



OFFICE OF THE COUNTY EXECUTIVE

Chris Abele

MILWAUKEE COUNTY EXECUTIVE

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## ***Outside Attorneys Offer Potential Actions To Limit Pension “Backdrops”***

### ***Abele, Lipscomb Had Sought New Steps to Cut Huge Payments***

**MILWAUKEE** – Outside attorneys hired at the direction of County Executive Chris Abele in June have proposed several possible options to potentially cap or reduce future pension “backdrop” retirement payments that have totaled more than \$200 million so far.

The hiring of outside counsel was also directed in a resolution authored by Supervisor Theodore Lipscomb and approved in June.

As a result of Abele’s and Lipscomb’s initiatives, several new potential legal strategies have been developed by attorneys at Foley & Lardner and are being reviewed by county officials.

“I’ve believed that new, independent thinking was needed to try to stop these outrageous payments,” Abele said. “I’m encouraged by these options and ready to take any realistic legal action that could save millions of dollars for Milwaukee County taxpayers.”

Lipscomb said, “I’m pleased that outside counsel has presented us with several possible options to limit or end the excessive backdrop payments. I am committed to working with the County Executive to enact reforms like this and save money.”

Abele and Lipscomb said that further analysis of the options was needed before a decision could be made on which if any strategies could be pursued.

The lump-sum backdrop payments to retirees have totaled near \$200 million since they began 10 years ago. In May alone, a total of \$14.2 million in lump-sum backdrop payments were made to 79 retirees. One retiree received a \$1.03 million lump-sum payment, and another was paid \$822,073. Forty-one other retirees received more than \$100,000 each in lump-sum payments last month. These retirees also are receiving monthly pensions and in many cases received additional payments for unused sick leave and vacation.

The county recovered \$45 million in a settlement in 2009 of a lawsuit against Mercer Inc., the actuarial firm that was advising the county at the time the backdrops were approved. The county had alleged that Mercer knew but failed to warn the county about the cost of the backdrop lump-sum pension benefit.

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