2 \$30,792								5 \$39,752
35-39	3 \$30,272	2 \$44,115	2 \$47,781	1 \$37,112						8 \$38,965
40-44	1 \$64,166	5 \$40,144	2 \$38,305		1 \$31,329					9 \$41,425
45-49	4 \$34,148	4 \$51,464	2 \$48,053	2 \$43,455	1 \$38,052	1 \$49,883				14 \$43,814
50-54	4 \$36,197	4 \$30,894	1 \$38,158	1 \$31,204			1 \$78,315			11 \$37,822
55-59	1 \$36,554	1 \$64,831			1 \$66,866		2 \$74,851			5 \$63,591
60-64	2 \$64,364	2 \$36,062	1 \$157,641	1 \$50,817						6 \$68,218
Over 64	1 \$ 8,171	3 \$ 12,253								4 \$ 11,233
Total	28 \$37,710	24 \$36,629	8 \$58,010	5 \$41,208	3 \$45,416	1 \$49,883	3 \$76,006			72 \$41,934

ACTIVE MEMBERSHIP – HOUSING AUTHORITY

**NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2006**

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									5
	\$37,270									\$37,270
25-29	7	1								8
	\$41,231	\$47,326								\$41,993
30-34	5	9								14
	\$43,245	\$45,954								\$44,987
35-39	12	12		1						25
	\$54,750	\$53,533		\$56,492						\$54,236
40-44	6	7	8	6	4	1				32
	\$42,638	\$48,644	\$59,937	\$61,649	\$63,340	\$60,936				\$55,001
45-49	4	10	3	1	5	3	1			27
	\$52,212	\$51,413	\$46,589	\$78,797	\$70,005	\$60,025	\$60,367			\$56,741
50-54	7	5	7	7	1	6	3			36
	\$51,329	\$63,682	\$60,077	\$73,077	\$51,885	\$66,988	\$48,204			\$61,340
55-59	3	10	7	4	5	2	2	2		35
	\$42,695	\$51,776	\$57,574	\$63,010	\$71,918	\$86,276	\$80,348	\$78,392		\$61,444
60-64		1			1		1		1	4
		\$60,883			\$91,965		\$78,674		\$42,584	\$68,527
Over 64		1								1
		\$ 57,898								\$ 57,898
Total	49	56	25	19	16	12	7	2	1	187
	\$46,944	\$52,016	\$57,713	\$66,777	\$69,177	\$67,958	\$63,479	\$78,392	\$42,584	\$56,100

ACTIVE MEMBERSHIP – GENERAL EMPLOYEES**NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2006**

Age	Years of Service									Total	
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+		
Under 25	117 \$25,047	3 \$40,476									120 \$25,433
25-29	308 \$30,422	120 \$31,323	4 \$29,107								432 \$30,660
30-34	264 \$31,912	243 \$34,323	58 \$36,371	1 \$42,486							566 \$33,423
35-39	302 \$31,806	388 \$36,628	206 \$36,790	71 \$41,533	1 \$38,093						968 \$35,519
40-44	245 \$31,152	358 \$31,950	330 \$37,293	236 \$43,473	94 \$49,588	30 \$44,906					1,293 \$36,849
45-49	210 \$34,274	318 \$33,992	324 \$34,711	334 \$42,538	257 \$51,724	213 \$48,234	23 \$55,667				1,679 \$40,684
50-54	186 \$33,062	265 \$32,673	297 \$35,353	363 \$42,838	287 \$49,234	272 \$55,264	171 \$50,656	12 \$49,486			1,853 \$42,782
55-59	119 \$32,095	174 \$32,203	203 \$33,568	281 \$40,209	203 \$48,402	207 \$54,275	147 \$54,258	52 \$52,954	1 \$68,974		1,387 \$42,822
60-64	41 \$31,080	73 \$33,269	77 \$35,189	108 \$36,255	68 \$43,393	40 \$56,572	36 \$42,025	19 \$68,372	11 \$63,278		473 \$40,274
Over 64	20 \$ 24,289	18 \$ 30,411	36 \$ 23,211	27 \$ 32,840	19 \$ 32,248	8 \$ 29,749	10 \$ 42,127	4 \$ 48,051	5 \$ 45,229		147 \$ 30,243
Total	1,812 \$31,396	1,960 \$33,631	1,535 \$35,321	1,421 \$41,597	929 \$48,990	770 \$52,453	387 \$51,299	87 \$55,618	17 \$58,304		8,918 \$38,990

ACTIVE MEMBERSHIP – POLICEMEN
NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2006

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	114 \$35,024	24 \$55,172								138 \$38,528
25-29	148 \$50,410	78 \$60,688	11 \$61,476							237 \$54,306
30-34	123 \$52,584	135 \$60,465	89 \$62,622	6 \$62,702						353 \$58,301
35-39	64 \$52,455	119 \$60,536	261 \$61,893	83 \$63,206	12 \$63,991					539 \$60,722
40-44	21 \$53,555	37 \$60,175	112 \$61,339	108 \$63,273	49 \$65,739	12 \$67,737				339 \$62,208
45-49	6 \$54,085	15 \$60,040	54 \$60,899	47 \$62,704	92 \$64,882	34 \$68,251	2 \$64,048			250 \$63,514
50-54	1 \$58,995	2 \$59,544	13 \$62,443	12 \$60,956	45 \$64,693	43 \$65,411	10 \$68,966	2 \$71,338		128 \$64,668
55-59	1 \$49,270	3 \$60,569	6 \$60,395	8 \$63,208	13 \$62,150	10 \$71,507	6 \$85,351	2 \$60,979		49 \$66,451
60-64				1 \$60,003		2 \$61,414		1 \$78,423		4 \$65,314
Over 64							1 \$ 60,617			1 \$ 60,617
Total	478 \$47,773	413 \$60,175	546 \$61,788	265 \$63,019	211 \$64,822	101 \$67,168	19 \$73,183	5 \$68,612		2,038 \$59,038

ACTIVE MEMBERSHIP – FIREMEN**NUMBER AND AVERAGE ANNUAL SALARY
AS OF DECEMBER 31, 2006**

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 \$41,199	15 \$55,738								55 \$45,164
25-29	11 \$45,590	43 \$61,035	14 \$61,512							68 \$58,635
30-34	17 \$44,936	49 \$59,630	21 \$62,344							87 \$57,414
35-39	10 \$45,899	61 \$60,143	104 \$62,148	15 \$64,172						190 \$60,809
40-44	6 \$48,357	19 \$59,134	64 \$62,625	84 \$64,876	30 \$65,676					203 \$63,259
45-49		5 \$60,083	17 \$62,464	41 \$62,064	69 \$67,145	49 \$74,616	1 \$99,459			182 \$67,558
50-54	1 \$52,979		5 \$62,090	19 \$62,189	43 \$68,148	58 \$68,858	21 \$72,184			147 \$67,925
55-59				3 \$62,128	5 \$61,229	13 \$68,467	15 \$68,161	2 \$72,586		38 \$67,110
60-64				1 \$59,421			1 \$66,910			2 \$63,165
Over 64										
Total	85 \$43,711	192 \$59,766	225 \$62,285	163 \$63,707	147 \$66,937	120 \$71,167	38 \$71,175	2 \$72,586		972 \$62,570

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, 2006
GENERAL EMPLOYEES

Age	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
19	1	32,914	2	55,571	3	88,486
20	1	31,937	3	85,913	4	117,850
21			7	144,522	7	144,522
22	9	260,047	19	444,082	28	704,129
23	14	394,183	25	645,798	39	1,039,982
24	15	435,148	24	521,843	39	956,991
25	25	768,434	35	993,768	60	1,762,201
26	26	900,773	29	873,409	55	1,774,183
27	39	1,354,902	45	1,167,184	84	2,522,086
28	43	1,459,026	68	2,098,947	111	3,557,973
29	49	1,634,006	73	1,994,611	122	3,628,617
30	43	1,533,139	52	1,569,988	95	3,103,128
31	43	1,608,928	65	1,884,340	108	3,493,268
32	55	2,247,325	61	1,790,534	116	4,037,858
33	48	1,957,268	58	1,705,970	106	3,663,238
34	64	2,332,767	77	2,287,020	141	4,619,787
35	78	2,877,337	101	3,289,556	179	6,166,893
36	82	3,745,205	97	2,903,708	179	6,648,912
37	79	3,161,115	108	3,465,830	187	6,626,945
38	91	3,920,403	110	3,178,015	201	7,098,418
39	110	4,576,573	112	3,265,020	222	7,841,593
40	104	4,557,309	110	3,208,615	214	7,765,923
41	101	4,254,290	148	4,237,602	249	8,491,892
42	116	4,911,224	140	4,448,073	256	9,359,297
43	122	5,608,496	154	4,840,110	276	10,448,607
44	120	5,844,064	178	5,735,333	298	11,579,397
45	166	8,295,804	180	6,073,657	346	14,369,461
46	135	6,261,455	166	5,512,746	301	11,774,201
47	160	7,920,836	176	5,530,420	336	13,451,256
48	161	8,030,930	198	6,718,234	359	14,749,164
49	172	8,523,293	165	5,441,153	337	13,964,446
50	167	8,305,646	184	5,986,801	351	14,292,447
51	199	10,286,847	182	6,426,286	381	16,713,133
52	178	9,073,637	204	7,076,450	382	16,150,088
53	177	8,970,546	187	6,737,814	364	15,708,360
54	187	9,933,992	188	6,477,725	375	16,411,717
55	148	7,598,290	166	5,883,615	314	13,481,905
56	142	7,278,565	168	6,008,163	310	13,286,728
57	128	6,846,337	138	4,339,828	266	11,186,164
58	144	7,313,453	117	3,801,322	261	11,114,775

TABLE 1
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF DECEMBER 31, 2006
GENERAL EMPLOYEES

Age	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
59	117	6,342,142	119	3,982,938	236	10,325,079
60	71	3,969,256	81	2,383,256	152	6,352,512
61	50	2,795,290	61	1,789,746	111	4,585,036
62	41	2,456,343	53	1,770,945	94	4,227,288
63	20	921,445	43	1,098,506	63	2,019,951
64	18	986,292	35	878,570	53	1,864,862
65	11	462,878	23	626,038	34	1,088,915
66	6	363,369	20	492,539	26	855,908
67	4	256,935	11	174,004	15	430,939
68	7	315,941	7	210,472	14	526,413
69	2	52,882	7	165,350	9	218,233
70	4	110,533	7	158,942	11	269,476
71	5	217,944	2	28,425	7	246,369
72	2	66,102	2	47,913	4	114,015
73	3	182,672	5	67,674	8	250,346
74	2	161,671	5	100,713	7	262,384
75			2	39,779	2	39,779
76	1	13,298	2	19,086	3	32,385
77			1	33,711	1	33,711
78	1	14,689			1	14,689
79			1	11,021	1	11,021
80			2	32,394	2	32,394
83	1	8,171			1	8,171
84	1	10,614			1	10,614
Total	4,109	\$ 194,754,911	4,809	\$ 152,961,597	8,918	\$ 347,716,508

TABLE 2
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF DECEMBER 31, 2006
GENERAL EMPLOYEES

Years of Service	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
0	184	\$ 6,317,792	215	\$ 5,559,826	399	\$ 11,877,618
1	207	7,228,490	233	6,068,704	440	13,297,194
2	142	5,437,305	174	5,024,486	316	10,461,791
3	111	4,399,686	172	4,440,860	283	8,840,546
4	166	6,721,676	208	5,690,339	374	12,412,015
5	173	7,298,480	232	7,000,171	405	14,298,652
6	146	6,523,769	239	7,037,682	385	13,561,451
7	149	6,293,069	238	6,282,279	387	12,575,348
8	139	5,943,981	232	5,648,681	371	11,592,662
9	171	7,663,504	241	6,226,053	412	13,889,556
10	140	6,432,733	207	5,701,239	347	12,133,972
11	159	6,745,183	204	5,957,263	363	12,702,446
12	135	5,965,128	155	4,790,321	290	10,755,449
13	98	4,359,738	139	4,269,672	237	8,629,410
14	111	4,794,322	187	5,201,449	298	9,995,770
15	172	8,396,898	174	5,126,507	346	13,523,406
16	142	7,348,177	210	6,919,116	352	14,267,293
17	120	6,211,581	173	6,196,954	293	12,408,535
18	96	5,043,146	115	4,264,626	211	9,307,773
19	92	5,170,940	127	4,431,852	219	9,602,792
20	118	6,108,859	137	5,228,149	255	11,337,008
21	146	7,814,813	97	4,113,428	243	11,928,241
22	113	6,379,330	59	2,819,956	172	9,199,285
23	73	3,867,896	61	2,851,718	134	6,719,614
24	79	4,250,958	46	2,076,549	125	6,327,507
25	104	5,755,850	51	2,186,269	155	7,942,119
26	126	6,999,561	101	4,588,461	227	11,588,022
27	98	5,846,058	61	2,841,184	159	8,687,242
28	92	5,045,322	47	2,294,462	139	7,339,784
29	63	3,593,911	27	1,237,566	90	4,831,477
30	52	3,438,232	30	1,427,008	82	4,865,240
31	50	2,853,961	51	2,222,087	101	5,076,048
32	36	1,950,562	30	1,326,579	66	3,277,141
33	26	1,534,475	33	1,479,672	59	3,014,147
34	32	1,909,351	47	1,710,700	79	3,620,052
35	13	734,758	10	505,596	23	1,240,354
36	6	410,235	11	503,155	17	913,390
37	13	777,557	9	403,446	22	1,181,003
38	8	628,153	10	529,267	18	1,157,420
39	3	170,752	4	175,810	7	346,562

TABLE 2
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF DECEMBER 31, 2006
GENERAL EMPLOYEES

Years of Service	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
40	1	101,139	3	189,443	4	290,582
41	1	140,973	2	102,080	3	243,053
42	1	44,384	4	171,753	5	216,137
43			1	55,373	1	55,373
44	1	46,195	1	38,627	2	84,822
45	1	56,026			1	56,026
50			1	45,179	1	45,179
Total	4,109	\$ 194,754,911	4,809	\$ 152,961,597	8,918	\$ 347,716,508

TABLE 3
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF DECEMBER 31, 2006
POLICEMEN

Age	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
18	8	\$ 182,500	1	\$ 23,006	9	\$ 205,506
19	18	448,379	7	174,603	25	622,983
20	11	300,305	5	139,016	16	439,321
21	11	355,715	3	89,854	14	445,570
22	14	587,738	6	283,143	20	870,881
23	20	1,001,502	2	97,131	22	1,098,634
24	24	1,227,889	8	406,030	32	1,633,919
25	15	830,158	10	522,113	25	1,352,271
26	40	2,044,473	9	533,134	49	2,577,606
27	47	2,554,654	12	663,180	59	3,217,834
28	48	2,648,601	11	630,998	59	3,279,599
29	37	1,988,153	8	455,018	45	2,443,171
30	44	2,528,159	8	422,253	52	2,950,412
31	52	2,950,455	16	939,732	68	3,890,187
32	56	3,203,177	9	515,529	65	3,718,706
33	67	3,957,393	11	665,758	78	4,623,151
34	69	4,149,905	21	1,247,737	90	5,397,642
35	87	5,227,397	14	865,565	101	6,092,962
36	101	6,093,136	26	1,535,574	127	7,628,710
37	77	4,712,433	26	1,600,059	103	6,312,492
38	87	5,345,351	24	1,487,525	111	6,832,876
39	85	5,107,966	12	753,886	97	5,861,852
40	60	3,704,090	18	1,127,981	78	4,832,070
41	76	4,681,270	15	947,553	91	5,628,823
42	51	3,166,756	13	809,616	64	3,976,373
43	54	3,346,252	8	511,939	62	3,858,190
44	41	2,605,498	3	187,701	44	2,793,199
45	46	2,912,521	12	762,541	58	3,675,062
46	42	2,693,686	10	610,931	52	3,304,617
47	40	2,524,272	12	794,197	52	3,318,470
48	40	2,581,531	4	247,994	44	2,829,525
49	36	2,258,855	8	492,007	44	2,750,862
50	27	1,764,238	5	378,979	32	2,143,217
51	17	1,098,372	5	315,137	22	1,413,509
52	28	1,786,437	2	120,644	30	1,907,081
53	17	1,088,551	3	187,424	20	1,275,976
54	15	954,018	9	583,724	24	1,537,741
55	12	746,333	2	122,829	14	869,162
56	12	879,400	5	381,738	17	1,261,138
57	5	311,920	1	62,211	6	374,131

TABLE 3
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF DECEMBER 31, 2006
POLICEMEN

Age	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
58	6	378,284			6	378,284
59	4	252,511	2	120,877	6	373,388
60	1	62,211	1	60,003	2	122,215
61	2	139,041			2	139,041
66	1	60,617			1	60,617
Total	1,651	\$ 97,442,102	387	\$ 22,876,871	2,038	\$ 120,318,973

TABLE 4
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF DECEMBER 31, 2006
POLICEMEN

Years of Service	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
0	116	\$ 4,794,604	33	\$ 1,431,640	149	\$ 6,226,243
1	50	1,943,084	11	350,578	61	2,293,662
2	84	4,128,836	10	454,221	94	4,583,056
3	51	2,682,922	13	656,530	64	3,339,452
4	93	5,398,832	17	994,414	110	6,393,246
5	100	5,963,977	36	2,155,905	136	8,119,881
6	65	3,887,964	15	898,260	80	4,786,224
7	46	2,783,680	12	722,186	58	3,505,866
8	38	2,296,203	8	484,954	46	2,781,157
9	73	4,437,893	20	1,221,142	93	5,659,036
10	105	6,466,212	19	1,181,941	124	7,648,153
11	102	6,276,912	27	1,664,990	129	7,941,902
12	57	3,497,832	13	808,576	70	4,306,408
13	60	3,726,112	26	1,629,618	86	5,355,730
14	108	6,682,986	29	1,801,096	137	8,484,082
15	99	6,122,673	22	1,401,744	121	7,524,417
16	60	3,833,441	10	650,775	70	4,484,216
17	17	1,061,311	6	367,571	23	1,428,882
18	27	1,725,357	5	328,744	32	2,054,102
19	18	1,141,238	1	67,111	19	1,208,349
20	23	1,498,606	5	315,493	28	1,814,098
21	57	3,640,545	12	783,151	69	4,423,697
22	18	1,214,029	4	307,407	22	1,521,436
23	36	2,295,772	9	556,494	45	2,852,265
24	41	2,701,082	6	364,850	47	3,065,932
25	31	2,148,387	6	419,417	37	2,567,805
26	28	1,857,530	5	319,959	33	2,177,490
27	9	591,089	1	60,617	10	651,706
28	9	597,224	2	129,388	11	726,612
29	10	660,330			10	660,330
30	5	329,256	1	133,339	6	462,595
31	3	208,105	1	79,925	4	288,030
32	4	273,599	1	67,417	5	341,016
33	3	238,220			3	238,220
34	1	60,618			1	60,618
35			1	67,417	1	67,417
36	2	135,006			2	135,006
37	2	140,635			2	140,635
Total	1,651	\$ 97,442,102	387	\$ 22,876,871	2,038	\$ 120,318,973

TABLE 5
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
AGE AS OF DECEMBER 31, 2006
FIREMEN

Age	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
19	4	\$ 114,852	1	\$ 27,320	5	\$ 142,173
20	10	356,904			10	356,904
21	10	431,089	1	46,166	11	477,255
22	10	478,665			10	478,665
23	8	407,324			8	407,324
24	10	561,741	1	59,976	11	621,717
25	8	465,516	1	60,834	9	526,350
26	12	702,588			12	702,588
27	18	1,075,285			18	1,075,285
28	12	717,954			12	717,954
29	17	964,978			17	964,978
30	13	708,307	1	50,361	14	758,668
31	12	630,117			12	630,117
32	18	1,037,729			18	1,037,729
33	19	1,100,031			19	1,100,031
34	24	1,468,444			24	1,468,444
35	34	2,043,418	1	59,676	35	2,103,094
36	49	3,004,696	3	187,150	52	3,191,846
37	23	1,361,107	1	59,817	24	1,420,925
38	43	2,596,061	2	122,881	45	2,718,942
39	33	2,059,218	1	59,647	34	2,118,865
40	37	2,289,912	2	118,447	39	2,408,359
41	38	2,333,060	5	317,889	43	2,650,949
42	44	2,801,810	1	59,716	45	2,861,526
43	39	2,475,645	5	342,448	44	2,818,093
44	29	1,900,556	3	202,109	32	2,102,664
45	31	1,992,758	2	136,687	33	2,129,445
46	32	2,015,095	3	249,648	35	2,264,743
47	30	2,127,634	2	136,359	32	2,263,993
48	46	3,207,368	2	139,673	48	3,347,041
49	32	2,151,595	2	138,699	34	2,290,293
50	46	3,106,024	3	191,783	49	3,297,807
51	23	1,618,674	1	58,920	24	1,677,594
52	28	1,887,165	1	69,253	29	1,956,417
53	28	1,817,226			28	1,817,226
54	17	1,235,973			17	1,235,973
55	11	713,333			11	713,333
56	7	450,806			7	450,806
57	8	616,764			8	616,764
58	6	383,713			6	383,713
59	6	385,573			6	385,573
60	2	126,331			2	126,331
Total	927	\$ 57,923,038	45	\$ 2,895,460	972	\$ 60,818,498

TABLE 6
THE NUMBER AND ANNUAL SALARIES
OF MEMBERS IN ACTIVE SERVICE DISTRIBUTED BY
YEARS OF CREDITED SERVICE AS OF DECEMBER 31, 2006
FIREMEN

Years of Service	Men		Women		Totals	
	Number	Compensation	Number	Compensation	Number	Compensation
0	1	\$ 33,330			1	\$ 33,330
1	21	755,151	1	27,320	22	782,471
2	30	1,305,939	1	46,166	31	1,352,105
3	11	540,707			11	540,707
4	19	956,502	1	50,361	20	1,006,863
5	21	1,133,156			21	1,133,156
6	58	3,498,707	1	59,976	59	3,558,683
7	29	1,750,648	1	60,834	30	1,811,482
8	23	1,387,454	2	119,710	25	1,507,164
9	54	3,286,107	3	178,534	57	3,464,640
10	37	2,276,296			37	2,276,296
11	35	2,162,684			35	2,162,684
12	67	4,160,478	2	122,881	69	4,283,359
13	28	1,766,804	2	119,061	30	1,885,864
14	44	2,751,159	10	654,769	54	3,405,928
15	29	1,824,327			29	1,824,327
16	36	2,302,357	4	245,952	40	2,548,308
17	18	1,123,980	1	60,059	19	1,184,039
18	30	1,898,832	1	69,637	31	1,968,468
19	43	2,797,087	1	61,948	44	2,859,035
20	19	1,245,050	5	351,479	24	1,596,529
21	46	3,009,815	2	140,477	48	3,150,292
22	27	1,778,456	2	136,080	29	1,914,536
23	23	1,534,507	3	198,785	26	1,733,292
24	20	1,445,110			20	1,445,110
25	18	1,202,764			18	1,202,764
26	26	1,976,966	2	191,431	28	2,168,398
27	33	2,337,130			33	2,337,130
28	29	1,967,045			29	1,967,045
29	12	864,676			12	864,676
30	20	1,391,486			20	1,391,486
31	9	631,362			9	631,362
32	3	243,691			3	243,691
33	3	199,932			3	199,932
34	3	238,173			3	238,173
37	1	68,561			1	68,561
39	1	76,611			1	76,611
Total	927	\$ 57,923,038	45	\$ 2,895,460	972	\$ 60,818,498

TABLE 7A

**THE NUMBER AND ANNUAL BENEFITS PAYABLE TO
CONSENTING GENERAL EMPLOYEES FROM THE COMBINED FUND
AS OF DECEMBER 31, 2006**

Age	Members		Beneficiaries		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
21			1	\$ 5,198	1	\$ 5,198
23			1	4,678	1	4,678
26			1	17,467	1	17,467
27			1	14,835	1	14,835
29			1	1,476	1	1,476
31	1	31,216	1	6,117	2	37,333
32			2	16,968	2	16,968
33	1	19,368	2	28,857	3	48,225
34			1	1,057	1	1,057
35	1	9,584	1	5,736	2	15,320
36			3	36,710	3	36,710
37	1	12,532			1	12,532
38			1	1,230	1	1,230
39			1	3,684	1	3,684
40			1	5,633	1	5,633
41	1	5,836			1	5,836
42	4	43,305	1	6,171	5	49,476
43	4	29,577	3	12,273	7	41,850
44	4	36,147	4	71,701	8	107,848
45	9	90,635	3	23,812	12	114,447
46	7	147,946			7	147,946
47	15	263,308	1	2,998	16	266,306
48	11	162,807	5	39,770	16	202,577
49	11	217,112	3	12,329	14	229,441
50	21	283,422	4	56,359	25	339,781
51	18	180,445	8	134,878	26	315,323
52	24	352,390	6	42,692	30	395,082
53	19	278,447	12	127,713	31	406,160
54	20	218,520	6	72,716	26	291,236
55	62	1,402,325	9	71,554	71	1,473,879
56	100	2,535,823	4	68,782	104	2,604,605
57	109	2,823,026	13	132,894	122	2,955,920
58	124	3,264,336	6	47,947	130	3,312,283
59	104	2,848,530	15	148,232	119	2,996,762
60	161	3,205,464	16	162,331	177	3,367,795
61	159	3,287,434	10	112,622	169	3,400,056
62	166	3,157,724	13	132,115	179	3,289,839
63	200	3,417,125	20	255,267	220	3,672,392
64	196	3,524,009	26	349,194	222	3,873,203
65	200	3,294,326	19	256,324	219	3,550,650

TABLE 7A

**THE NUMBER AND ANNUAL BENEFITS PAYABLE TO
CONSENTING GENERAL EMPLOYEES FROM THE COMBINED FUND
AS OF DECEMBER 31, 2006**

Age	Members		Beneficiaries		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
66	184	\$ 2,844,377	14	\$ 182,551	198	\$ 3,026,928
67	179	2,713,994	31	346,735	210	3,060,729
68	238	3,575,289	29	393,500	267	3,968,789
69	231	3,724,623	25	271,303	256	3,995,926
70	222	3,177,644	30	324,165	252	3,501,809
71	178	2,400,408	26	292,986	204	2,693,394
72	206	2,500,166	34	408,808	240	2,908,974
73	202	2,739,643	34	392,338	236	3,131,981
74	231	2,959,739	30	261,814	261	3,221,553
75	229	2,836,797	51	432,396	280	3,269,193
76	219	3,044,631	57	530,260	276	3,574,891
77	202	2,665,914	64	537,952	266	3,203,866
78	195	2,250,502	53	535,526	248	2,786,028
79	197	2,183,994	61	653,969	258	2,837,963
80	206	2,469,336	61	489,941	267	2,959,277
81	196	2,365,645	60	497,024	256	2,862,669
82	219	2,305,029	50	390,910	269	2,695,939
83	149	1,559,016	64	422,499	213	1,981,515
84	143	1,432,502	57	378,072	200	1,810,574
85	156	1,518,334	77	574,789	233	2,093,123
86	91	760,039	52	380,568	143	1,140,607
87	79	752,387	43	319,737	122	1,072,124
88	88	732,636	45	298,092	133	1,030,728
89	81	694,634	32	203,059	113	897,693
90	56	406,229	37	231,450	93	637,679
91	30	219,508	18	123,126	48	342,634
92	37	259,209	13	77,291	50	336,500
93	24	207,759	14	79,555	38	287,314
94	17	131,383	9	50,884	26	182,267
95	10	58,335	8	47,043	18	105,378
96	11	66,182	6	25,721	17	91,903
97	2	6,208	6	41,458	8	47,666
98	6	24,905	3	27,231	9	52,136
99	2	6,780	2	18,927	4	25,707
100			1	10,485	1	10,485
101	1	13,206			1	13,206
Total	6,270	\$ 90,749,702	1,422	\$ 12,742,485	7,692	\$ 103,492,187

TABLE 7B

**THE NUMBER AND ANNUAL BENEFITS PAYABLE TO
CONSENTING FIREMEN FROM THE COMBINED FUND
AS OF DECEMBER 31, 2006**

Age	Members		Beneficiaries		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
16			2	\$ 17,298	2	\$ 17,298
21			1	13,698	1	13,698
28	1	35,068			1	35,068
34	1	40,195			1	40,195
35	3	117,654			3	117,654
37	2	83,187			2	83,187
38	1	41,506			1	41,506
39	2	91,859			2	91,859
40	1	42,792			1	42,792
41	1	43,188	1	18,507	2	61,695
42	2	86,376			2	86,376
43	2	85,425			2	85,425
44	2	83,781			2	83,781
45	3	136,986			3	136,986
46	5	212,324			5	212,324
47	8	253,612			8	253,612
48	6	243,238	2	68,365	8	311,603
49	15	572,727			15	572,727
50	19	848,509			19	848,509
51	12	524,515	3	75,402	15	599,917
52	17	758,786	1	6,591	18	765,377
53	16	685,458	1	28,417	17	713,875
54	20	852,545	3	42,720	23	895,265
55	12	483,768			12	483,768
56	15	569,864	1	39,591	16	609,455
57	32	1,435,292	2	5,516	34	1,440,808
58	29	1,287,364	3	44,255	32	1,331,619
59	37	1,864,141	5	66,870	42	1,931,011
60	39	1,793,829	1	11,163	40	1,804,992
61	21	905,663	4	115,039	25	1,020,702
62	23	953,745	5	109,061	28	1,062,806
63	40	1,625,590	8	181,119	48	1,806,709
64	23	1,073,952	2	41,127	25	1,115,079
65	32	1,470,956	5	120,387	37	1,591,343
66	24	1,042,831	4	42,031	28	1,084,862
67	20	736,635	2	60,691	22	797,326
68	27	1,019,375	5	73,448	32	1,092,823
69	24	941,875	1	3,600	25	945,475
70	21	878,961	12	239,143	33	1,118,104
71	18	612,751	5	101,766	23	714,517

TABLE 7B

**THE NUMBER AND ANNUAL BENEFITS PAYABLE TO
CONSENTING FIREMEN FROM THE COMBINED FUND
AS OF DECEMBER 31, 2006**

Age	Members		Beneficiaries		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
72	14	\$ 530,788	9	\$ 139,955	23	\$ 670,743
73	11	365,859	6	120,368	17	486,227
74	20	698,974	16	282,375	36	981,349
75	32	1,065,362	20	297,953	52	1,363,315
76	32	1,124,925	17	233,598	49	1,358,523
77	36	1,169,504	6	122,264	42	1,291,768
78	22	713,762	22	391,848	44	1,105,610
79	20	604,108	9	143,072	29	747,180
80	22	674,604	14	177,300	36	851,904
81	13	475,145	10	142,818	23	617,963
82	13	340,732	4	72,129	17	412,861
83	10	256,914	3	26,289	13	283,203
84	5	157,807	6	99,495	11	257,302
85	8	191,004	5	66,315	13	257,319
86	8	175,900	3	25,506	11	201,406
87	3	61,053	4	40,576	7	101,629
89	1	21,679	2	10,795	3	32,474
91			1	11,811	1	11,811
Total	846	\$ 33,164,443	236	\$ 3,930,272	1,082	\$ 37,094,715

TABLE 7C

**THE NUMBER AND ANNUAL BENEFITS PAYABLE TO
CONSENTING POLICEMEN FROM THE COMBINED FUND
AS OF DECEMBER 31, 2006**

Age	Members		Beneficiaries		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
9			2	\$ 27,569	2	\$ 27,569
28	1	42,921			1	42,921
31	1	43,188			1	43,188
33			1	8,687	1	8,687
35	1	43,188			1	43,188
36	3	129,201	1	8,687	4	137,888
37	1	43,188			1	43,188
38	1	23,099			1	23,099
39	1	39,232			1	39,232
40	2	28,052	1	25,877	3	53,929
41	2	59,293	1	21,051	3	80,344
42	1	42,357			1	42,357
43	2	68,498			2	68,498
44	12	515,042	1	33,318	13	548,360
45	6	276,368	6	125,497	12	401,865
46	13	565,891			13	565,891
47	13	603,208	1	12,771	14	615,979
48	22	945,590			22	945,590
49	9	393,080	3	26,542	12	419,622
50	31	1,414,479	2	54,079	33	1,468,558
51	41	1,833,942	2	53,233	43	1,887,175
52	34	1,540,809	1	24,861	35	1,565,670
53	46	2,134,084	1	11,332	47	2,145,416
54	36	1,617,229	2	63,089	38	1,680,318
55	37	1,814,014	4	101,782	41	1,915,796
56	46	2,104,314	3	77,242	49	2,181,556
57	62	2,704,224	6	145,180	68	2,849,404
58	67	3,246,270	4	83,806	71	3,330,076
59	83	3,806,602	4	56,053	87	3,862,655
60	71	3,120,774	9	254,942	80	3,375,716
61	49	2,207,362	7	165,706	56	2,373,068
62	59	2,574,490	5	98,196	64	2,672,686
63	69	2,827,688	7	162,930	76	2,990,618
64	80	3,263,310	11	276,699	91	3,540,009
65	50	2,124,664	5	112,489	55	2,237,153
66	54	2,026,664	9	160,257	63	2,186,921
67	45	1,692,841	4	53,301	49	1,746,142
68	42	1,447,726	10	170,359	52	1,618,085
69	40	1,492,821	3	64,588	43	1,557,409
70	39	1,381,603	14	276,298	53	1,657,901

TABLE 7C

**THE NUMBER AND ANNUAL BENEFITS PAYABLE TO
CONSENTING POLICEMEN FROM THE COMBINED FUND
AS OF DECEMBER 31, 2006**

Age	Members		Beneficiaries		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
71	34	\$ 1,145,245	11	\$ 166,512	45	\$ 1,311,757
72	34	1,184,677	11	168,574	45	1,353,251
73	30	839,276	17	275,549	47	1,114,825
74	37	1,186,233	23	271,936	60	1,458,169
75	46	1,378,933	14	253,626	60	1,632,559
76	35	1,069,715	19	256,967	54	1,326,682
77	46	1,414,965	22	328,856	68	1,743,821
78	40	1,141,160	28	430,893	68	1,572,053
79	50	1,400,269	23	319,733	73	1,720,002
80	26	710,920	20	256,579	46	967,499
81	29	687,875	15	160,967	44	848,842
82	17	377,033	17	194,451	34	571,484
83	30	602,874	10	103,783	40	706,657
84	13	261,209	6	67,391	19	328,600
85	10	197,357	10	94,659	20	292,016
86	4	76,020	7	67,948	11	143,968
87	6	109,907	3	27,842	9	137,749
88	3	47,429	2	17,640	5	65,069
89			1	3,953	1	3,953
90			2	12,679	2	12,679
91			1	8,021	1	8,021
Total	1,662	\$ 64,068,403	392	\$ 6,244,980	2,054	\$ 70,313,383

TABLE 8

**THE NUMBER AND ANNUAL BENEFITS PAYABLE TO
NON-CONSENTERS FROM THE RETIREMENT FUND
AS OF DECEMBER 31, 2006**

Age	Members		Beneficiaries		Totals	
	Number	Annuities	Number	Annuities	Number	Annuities
52			1	\$ 5,031	1	\$ 5,031
53			1	7,743	1	7,743
55	1	23,538			1	23,538
59	1	25,722			1	25,722
66	1	15,107			1	15,107
67			1	8,524	1	8,524
68	1	403			1	403
72	1	1,254			1	1,254
73			1	8,128	1	8,128
74	3	30,632			3	30,632
77	2	14,745	1	579	3	15,324
79	2	4,518			2	4,518
80	1	9,518			1	9,518
83	1	13,253			1	13,253
85	2	4,843			2	4,843
86	1	5,878			1	5,878
87	1	5,437			1	5,437
89	1	8,932			1	8,932
93	1	4,047			1	4,047
95	1	2,424			1	2,424
Total	21	\$ 170,251	5	\$ 30,005	26	\$ 200,256

July 13, 2007

Mr. Martin T. Matson
Acting Director
Milwaukee Employees' Retirement System
City of Milwaukee
200 E. Wells St.
Milwaukee, Wisconsin 53202-3515

Dear Martin:

Enclosed are 21 bound copies and one unbound copy of the City of Milwaukee Employees' Retirement System Actuarial Valuation as of January 1, 2007.

I look forward to seeing you later this month.

Sincerely,



S. Lynn Hill
Director, Retirement Consulting

SLH:pl
12736/C5650RET01-2007-Valuation.doc

Enc.