

**COUNTY OF MILWAUKEE**  
**Inter-Office Communication**

**Date:** September 10, 2007

**To:** Supervisor Richard D. Nyklewicz, Jr., Chairman, Committee on Finance and Audit

**From:** Jerome J. Heer, Director of Audits

**Subject:** Average Annual Pension Benefit Payments for State and Local Governments

At its July 19, 2007 meeting, the Committee on Finance and Audit requested a comparison of average pension benefit payments for Milwaukee County, City of Milwaukee, State of Wisconsin and private sector retirees. **Attachment 1** presents that information, along with a national average for state and local governments as compiled by the U.S. Census Bureau.

You will note that the information for Milwaukee County in this table is different from that provided in a similar report submitted to the Committee and presented at its July 17, 2007 meeting (**Attachment 2**). The differences are explained by three factors:

1. The initial report was an annual projection for 2007 based on retirement checks issued for the month of May, 2007. The current report includes all payments issued in 2005. 2005 data was used in the current report because it was the latest available from other sources.
2. The initial report did not include disbursements from the pension fund for disability payments, as was footnoted. Disability disbursements were included in the current report for greater consistency with sources used for other jurisdictions.
3. The initial report did not include lump sum backDROP payments, although they were referenced in a footnote. The current report includes backDROP payments, because the methodology used called for inclusion of all disbursements in a standard financial statement line item.

This report is provided for informational purposes.

Jerome J. Heer

JJH/cah

Attachments

### Average Annual Government Pension Payments in FY 2005

	<u>Average Payments</u>
State of Wisconsin	\$23,297
Milwaukee County	\$20,386
City of Milwaukee	\$19,626
U.S. Census Totals, State and Local Governments	\$20,463
EBRI Estimates, Private Sector*	\$11,483
EBRI Estimates, Public Sector*	\$21,826

Sources: Wisconsin Department of Employee Trust Funds;  
 Milwaukee County Employees' Retirement System, *2005 Annual Report*;  
 City of Milwaukee Employees' Retirement System, *2005 Annual Report* ;  
 U.S. Census Bureau;  
 Employee Benefits Research Institute Estimates from *Current Population Surveys* (U.S. Bureau of Labor Statistics and U.S. Census Bureau).

Notes: *This data is for general informational purposes only and is not directly comparable due to potentially significant differences in pension benefit levels and the demographic characteristics of pension plan benefit recipients. Data include retirement, disability and survivorship benefit payments. Milwaukee County payments include lump sum backDROP payments dispursed in 2005.*

*\* Data for State of Wisconsin, City of Milwaukee, Milwaukee County and U.S. Census Totals for State and Local Governments are based on retirement plan disbursements; EBRI estimates are based on survey of individuals from 60,000 households.*

### Milwaukee County Annualized Pension Payments (May 2007)

Annual Retirement Payments	Number	Percentage	Cumulative Percentage	Average Payment	Total Payments
\$0 to \$10,000	1,848	29.6%	29.6%	\$5,587	\$10,324,675.68
\$10,001 to \$20,000	1,919	30.7%	60.3%	\$14,966	\$28,719,015.72
\$20,001 to \$30,000	1,435	23.0%	83.3%	\$24,639	\$35,356,361.04
\$30,001 to \$40,000	621	9.9%	93.2%	\$34,111	\$21,182,769.72
\$40,001 to \$50,000	264	4.2%	97.4%	\$44,413	\$11,725,023.60
\$50,001 to \$60,000	100	1.6%	99.0%	\$53,883	\$5,388,288.00
\$60,001 to \$70,000	39	0.6%	99.6%	\$64,587	\$2,518,895.16
\$70,001 to \$80,000	17	0.3%	99.9%	\$74,002	\$1,258,036.92
\$80,001 to \$90,000	2	0.0%	100.0%	\$84,015	\$168,030.48
\$90,001 to \$100,000	1	0.0%	100.0%	\$96,942	\$96,942.24
\$100,001 to \$110,000	1	0.0%	100.0%	\$106,121	\$106,120.92
\$110,001 to \$120,000	1	0.0%	100.0%	\$117,753	\$117,752.52
<b>Total</b>	<b>6,246</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$18,726</b>	<b>\$116,961,912.00</b>

Average \$18,726  
 Median \$16,601  
 Average Years of Service 24

Note: A total of \$128.1 million in backDROP lump sum payments was issued to 984 individuals upon retirement as of May 2007. Exercising the lump sum payment option reduced subsequent annual pension payments for those individuals. The net actuarial impact of the lump sum backDROP payments and subsequent annual pension reductions has not been calculated.

Source: Department of Audit calculations from May 2007 ERS retired participant checks, annualized. Does not include payments for disability or beneficiary participants. Average years of service based on retirees from active service during past nine years. BackDROP data calculated from ERS monthly retirement reports.