



## 2015 Pension Contribution Changes Employee FAQs

Department of Employee Relations (DER)  
February 26, 2015

### General terms for these FAQs:

- **Base salary:** the hourly base rate or the biweekly base salary listed in the salary ordinance without overtime
- **PC:** pension contribution
- **PO:** pension offset or salary adjustment (3.9%; 1.45%; 2.45%) for eligible employees is calculated on the base salary in effect at the end of PP 3, 2015; PO is base-building and pensionable
- **PP:** pay period
- **Employee Groups:**

Group name	Employee Start Dates
Group 1:	Hired on or before 12/31/99
Tweeners:	Hired after 12/31/99 but before 01/01/10*
Group 10:	Hired from 1/1/10* to 1/1/14
Group 14:	Employees hired on or after 1/1/14

*\* The effective date for the employee pension contribution change from 1.6 to 5.5% varies depending upon when the various Unions agreed to the change. The effective dates are as follows:*

IBEW Lo. 494-Elec. 6/1/2010  
IBEW Lo. 494-Fire Alarm 6/15/2010

MBCTC 8/1/2010  
ALEASP 10/3/2011

### 1. How is the pension contribution calculated on each paycheck?

The PC is a pre-tax amount, roughly calculated on the total gross earnings paid, less any paid overtime.

- Includes earn codes such as 077, 042, 045, 043, 243, WC1, AT1, etc. AND shift code earnings such as 20, 06, 07, etc.

The PC deduction will be listed in the lower left corner of the pay stub in the “*Before-Tax Deductions*” area with the Health & Dental premium contributions, Flexible Spending deductions, etc. Please see page 5 for a sample check stub.

### 2. Are pension contributions of 5.5% capped at 80 hours per pay period?

Yes, most straight time and shift pay up to 80 hours per pay period is part of the pension calculation for all PC.

**3. What is the process for Tweeners, employees who were hired under the 1.6% pension contribution obligation?**

Tweeners were hired with an obligation to pay the 1.6% PC for 8 years or 208 pay periods. Tweeners will make the 5.5% PC on a pre-tax basis and no longer make the 1.6% contribution on a post-tax basis.

Tweeners may receive two (2) separate salary adjustments calculated from the base salary in effect at the end of PP 3, 2015:

1. 1.45% salary adjustment in PP 4, 2015
2. 2.45% salary adjustment in the 209<sup>th</sup> pay period\* after the 1.6% PC obligation would have ended if applicable

**a) Who will make the PO salary adjustment entries in HRMS?**

DER will make PO salary adjustment entries in HRMS.

**b) Who will keep track of when the 1.6% PC obligation would have been satisfied for each affected employee and when the second PO may be due to the employee?**

With assistance from both ERS and the Comptroller's office, DER will keep track of this each pay period. Then each pay period, DER will make the applicable PO adjustments and notify departmental payroll personnel of impacted employees.

**c) Will the second PO (2.45%) be granted retroactive to PP 4, 2015?**

The 2.45% PO is not retroactive. When applicable, it is added the pay period\* after the employee would have satisfied the obligation to pay the 1.6% PC. This PO is calculated based on the rate of pay in effect at the end of PP 3, 2015.

**d) Will the second PO (2.45%) be on the next check or is there a lapse of a pay period?**

When applicable, there is no lapse in pay periods.

*\*If the employee had a lapse in active City service, the dates may vary.*

**4. Who should employees contact for questions regarding the pension offset?**

Employees should continue to take salary questions to department payroll staff.

**5. Will the employees' take home pay be less?**

Generally, take home pay or net salary will be lower for employees in Group 1 & the Tweeners. The net impact of the new PC and PO will be different depending on the employee's filing status, number of exemptions, insurance options, charitable contributions, deferred comp, FSA, garnishments, etc.

Group 10 & 14 employees will continue to make the PCs which were in effect when they were hired so their salary does not change.

**6. Which check will include the new pension contributions and salary adjustments?**

The new PC and PO for Group 1 and Tweeners are effective Pay Period 4, February 1, 2015; therefore they will appear on the paycheck issued on 2-26-15.

**7. Once an employee maxes out the 35 years of service, will they still be required to make pension contributions?**

Yes, the 5.5% PC is required by Milwaukee City Charter, Chapter 36-08-7-0 am.

**8. Will there be a footnote for those employees whose salary with the pension offset adjustment is now over the maximum of the pay range?**

Per Section 2B of the Salary Ordinance, *“Such adjustments are not considered general wage increases and therefore are not reflected in pay range minimums, maximums, footnotes, and/or increments.*

**9. What about employees who are reinstated after PP 3, 2015?**

In compliance with the Reinstatement policy, employees will be reinstated to the “same salary as at the time of resignation or the minimum of the pay range, whichever is higher.” Since the 2015 PO is calculated from the salary in effect in PP 3, 2015 for active employees, there is no PO to apply to the reinstated salary.

**10. When employees who are NOT currently in active status as of PP 3, 2015, including employees on FMLA, on a leave of absence, layoff or military leave, return to work, how will their salary be impacted?**

If the employee is otherwise eligible for a pension offset, the PO will be applied to the salary of an employee returning to City service from a fully authorized layoff or leave of absence in compliance with the Salary Ordinance (Sal. Ord. Part II-Section 4B). The PO will be calculated on the salary that would have been in effect in PP 3, 2015, for the job title held prior to the leave or layoff.

**11. Will DER or ERS notify affected Tweeners about the status of their initial 8-year or 208 PC payment obligation?**

ERS provided employee names with relevant PC data to DER who sent individual letters to impacted Tweeners on 2/12/15. Tweeners who already finished their initial commitment did not receive the letter because they have already been transferred into Group 1 and will receive the full PO of 3.9% effective PP 4, 2015.

**12. Where did the 1.45% PO come from for the Tweeners?**

Since Tweeners were hired with an obligation to pay the 1.6% PC for 208 pay periods, the pension offset was split into two staggered POs for eligible employees. The difference between the salary adjustment amounts and the timing of the adjustments stems from the difference between 3.9% and the 1.6% adjusted for the duration of any remaining 1.6% payments an employee would have made.

**13. Is this a permanent PO?**

The Mayor proposed and the Common Council approved this **one-time** salary adjustment of 3.9% as a way to offset the new pension contribution in the 2015 Budget for employees making the 5.5% pension contributions for the first time as a result of the Supreme Court decision. The PO is base-building and pensionable.

**14. What happens to those employees who are now over the pay range maximum due to the PO if there are across the board (ATB) increases in the future?**

If there are ATB increases in the future when the whole pay range is adjusted, all employee maximums are capped by the pay range.

**15. What happens to those employees who are now over the pay range maximum due to the PO, if they are promoted in PP 4, 2015 or later?**

The promotion increase of 5% (7% for leadership positions) is calculated based upon the new base salary in PP 4, which is PP 3 ending salary plus applicable PO (3.9% for Group 1 or 1.45% for Tweeners). When promoted, an employee's salary is the promoted rate or the minimum of the new pay range, or the footnoted minimum recruitment rate whichever is greatest (Sal. Ord. Part II, Section 5A). Employee's salary with the promotion is also bound by the max of the promoted pay range. No additional PO will be added to the new salary once promoted.

**16. What happens to your salary or pension offset, if you get demoted after PP 4, 2015?**

There will be no change to the way demotions are processed.

**DISCLAIMER:** *The Department of Employee Relations reserves the right to modify the content of this document at any time. This document is for informational purposes only and should not be construed by any employee to create any binding contract rights.*

CITY OF MILWAUKEE, WISCONSIN - PAYROLL STUB

Pay Group:	GEN-General City Employees	Advice #:	
Pay Begin Date:	01/18/2015		
Pay End Date:	01/31/2015	Advice Date:	02/12/2015

<b>PP#3 2015</b>	Employee ID:		<b>TAX DATA:</b>	Federal	WI State
	Department:		Marital Status:	Single	Single
	Location:		Allowances:	0	0
	Job Title:		Addl. Amount:	\$ 0.00	
	Pay Rate:	<b>\$1,487.52 Biweekly</b>			<b># 1</b>

CITY OF MILWAUKEE, WISCONSIN - PAYROLL STUB

Pay Group:	GEN-General City Employees	Advice #:	
Pay Begin Date:	02/01/2015		
Pay End Date:	02/14/2015	Advice Date:	02/26/2015

<b>PP#4 2015</b>	Employee ID:		<b>TAX DATA:</b>	Federal	WI State
	Department:		Marital Status:	Single	Single
	Location:		Allowances:	0	0
	Job Title:		Addl. Amount:	\$ 0.00	
	Pay Rate:	<b>\$1,509.09 Biweekly</b>			<b># 2</b>

HOURS AND EARNINGS						AFTER-TAX DEDUCTIONS		
Description	Rate	Current		YTD		Description	Current	YTD
		Hours	Earnings	Hours	Earnings			
Saturday Shift	0.50	16.00	8.00	64.00	32.00	Voluntary Life	8.60	17.20
Straight Time Pay	19.02	40.00	760.88	246.80	4,651.15	60 Days Ltd Buy Up	12.98	51.35
Straight Time Pay	18.86	40.00	754.55		0.00	<b>EE ERS GLBL CONTRIBUTION 1.6</b>	0.00	73.71
Second Shift	0.45	64.00	28.80	254.80	114.66			
Vacation			0.00	32.00	595.00			
Holiday			0.00	40.00	743.75			
Misc Leave			0.00	1.20	22.31			
NON PENSIONABLE EARNINGS CY			0.00		178.34			
Paid Overtime			0.00	16.00	456.54			
<b>TOTAL:</b>		160.00	1,552.23	654.80	6,793.75	<b>TOTAL:</b>	21.58	142.26
BEFORE-TAX DEDUCTIONS			TAXES			EMPLOYER PAID BENEFITS		
Description	Current	YTD	Description	Current	YTD	Description	Current	YTD
UHC Choice Plan - Pre-Tax	37.32	149.28	Fed Withholding	173.20	834.56			
Care Plus Pretax	17.60	70.40	Fed MED/EE	21.20	93.58			
Deferred Compensation Over 50	15.52	67.94		90.66	400.15			
<b>EE Pension Contribution</b>	<b>85.37</b>	<b>85.37</b>		<b>66.06</b>	<b>323.01</b>			
<b>TOTAL:</b>	190.81	492.99	<b>TOTAL:</b>	351.12	1,651.30	Taxable Imputed Value:	0.00	0.00
TOTAL GROSS		FED TAXABLE GROSS	TOTAL TAXES		TOTAL DEDUCTIONS	NET PAY		
Current	1,552.23	1,361.42	351.12	212.39	988.72			
YTD	6,793.75	6,300.76	1,651.30	635.25	4,507.20			

MESSAGE:

NET PAY DISTRIBUTION	
Advice	988.72
<b>TOTAL:</b>	<b>988.72</b>

(Please Save For Your Records)

1. PP#3, 2015's biweekly rate (last check).
2. PP#4, 2015's biweekly rate of pay, including Pension Offset.
3. The 1.6% post-tax pension contribution is eliminated.
4. The new 5.5% pension contribution is deducted from taxable gross salary.

Date: 02/26/2015 Advice No.