



Administrative Manual of Operating Procedures

Procedure #: 02.06.04	Procedure Title: ERS Employee Pension Contribution Withdrawal Process		Revision #: 2.0
Original Issue Date: 3/10/2022	Revised Issue Date: 1/22/2025	Next Review Date: 1/22/2027	Responsible Department: Human Resources (Retirement Plan Services)
Statutory References: Wis. Stat. §§ 59.875		Ordinance References: MCO 201.24 (2.10), 201.24 (3.5), 201.24 (3.11) APPENDIX B - RULES OF THE EMPLOYEES' RETIREMENT SYSTEM 403, 807, 1054	
Appendices: Appendix B – 02.06.04 LMS Training PowerPoint Appendix C – 02.06.04 Contribution Withdrawal Process Flowchart		Forms: N/A	

1. OBJECTIVE:

The purpose of this procedure is to provide documentation for Milwaukee County’s Administrative Manual of Operating Procedures regarding the Employee Pension Contribution Withdrawal process, which will equip members of the Employees’ Retirement System of Milwaukee County with the knowledge of how the contributions they make to the pension plan are determined, the eligibility to receive a refund of their contributions made, and the process to withdraw the contributions from the Employees’ Retirement System (ERS) ¹. This AMOP is intended for Milwaukee County employees hired before January 1, 2025, who are eligible for membership in the ERS. If there is a conflict between this AMOP and the Milwaukee County Ordinances and Pension Rules, the Milwaukee County Ordinances and Pension Rules, as applicable, shall control.

2. DEFINITIONS:

- A. Beneficiary. The person designated by the ERS member to receive their pension amount, if any, payable upon the ERS member’s death. Members can designate both spousal and non-spousal beneficiaries. Beneficiaries listed for the purpose of estimates are not binding for retirement.
- B. Employees’ Retirement System (“ERS”). The defined benefit retirement system responsible for providing pension benefits to Milwaukee County Employees hired before January 1, 2025.¹
- C. Mandatory employee contributions. Each active member of the ERS contributes a percentage of their compensation to the ERS to help fund any benefit they may be eligible to receive from ERS. Contributions are required by Wisconsin State Statute.
- D. Member. A current or former Milwaukee County employee who is or was in a position eligible to participate in the ERS. The ERS generally covers all full-time, permanent employees. Membership is automatic and mandatory on day one of employment for all eligible employees hired before January 1, 2025. Former employees cease to be ERS members if they withdraw their ERS employee contributions after termination or are absent from service for 5 years and not vested.
- E. Member Compensation. All salaries and wages of a member, except for the following: educational pay, uniform pay, bonuses and tips, overtime earned and paid and any expiring time such as overtime and holiday.
- F. Normal Retirement Age. Represented Deputy Sheriffs and some Non-represented sheriffs have a retirement age of 57. Generally, other employees may retire when they reach age

¹ Milwaukee County offers another retirement benefit for seasonal employees, the OBRA retirement system. Please contact RPS if you are inquiring about an OBRA benefit.

- 60 or age 64, depending on the member's enrollment date and union.
- G. Normal Retirement Date. The first day of the month following the date on which the member reaches their Normal Retirement Age.
 - H. Pension. A series of periodic payments which are payable to a member who is entitled to receive benefits from the ERS.
 - I. Retirement Plan Services ("RPS"). The Milwaukee County department responsible for the general administration and operation of the ERS.
 - J. Service Credit. A member's period of applicable employment with Milwaukee County used for purposes of computing their pension benefit. A member shall be credited with a maximum of one (1) year of service for each plan year during which they are a full-time employee with the County. A part-time ERS employee who works 2080 hours in a year, can earn a maximum of one (1) year of service for that year. Service is prorated for partial years worked. A member shall also be granted service credit for certain military service pursuant to Ordinance section 201.24(2.10).
 - K. Termination Date. A member's separation from employment. This day may include regular hours worked or some other type of hours as determined by the employee, their department, payroll, and Human Resources. Members should work directly with their department when determining what their termination date will be.
 - L. Vesting. When a member is vested, they become entitled to receive the pension benefits they earned under the ERS regardless of whether it is payable immediately or at some point in the future. Members become vested when they reach normal retirement age while in active service or generally when they have earned five (5) service credits (some members who terminated employment prior to 2001 may have different vesting requirements). Pension service credit earned by an employee in the City of Milwaukee or State of Wisconsin retirement systems prior to becoming a member of the ERS will be credited toward vesting in the ERS if the requirements are met. Vesting determines eligibility for a benefit but does not determine benefit amounts or timing of payment.

3. OVERVIEW:

- A. Requirement of Member Contributions by State Statute
 - i. According to [Wisc. Stat. § 59.875](#), members are required to pay half of all actuarially required contributions for funding benefits under employee retirement systems. Milwaukee County, the employer, cannot pay on behalf of any member, the member's share of the actuarially required contributions.
 - a. 2023 Wisconsin Act 12 (Act 12) was enacted on June 20, 2023. Effective January 1, 2024, the ERS employee contribution rate calculation was revised. Historically, active ERS employee contributions included payment for a portion of the unfunded liability of ERS. Act 12 mandates that revenue from the enacted sales tax be used to pay the unfunded liability of ERS and for payments to the Pension Obligation Bonds. On and after January 1, 2024, employee contributions equal half of the normal cost since employee contributions no longer include the piece of the unfunded liability payment.
 - ii. Enrollment into ERS is automatic and mandatory; therefore, ERS members cannot opt out of the contribution requirement or membership in ERS.
 - a. Milwaukee County employees hired on or after January 1, 2025, are not eligible for the Milwaukee County ERS.
 - iii. Each active member eligible for the ERS contributes a percentage of their compensation to help fund any benefit they may be eligible to receive from the ERS. These contributions are made on a pre-tax basis, and there is a corresponding reduction in compensation actually paid to the member. When the ERS receives these contributions, they are recorded as funds

in the member’s Membership Account. All contributions are commingled in the pension fund.

- iv. Contributions made to the pension fund and required by State Statute are in place to help fund the member’s pension benefit. Upon separation from Milwaukee County employment, eligible members will have an opportunity to receive a refund of those contributions (with interest) in lieu of a future monthly pension benefit.
 - a. Interest at the rate of five (5) percent per annum will accrue until the earlier of: (1) the date a refund is paid; or (2) 180 days after termination of employment.

B. Contribution Level

- i. On an annual basis the ERS actuary completes a valuation of ERS. A valuation is essentially a snapshot of how much money is needed to fund future pension benefits versus how much money the fund currently has. In the valuation, the actuary determines how much money must be contributed to the fund to pay for the benefits earned by members that year. Per State Statute, beginning January 1, 2024, employees must help pay for a portion of their pension benefits through employee contributions. Each year, the actuary determines how much money needs to be contributed to the fund by both the employer and employees and the County Board approves each amount.
 - a. Historically active ERS employees paid for a portion of the unfunded liability of the pension fund along with the normal cost. Effective January 1, 2024, employee contributions are equal to half of the normal cost since employee contributions no longer include a portion of the unfunded liability.
- ii. The Pension Board publishes the valuation of the ERS in the Annual Valuation report. That information along with their recommendation for the amounts needed for employer and employee contributions are provided to the County Board for the following year’s budget.
- iii. During the annual budget process, the employee contribution rate is set by the County Board after considering the actuary’s recommendation.
- iv. When employee contribution levels change, they go into effect during the second pay period of the next year in the form of pre-tax payroll deductions.
- v. A history of the last five years of mandatory employee contributions is provided in the following table:

Year in Effect	Valuation Date	Public Safety Employees	General Employees
2024	1/1/2023	6.9%	4.3%
2023	1/1/2022	9.8%	6.1%
2022	1/1/2021	9.9%	6.1%
2021	1/1/2020	9.7%	6.2%
2020	1/1/2019	8.9%	6.2%

C. Eligibility to Request a Refund of Contributions

- i. Upon termination from Milwaukee County employment, most members are eligible to request a refund of their contributions (with interest) made to the ERS in lieu of a future monthly pension benefit. The following categories of members are *ineligible* to receive a refund of their contributions:
 - a. Members whose employment was terminated due to fault or delinquency on the member’s part. This is defined in [Pension Board Rule 807](#) as: the member is

“...terminated due to conduct resulting in a felony offense charge if the circumstances of the charge substantially relate to the circumstances of the member's particular job and the member is ultimately convicted of such felony offense.”

- b. Members who are eligible for a monthly annuity at the time of their termination of county employment with a pension benefit over one hundred dollars (\$100.00) per month. Members who have reached retirement age with a monthly pension benefit under one hundred dollars (\$100.00) per month may receive a refund of their member contributions instead of receiving an annuity.
- c. Beneficiaries of deceased members who are eligible to receive a monthly annuity due to the passing of a member.
 - i. A surviving spouse eligible to receive a monthly annuity due to the passing of a member at age 60 may elect to receive payment of the balance in the member's contributions in lieu of a monthly annuity.
- d. Members who request a refund of their contributions five (5) years after their termination from county employment.
 - i. Prior to December 18, 2023, terminated employees had one hundred eighty (180) days to request a refund of their contributions.
 - ii. If a member is vested in a benefit from ERS and is otherwise eligible to request a refund, they must decide whether to receive a refund of their employee contributions. Only employee contributions are refunded, no employer contributions are eligible for refund. If a vested member withdraws their employee contributions, they will forfeit all rights to a deferred vested pension and all service credits earned will be negated. No member is allowed to take both a monthly pension benefit and a refund of their contributions. If a member withdraws their contributions and is subsequently rehired by Milwaukee County, that member must work long enough to become vested in order to retire and take a monthly pension benefit.
 - iii. Even if a member is not vested in a benefit from the ERS at their termination, they are eligible to request a refund unless their termination is due to fault or delinquency on the member's part.
 - a. If a non-vested member does not request a refund of their contributions within five years from the date of their termination and if they are not reemployed by the County within those five years (or are otherwise absent from County employment for more than five years in a period of ten consecutive years from the date of their termination), their service credit, and any contributions associated with that service credit, will be forfeited.
 - iv. If a member is rehired and requests to receive their contributions, they must wait until they terminate employment again since the ERS does not allow in-service distributions.

4. PROCEDURE:

A. Contribute to the ERS While Actively Employed

- i. Enrollment in the ERS for eligible members is automatic and mandatory employee contributions are withheld on a pre-tax basis from compensation. Additional information regarding the requirements and level of employee contributions are supplied in the previous Overview section of this AMOP.
- ii. While members are actively employed and enrolled in ERS, they will receive multiple communications regarding their contributions, including but not limited to:

- a. Notification of pension contributions during New Employee Orientation if that occurs prior to January 1, 2025.
 - b. Description of employee pension contributions in the Employee Handbook.
 - c. Biweekly paystubs contain deductions for pension contributions.
 - d. Annual statements are mailed to each contributing member showing cumulative contributions that have been reported by payroll.
 - e. Annual communications regarding contribution rate changes are emailed to all active ERS members.
 - f. Regular education sessions and webinars include content on pension contributions.
- B. Decision to Terminate Employment and Receipt of Contribution Withdrawal Paperwork
- i. If a member is eligible to retire from active service, the [ERS Active Retirement Process AMOP](#) should be referenced.
 - a. Members who terminate after reaching normal retirement age and whose pension benefit is calculated to be below one hundred dollars (\$100.00) per month may receive a refund of their member contributions instead of receiving an annuity.
 - ii. Members who leave the County with member contributions balances and are not retirement eligible at termination are automatically sent the forms required to request a refund of their member contributions.
 - iii. RPS will mail a letter with information regarding the withdrawal of the member's pension contributions shortly after the member separates from service. This will automatically be mailed once the member's termination has been entered into the HR system and RPS receives notice of their termination date.
 - a. Generally, RPS is notified, and the forms are mailed the week after payroll has issued the member's last paycheck. However, if there is any delay in the status being updated from an active employee to a terminated employee, it's possible the forms could be mailed later. RPS cannot begin the process until they receive confirmation of a member's termination through the termination report from Payroll.
 - iv. Members have five (5) years from the date of their termination to complete and return the forms to RPS if they would like to request a refund of their contributions. Because of the five-year withdrawal period, it is important for members to keep their address information up to date with RPS during this process.
- C. Decision to Request Refund of Contributions
- i. It is very important for members to read the entire refund application packet to understand the implications of withdrawing their employee contributions. Members have five years from the date of their termination to complete and return their request to withdraw contributions to RPS.
 - ii. The following table describes what occurs when a member decides to request a refund of their member contributions, does not request a refund of their member contributions, or is non-responsive within five years from the member's termination date. There are also differences, depending on a member's vesting status, described in this table.

	Vested Member	Non-Vested Member
Member Requests Refund within 5 Years	<ul style="list-style-type: none"> - The member will receive a refund of their contributions in the form of a lump sum¹. - Service credit² will be eliminated and they will cease to be a member of ERS. - Without service credit, future benefits from ERS associated with that service credit will be negated. 	<ul style="list-style-type: none"> - The member will receive a refund of their contributions in the form of a lump sum¹. - Service credit² will be eliminated and they will cease to be a member of ERS. - Without service credit, future benefits from ERS associated with that service credit will be negated.
Member Requests not to Receive Refund within 5	<ul style="list-style-type: none"> - The member cannot receive a refund of their contributions unless they are rehired, terminate, and request the refund timely. - The member will retain the service credit they earned before their termination and remain eligible to receive a future benefit³. 	<ul style="list-style-type: none"> - The member cannot receive a refund of their contributions unless they are rehired within 5 years, terminate, and request the refund timely. - If the member is not reemployed by the County within 5 years from their termination, all service credits and contributions are forfeited.
Member is Non-Responsive to Contribution Withdrawal	<ul style="list-style-type: none"> - The member cannot receive a refund of their contributions unless they are rehired, terminate, and request the refund timely. - The member will retain the service credit they earned before their termination and remain eligible to receive a future benefit³. 	<ul style="list-style-type: none"> - The member cannot receive a refund of their contributions unless they are rehired within 5 years, terminate, and request the refund timely. - If the member is not reemployed by the County within 5 years from their termination, all service credits and contributions are forfeited.

¹ Members will be able to receive their contribution withdrawal as a cash payment, direct rollover, or as a partial rollover with the remainder received as a cash payment. 20% Federal and 8% Wisconsin State income tax will be withheld automatically from any cash payment. If the member does not reside in Wisconsin, no state taxes will be withheld.

² Members will not receive a pension benefit from ERS at any time in the future unless they return to County employment and become eligible to receive a benefit based only on new service credit earned after their return.

³ In accordance with the Milwaukee County Ordinances and Pension Rules.

D. Return Contribution Withdrawal Paperwork to RPS within Five (5) Years

- i. Any employee contribution refund request must be received by RPS within five years from the member’s termination date. Since the contribution withdrawal forms are mailed to the member’s address listed in the HR system, it is important to ensure that this address information is current.
- ii. Should a member decide to request a refund of their contributions, RPS will process their request when the completed paperwork is received. Once completed contribution withdrawal forms are received, it typically takes three to five weeks for the payment of the member’s accumulated employee contributions (including interest) to be issued.
 - a. Interest at the rate of five (5) percent per annum will accrue until the earlier of: (1) the date a refund is paid; or (2) 180 days after termination of employment.

E. Questions

- i. If a member does not receive the Contribution Withdrawal letter after terminating employment, or if members have any questions regarding the contribution withdrawal process, they should contact Retirement Plan Services 414-278-4207 or ERS@milwaukeecountywi.gov to determine eligibility to withdraw contributions.

5. REVISION HISTORY:

Rev. #	Summary of Changes	Date of Change	Author
1.0	New Procedure.		Jacob Augustine

2.0	There are minor changes to the procedure to bring definitions up to date with other AMOPs approved after this, to clarify some of the steps of the procedure, and to update this AMOP for the purposes of Wisconsin Act 12. The contribution withdrawal window was also extended to five years from 180 days towards the end of 2023. This update captures that change.	11/21/2024	Jacob Augustine
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