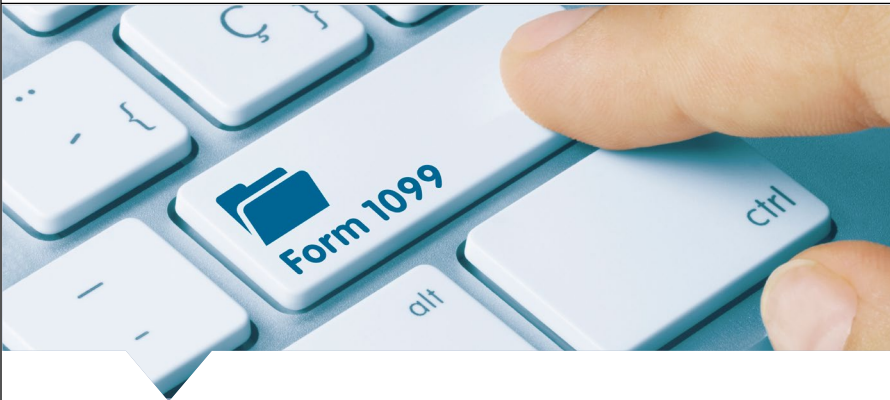




## Keeping Your Contact Information Current

Was this newsletter mailed to your current address? If not, the contact information we have for you may be out of date!

To change your mailing and email addresses online, log in to your myMERS account at [mersofmich.com](https://mersofmich.com) and select any of your MERS retirement plans under the “Accounts” section. Then under the “Quick Links” options on the right side, select the “**Edit My Profile**” link. If you need assistance, please contact the MERS Service Center.



## New! – Your 1099-R Will Be Available Online

As a Defined Benefit retiree, you will receive a Form 1099-R issued by MERS. If you are receiving a benefit from multiple employers, you will receive a Form 1099-R for each. Also, if you reached age 59½ in 2021, you will receive one Form 1099-R for the benefits you received before that date and one for the benefits you received after that date, to comply with IRS' coding requirements. This form will now be accessible online by January 31, 2022. To retrieve your 1099-R, log in to your myMERS account at [mersofmich.com](https://mersofmich.com) and select “**MERS DB Monthly Pension**” from the “Accounts” section. Then under the “Quick Links” options on the right side, select the “**View Plan Summary**” link and then “**1099 Records**”. A copy of your 1099-R form(s) will also be mailed by January 31, 2022, according to IRS requirements.

If you have a Defined Contribution or 457 account with MERS, you will receive a second Form 1099-R issued by Alerus Retirement Solutions for each account that you took a distribution from. Forms will be mailed by January 31, 2022, and can also be retrieved in your myMERS account. After selecting the appropriate plan from the “Accounts” section, select “**View Plan Summary**” then click on “**My Statements**” and choose the document type “**Form 1099-R**” from the dropdown list. If you took distributions from more than one MERS plan, you will have to download each form separately.

Need help finding your tax forms? Follow our step-by-step instructions at [mersofmich.com/FindMy1099](https://mersofmich.com/FindMy1099).

# How to Read Your 1099-R From MERS

<input type="checkbox"/> CORRECTED (if checked)					
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Gross distribution		OMB No. 1545-0119	
		\$		<b>2021</b> Form <b>1099-R</b>	
		2a Taxable amount			
		\$			
		2b Taxable amount not determined <input type="checkbox"/>		Total distribution <input type="checkbox"/>	
PAYER'S TIN	RECIPIENT'S TIN	3 Capital gain (included in box 2a)		4 Federal income tax withheld	
		\$		\$	
RECIPIENT'S name		5 Employee contributions/ Designated Roth contributions or insurance premiums		6 Net unrealized appreciation in employer's securities	
		\$		\$	
Street address (including apt. no.)		7 Distribution code(s)		8 Other	
		IRA/ SEP/ SIMPLE <input type="checkbox"/>		\$ %	
City or town, state or province, country, and ZIP or foreign postal code		9a Your percentage of total distribution %		9b Total employee contributions	
		\$		\$	
10 Amount allocable to IRR within 5 years	11 1st year of desig. Roth contrib.	12 FATCA filing requirement <input type="checkbox"/>	14 State tax withheld	15 State/Payer's state no.	16 State distribution
\$			\$		\$
Account number (see instructions)		13 Date of payment	17 Local tax withheld	18 Name of locality	19 Local distribution
			\$		\$

Form **1099-R** www.irs.gov/Form1099R Department of the Treasury - Internal Revenue Service

**Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.**

**Copy B**  
**Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.**

This information is being furnished to the IRS.

**Box 1: Gross distribution** – The total retirement benefit (both taxable and non-taxable) paid to you for the calendar year, before any deductions.

**Box 2a: Taxable amount** – The portion of your retirement benefit that is taxable. If you made personal after-tax contributions to your defined benefit plan, this amount should equal Box 1 minus Box 5.

**Box 2b: Taxable amount not determined** – This box is checked if we were unable to verify the taxable amount because you were already retired when your former employer joined MERS.

**Box 4: Federal income tax withheld** – Amount of federal income tax withheld from your benefit in 2021.

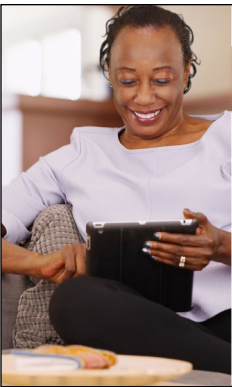
**Box 5: Employee contributions/Designated Roth contributions or insurance premiums** – If you made personal after-tax contributions to your **defined benefit** plan, this box shows the portion of those contributions you are allowed to claim for 2021. This is NOT Designated Roth contributions or insurance premiums, nor does it include any contributions made to any defined contribution plans.

**Box 7: Distribution code(s)** – The type of benefit you received. Code descriptions are found on the back of Form 1099-R.

**Box 9b: Total employee contributions** – If 2021 was the first calendar year that you received a retirement benefit payment, this box will show the total amount of personal after-tax contributions you made to your defined benefit plan.

**Box 14: State tax withheld** – The total of Michigan state tax withheld from your benefit in 2021. MERS only withholds state tax for the state of Michigan.

**Account number:** Unique number assigned by MERS to distinguish your account.



## Need to Make a Change to Your Pension Payment?

For your protection, changes to your direct deposit information or tax withholdings cannot be made over the phone. Changes can be completed through your myMERS account. To make a change, look under “**Accounts**” and select “**MERS DB Monthly Pension**” then click on “**View Plan Summary**”. You will be directed to your Defined Benefit Account Detail Summary, where you should locate the Payment Method section and click “**Edit**”. You may also request a paper form by calling the MERS Service Center.

## Estate Planning Options

An ideal estate plan will describe your wishes as clearly and completely as possible in the event you’re incapacitated or pass away. Depending on your circumstances, you may need several documents to cover all your bases.

- A **will** is the most widely recognized tool for expressing your final wishes.
- An **advance care directive** is the formal name for a living will. You can use one to specify the medical treatment you do and do not want in the event you can’t make choices for yourself.
- A **health care proxy** lets you designate someone to make choices about your medical care when you are unable to do so.
- **Statements of intent** allow you to express your preferences for the guardians and trustees who will be asked to carry out your wishes.

The effectiveness of your estate plan depends largely on the people you select to take over for you. Make sure you think carefully about the roles you’ll need to have filled. You’ve spent a lifetime building your estate, so you’ll want to take careful steps to ensure it’s taken care of in your absence.

- The **executor** is responsible for carrying out the provisions of your will.
- A **trustee** manages a trust you created and enforces the rules of that trust.
- A **guardian** is the person who assumes legal responsibility for your children and any other dependents in your absence.

Careful planning may be especially important to conserve your assets and lessen the effects of taxes. To do this, many people use trusts in their estate plans. A trust is a legal arrangement that allows a third party – the trustee – to hold and direct assets on behalf of a beneficiary. Some trusts can be altered or even abolished by you if your needs change (revocable trusts). Other trusts cannot be changed in any way once they are implemented (irrevocable trusts).

- A **living trust** allows you to remain both the trustee and the beneficiary of the trust while you’re alive.
- A **qualified personal residence trust** may allow you to remove a residence from your estate.
- A **generation-skipping trust** may be used to leave money in advance to grandchildren without giving them immediate access to it.
- A **special needs trust** may be used to finance long-term needs for a dependent who is unable to fully manage his or her own affairs.

You should work with qualified estate planning experts to advise you on the many details involved to make sure your wishes are clearly and legally expressed. You can learn more about wills and trusts by viewing the “*Estate Planning*” webinar in our video library on [mersofmich.com](http://mersofmich.com).



# SECURE Act changes the “stretch rule”

Impacts to MERS Defined Contribution Plan, 457 Program and IRA



The SECURE Act of 2019 set forth new rules for payments to most non-spousal beneficiaries of account owners who pass away on or after January 1, 2022. The new rules effect defined contribution plans [401(k), 401(a), 403(b)], 457 programs, and IRAs.

Prior to the act, if you inherited an IRA or defined contribution-style account, you could generally “stretch” your taxable distributions and tax payments out over your life expectancy. Now, when these accounts are inherited from the original owner, the new law requires most non-spousal

beneficiaries to withdraw assets by the end of the tenth calendar year following the year the account holder passed away.

There are some exceptions. The ten-year rule does not apply to any portion payable to persons considered an “eligible designated beneficiary”; they can choose to spread those distributions over their expected lifetime instead. Persons who may be considered an eligible designated beneficiary can include:

- A surviving spouse
- A minor child (but only until they reach the age of majority, which is 18 in most states)
- A disabled or chronically ill individual (as defined in the law)
- Anyone not more than 10 years younger than the original account holder

In general, stretching distributions for those who are eligible can make sense because it maximizes the value of tax deferral.

You can make sure your beneficiaries are up to date in your myMERS account by selecting your plan under “**Accounts**”, then clicking “**View Plan Summary**” under “**Quick Links**” on the right, then “**Manage Beneficiaries**” in the new page that comes up.



Municipal Employees' Retirement System

1134 Municipal Way  
Lansing, MI 48917



## Contact us

MERS Service Center is available 8:30 am - 5:00 pm, Monday - Friday to answer your questions.

**800.767.6377**



You can also send us a question anytime on Facebook Messenger.

## Join the conversation

Follow MERS of Michigan to keep up with the latest updates from MERS, learn from the experts about topics like health care and social security, and share retirement tips with peers.



[www.mersofmich.com](http://www.mersofmich.com)



## 2022 Pension Payments

Payments go out on the 18th of the month or one business day before a weekend or holiday.

- |               |             |                |
|---------------|-------------|----------------|
| • January 18  | • May 18    | • September 16 |
| • February 18 | • June 17   | • October 18   |
| • March 18    | • July 18   | • November 18  |
| • April 18    | • August 18 | • December 16  |

*This publication contains a summary description of MERS benefits, policies or procedures. MERS has made every effort to ensure that the information provided is accurate and up to date. Where the publication conflicts with the relevant Plan Document, the Plan Document controls.*

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