



TERRY L. WITKOWSKI
ALDERMAN, 13TH DISTRICT

Statement from Alderman Terry L. Witkowski March 2, 2010

Today the Milwaukee Common Council approved a substitute charter ordinance relating to annual valuations of the assets and liabilities of the city's Employees' Retirement System.

But, **THE ACTION IN NO WAY AFFECTS CURRENT CITY OF MILWAUKEE RETIREES**. A court judgment associated with the city's "Global Settlement" in 2000 prohibited any retroactive changes to pension benefits. They cannot be touched. This past week I fielded many calls from concerned city retirees, but I assured them they have no reason for concern.

However, I do believe the move we made today deserves further explanation.

After significant losses experienced by the retirement fund caused by 2008 stock market losses, for 2010 the city was required to make – for the first time in 15 years – an employer contribution. If the Pension Board had not approved the change made official by the Council today, the Mayor and Common Council would have had to find an additional \$43 million in reductions to the city's 2010 budget!

Rest assured that had the Mayor and Council been looking for an additional \$43 million in reductions, there would have been little choice but to approve deep cuts in services, and hundreds of layoffs of city workers.

The action saves the city \$43 million, but we're not out of the woods. The stock market losses will require the city to again make employer contributions to the fund in coming years.

But, our action today will allow us to spread the losses over five years and to let the actuarial value vary by 20% from the fund's market value. The change is actuarially sound, and it brings the \$4 billion City of Milwaukee fund more in line with other public pension systems across the nation.