



January 17, 2014

Ald. Michael Murphy  
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## City's pension fund outperforms state, Milwaukee County funds in 2013

The **City of Milwaukee Employees' Retirement System** (CMERS) pension fund's preliminary year-end results show the fund earned a return of 19.6%, gross of fees, in 2013, thanks to strong gains in the equity markets, bringing the fund's value to \$4.9 billion at year's end, according to **Alderman Michael J. Murphy**.

The strong performance in 2013 means the fund has returned an average of 13.8% a year, gross of fees, over the past five years, outperforming its assumed rate of return, Alderman Murphy said.

"We have an outstanding team making some very sound decisions based on our long-term investment philosophy and policies, and outperforming our benchmark as well as Milwaukee County (which grew 15.1% in 2013) and the State of Wisconsin Investment Board (grew by 13.5% in 2013) is proof positive of why our pension fund is rated at or near the top of all public pension funds in the U.S.," Alderman Murphy said.

Alderman Murphy, chair of the Common Council's Finance and Personnel Committee and the longest-serving current member of the city's Employees' Retirement System Annuity and Pension Board at more than 20 years, has had a key hand in approving investment strategies as chair of the Investment Committee for the pension board. He said much of the success of the fund's investment returns can be attributed to the late Tom Rick, chief investment officer of the pension fund, who passed away unexpectedly in May 2013 at age 51.

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## **Pension fund beats benchmark/ADD ONE**

“Tom’s fingerprints and those of his outstanding staff are all over the success we are seeing with our investments,” Alderman Murphy said.

**City Budget Director Mark Nicolini** said annual city budgets since 2009 have included \$169 million in required employer contributions, compared to \$0 from 1996 through 2009. “The Common Council and the Mayor have maintained a disciplined approach to funding the system, despite state aid reductions, levy limits, and the need to fund critical services. We have accomplished this without borrowing, major tax increases, or employee layoffs,” Mr. Nicolini said.

A pension board change to add three members – recommended by Mayor Tom Barrett and approved last month by the full Common Council – will help to ensure the pension board continues forward with a strong and dedicated governing body, Alderman Murphy said.

“We are seeking board candidates who have financial expertise and investment knowledge and who can bring insights to help make our pension system even stronger,” he said.

The fund’s Domestic Equity, International Equity, and Global Equity asset classes all had strong performance in 2013 with returns of 33.9%, 26.5%, and 26.3%, respectively. The fund’s Fixed Income allocation was down -0.5%. Domestic Equity, International Equity, and Fixed Income all outperformed their respective benchmarks.

The fund’s real estate investments grew by 12.7%, gross of fees, over the one year ended September 30, 2013, the most recent period for which finalized data are available.

The fund received \$70.6 million as the required 2013 contribution from the city and agencies, \$31.3 million of employee contributions, and \$75.4 million in pre-paid 2014 required contributions from the City and Agencies.

The fund paid out a total of \$310.5 million in benefits for 2013.