



Milwaukee County Employees' Retirement System

Annual Meeting

February 10, 2010

Agenda

- Overview of 2008 Plan Year
- Overview of the Actuarial Valuation Process
- Report on January 1, 2009 Valuation Results
- Lawsuit Settlement and Pension Obligation Bond

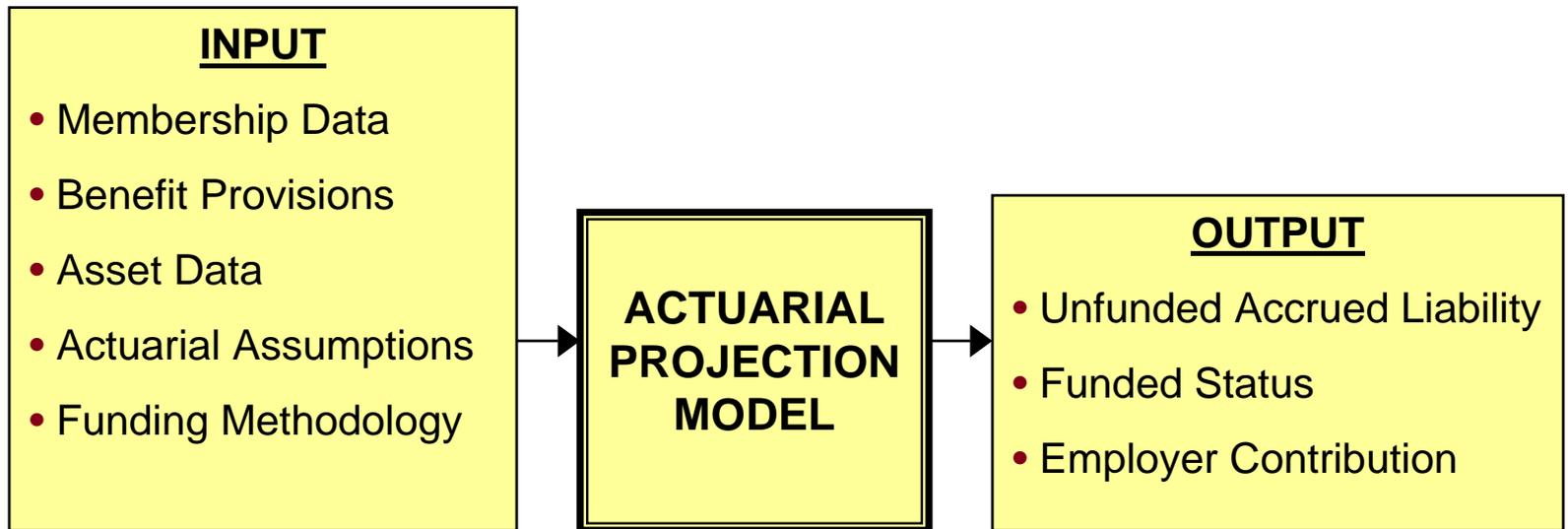
Overview of 2008 Plan Year

- Rate of return on assets for 2008 calendar year:
Market Assets: -22.5% Actuarial Assets: 3.4%
- Methodology changes: Proceeds of the sale of a Pension Obligation Bond have been used to offset existing contribution variances, with the remainder being amortized over 30 years.
- Plan Amendments: None

Actuarial Valuation Objectives

- Determine actual contribution for 2009 plan year and budget contribution for 2010 plan year
- Check on progress and security of promised benefits with comparison of assets to accrued liability
- Compare expectations from prior valuation to what occurred during 2008 to determine net actuarial gain or loss

Actuarial Valuation Process



ERS Membership at January 1, 2009

Active Member Statistics

<u>Item</u>	<u>General Employees</u>	<u>Deputy Sheriffs</u>	<u>Elected Officials</u>	<u>Total</u>
Number	4,326	487	24	4,837
Annual Compensation	\$ 201.5 Mil	\$ 30.7 Mil	\$ 1.6 Mil	\$ 233.8 Mil
Average Earnings	\$ 46,585	\$ 63,102	\$ 65,026	\$ 48,340

Above does not include 1,726 active OBRA members at January 1, 2009.

ERS Membership at January 1, 2009

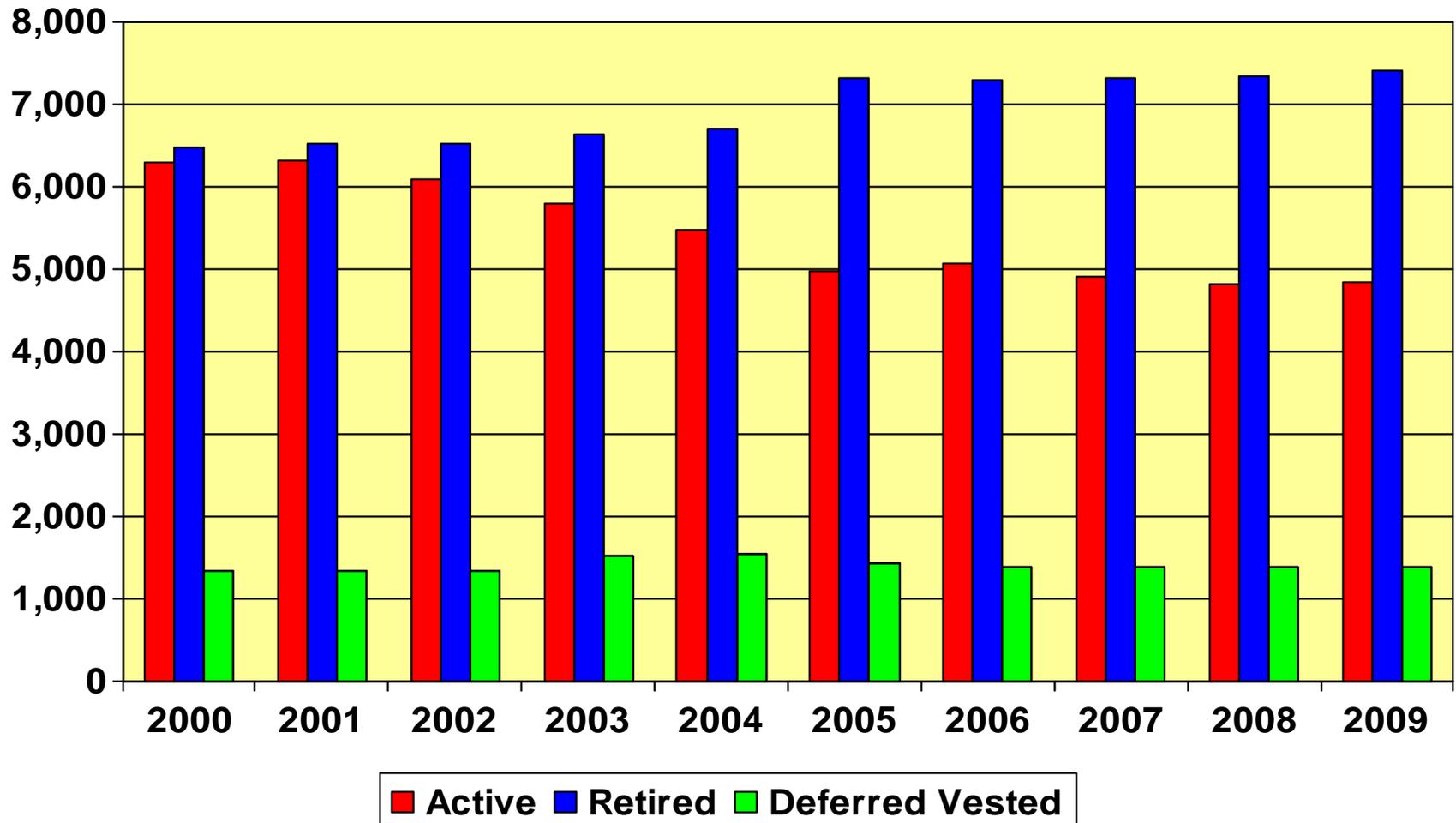
Inactive Member Statistics

<u>Fund</u>	<u>Number</u>	<u>Annual Benefits</u>	<u>Average Benefits</u>
Deferred	1,397	\$ 10.3 Mil	\$ 7,329
Retirees	6,391	123.6	19,344
Beneficiaries	<u>917</u>	<u>10.7</u>	11,707
Total	8,705	\$ 144.5 Mil	\$ 16,611

Above does not include 9,213 inactive OBRA members at January 1, 2009.

ERS Member Demographics

10 Year History



Market Value Reconciliation

	ERS
1. Market Value of Assets as of December 31, 2007	\$ 1,666,511,165
2. Contributions for Plan Year	
a. County	\$ 34,840,886
b. Member	<u>140,209</u>
c. Total	\$ 34,981,095
3. Disbursements for Plan Year	
a. Benefit payments and refunds	\$ 144,184,222
b. Administrative expenses payable to County	<u>1,031,291</u>
c. Total	\$ 145,215,513
4. Pension Obligation Bond Proceeds	397,797,000
5. Market Value of Assets as of December 31, 2008	1,595,610,970
6. Net Investment Income* (5 - 1 - 2c + 3c - 4)	(358,462,777)
7. Expected Net Investment Income (8.00% per annum)	127,670,490
8. Gain (Loss) on Market Value of Assets (5-6)	(486,133,267)
9. Estimated Rate of Return	-22.5%

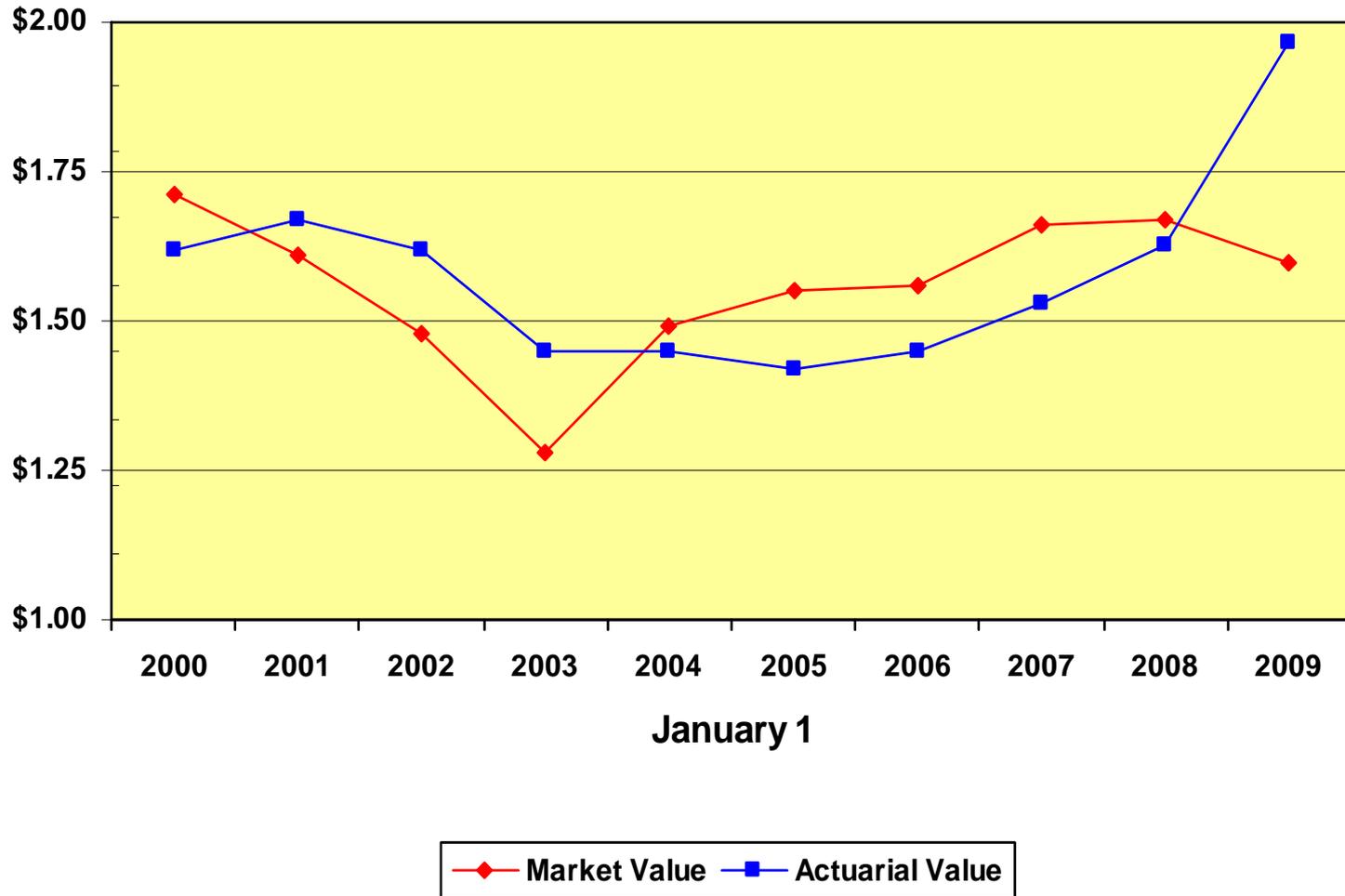
Derivation of Actuarial Value of Assets

1. Market Value of Assets as of December 31, 2008 \$ 1,595,610,970
2. Determination of Deferred Gain (Loss)

<u>Year</u>	<u>Gain/(Loss)</u>	<u>Percentage Deferred</u>	<u>Amount Deferred</u>	
2008	\$ (486,133,267)	80%	\$ (388,906,614)	
2007	(27,533,110)	60%	(16,519,866)	
2006	82,494,242	40%	32,997,697	
2005	(2,393,630)	20%	(478,726)	
2004	63,554,640	0%	-	
Total				(372,907,509)

3. Actuarial Value of Assets \$ 1,968,518,479
- (1 - 2)

10-Year History of Market and Actuarial Assets for ERS (Dollars in Billions)



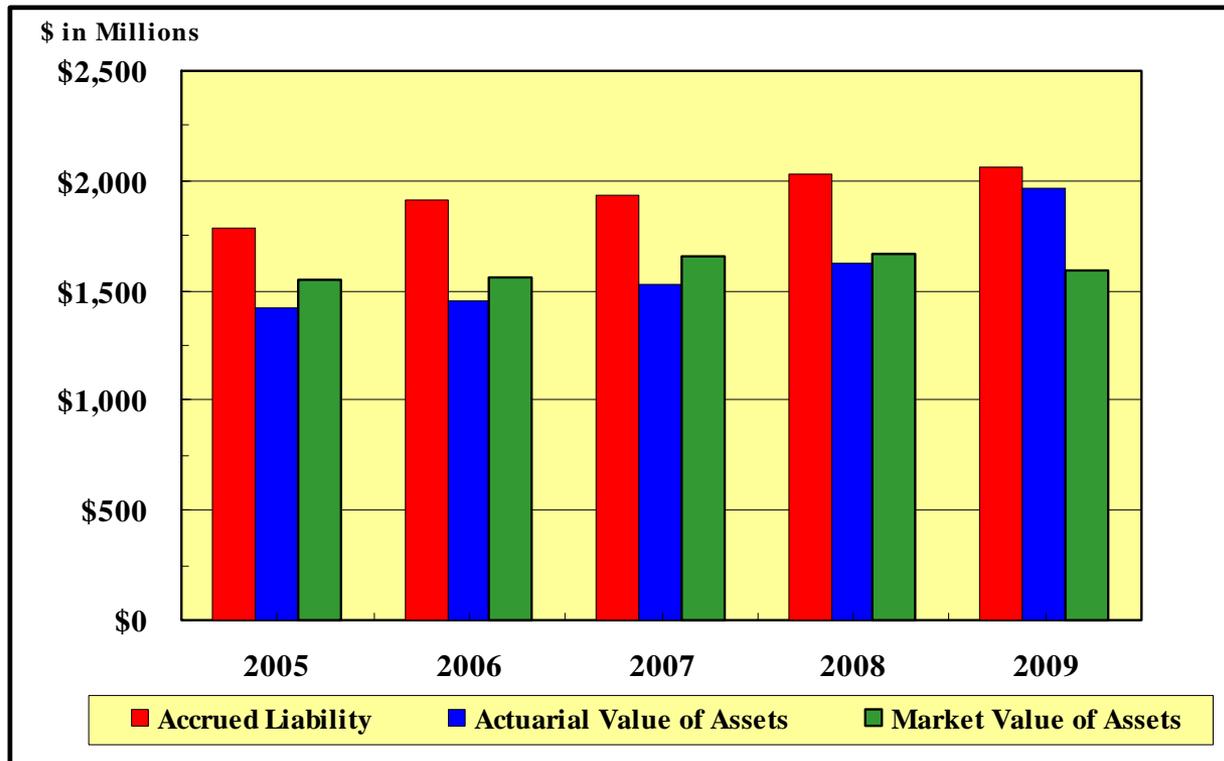
Unfunded Actuarial Accrued Liability – Actuarial Value of Assets Basis

	<u>January 1, 2009</u>	<u>January 1, 2008</u>
1. Actuarial Accrued Liability	2,057,376,988	2,024,922,619
2. Actuarial Value of Assets	1,968,518,479	1,627,287,632
3. Unfunded Actuarial Accrued Liability (1 - 2)	88,858,509	397,634,987
4. Funded Status (2 / 1)	95.7%	80.4%

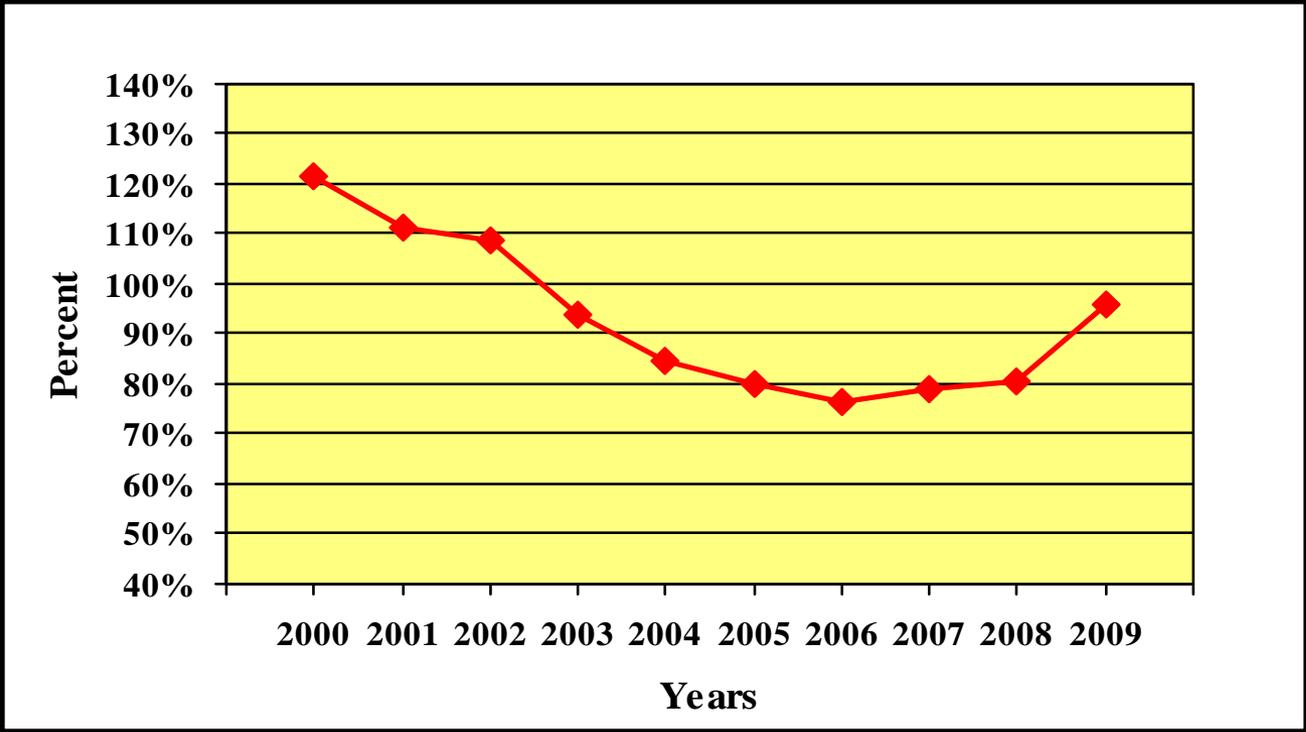
Unfunded Actuarial Accrued Liability – Market Value of Assets Basis

	<u>January 1, 2009</u>	<u>January 1, 2008</u>
1. Actuarial Accrued Liability	2,057,376,988	2,024,922,619
2. Actuarial Value of Assets	1,595,610,970	1,666,511,165
3. Unfunded Actuarial Accrued Liability (1 - 2)	461,766,018	358,411,454
4. Funded Status (2 / 1)	77.6%	82.3%

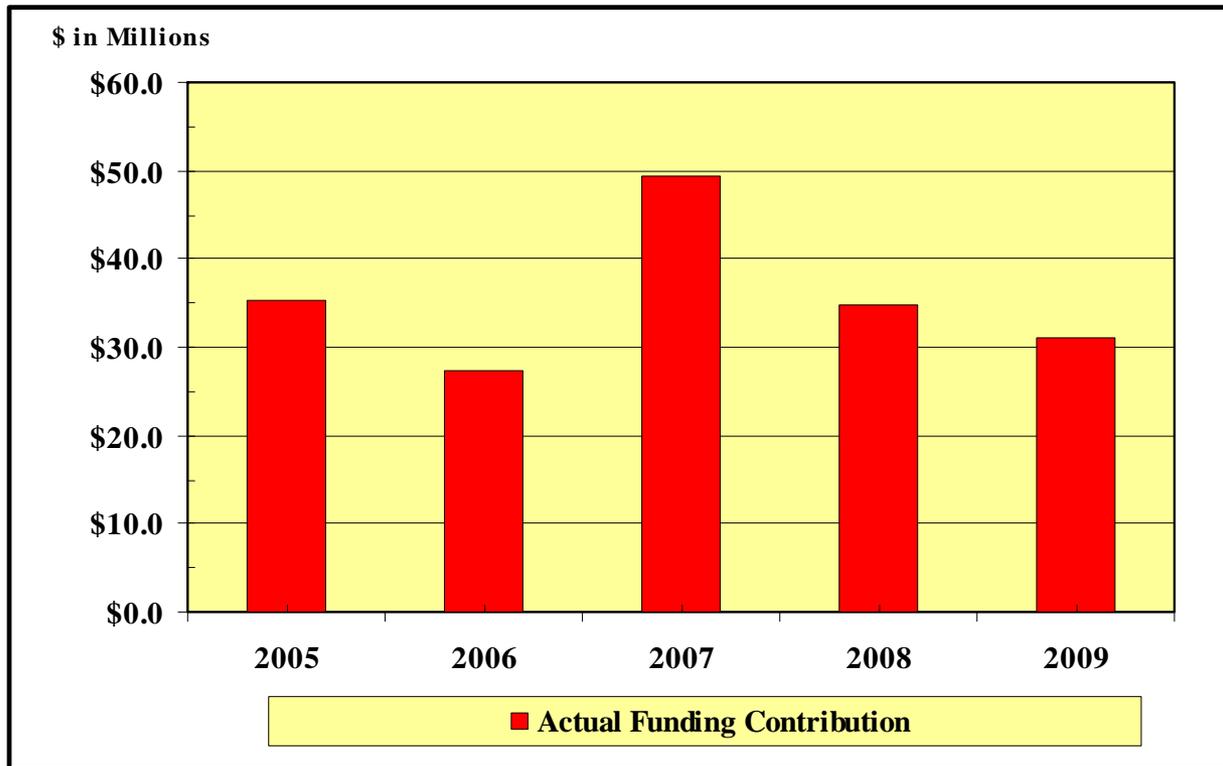
Five-Year History of Accrued Liability and Actuarial Value of Assets



Ten-Year History of Total Funded Ratio (2000 – 2009)



Five-Year History of Actual Funding Contributions



➤ Questions?

➤ Thank you