



(ATTACHMENT 2)

February 28, 2012

**ACTION ON A RESOLUTION TO ADOPT AN AMENDMENT
TO THE MILWAUKEE BOARD OF SCHOOL DIRECTORS
SUPPLEMENTAL EARLY RETIREMENT PLAN FOR TEACHERS**

Ms. Chris Toth
Director-Insurance and Risk Management
Service Division
Milwaukee Public Schools
Administration Building
5225 West Vliet Street
P.O. Box 2181
Milwaukee, WI 53201-2181

Re: Closing and Freezing of Supplemental Teachers Plan

Dear Chris:

We have estimated the cost impact of closing and freezing the Milwaukee Public Schools Supplemental Early Retirement Plan for Teachers (Plan) effective as of July 1, 2013. Our estimates are based on the preliminary actuarial valuation results as of July 1, 2011, after assumptions changes, with certain adjustments for the expected number of retirements and expected number of active members as provided by Milwaukee Public Schools and shown below:

Plan Year Beginning	Low Retirement		High Retirement	
	Actives ¹ at beginning of Year	Retirements During Year	Actives ¹ at beginning of Year	Retirements During Year
7/1/2011	5,016	271	5,016	271
7/1/2012	4,971	136	4,971	176
7/1/2013	4,926	400	4,926	500
7/1/2014	4,881	20	4,881	50
7/1/2015	4,836	20	4,836	50

¹ Excluding active members on leave of absence.

The cost impact under the Plan close and freeze scenario assumes the following:

- Current member benefits as of June 30, 2013, will be based on benefit service and salary as of June 30, 2013; however, service for vesting and retirement eligibility purposes will continue to accrue after June 30, 2013.
- Members hired after June 30, 2013, will not be eligible for any Plan benefits.

The following table shows the projected impact to employer contribution due to the closing and freezing of the Plan (\$ in thousands):

Plan Year Beginning	Baseline Open Plan	Low Retirement Plan Close and Freeze	High Retirement Plan Close and Freeze
7/1/2013	\$16,294	\$11,002	\$11,395
7/1/2014	\$15,843	\$10,588	\$10,981
7/1/2015	\$15,614	\$10,294	\$10,687

The details of the projections are shown in the attached exhibits. Following are a few observations:

- Closing and freezing the Plan is projected to decrease plan year end 2014 employer contributions by \$5,292,000 under the low retirement assumption, and \$4,899,000 under the high retirement assumption.
- Under the baseline open projection scenario, employer contributions are projected to increase from \$15.6 million in plan year end 2016 to \$17.4 million in plan year end 2032.
- Under the close and freeze plan low retirement projection scenario, employer contributions are projected to decrease from \$11.0 million in plan year end 2014 to \$10.5 million in plan year end 2032.
- Under the close and freeze plan high retirement projection scenario, employer contributions are projected to decrease from \$11.4 million in plan year end 2014 to \$10.9 million in plan year end 2032.

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge the information contained in this letter is accurate and fairly presents the projected actuarial position of the Milwaukee Public Schools Supplemental Early Retirement Plan for Teachers and the required contributions under the scenarios described. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Please see the following pages for additional disclosures required by Actuarial Standards of Practice.

The undersigned actuaries are independent of the plan sponsor and are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

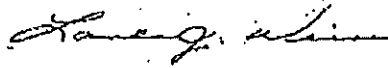
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Please call us with any questions or comments you have on this letter.

Sincerely,



Alex Rivera, F.S.A.
Senior Consultant



Lance Weiss, E.A.
Senior Consultant

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Additional Disclosures Required by Actuarial Standards of Practice

We have performed projections of alternative retirement and design policies based on the preliminary actuarial valuation as of July 1, 2011, for the Milwaukee Public Schools Supplemental Early Retirement Plan for Teachers. The projections were performed at the request of the Plan Sponsor and are intended for use by the Plan Sponsor and those designated by the Plan Sponsor. This letter may be provided to parties other than the Plan Sponsor only in its entirety and only with the permission of the Plan Sponsor.

Future actuarial measurements may differ significantly from the current measurements presented in this letter due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. This letter should not be relied on for any purpose other than the purpose stated.

Wisconsin Public Schools
 Teachers Supplemental Retirement Plan
 Projections based on Preliminary Valuation Results as of July 1, 2011

Baseline Open Plan

Year	Accumulated Unfunded ¹	Accumulated Value of Assets	Unfunded ¹ Ratio	Normal Cost	Amortization ¹ UAL	Employer Contribution	Benefit	Contribution Percent of Pay	Benefit	Deferred Vested Amt. 55 or Younger	Deferred Vested Amt. 55 or Older
2011	\$262,776,429	\$110,184,768	43%	\$1,751,351	\$12,051,370	\$15,762,721	\$391,480,915	2.33%	4747	2894	436
2012	\$246,451,533	\$116,831,379	46%	\$1,863,070	\$12,396,623	\$16,259,693	\$343,221,749	4.74%	4943	2694	919
2013	\$233,992,478	\$122,595,755	48%	\$1,791,947	\$12,498,795	\$16,291,742	\$396,846,738	4.84%	4414	2694	1064
2014	\$259,380,552	\$135,479,697	52%	\$1,757,667	\$11,045,699	\$15,842,761	\$315,037,910	4.73%	4443	2580	1184
2015	\$264,766,729	\$147,978,829	56%	\$1,822,704	\$11,791,501	\$15,614,205	\$345,510,427	4.56%	4543	2407	1379
2016	\$272,316,330	\$157,411,249	58%	\$1,873,277	\$11,607,166	\$15,680,443	\$359,784,987	4.47%	4599	2160	1403
2017	\$275,751,755	\$166,784,299	60%	\$1,916,226	\$11,623,837	\$15,760,641	\$368,672,379	4.39%	4648	2076	1542
2018	\$281,362,315	\$176,670,316	63%	\$1,949,337	\$11,541,656	\$15,841,393	\$366,973,721	4.32%	4692	2076	1673
2019	\$286,763,531	\$186,869,805	65%	\$1,979,774	\$11,600,706	\$15,919,976	\$375,403,764	4.26%	4734	1909	1827
2020	\$292,312,050	\$197,326,297	67%	\$1,982,239	\$11,651,652	\$16,009,691	\$384,693,684	4.16%	4765	1745	1973
2021	\$297,198,975	\$207,900,089	70%	\$1,979,774	\$11,655,268	\$16,099,691	\$394,102,757	3.95%	4794	1555	2143
2022	\$302,902,463	\$218,071,312	72%	\$1,976,108	\$11,670,921	\$16,166,029	\$404,069,919	3.87%	4822	1383	2311
2023	\$308,549,869	\$228,327,318	74%	\$1,976,697	\$11,672,480	\$16,232,810	\$414,429,757	3.80%	4843	1167	2411
2024	\$310,744,376	\$238,779,583	77%	\$1,972,735	\$11,672,735	\$16,289,815	\$425,202,423	3.73%	4860	911	2577
2025	\$314,684,630	\$249,371,319	79%	\$1,974,270	\$11,672,480	\$16,346,810	\$436,362,713	3.67%	4868	600	2765
2026	\$318,363,297	\$260,371,488	82%	\$1,974,130	\$11,672,710	\$16,393,810	\$447,016,473	3.62%	4877	619	2918
2027	\$322,765,530	\$271,484,146	84%	\$1,974,309	\$11,669,731	\$16,440,810	\$457,166,529	3.58%	4878	466	3047
2028	\$326,889,059	\$282,838,677	87%	\$1,988,471	\$11,670,353	\$16,488,810	\$467,816,901	3.49%	4870	302	3158
2029	\$332,079,224	\$295,373,231	90%	\$1,994,289	\$11,669,242	\$16,531,311	\$478,471,217	3.43%	4851	191	3286
2030	\$339,653,452	\$309,044,711	93%	\$1,996,108	\$11,676,577	\$16,572,815	\$489,121,655	3.39%	4826	106	3385
2031	\$343,859,229	\$323,810,992	96%	\$1,998,019	\$12,649,347	\$17,432,766	\$516,503,971	3.37%	4787	61	3562

¹ The additional deferred vested temporary liability of \$5,164,172 as of July 1, 2006, is being amortized on a level dollar basis over a 25-year closed period. As of July 1, 2011, the remaining liability is \$1,218,370, and the annual amortization payment is \$540,644 using an interest rate of 7.50 percent. All other liabilities are amortized on a level dollar basis over a 25-year closed period commencing on July 1, 2007.

² Includes members on leave of absence.

Milwaukee Public Schools
 Teachers Supplemental Retirement Plan
 Projections based on Preliminary Valuation Results as of July 1, 2011

Low Retirement and Plus Close and Freeze on July 1, 2013

Year	Actual Liabilities	Actuarial Value	Unfunded ^a	Funded Ratio	Normal Cost	Amortization ^b	Employer Contribution	Percent of Pay	Benefits	Actuarial ^c	Balance	Deferred Vesting Amt. 5/1/2006	Deferred Vesting Amt. 5/1/2012
2011	\$206,004,248	\$120,184,760	\$115,211,480	49%	\$3,383,741	\$10,530,296	\$11,933,037	4.88%	\$15,993,973	\$115,211,480	42,837	2,954	934
2012	\$230,819,057	\$132,632,218	\$117,387,059	49%	\$3,740,603	\$10,806,603	\$14,799,352	4.9%	\$16,816,058	\$117,387,059	43,731	2,807	933
2013	\$233,943,206	\$118,598,445	\$115,365,460	51%	\$0	\$11,004,733	\$11,004,733	3.32%	\$17,097,578	\$115,365,460	44,314	2,684	1,064
2014	\$233,744,053	\$125,913,773	\$107,870,306	54%	\$0	\$10,567,636	\$10,567,636	3.67%	\$18,806,465	\$107,870,306	44,244	2,510	1,184
2015	\$231,818,220	\$130,212,771	\$101,591,199	58%	\$0	\$10,293,528	\$10,293,528	3.57%	\$18,246,003	\$101,591,199	45,333	2,487	1,279
2016	\$230,287,480	\$131,912,883	\$94,304,597	57%	\$0	\$10,309,221	\$10,309,221	3.56%	\$17,705,987	\$94,304,597	45,522	2,360	1,403
2017	\$229,201,043	\$134,348,271	\$84,757,462	59%	\$0	\$10,325,854	\$10,325,854	3.71%	\$18,045,245	\$84,757,462	45,113	2,216	1,542
2018	\$227,681,352	\$136,740,173	\$70,211,180	60%	\$0	\$10,343,823	\$10,343,823	3.85%	\$18,407,307	\$70,211,180	44,689	2,076	1,671
2019	\$225,672,352	\$139,184,849	\$56,767,463	62%	\$0	\$10,362,893	\$10,362,893	4.06%	\$18,805,527	\$56,767,463	44,228	1,909	1,827
2020	\$223,071,534	\$140,708,741	\$42,327,842	63%	\$0	\$10,383,203	\$10,383,203	4.30%	\$19,241,485	\$42,327,842	43,759	1,745	1,973
2021	\$220,711,724	\$142,195,349	\$27,116,375	63%	\$0	\$9,857,016	\$9,857,016	4.25%	\$19,716,648	\$27,116,375	43,294	1,555	2,143
2022	\$215,717,079	\$143,822,475	\$12,914,604	66%	\$0	\$9,881,518	\$9,881,518	4.49%	\$20,118,378	\$12,914,604	42,827	1,363	2,311
2023	\$211,058,161	\$145,111,866	\$4,946,315	68%	\$0	\$9,908,605	\$9,908,605	4.75%	\$20,491,956	\$4,946,315	42,366	1,166	2,481
2024	\$205,734,347	\$145,153,050	\$62,591,297	70%	\$0	\$9,938,201	\$9,938,201	5.05%	\$20,861,312	\$62,591,297	41,900	980	2,637
2025	\$199,845,169	\$143,058,972	\$56,786,397	72%	\$0	\$9,973,233	\$9,973,233	5.41%	\$20,632,290	\$56,786,397	41,427	799	2,786
2026	\$193,441,757	\$142,916,709	\$50,525,049	74%	\$0	\$10,013,120	\$10,013,120	5.81%	\$20,310,628	\$50,525,049	40,953	628	2,918
2027	\$186,563,690	\$142,807,173	\$43,756,517	77%	\$0	\$10,060,528	\$10,060,528	6.26%	\$20,014,328	\$43,756,517	40,474	458	3,047
2028	\$179,182,576	\$142,742,821	\$36,436,255	80%	\$0	\$10,119,288	\$10,119,288	6.80%	\$20,006,994	\$36,436,255	40,000	300	3,176
2029	\$171,436,079	\$142,930,576	\$28,506,103	83%	\$0	\$10,186,902	\$10,186,902	7.40%	\$20,107,320	\$28,506,103	39,524	117	3,305
2030	\$163,447,655	\$143,542,221	\$19,904,835	86%	\$0	\$10,272,143	\$10,272,143	8.08%	\$20,217,320	\$19,904,835	39,049	92	3,434
2031	\$155,302,271	\$144,772,053	\$10,540,168	91%	\$0	\$10,369,168	\$10,369,168	9.49%	\$20,337,670	\$10,540,168	38,574	52	3,563

^a The additional deferred vested temporary liability of \$5,164,172 as of July 1, 2006, is being amortized on a level dollar basis over a 15-year closed period. As of July 1, 2011, the remaining liability is \$4,044,379, and the annual amortization payment is \$243,644 using an interest rate of 7.50 percent. All other liabilities are amortized on a level dollar basis over a 25-year closed period commencing on July 1, 2007.

^b Assumes salary increases after July 1, 2011.

^c Includes members on leave of absence.

Milwaukee Public Schools
 Teachers Supplemental Retirement Plan
 Projections based on Probationary Valuation Results as of July 1, 2011

High Retirement and Plan Close and Freeze on July 1, 2013

Year	Actual	Actual	Unfunded ¹	Funded	Normal	Amortization ²	Employer	Payroll ³	Contribution	Benefit	Articulation	Deferred Vesting	Deferred Vesting
	Liabilities	Liabilities	Liabilities	Liabilities	Liabilities	Liabilities	Liabilities	Liabilities	Liabilities	Liabilities	Liabilities	Liabilities	Liabilities
2011	\$130,407,075	\$110,164,768	\$170,222,307	48%	\$3,265,128	\$10,226,420	\$14,121,540	\$33,480,315	4.20%	4247	515,891,873	2884	836
2012	\$124,616,787	\$113,120,882	\$121,495,920	48%	\$3,732,502	\$11,291,673	\$15,094,135	\$39,401,968	4.47%	4371	\$16,816,858	2887	929
2013	\$128,767,837	\$119,193,644	\$119,574,253	50%	50	\$11,394,858	\$11,394,858	\$39,455,655	3.45%	4653	\$17,361,406	2684	1064
2014	\$128,674,801	\$116,702,469	\$111,972,152	53%	50	\$10,980,777	\$10,980,777	\$39,826,170	3.97%	4850	\$19,399,778	2586	1184
2015	\$126,251,928	\$110,670,145	\$105,981,783	55%	50	\$10,666,722	\$10,666,722	\$39,870,251	3.83%	4790	\$19,119,663	2486	1279
2016	\$124,149,243	\$111,080,124	\$102,169,159	58%	50	\$10,702,476	\$10,702,476	\$39,835,203	3.85%	4734	\$18,650,165	2380	1403
2017	\$122,036,767	\$113,882,472	\$98,481,178	58%	50	\$10,719,178	\$10,719,178	\$39,611,163	3.96%	4757	\$18,738,647	2216	1547
2018	\$120,339,514	\$115,838,469	\$94,511,065	59%	50	\$10,736,999	\$10,736,999	\$39,107,469	4.10%	4785	\$18,882,969	2076	1673
2019	\$122,853,223	\$117,612,794	\$90,234,033	60%	50	\$10,756,105	\$10,756,105	\$38,548,798	4.26%	4815	\$19,185,348	1909	1827
2020	\$125,347,733	\$119,648,279	\$85,590,453	62%	50	\$10,776,721	\$10,776,721	\$37,942,165	4.46%	4839	\$19,557,571	1745	1973
2021	\$117,854,116	\$142,036,106	\$75,818,010	65%	50	\$10,274,993	\$10,274,993	\$37,131,873	4.64%	4852	\$19,284,322	1555	2143
2022	\$111,161,942	\$142,537,238	\$70,644,664	67%	50	\$10,302,097	\$10,302,097	\$36,232,552	4.90%	4912	\$19,581,511	1366	2481
2023	\$107,809,723	\$142,750,647	\$65,059,076	69%	50	\$10,332,411	\$10,332,411	\$35,657,099	5.20%	4928	\$20,770,978	980	2637
2024	\$101,850,644	\$142,832,517	\$59,027,127	71%	50	\$10,366,828	\$10,366,828	\$34,928,061	5.56%	4936	\$20,849,542	800	2706
2025	\$105,381,893	\$142,870,963	\$52,520,930	73%	50	\$10,406,684	\$10,406,684	\$34,160,114	5.99%	4944	\$20,826,538	629	2818
2026	\$104,421,363	\$142,872,957	\$45,468,407	76%	50	\$10,454,126	\$10,454,126	\$33,351,322	6.48%	4941	\$20,810,645	459	3047
2027	\$104,332,297	\$143,303,228	\$37,852,065	79%	50	\$10,512,927	\$10,512,927	\$32,505,744	7.08%	4931	\$20,644,471	292	3138
2028	\$103,043,693	\$143,515,605	\$29,606,692	83%	50	\$10,590,593	\$10,590,593	\$31,627,406	7.77%	4904	\$20,314,746	185	3126
2029	\$101,043,693	\$144,379,202	\$20,664,891	87%	50	\$10,705,907	\$10,705,907	\$30,585,737	8.63%	4866	\$19,929,272	99	3165
2031	\$156,768,236	\$145,874,226	\$19,934,070	93%	50	\$10,924,070	\$10,924,070	\$11,126,077	9.67%	4808	\$19,153,153	53	3162

¹ The additional deferred vesting temporary liability of \$5,161,177 as of July 1, 2006, is being amortized on a level dollar basis over a 15-year closed period. As of July 1, 2011, the remaining liability is \$1,024,379, and the annual amortization payment is \$548,644 using an interest rate of 7.50 percent. All other liabilities are amortized on a level dollar basis over a 25-year closed period commencing on July 1, 2007.

² Assumes salary increases occur July 1, 2013.

³ Includes members on leave of absence.