MERS®
Municipal Employees' Retirement System

WAGE, SERVICE AND CONTRIBUTION GUIDE

User-friendly instructions to submit wages, service and contributions for your MERS Defined Benefit Plan within the Employer Portal

wwww.mersofmich.com

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INTRODUCTION

The Municipal Employees' Retirement System (MERS) of Michigan is an independent, professional retirement services company that was created to administer the retirement plans for Michigan's local units of government on a not-for-profit basis.

This guide is a resource for those responsible for reporting wage and service information to MERS. As your municipality's Reporting Contact, you have access to report financial and employee information to MERS through the Employer Portal.

Your responsibilities in this role may include:

- Reporting employee hire and termination dates

- Reporting employee wages and contributions in accordance with your plan provisions

- Reporting employee leaves of absence through usage of wage discrepancy codes

- Making wage and contribution corrections as necessary

- Submitting and retrieving files

- Receiving and reviewing invoices and submitting payments

- *Reporting rehired retirees*

- Receiving benefit information such as financial reports, news alerts and quarterly statements and sharing this information with others in your municipality

Changing or Updating Contact Information

Primary contacts and Contact Management admins may log into the portal and select "Manage Employer Contacts" from the left navigation. For each contact, they may update contact information and customized preferences for what each contact has access to, responds to questions about, and receives communication for.

You may request a copy of your contact list by filling out the *Employer Contact List Request* form or *contact MERS*.

Resources

MERS has created a resource page for employer contacts with "Reporting Portal" access on *our website*. This page provides you with information on submitting wage and contribution data, understanding reporting limits and MERS discrepancy codes, reporting guides, videos, forms and more.

On our website, you may also find a section dedicated to *Defined Benefit Wage & Contribution Reporting* that includes reporting tips, recent portal updates, steps to address your most frequently occurring scenarios, FAQs and other resources.

In addition, portal training is available through our Service Center. Call 800.767.6377 or visit *our website* today to schedule a training at your convenience.

EMPLOYER PORTAL BASICS

Logging In

1. Log into the Employer Portal from *www.mersofmich.com*
2. Select **Defined Benefit Employer Portal**
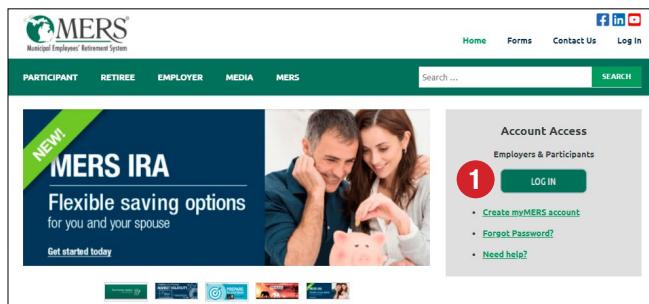
Two-Factor Authentication

The Employer Portal requires two-factor authentication (2FA), where a code is sent via text or phone call to verify your identity. This extra layer of security will protect you by making it more difficult for someone to gain unauthorized access to your account.

You will only need to confirm your existing login one time. During this initial set up process, you will be prompted to enter and confirm your phone number (used to receive a text or phone call when logging in to your account) and email (used when resetting your password). A direct line is needed for the 2FA code (if extensions are needed to reach contact, the code will not go through).

If you do NOT know your username, contact our Service Center at 800.767.6377.

Resetting Your Password

Once you set up your account with 2FA, you will be able to reset your password by clicking on the "Forgot Password" link on the page where you are prompted to enter your password. You will then be prompted to enter your username. A verification code will be sent via email. On the Reset Password page, you will enter your username, the code you received via email and your new password.

Frequency of Reporting

You are required to submit wage and contribution information to MERS on or before the 10th of each month for earnings paid in the previous month.

- You will be assessed a late fee per report for each month it is late

- Wages are reported based on the wages paid during the reporting month

- Invoices are due to MERS by the 20th of the month

| AUG | → | Reporting Due **SEPT 10th** | → | Invoice Due **SEPT 20th** |

1. **Service credit** is earned based on hours worked within the calendar month (PTO used as if working also counts towards hours worked that month).

Example

An employee is awarded service credit for August if they worked (or received pay as if they worked) the required number of hours needed in a calendar month.

- August 1st - August 31st service is reported by September 10th

2. **Wages** are reported based on **when they are paid**.

Example

Employee is paid bi-weekly for working August 1st through August 31st. August wages reported by September 10th will consist of three pay periods:

- August 1st
- August 15th
- August 29th

Learn more about *Employee Contributions*.

For more information on remitting contributions to MERS, see the *ePayment Guide*.

Upload Files and Documents

You can upload employee and/or employer forms, certificates, files and more through the secure **File Upload** feature in the Employer Portal. This may replace sending us correspondence by email, fax and US Postal Services. However, if you wish to upload a CSV file to report your monthly wages, we ask that you go to the **Prepare Monthly Report** section of the portal.

1. To upload files, click on the **File Upload** tab.

2. To select files for upload, either drag and drop them in the upload box OR click on the upload box to navigate through your computer files.

3. Once the files you wish to upload appear in the upload box, click **Submit**.

4. All files you have uploaded will appear in the **Files** section below.

Note: At this time MERS staff do not have the ability to upload files for you to view.
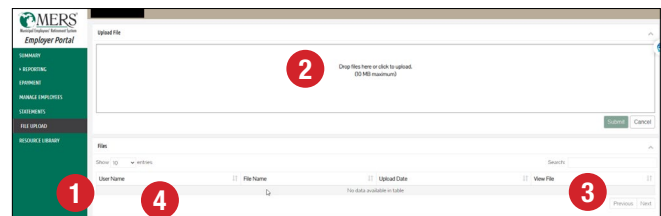
PROGRAM SUMMARY

Benefit Provisions

You can find a list of the benefit provisions your municipality has adopted in the portal.

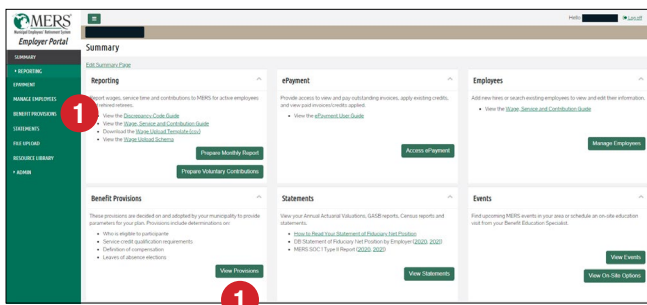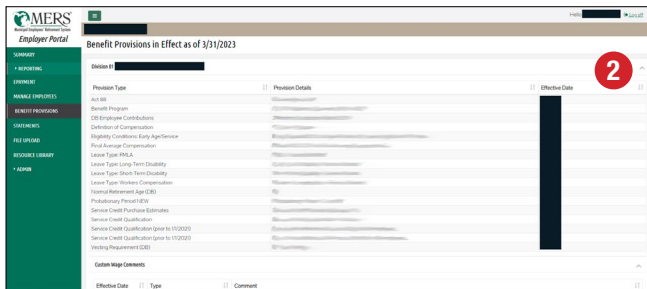1. To locate this page, click on the **Benefit Provisions** tab or the green **View Provisions** button.

2. Each division may have unique provisions, so be sure to scroll down to the division you wish to view. You may click the arrow on the right side to collapse and expand each division's details.

> Plan provisions are decided on and adopted by your municipality and provide parameters for your defined benefit plan. Provisions include determinations on who is eligible for plan participation, service credit qualification requirements, your plan multiplier, vesting requirements, leaves of absence elections, definition of compensations and employee contribution rates (if applicable), etc.

Statements and Reports

Under the **Statements** tab you can access your most recent years of reports for each of the categories below. If you need an older report, you can contact *MERS or your Benefit Plan Coordinator*.

Annual Actuarial Valuations (AAV)

The AAV provides an annual insight to your plan's liabilities, funding levels, contributions for both the employer and employee and important GASB information.

MERS sends out AAVs at end of the second quarter (that is, by June 30th). If you need information in your AAV to finalize your municipality's budget prior to receiving the newest AAV, we recommend that you use your most current version.

Governmental Accounting Standards Board (GASB)

The GASB report provides annual employee counts and plan liabilities by division.

Census

The Census report provides annual wage and service information for your active employees and vested former employees (deferred) along with retirement benefit elections for your retirees/beneficiaries.

Annual Statements

The annual statement provides contributions, transfers and benefit payments for your municipality's reporting unit as well as any market gains/losses and administrative expenses.

Quarterly Statements

The quarterly statement provides contributions, transfers and benefit payments for your municipality's reporting unit as well as any market gains/losses and administrative expenses.
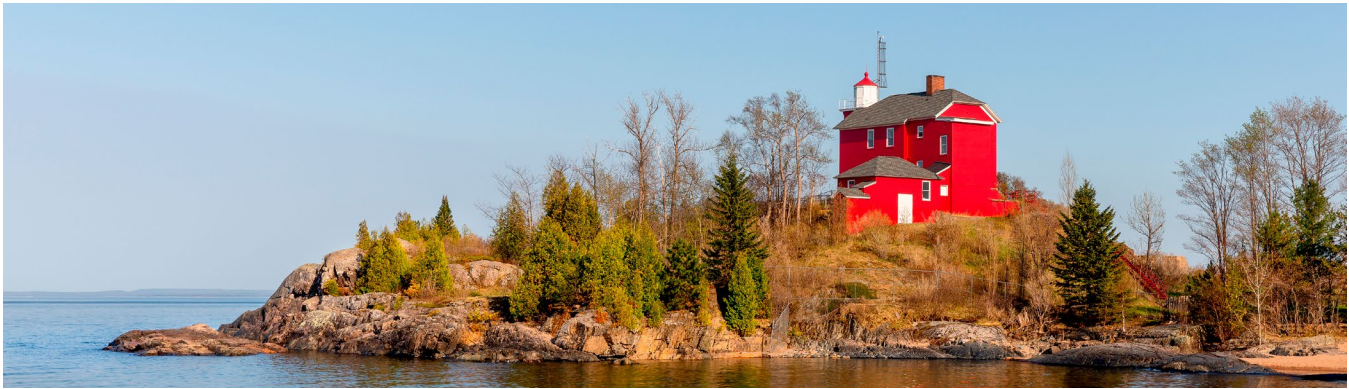
Your census includes the following data points for each employee group:

Active Employees	Retirees & Beneficiaries	Vested Former Employees (Deferred)
Individual ID	Individual ID	Individual ID
Municipality #	Municipality #	Municipality #
Division #	Division #	Division #
Participant Name	Participant Name	Participant Name
Gender	Gender	Gender
Date of Birth	Date of Birth	Date of Birth
Reported Wages	Recipient Type (Retiree/Beneficiary)	Total Benefit Service Months
Valuation Wages	Payment Option Elected	Vesting Service Months
Total Benefit Service Months	Beneficiary Date of Birth	Valuation Service Months
Vesting Service Months	Beneficiary Gender	Termination Date
Valuation Service Months	Retirement Date	
Projected Retirement Date	Monthly Pension Amount (Pre-Social Security Retirement Age)	
Estimated Monthly Straight Life Benefit	Monthly Pension Amount (Current or Post-Social Security Retirement Age)	

Beneficiary Report

Under the Reporting History tab (a subset of the Reporting tab) you can run an Excel report of all your employees to see which beneficiaries they have on file in real time.

Employees may designate a Monthly Pension Beneficiary along with Primary and Contingent Refund Beneficiaries. If an employee is missing a beneficiary, the Beneficiary Report will say "None" in the column in which there is no beneficiary on file.
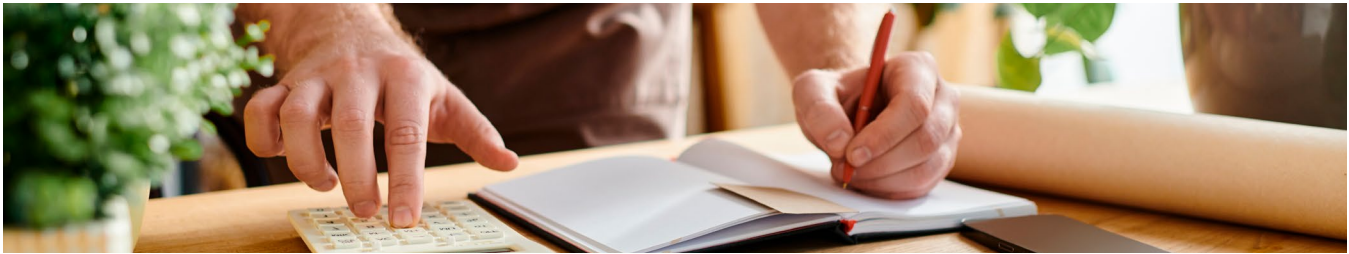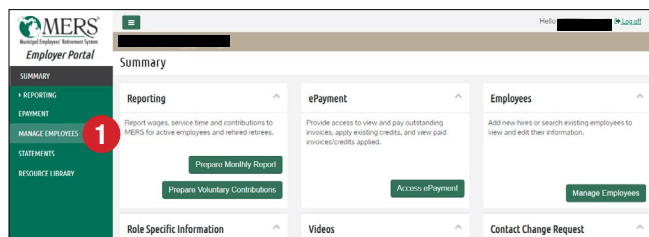
ADD A NEW HIRE

New Application

On the **Manage Employees** tab, you can add a new employee, transfer an active employee into the MERS Defined Benefit Plan or rehire a former employee. **We strongly encourage you to provide both an email and at least one phone number.**

1. Click on the **Manage Employees** tab.

2. Select **Enroll Employee**.
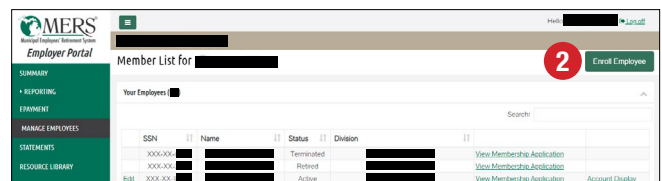
The **Enroll Employee** screen is used for entering new hire information. All **BOLD** fields are required.

3. Enter a hire or rehire date in the given format. You may enter the date manually or pick a date from the pop-up calendar by clicking on the arrow. When adding a date that is greater than 2 months prior to the current reporting month you will receive a warning pop-up. If the date is accurate, you may proceed with the warning. For a back dated hire date you must submit a corrected employee report to add wage and service data.

4. Select the division.

5. Enter remaining new hire data.

6. Click the **Submit** button.

WAGE REPORTING

Plan Eligibility

Plan Eligibility defines which employee classifications are covered by the retirement plan. If an employee classification is included in the plan, then employees will receive service credit if they worked (or receive pay as if they worked) the required number of hours. *Employees must be reported to MERS when they become plan eligible (that is, date of hire into the plan).*

If an employee classification is excluded from the plan, the employees are not eligible, and should not be reported. In addition, an employer should terminate employees who no longer qualify due to a status change (that is, full-time to part-time) and/or a position change (for example, if employee classification is not eligible for plan participation). Service accrued will remain on record. If the employee was in a contributory division, they may request a refund/rollover of contributions. Information on who should be reported to MERS can be found in your municipality's Adoption Agreement, which outlines employee classifications as seen to the right.

If you elect to include a special classification (chart below), then the employee will be required to meet the Service Credit Qualification as defined under section IV (Provisions) in order to earn a month of service. Excluded classification will require additional information below.

To further define eligibility (select all that apply):

Employee Classification	Included	Excluded
Temporary Employees: Those who will work for the municipality fewer than _____ months in total.	☐	☐
Part-Time Employees: Those who regularly work fewer than _____ per _____.	☐	☐
Seasonal Employees: Those who will work for the municipality from _____ to _____ only.	☐	☐
Voter-Elected Officials	☐	☐
Appointed Officials: An official appointed to a voter-elected office.	☐	☐
Contract Employees	☐	☐

Contract Employees

Contract employees are employees who receive a W-2 from their employer and are employed as part of their contract. The employee's contract should indicate whether or not they are entitled to MERS membership; the employer's adoption addendum agreement should specify the inclusion/exclusion.

Special Employee Classifications

If included, employees:

- Must be reported to MERS each month
- Must meet the hour requirement defined to earn a month of service credit
- Must have service reported for the months whereby the requirement was satisfied
- Must have employee contributions withheld on wages reported (if applicable); no exceptions; no opt-outs

If excluded, employees:

- Are not reported to MERS
- Are not required to meet the hour requirement defined for division
- Will *not* accrue service credit
- Will *not* pay employee contributions
    - ° Adoption Agreements specify the number of months or hours part-time, temporary, and seasonal employees may work. For modifications to your agreements, please contact your BPC
    - ° If an excluded employee is promoted and placed into an eligible division, their date of hire is effective with the **date of promotion**

Probationary Periods

Probationary periods *are allowed but may not exceed 12 months*. If adopted, the employee's date of hire and monthly wage reporting *begin the day following* the probationary period; service credit is not awarded for the probationary period. Employee contributions (if applicable) are also not required during the probationary period.

Dual Enrollment

- If an eligible employee performs work in more than one **covered** division (for example, full-time under Division 01 and part-time under Division 10), all wages should be reported under the division the **most work** is performed. The employee's final benefit will be calculated under the Division in which the employee terminates and wages were reported.
- If an eligible employee (for example, assessor, court reporter, etc.) is performing their same or similar duties for another participating MERS employer (concurrently), please contact your Benefit Plan Coordinator to discuss creating an Administrative Services Agreement; such agreement is signed by both employers to ensure proper reporting occurs for the employee.
- If you have a different policy about handling employees who are eligible for enrollment in MERS, please contact your *Benefit Plan Coordinator*.

MERS Wages

All wages paid to an employee may not be reportable to MERS. An employee's includible and reportable wage is defined by the division's Definition of Compensation (outlined in the employer's adoption agreement). There are varying wage types an employer may elect to include as part of their division's definiton. Monthly reporting should be per such definition, meaning only the wage types elected within the definition are reported to MERS.

An employee's reportable wage is used to calculate their Final Average Compensation (FAC) for benefit calculation and also used to determine required employer and employee contributions due (based on rate in effect at the time of wage reporting). In addition, when determining an employee's final average compensation amount, lump sum payments issued (whether annually or at termination of employment) are used if they were 'paid and earned' within the employee's highest FAC period and the payment(s) issued is attributable to such period.

Wages paid to employees, which fall outside of the employer's elected defintion (or wage amounts, which exceed the maximum allowed by the employer's definition) are not reported to MERS. Contact your *Benefit Plan Coordinator* if you are reporting a wage type that is not included as part of your current definition of compensation.
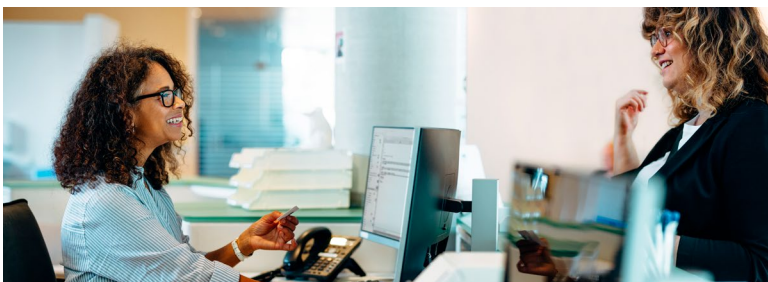
MERS offers four definitions of compensation:

Standard Definitions *Standard definitions are non-modifiable*	Base Wages	Box 1 Wages (from W-2)	Gross Wages	Custom Definition
Types of Compensation				
Regular Wages Salary or hourly wage X hours PTO used (sick, vacation, personal, bereavement, holiday leave, or unclassified) On-call pay	All Regular Wages included	All Regular Wages included	All Regular Wages included	TBD
Other Wages Shift differentials Overtime Severance issued over time (weekly/bi-weekly)	Excluded	All Other Wages included	All Other Wages included	TBD
Lump Sum Payments PTO cash-out Vacation Longevity Personal Bonuses Comp time Merit pay Annual holiday pay Job certifications Hazard pay Educational degrees Moving expenses Sick payouts Severance (if issued as lump sum)	Excluded	All Lump Sum Payments included	All Lump Sum Payments included	TBD
Taxable Payments Travel through a non-accountable plan (for example, mileage not tracked for reimbursement) Prizes, gift cards Personal use of a company car Car allowance	Excluded	All Taxable Payments included	All Taxable Payments included	TBD
Reimbursement of Nontaxable Expenses (as defined by the IRS) Gun, tools, equipment, uniform Phone Fitness Mileage reimbursement Travel through an accountable plan (for example, tracking mileage for reimbursement)	Excluded	Excluded	Excluded	TBD
Types of Deferrals				
Elective Deferrals of Employee Premiums/Contributions 457 employee and employer contributions 125 cafeteria plan, FSAs and HSAs IRA contributions	All Elective Deferrals included	Excluded	All Elective Deferrals included	TBD
Types of Benefits				
Nontaxable Fringe Benefits of Employees Health plan, dental, vision benefits Workers compensation premiums Short- or Long-term disability premiums Group term or whole life insurance > $50,000	All Nontaxable Fringe Benefits included	Excluded	All Nontaxable Fringe Benefits included	TBD
Mandatory Contributions Defined Benefit employee contributions MERS Health Care Savings Program employee contributions	All Mandatory Contributions included	Excluded	All Mandatory Contributions included	TBD
Taxable Fringe Benefits Clothing reimbursement Stipends for health insurance opt out payments Group term life insurance < $50,000	Excluded	Excluded	All Taxable Fringe Benefits included	TBD
Other Benefits / Lump Sum Payments Workers compensation settlement payments	Excluded	Excluded	All Other Lump Sum Benefits included	TBD

Employee Contributions

Employers may require employee contributions in their plan based on a percentage, this may be different for each division. When an employee contribution is adopted for a division, the contributions are mandatory and must be deducted from the employee's compensation paid and then reported to MERS (based on definition of compensation adopted by division), and regardless of whether service is granted for that month or not.

Here are some important notes regarding employee contributions:

- Deduct employee contributions on **includible wages** *(as defined by the division's definition of compensation)*. Employee contributions are not withheld on excluded wages, as these wages are not reportable to MERS.
  - ° Detailed descriptions on what is included based on your plan's Definition of Compensation can be found *here*; if you have questions specific to your plan, please contact your Benefit Plan Coordinator.
- Employee contributions are mandatory, they are not optional, and in general, submitted on a pre-tax basis
- During reporting, if there is a mandatory employee contribution, the system will prompt for the associated field to be populated, an error message from the system will occur if the amount of wages reported is not equal to the percentage of mandatory contributions associated with the plan
- Employee contributions are auditable by MERS internal teams
- Wages are used to determine final benefit calculation; where wages are reported, employee contributions must be reported as well
- Collectively bargained plans may require employee contributions to be withheld based on a different wage definition, MERS will consult the Adoption Agreement on file.
  - ° In absence of this detail on record a MERS representative will reach out to confirm and collect documentation, if necessary. For example, if the employer's definition of compensation for purposes of final average compensation include lump sum payouts at termination, where lump sum payments may not be includible for regular wage reporting.
- The *MERS Reporting and Contribution Enforcement Policy* supports reporting requirements and associated procedures and is followed where information is not reported timely, or accurately

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Example of Reporting Contributions

- Employee is paid bi-weekly
- Employee 'earns' wages for work performed in June
- Employee is 'paid' wages on July 2nd for work performed in June
- Employee's division percentage rate changes from 4% to 5% effective July 1st
- Employer withholds required 5% from wages paid in July
- Employee contributions are withheld, based on the percentage rate in effect for the division, at the time wages are paid, regardless of when wages are earned.

Tips for Common Errors in Employee Contributions *(see Contribution Discrepancies section for additional information)*

Fluctuations in an employee's wage reporting based on pay increase, overtime, or events like leave of absence, or final wage reporting at termination, trigger higher or lower entries than the previous month's reporting. These will trigger system errors to prompt for additional information – these are necessary to clear the error message. In anticipation of these common discrepancies, MERS has built in specific Codes and space for Notes to provide MERS with enough information to reduce the number of times MERS needs to contact you for clarification:

- **Contribution Correction**, requires a portal note to explain when reporting more or less employee contributions for an employee due to an incorrect contribution amount previously reported, for example; **'Extra $48 reported to correct employee's January 2022 contribution variance.'**
  - ° You may also elect to correct the employee's contribution discrepancy through a corrected employee report for the associated month, include a portal note of; **'Correcting Jan. 2022 contribution amount.'**

- **Misc. Contribution Discrepancy,** requires a portal note to explain the contribution variance, some common examples include:
  - ° **Agreement requires contributions withheld on gross wage**
  - ° **Agreement allows for no contributions on lump PTO at termination**
  - ° **Contact requires a change to Division 10's employee percentage rate**
    - » Select contribution code **"Division-Wide Rate Change"** to explain the employee's division percentage rate has changed and a different amount has been withheld. **For example, Division rate change effective 3.1.22 = 5%**
    - » This code is not used to report an employee's division transfer {for example, when an employee transfers from Division 10 to Division 21}.
    - » When Employee Rate changes for all in a division, an associated agreement must be on file with MERS to ensure alignment and avoid future errors. Please contact your Benefit Plan Coordinator to formerly amend your plan. Use Transfer Employee Rate Change when contributions don't align with reported wage due to the employee's transfer to a different division, for example, John Doe transferred from Division 01: 4% to Division 10: 6%). Then, ensure you check the "transfer" box next to the employee's name and select a new division. This will move your employee to the correct division.
- When a leave of absence is reported, the beginning and end dates of the leave for each month are required to be entered, along with the employee's current pay rate in the fields provided. Employee contributions on that period of time are expected; see *Leaves of Absence* for more information. A standard method* for determining employee contributions during a Leave of Absence where service is granted includes:
  - ° Formula = Service Credit Qualification x current employee's pay rate x employee's contribution percentage rate = employee contribution amount due for each month of leave

Employers who have established an alternative method for reporting employee contributions during periods of leave (when service is awarded), or when contract negotiations require changes to the formula that determines employee contributions, these must be reviewed and approved by MERS. These will generate an error by the system, the following should be used during reporting:

- **Misc. Contribution Discrepancy,** and a required portal note to explain the variance, such as: **"While employees are on a worker's comp leave, wages reported to MERS will be zero, and service will be granted"**

Examples:

- If you were to report $3,000 in wages, and remit employee contributions based on $2,800 in wages, that is an underpayment, and the balance is due unless we have a written agreement providing this is what you've adopted and MERS can administer.

- If you were to report $3,000 in wages, and remit employee contributions based on $3,200 in wages, that is an overpayment, and the overpayment is to be sent back to the employer to be returned to the employee unless we have a written agreement providing this is what you've adopted and MERS can administer.

It is common for MERS to discover through auditing a retirement benefit calculation that employee contributions have been misreported, or reported as zero. This will prompt MERS to call the employer for additional information. When an employee is still active with wages reported, a record correction may be required. When an employee has already left employment and contributions cannot be recouped, MERS requires employer confirmation to determine next steps. In that situation, a contact will be made to confirm wages and service for accuracy and the employer will have the option to complete a corrected report to pay associated employee contributions as part of the next invoice, or to make no record correction and allow the associated employee contributions to be included in the employer's future unfunded liability.

Service Credit Qualifications (SCQ)

Eligible employees earn service credit for a calendar month if they work (or receive pay as if working) the required number of hours defined by you through the Service Credit Qualification provision by division.

Leaves of Absence (LOA)

Disability, Worker's Compensation, unpaid Family Medical Leave Absence (FMLA), and Miscellaneous Leave types are specified through Plan Adoption Agreement. The Leaves of Absence provision determines whether or not an employee is eligible to earn service credit while off on a leave of absence (especially when SCQ defined is not met).

Regardless if an eligible employee is awarded service credit while on the selected type(s) of leave, follow these steps:

1. Report any employer-paid wages issued (e.g. wages paid for PTO usage) to the employee during the period of leave with applicable employee contributions. Employer-paid wages reported to MERS should be in alignment with employer's Definition of Compensation adopted.
2. Regardless of reported wage, **a Wage Discrepancy Code** is required to report the employee's leave of absence to MERS. Select the proper leave code to explain the leave type, **for example, Disability.**
3. If selecting wage code, **"Leave: Other"**, it's important to include the leave type (ie., administrative, unpaid, unexcused, union leave, etc.). Ensure the leave type reported is also listed as an allowable leave on your addendum; this helps MERS understand if service credit is awarded for such leave type and will eliminate back-end inquiries.
4. Enter the corresponding dates of leave (days the employee was absent within the month in th fields provided) for each month of absence, including the employee's pay rate (prior to leave),
5. Third-party wages are not reported to MERS, where no wages are reported, employer contributions are not required. Voluntary contributions are encouraged.
6. For plans that require employee contributions,
   a. If zero wages are reported, employee contributions are determined by the formula (see below) and must be remitted at the time of leave reporting. Employee contributions may be recouped by the employer when the employee returns from their leave, and as such the amount recouped is not reported to MERS.

   b. If employer-paid wages are reported, employee contributions are calculated based on the reported wage. When employee contributions are not entered, the system will generate an error message requiring you to select a **Contribution Discrepancy Code** to explain why there are no employee contributions entered. After code selection a portal note is required to specify details, **for example, Per Agreement – Alternate formula adopted – no employee contributions are required when employee is on a leave.** See section on *Employee Contributions* for additional information.

Since many employers utilize a third party for leaves of absence, and because MERS does not require these associated wages to be reported, a simple formula is used to determine the amount of employee contributions, where required (the same steps apply when a leave of absence crosses over calendar years):

- Service Credit Qualification x employee's pay rate x employee's contribution percentage rate = amount of employee contributions due for each month of leave

- Where "pay rate" is the amount of pay in place at the time of leave

> **Example**
>
> If 120 hours is required for service credit qualification, employee contributions shall be equal to 120 hours times the employee's pay rate times the employee's contribution percentage rate for the division.

MERS will skip leave months when determining the employee's Final Average Compensation for benefit calculation, unless doing so will result in a negative impact on the final benefit calculation. Lump sum payments issued during a leave month are considered for benefit calculation when the wage reported has a positive benefit impact. Please ensure your employee is made aware.

Military Leave

Introduction

The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and the Michigan Military Leaves; Reemployment Protection Act provide employment and reemployment rights for uniformed service members. This guide outlines the requirements and procedures for employers to ensure compliance with these laws.

Military Service Includes:

- Active duty
- Training duty
- Funeral duty
- Other types of military services
- National Guard duty, including active or inactive duty for training

USERRA Overview

USERRA, enacted on October 13, 1994, (Title 38 U.S. Code, Chapter 43, Sections 4301-4335, as amended (" USERRA"), provides employment and reemployment rights for all uniformed service members. Employers must reemploy eligible returning service members into the position and benefits they would have had if not for military service. This includes seniority, rights, and benefits.

Key Requirements for Military Leaves of Absence – Section 4318 of USERRA

To qualify for military leave of absence under USERRA:

- Be actively employed and provide notice of required leave (except when prevented by military necessity).
- Not have exceeded the 5-year cumulative limit allowed.
- Have a discharge other than 'dishonorable for service'.
- Return for reemployment within the required time limit:
  - Weekend reserves: Return at the beginning of the next 'regularly scheduled work period' after completion of service (eligible for an 8-hour rest period).
  - Up to 30 consecutive days: Return the first calendar day following return from leave (eligible for an 8-hour rest period).
  - 31-180 days: Return within 14 days following return from leave.
  - 181 days or more: Return within 90 days following return from leave.
- If disabled, USERRA provides a longer period for returning to employment.
  - Employers must extend the reemployment period (up to 2 years) if the employee is hospitalized with an injury or illness during military leave.
  - If a military personnel member cannot return due to death or disability, time spent up to the date of death or disability must be credited for vesting and eligibility purposes (an employer may award benefit service time for time spent up to date of death/disability).
  - If an employer decides to grant benefit service credit, employee contributions are deemed to have been paid if the HEART act applies.
- National Guard service that is not under the direction of the federal government is covered by a Michigan military service statute and has all the same terms, with sole exception that if the employee serves any amount of time less than 180 days, they have 45 days to return to work.

Michigan Military Leaves; Reemployment Protection Act; Act 133 of 1955

This act provides additional reemployment and nondiscrimination rights to Michigan service members.
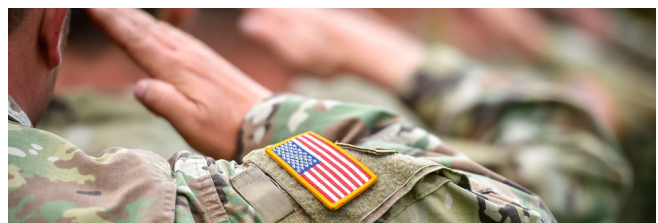
Employer Reporting

For members of MERS' Defined Benefit Plan, if the employee returns to covered employment within the time limit provided under the above act, the employer is responsible for reporting historical wages (wages the employee would've been paid had they not left for active duty) for the employee's entire military leave period (essentially making the employee whole), as Military leave months are considered when calculating the employee's monthly retirement benefit.

Employer Contributions for a Non-Contributory Division

Employer Responsibility: Complete the reporting steps below and pay the invoice for the reported wages.

Reporting Steps:

1. Calculate and report historical wages (to make the employee whole). Include any employer-paid lump sum payouts issued to the employee while on leave. Note: Employer will be invoiced for these reported wages.

2. Select the Wage Discrepancy Code as "Leave: Military"

    a. Specify the Start and End Dates of leave (days absent from work during reporting month)

    b. Enter hourly pay rate (prior to leave)

    c. Report Service credit as "Yes"

Employer Contributions for a Contributory Division

To simplify the process and ensure fairness to all employees on military leave, the default handling for Military leaves is for the missed employee contributions to be included as part of the employer's unfunded account liability (UAL), unless an alternative option is adopted by the municipality. If you are interested in adopting one of the alternative options listed below, contact your Benefit Plan Coordinator.

Reporting Military Leaves to MERS

If an employee contributes a percentage of their wage and wants to retain benefit service credit, they may be required to pay their portion of contributions due. Contributions are calculated based on the employee's historical wages reported to MERS.

Three Options for Contributory Plans and How to Report Each

1. **Default Option – Absent of an election, missed contributions are included as part of the employer's UAL.**

   a. **Employer Responsibility:** Complete the reporting steps below and pay the invoice on the reported wages (missed contributions are included in UAL).

   b. **Reporting Steps:**

      i. Calculate and report historical wages (to make the employee whole). Include any employer-paid lump sum payouts issued to the employee while on leave. Note: Employer will be invoiced for these reported wages.

      ii. Select the Wage Discrepancy Code as "Leave: Military"

      iii. Specify the Start and End Dates of leave (days absent from work during reporting month)

      iv. Enter hourly pay rate (prior to leave)

      v. Report zero ($0.00) employee contributions

      vi. Select Contribution Discrepancy Code as "Misc. Contribution Discrepancy"

      vii. Report Service credit as "Yes"

      viii. Enter Note: "Military Default"

2. **Alternative Option 1 – Establish a plan to recoup the employee contributions**

   a. **Employer Responsibility:** Complete the reporting steps below, initially assume liability for remitting employee contributions, and set up a repayment plan to recoup missed employee contributions.

   b. **Employee Responsibility:** Must repay the missed employee contributions from future pay on a pre-tax basis within the allotted time limit to acquire benefit service credit. Employees will be permitted to choose to remit some or all missed mandatory employee contributions within a time period equal to 3x the length of leave with a 5-year max, and years of service credit shall be granted in proportion to the employee contributions received.

c. Reporting Steps:

i. Calculate and report historical wages (to make the employee whole). Include any employer-paid lump sum payouts issued to the employee while on leave. Note: Employer will be invoiced for these reported wages.

ii. Select the Wage Discrepancy Code as "Leave: Military"

iii. Specify the Start and End Dates of leave (days absent from work during reporting month)

iv. Enter hourly pay rate (prior to leave)

v. Report employee contributions due based on reported wage (*initially assuming liability*).

1. Set up a repayment plan to recoup the missed employee contributions due no later than ninety days after reemployment from the employee's future pay on a pre-tax basis within the allotted time limit (*3x the length of the leave with a 5-year max*) before the employee terminates employment. *When contributions are recouped do **not** report them to MERS. Funds are collected to repay the employer.*

2. Employees may choose to pay a portion of the total amount due to receive a *pro-rated amount of benefit service credit*. If this is elected, the employer must alert MERS to award the employee *full vesting and eligibility service* for the entire leave period. If the benefit service credit is not awarded for a period, historical wage reporting is not required. (*The employer can submit a corrected employee report to remove wages, service, and contributions previously reported to receive a credit to apply towards their next invoice.*)

vi. Report service credit as "Yes"

3. Alternative Option 2 – Remit additional employer voluntary contributions for missed employee contributions

a. **Employer Responsibility:** Complete the reporting steps below and remit additional voluntary contributions equal to the sum of missed employee contributions.

b. **Reporting Steps:**

i. Calculate and report historical wages (to make the employee whole). Include any employer-paid lump sum payouts issued to the employee while on leave. Note: Employer will be invoiced for these reported wages.

ii. Select the Wage Discrepancy Code as "Leave: Military"

iii. Specify the Start and End Dates of leave (days absent from work during reporting month)

iv. Enter hourly pay rate (prior to leave)

v. Report zero ($0.00) employee contributions

vi. Select Contribution Discrepancy Code as "Misc. Contribution Discrepancy"

vii. Report Service credit as "Yes"

viii. Enter Note: "Military Voluntary"

ix. Locate Voluntary Contributions section (*found along left side navigation panel*) - Remit employee contribution requirement as additional employer voluntary contributions equal to the sum of the employee contributions missed during the period of military service (*additional voluntary contributions will be classified as employer contributions and will not be reported under the employee's record*).

    1. Calculate the employee contribution requirement (*using the employee's historical wages reported*)

    2. Report additional employee voluntary contributions to the employee's division no later than ninety days after reemployment

    3. Notify MERS when contributions are reported so a *Note* can be applied to the employee's record

Voluntary Contributions for ▮▮▮▮▮▮▮▮▮▮▮▮ **(2/12/2025)**

Report Period

02/2025 📅 Military Alternative Option 2 - Remit additional employer voluntary contributions for missed employee contributions

Divisions (3)

Division	Amount
02 - Police hired after 7/1/05	$333.68
05 - Fire Hired on or after 5/1/09	$0.00
20 - Police hired after 12/31/2016	$0.00

Notify MERS when contributions are reported so a Note can be applied to the employee's recod

Total Voluntary Contributions: $333.68

*Calculate and Report Historical Wages – Employee Compensation Guidelines—

- Calculate historical wages by multiplying the employee's rate of pay by the number of hours normally worked in a calendar month.

- If work hours or rates of pay are variable, calculate hours by looking back over the 12-month period prior to leave.

- If employed less than 12 months, determine the average compensation rate during employment immediately preceding military service leave.

- For weekend reserve training, reportable wages should be based on the pay rate earned as if the employee worked. See Department of Labor for examples.

Historical wage reporting is critical if the leave period falls within the employee's highest final average compensation period. MERS may use these wages for benefit calculation.

Reporting Errors

If the employee has terminated employment and service credit was reported to MERS without historical wages and required contributions, the employer will absorb the missed contributions into their UAL.

Prepare Monthly Report

Your monthly wage and contribution report allows you to submit data on both active and rehired retiree employees. These actions are all performed within one single report.

1. Select the **Prepare Monthly Report** button from the Summary page OR select **Prepare Report** under **Reporting** from the left navigation.

2. Confirm reporting month is accurately displayed at the top of the page.

3. Select **Upload a CSV Report** or **Rollover Last Month's Data** from the dropdown options.

   Note: If you have 10 or more employees, uploading a CSV Payroll Report is the recommended reporting method.

4. When entering data manually, choose Rollover Last Month's Data and proceed to step 6, otherwise choose "Upload CSV report" and locate the CSV template to be uploaded from your documents.

   Note: Most often the CSV report is provided by the employer's payroll vendor. If the payroll vendor does not provide this report, please complete the *Payroll Report Template*. To submit the report, the CSV template must have the header row present **AND** must use the field names as written in the table below (do not include asterisks that denote required fields). The CSV template does not include the divisions. Changes to an employee's division can be made after the file is uploaded.

Column	Field Name	Length	Valid Entries
A	SSN **	9	Nine characters, no dashes. Leading zeros must be present.
B	Termination Date	8	Enter YYYYMMDD when reporting an employee who is no longer participating in defined benefit. Otherwise, leave blank.
C	Wages **	10	For zero wages, enter a numeric 0.
D	Pre-Tax Contributions	10	For zero contributions, enter a numeric 0 or leave blank.
E	Post-Tax Contributions	10	For zero contributions, enter a numeric 0 or leave blank.
F	Service **	1	Y (Yes) or N (No).
G	Muni Defined	20	Enter muni specific info (e.g. employee ID number) or leave blank.
** Denotes Required Field			

5. Drag and drop a file to be uploaded **OR** double click inside the "drop files here" field to open file explorer and search for the report to upload.

Report Upload Lines (1)							
Revalidate		☑ Show records in Error Only					
Line Number	SSN	Termination Date	Wages	Pre-Tax Contributions	Post-Tax Contributions	Service	Muni Defined
⬤ 1	123456		1234.56	123		Y	✖

• Error - The SSN provided does not exist within your municipality, or is not yet in effect as of this report date. If employee is a new hire then please first add them through Manage Employees. Otherwise, please review and correct SSN OR remove employee from the upload.

6. Enter the number of pay periods for the month then click **Save.**

7. Update employee record (e.g. status, wages, service, etc.) as needed when a change has occurred for the current reporting month.

   - *Report a Transfer* (within the current month's report)
   - *Terminate an Employee and Report Final Wages* (use when termination date is within same reporting month)
   - *Report Additional Wages for a Terminated Employee* (that is, Retro Wage Adjustment)
   - *Report a Retro Wage Adjustment for an Active Employee*
   - *Report a Leave of Absence*
   - *Report Rehired Retiree Data*
   - *Participant Contributions When Terminating with DB and HCSP*

8. Click **Check for Errors.** Records that need additional information will display an error or warning message. If no errors display, proceed to step 10.

   Use the links below for instructions to complete the correction. Click **Save** once all of the corrections are complete. If using the upload method, data may be changed directly in the system. Edits will appear in a different color.

   - *Wage Discrepancy Codes*
   - *Contribution Discrepancy Codes*

9. Click **Check for Errors** to update corrections.

10. Click **Review Report** in the upper right corner of the page; a summary page will display.

11. Check the box to acknowledge the report information is accurate and reported in accordance with each division's plan provisions (definition of compensation, service credit qualification, leave of absence and elected contribution percentage rate for employees).

12. Click **Submit Report**; a confirmation of report submission will display.
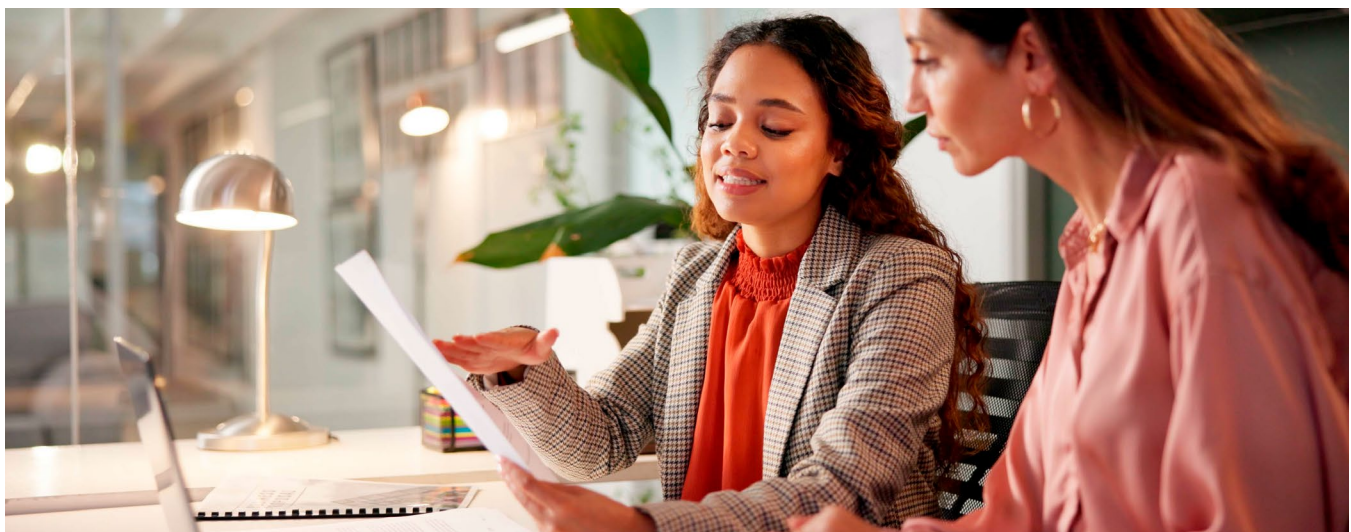
Monthly Report – Summary of Data Field Descriptions	
SSN	The employee's nine character Social Security Number
Name	The employee's first name, middle initial (if applicable) and last name
Transfer	If the employee transferred divisions within this reporting period, check the transfer box.
Division	Shows which division the employee is associated with. If the transfer box is checked, select the employee's new division from the dropdown menu.
Wages	Wage (or corrected wage) issued to the employee. *You will only report includible wages defined in division's Definition of Compensation (from Adoption Agreement).* If correcting a wage, ensure the 'full corrected wage amount' is reported for the month you are correcting (not just the difference).
Wage Discrepancy Code	A *wage discrepancy code* is required **IF** the wage is flagged when checking for errors. An explanation is required if wage reported is more or less than allowable threshold. Reported wages are validated against a previous month whereby service was earned but no wage discrepancy code was reported – this may not be the employee's last wage reported but will be within the employee's previous 12-month reporting history.
Lump Sum Payment	If a Lump Sum Payment Wage Discrepancy Code is selected, you will be asked to chose a payment type and put in a payment amount. If chose a Payment Type of "Other," you will be asked to enter a description of the payment (for example, pay advance) that matches what's listed in your provisions.
Leave of Absence	If a Leave of Absence Wage Discrepancy Code is selected, you will be asked to provide the "Start Date" and "End Date" of the employee's absence during the reporting period, as well as their "Hourly Pay Rate." If you select "Leave: Other," you will be asked to enter a description of the leave (for example, Parental) that matches what's in your provisions.
Pre-Tax Contributions	Enter (or correct) pre-tax contributions required (and/or withheld). Contributions are mandatory for employee's within a contributory division. It is the employer's responsibility to ensure contributions entered align with wages reported. Contributions are validated using the division's employee **contribution % rate in effect and on record with MERS** based on wages reported.
Post-Tax Contributions	Enter (or correct) post-tax contributions only if the employee is not classified for pre-tax withholding. If not, enter post-tax contributions required (and/or withheld). Contributions are mandatory for employee's within a contributory division. It is the employer's responsibility to ensure contributions entered align with wages reported. Contributions are validated using the division's employee **contribution % rate in effect and on record with MERS** based on wages reported.
Contribution Discrepancy Code	A *contribution discrepancy code* is required **IF** the contributions are flagged when checking for errors. An explanation is required if contributions do not align with the wages reported (amount is based on employee % rate for division). If the amount you are reporting is based on a different rate, contact your benefit plan coordinator to have the division's rate updated. **This will avoid having to use future contribution discrepancy codes.**
Service	Yes = Service is awarded; No = Service is not awarded
Status	Status may be changed between 'Active' and 'Terminated.'
Termination Date	If an employee's status is terminated on a regular monthly report then the 'Termination Date field' needs to be completed. If the termination date is prior to previous month's report date, proceed to *page 33* to submit a 'Backdated Termination.'
Note	This **Note Field** is required **for some discrepancy codes**. In such cases, a note should be entered here to explain the variance reported. *If an adequate note is entered, (*for example, retro wage adjustments) *then it will prevent future follow-up from MERS staff when employee record audits are performed.*
Muni Defined	**Employer note field only**; data enter is only pertinent to you

Report a Transfer

Complete and submit the transfer form to MERS for any employees transferring between divisions using the *Participant Transfer Certification for Same Employer form* (F-35B).

For reference, click here to review the *Standard Rules for Transfer and Rehires*.

A DB plan to plan transfer may be performed within your regular monthly report IF the employee transfer has occurred within the same month you are reporting. A corrected report is needed to report a transfer that has already occurred.

Things to remember when reporting a DB or DB Hybrid transfer:

- Employee contributions should be withheld and reported based on the transfer date. The portal will apply the new division rate effective with the month of transfer. You decide on the contributions (rate in effect for the pre or post transfer division) to collect during the transfer month.

  Example: If the transfer takes place on September 30, the new rate will be effective September 1. You decide on the amount of contributions to collect during a transfer month. The following month does require the new rate be withheld.

- If your municipality has adopted the Plan Continuation Rules and you are unable to complete the transfer, please contact your Benefit Plan Coordinator for assistance.

How to complete a transfer by type:

DB to DB (*same Reporting Unit*)

Defined Benefit:

- During your monthly DB reporting, **Locate** your participant by searching for their name.
- Check the **Transfer Box** to the right of the participant's name.
- Select the **New Division** from the drop-down options available.
  ◦ Report the participant's wages, contributions, and service for the reporting period.
  ◦ Add a note to the **Note field** (for example, Transferred to DB Div "XX," Eff. 6.1.24).
  ◦ If the participant transferred prior to the current reporting month, complete a corrected report to *Backdate the Transfer*.

DB to DB (*different Reporting Unit*)

Defined Benefit:

- During your monthly DB reporting, **Locate** your participant by searching for their name.
- **Terminate** the participant from their current DB division/reporting unit using the last day of the month prior to the transfer effective date.
  ◦ Report the participant's wages, contributions, and service for the reporting period.
  ◦ Add a note to the **Note field** (for example, Transferred to H-Div "XX," Eff. 6.1.24).
  ◦ If the participant transferred prior to the current reporting month, complete a corrected report to *Backdate the Transfer*.
  ◦ *Communicate to New Reporting Contact they must hire this employee under their reporting unit.*

New Reporting Contact:

- **Hire** your participant into the new DB division using the first day of the effective date of the transfer.
  ◦ Follow *Add New Hire* instructions.
  ◦ Report the participant's wages, contributions, and service for the reporting period.

DB to Hybrid

Defined Benefit:

- During your monthly DB reporting, **Locate** your participant by searching for their name.
- **Terminate** the participant from their current DB division using the last day of the month prior to the transfer effective date.
  ◦ Report the participant's wages, contributions, and service for the reporting period.
  ◦ Add a note to the **Note field** (for example, Transferred to H-Div "XX," Eff. 6.1.24).
  ◦ If the participant transferred prior to the current reporting month, complete a corrected report to *Backdate the Transfer*.
- **Hire** your employee into the new DB Hybrid division using the first day of the effective date of the transfer.
  ◦ Follow *Add New Hire* instructions.
  ◦ Report the participant's wages, contributions, and service for the reporting period.

Hybrid-Defined Contribution:

- Log in to Plan Gateway.

If you are using a template

- **Hire** the participant into their new H-DC plan (using the participant's original date of hire) by completing the *plan template*.
- Click on **Contribution Reporting** (located under Manage My Contributions).
- Select the **Plan ID** you wish to report for.
- Enter the payroll date for the file you are uploading.
- Click **Create**.
- Select the **Upload import method** (contribution structure is automatically set).
- Click **Next**.
- Select **Browse** to attach the file to upload.
- Select **Upload**.
- Enter **Source Totals**.
- Click **Validate**.
  - If Next button is available, select **Next** and proceed to **Select Funding**.
  - If Next button is not available, **Validate Rejects**, click **Next**, and proceed to **Select Funding**.
- **Select Funding** – three options available:
  - Auto-ACH.
  - Check.
- Click **Save** and **Next**.
- Click **Finish**.
- Click **Contribution Review** to obtain PDF of the confirmation.

If you are *not* using a template

- **Hire** the participant into their new H-DC plan (using the participant's original date of hire) by uploading the *H-DC Quick Enrollment form.*
- Click **Submit Files** (located under Manage My Files).
- Select the **Plan ID** you wish to report for.
- Under **Select file type**, choose **Enrollment form** from drop-down menu.
- Under **Document Name**: type "Enrollment for [Add participant's name]," for example, Enrollment for John Doe.
- Under **Your information covers the period between**: Leave First field is blank, second field will default to today's date.
- Under **Select File**: **Browse** your drive for participant's saved enrollment form.
- Click **Upload.**

DB to DC

Defined Benefit:

- During your monthly DB reporting, **Locate** your participant by searching for their name.
- **Terminate** the participant from their current DB division using the last day of the month prior to the transfer effective date.

- ◦ Report the participant's wages, contributions, and service for the reporting period.
- ◦ Add a note to the **Note field** (for example, Transferred to DC, Eff. 6.1.24).
- ◦ If the participant transferred prior to the current reporting month, complete a corrected report to *Backdate the Transfer*.

Defined Contribution:

- Log in to **Plan Gateway**.

If you are using a template

- **Hire** the participant into their new DC plan (using the participant's original date of hire) by completing the *plan template*.
- Click on **Contribution Reporting** (located under Manage My Contributions).
- Select the **Plan ID** you wish to report for.
- Enter the payroll date for the file you are uploading.
- Click **Create**.
- Select the **Upload import method** (contribution structure is automatically set).
- Click **Next**.
- Select **Browse** to attach the file to upload.
- Select **Upload**.
- Enter **Source Totals**.
- Click **Validate**.
- ◦ If Next button is available, select **Next** and proceed to **Select Funding**.
- ◦ If Next button is not available, **Validate Rejects**, click **Next**, and proceed to **Select Funding**.
- **Select Funding** – three options available,
- ◦ Auto-ACH.
- ◦ Check.
- ◦ Wire
- Click **Save** and **Next**.
- Click **Finish**.
- Click **Contribution Review** to obtain PDF of the confirmation.

If you are _not_ using a template

- **Hire** the participant into their new DC plan (using the participant's original date of hire) by uploading the DC Quick Enrollment form.
- Click **Submit Files** (located under Manage My Files).
- Select the **Plan ID** you wish to report for.
- Under **Select file type**, choose **Enrollment form** from drop-down menu.
- Under **Document Name**: type "Enrollment for [Add participant's name]," for example, Enrollment for John Doe.
- Under **Your information covers the period between**: Leave First field is blank, second field will default to today's date.
- Under **Select File**: **Browse** your drive for participant's saved enrollment form.
- Click **Upload.**

Hybrid to Hybrid

Hybrid Defined Benefit:

- During your monthly Hybrid-DB reporting, **Locate** your participant by searching for their name.
- Check the **Transfer Box** to the right of the participant's name.
- Select the **New Division** from the drop-down options available. *If you do not see the division needed, contact the MERS Service Center.*
  - Report the participant's wages, contributions, and service for the reporting period.
  - Add a note to the **Note field** (for example, Transferred to H-Div "XX," Eff. 6.1.24).
  - If the participant transferred prior to the current reporting month, complete a corrected report to *Backdate the Transfer*.

Hybrid Defined Contribution:

- Log in to **Plan Gateway** {Do *not* terminate the participant; you will *only* transfer the participant into the new Hybrid plan}.
- Select the **Plan ID** you are transferring the participant *from*.
- Click **Transfer Participants** (located under Manage My Participants).
- Click **Find** button (to "light up" the **Add** button).
  - Once you click on **Find**, if there any are participants with multiple accounts they will display. If you have a list of employees with multiple accounts, and need assistance with Batch Transfers, please contact our Service Center team.
- Click **Add** button to find the participant to transfer.
- Enter the participant's **Social Security Number** (once you enter the SSN, the lookup button will become green).
- Click **Lookup** (which then displays the participant's name).
- Click **Add**.
- Check the **box** next to the participant transferring.
- Click on the **Plan Number**.
- Remove check mark from the participant's current plan; **Select** the box by the plan the participant is transferring into.
  - *If there is only one option, this step is skipped.*
- Click **Select**.
- Click **Transfer**.
- Click **Finish**.
- Click **Transfer Log** to display confirmation of transfer (Once the H-DC transfer is complete, the participant will be terminated from the old H-DC plan and funds will be transferred to new H-DC plan within one to two business days).

Hybrid to DB

Hybrid-Defined Benefit:

- During your monthly DB reporting, **Locate** your participant by searching for their name.
- **Terminate** the participant from their current H-DB division using the last day of the month prior to the transfer effective date.
  - Report the participant's wages, contributions, and service for the reporting period.
  - Add a note to the **Note field** (for example, Transferred to DB Div "XX," Eff. 6.1.24).
  - If the participant transferred prior to the current reporting month, complete a corrected report to *Backdate the Transfer*.

Hybrid Defined Contribution:

- Log in to **Plan Gateway**.
- Click **Select Participant** (located under Manage My Participants).
- **Locate** your participant from the list.
- Click on the **Pencil icon** next to the participant's SSN.
- Find **Inactive** field (under Status section).
- Enter the participant's **last day of the month** in the current division.

Defined Benefit:

- **Hire** your employee into the *new DB* division using the first day of the effective date of the transfer.
  - Follow *Add New Hire* instructions.
  - Report the participant's wages, contributions, and service for the reporting period.

Hybrid to DC

Hybrid-Defined Benefit:

- During your monthly DB reporting, **Locate** your participant by searching for their name.
- **Terminate** the participant from their current H-DB division using the last day of the month prior to the transfer effective date.
  - Report the participant's wages, contributions, and service for the reporting period.
  - Add a note to the **Note field** (for example, Transferred to DC "XX," Eff. 6.1.24).
  - If the participant transferred prior to the current reporting month, complete a corrected report to *Backdate the Transfer*.

Defined Contribution:

- Log in to **Plan Gateway** {Do *not* terminate the participant; you will *only* transfer the participant into the new DC plan}.
- Select the **Plan ID** you are transferring the participant *from*.
- Click **Transfer Participants** (located under Manage My Participants).
- Click **Find** button (to "light up" the **Add** button).
  - Once you click on **Find**, if there any are participants with multiple accounts they will display. If you have a list of employees with multiple accounts, and need assistance with Batch Transfers, please contact our Service Center team.
- Click **Add** button to find the participant to transfer.
- Enter the participant's **Social Security Number** (once you enter the SSN, the lookup button will become green).
- Click **Lookup** (which then displays the participant's name).
- Click **Add**.
- Check the **box** next to the participant transferring.
- Click on the **Plan Number**.
- Remove check mark from the participant's current plan; **Select** the box by the plan the participant is transferring into.
  - *If there is only one option, this step is skipped.*
- Click **Select**.
- Click **Transfer**.

- Click **Finish**.
- Click **Transfer Log** to display confirmation of transfer (Once the transfer is complete, the participant will be terminated from the old H-DC plan and funds will be transferred to new DC plan within one to two business days).

DC to DC

Defined Contribution:

- Log in to **Plan Gateway** {Do *not* terminate the participant; you will *only* transfer the participant into the new DC plan}.
- Select the **Plan ID** you are transferring the participant *from*.
- Click **Transfer Participants** (located under Manage My Participants).
- Click **Find** button (to "light up" the **Add** button).
  - Once you click on **Find**, if there any are participants with multiple accounts they will display. If you have a list of employees with multiple accounts, and need assistance with Batch Transfers, please contact our Service Center team.
- Click **Add** button to find the participant to transfer.
- Enter the participant's **Social Security Number** (once you enter the SSN, the lookup button will become green).
- Click **Lookup** (which then displays the participant's name).
- Click **Add**.
- Check the **box** next to the participant transferring.
- Click on the **Plan Number**.
- Remove check mark from the participant's current plan; **Select** the box by the plan the participant is transferring into.
  - *If there is only one option, this step is skipped.*
- Click **Select**.
- Click **Transfer**.
- Click **Finish**.
- Click **Transfer Log** to display confirmation of transfer (Once the transfer is complete, the participant will be terminated from the old DC plan and funds will be transferred to new DC plan within one to two business days).

DC to DB

Defined Contribution:

- Log in to **Plan Gateway**.
- Click **Select Participant** (located under Manage My Participants).
- **Locate** your participant from the list.
- Click on the **Pencil icon** next to the participant's SSN.
- Find **Inactive** field (under Status section).
- Enter the participant's **last day of the month** in the current division.

Defined Benefit:

- **Hire** your employee into the new DB division using the first day of the effective date of the transfer.
  - Follow *Add New Hire* instructions.
  - Report the participant's wages, contributions, and service for the reporting period.

DC to Hybrid

Defined Contribution:

- Log in to **Plan Gateway** {Do not terminate the participant; you will only transfer the participant into the new H-DC plan}.
- Select the **Plan ID** you are transferring the participant from.
- Click **Transfer Participants** (located under Manage My Participants).
- Click **Find** button (to "light up" the Add button).
  - Once you click on **Find**, if there any are participants with multiple accounts they will display. If you have a list of employees with multiple accounts, and need assistance with Batch Transfers, please contact our Service Center team.
- Click **Add** button to find the participant to transfer.
- Enter the participant's **Social Security Number** (once you enter the SSN, the lookup button will become green).
- Click **Lookup** (which then displays the participant's name).
- Click **Add**.
- Check the **box** next to the participant transferring.
- Click on the **Plan Number**.
- Remove check mark from the participant's current plan; **Select** the box by the plan the participant is transferring into.
  - *If there is only one option, this step is skipped.*
- Click **Select**.
- Click **Transfer**.
- Click **Finish**.
- Click **Transfer Log** to display confirmation of transfer (Once the transfer is complete, the participant will be terminated from the old DC plan and funds will be transferred to new H-DC plan within one to two business days).

Hybrid-Defined Benefit:

- **Hire** your employee into the new H-DB division using the first day of the effective date of the transfer.
  - Follow *Add New Hire* instructions.
  - Report the participant's wages, contributions, and service for the reporting period.
- *Note: If the participant's effective date has passed, report a Backdated Transfer.*

Terminate an Employee and Report with Final Wages

In order to report a separation of employment a termination status is required. If the employee is or has terminated their employment in the same month being reported to MERS, an employee's status may be changed. If this is not the case, proceed to *page 33* for directions on how to submit a backdated termination.

1. Enter employee wage and contribution data for the month. Ensure service reporting is accurate.
2. To change employee's status, click the drop down arrow in the status field of the employee's row of data. Then, select **Terminated**.
3. Enter the date of termination (last day worked or wages paid for as if employee was working). If the employee has no final wages to report, a warning message will appear (this is okay); you are still able to submit your report. This will ensure the employee is removed from your monthly report.

4. If the employee will receive payroll wages in the month following their termination, you will want to ensure the check box titled 'Report Final Wages Next Month' is checked.

   If all wages have been issued within the reporting month, you will want to ensure the check box titled 'Report Final Wages Next Month' is unchecked. When this box is unchecked a final wage row will appear for you to report a breakdown of any lump sum payments issued.

5. When an employee is/has terminated employment there is often lump sum payments issued outside the employee's regular earnings. This is known as **'Final Wages'** or **'Final Month Includible Wages'**. Payments issued to an employee upon termination of employment should be reported to MERS (along with applicable employee contributions) if the payments are part of the Definition of Compensation. Lump sum payouts may only be used to calculate an employee's final average compensation if the amount issued was or could have been earned within the employee's FAC period (for example, 3 or 5 years).

   Details shared during final wage reporting help MERS staff accurately calculate your employee's benefits and reduce follow up requests for additional information regarding the final wage data you provide.

   - **Vacation/PTO:** When an employee receives a lump sum payment for vacation or PTO, you will need to include how many hours were paid and how many hours this employee earns in a single year (enter in whole numbers only).

   - **Other:** When an employee receives a lump sum payment for the "Other" category, you will be required to provide a reason for the payout (for example, bonus) in the "Description" field. If there are multiple wage types included, list each type and the amount (for example, bonus-$500; comp-time-$250; annual holiday pay-$1,000).

[For example: If an employee is able to accure 200 hours of vacation time in a single calendar year and this employee has a 3 year FAC, MERS can't use more than 600 hours of lump sum vacation payout when calculating the benefit.] Additional amounts paid in excess of this should be excluded and not reported to MERS. This is done to ensure the employee's final average compensation amount is not improperly inflated.

When the **Report Final Wages Next Month** box is unchecked, you'll be able to edit the final wages fields. A breakdown of **Wages** reported is required when the wages equal more than an employee's regular earnings. All wages reported should be in accordance with your Definition of Compensation. Once a breakdown of wages is provided, the **Regular Earnings** field will populate automatically when tabbing out or when the **Check for Errors** button is clicked.

Video Tutorials

View a video on reporting *Final Month Includable Wages*

Example

An employee in a contributory division terminates on January 31st and receives his last check on February 7th. For the month of January you will report:

- Wage, contribution, and service as usual
- Change employee's Status to Termination and enter termination date = 1/31
- Ensure the 'Report Final Wages Next Month' check box remains checked

In the month of February, you will report:

- Wages paid in February (even though 'earned' in January, likely for last week of employment) based on Definition of Compensation, along with any applicable employee contributions
  - ° No service credit will be awarded for February; service will reflect "NO"
  - ° Provide final wage breakdown (the final wage row requires a five-field breakdown for the following items, sick, longevity, personal, vacation/PTO, and other)
- When reporting final wages for an employee, ensure the amounts reported are includible (based on definition of compensation) and are attributable to the employee's FAC period (for example, 3 or 5 years) for benefit calculation
- Provide detailed notes if you feel an explanation is needed to avoid a follow-up call from MERS staff when processing the employee's retirement benefit

Return to *Prepare Report steps*.

Report Additional Lump Sum Wages for a Terminated Employee

When an employee receives additional wages after they terminate employment (and such wages were part of the employee's definition of compensation), these wages are reportable to MERS to consider for benefit calculation. A few examples may include, but are not limited, to when:

- Additional lump sum payout(s) of PTO paid to the employee after final wages were already reported to MERS.
- Retro wage adjustment paid to the employee after their termination due to a contract settlement.
- Arbitration - the settlement allows for a lump sum payout of overtime (comp-time), etc.

Notes:

- You will only report the wages, which were part of the employee's definition of compensation. For example, if sick was considered an excluded wage, this amount is not reportable to MERS.
- A wage discrepancy code (for example, a retro wage split) is required to explain the reporting variance, along with a portal note including wage type, amount(s) and period(s) of coverage, if applicable.
- "Lump Sum" wages are different than "Expected Wages" which are payroll monies paid in month where Service Credit requirement is not met and are, therefore, not reportable to MERS.

To report such wages follow the steps below:

1. Click Add Employee

2. Search for the employee

3. Select employee. This will take you back to the open report and the added employee will be in report.

4. Include a wage discrepancy code to describe the wage variance (for example, Retro Wage Split or One-Time Payout)

5. Ensure a portal note is added with details (for example, dates of coverage)

Return to *Prepare Report steps*.

Report a Retro Wage Adjustment for an Active Employee

1. Locate your employee.
2. Report the retro wage adjustment (and applicable contributions) with the employee's regular monthly wage and applicable contributions.
3. Regardless if you are prompted to enter a Wage Discrepancy code, enter 'Retro Wage Split' to describe the additional wage report.
4. Award service based on regular wages and hours worked.
5. Enter a note in the Note field to reflect the employee's retro wage type, amount, and the period for which the retro wages covers.

Return to *Prepare Report steps*.

Report a Leave of Absence

All leaves of absence must be reported to MERS regardless of whether service credit is allowed or not. A leave of absence should be reported within the first month of the employee's leave.

When calculating your employees retirement benefit, MERS staff review each employee's wage history to identify the average of their highest consecutive monthly earnings. If a leave of absence occurs during that time frame, MERS may skip that month.

To help MERS staff easily deteremine which months of the employee's wages to skip when calculating their final average compensation amount, please be sure to update the following fields:

1. Locate your employee

2. In the **Wages** column, only include employer-paid wages issued to the employee while they were off on leave (that is, includible lump sum payouts, used benefit time PTO/sick pay, and any wages earned by the employee while intermittently working). Do **NOT** include any third-part wages.

3. In the **Wage Discrepancy** column, select the most applicable "Leave" code regardless if you are prompted to enter a code or not. If you are reporting a leave type whereby there is no code to describe the leave (that is, union business, administrative, unpaid, suspension, parental, or educational), select the "Leave: Other" wage discrepancy code and include the type in the description field. Do **NOT** select "Misc."

4. In the **Pre(Post)-Tax Contribution** column, enter the applicable contributions. This is based on reported wage **OR** if zero wages with service credit included use the **formula** [service credit qualification (*hours adopted*) x employee's pay rate x employee's percentage rate (*adopted for division*) = employee contributions due] for each month of leave.

5. A contribution discrepancy code will be required to explain any variance between the wage and contribution amounts reported. Select Misc. Contribution Discrepancy and enter a Note.

6. In the **Service** column, select "**Yes**" if service credit will be included or "**No**" if the service is excluded (based on the division's benefit provisions, which can be viewed in the left navigation menu in the employer portal).

    Military leaves are governed by the *Plan Document, Section 8* and the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA). For more details, see the *Military Leave* section.

7. A **Note** will be required if a contribution code is selected. In this example, if you enter a note of "**Formula Used**" this will alert us that a formula was used to calculate the employee contributions reported and will aid in eliminating any error message received upon validation.

8. In the fields provided, enter the dates the employee was absent during that reporting period/month, along with the pay rate. If you selected an Other leave type, please also specify the leave type in the description field.

Video Tutorials

View a video on *correcting leave of absence*

View a video on *reporting leave of absence*

Return to *Prepare Report steps*.

Summary	
Wage	Wages will reflect either zero, the employer-paid amount issued during their month of leave, a historical wage reported due to a Military leave, and/or any retro wage adjustment issued
Wage Discrepancy Code	A wage code is required to describe the employee's leave type (required regardless if system prompts user to enter code)
Wage Discrepancy Prompts	You will be prompted to provide the "Start Date" and "End Date" of the employee's absence during the reporting period, as well as their "Hourly Pay Rate." If you select "Leave: Other," you will be asked to enter a description of the leave (for example, Parental) that matches what's in your provisions. **Note:** the system will only allow dates within the month being reported.
Service Credit	Service will reflect either, Yes (Full) or No based on leave(s) provision adopted for division. If service is not allowed for a leave of absence type, then service is only awarded to an employee, if the employee worked or was paid as if working to meet the service credit qualification requirement (usually occurs with partial or intermittent leave months).
Contributions	Contributions will reflect either: • The amount reported by the employer based on Service Credit Qualification requirement adopted for division, • The amount collected based on employer-paid wages issued to an employee during their month of leave, • The amount remitted for historical wages reported (Military leaves only), or • Zero because the division is non-contributory
Contribution Discrepancy Code	A contribution code is required when, either there are no wages reported but contributions are remitted, or the wages reported do not align with the contributions remitted

Return to *Prepare Report steps*.

Reporting Rehired Retiree Data

Rehired Retiree information is submitted on your regular monthly reports. Please follow the below instructions on how to add a new or continue reporting existing rehired retirees.

1. If reporting an existing rehired retiree, please skip to step 10. If reporting a new rehired retiree proceed to step 2.

2. Scroll to the bottom of your monthly report to view the **Rehired Retirees** section.

3. Click the **Add Retiree** button

4. Enter the rehired retirees name and/or SSN and click the **Search** button.

5. A list of available retirees will appear based on your search criteria. Click **Select** next to the retiree you wish to add.

6. After selecting your retired employee, they will appear at the bottom of your monthly wage report in the **Rehired Retirees** section

7. Select the **Position Type**

8. **Status** = Pre-populated as 'Rehired'; Upon termination of [re]employment select 'Terminated'

9. **Status Change Date** = Enter date retiree was rehired or terminated

10. Enter the number of hours worked for reporting month

   - 'Total Hours through 'x'' = will populate as hours are reported. No hours will display for the first reporting month. This field will aid you in remembering the total number of hours worked/reported. This field is uneditable.
   - Retirees previously rehired and not reported must be reported with 'catch-up hours'. The 'Hours' field should include the total amount of hours worked within current calendar year

11. Click **Save**

12. Click **Check for Errors**

13. Click **Review and Submit** once your entire report has been finalized

Return to *Prepare Report steps*.

Participant Contributions when Terminating with DB and HCSP

Consider an employee enrolled in both DB and HCSP. They are retiring and only worked a couple of days during their final pay period. Below is an example breaking down required contributions for DB and HCSP.

Example: Both DB and HCSP require mandatory contributions. In addition, the HCSP plan also requires a 100% leave conversion and must be transferred (pre-tax) into HCSP fund (no option to receive this money as 'pay'). Lump sum vacation payouts are counted toward determining an employee's Final Average Compensation.

	Wages owed = **$200**	One-time lump sum vacation payout = **$3,500**	Total = **$3,700**
DB employee contribution requirement: 6%	**$12**	**$210**	**$222**
HCSP mandatory salary reduction: 2%	**$4**	**$0** Salary reduction is not required on lump sum payout since 100% is transferred pre-tax to HCSP fund as leave conversion. (There is no choice to receive this money as 'pay.')	**$4**
Total contributions to be withheld			**$226**

The employee's final paycheck of $200 is not enough to cover the mandatory contribution requirements of $226.

You must deduct the contributions that are due ($26) from the balance of the leave conversion available for transfer ($3,500), resulting in $3,474.

DB Monthly Wage and Contribution Report: $3,700 in wages and $222 for DB contributions

HCSP Report: $3,478 ($3,500 of lump sum leave conversion - $26 owed for mandatory contributions = $3,474 + $4 in mandatory 2% salary reduction on $200)

Return to *Prepare Report steps*.

Errors and Warnings – *Discrepancy Codes*

To help ensure wage, service, and contribution data is reported correctly, system validations are in place for you to indicate any wage and/or contribution discrepancies. Indicating reasons for wage or contribution discrepancies now reduces the need for MERS to follow-up with you in the future when an employee record is reviewed.

Wage Discrepancies

A *Wage Discrepancy code* is required **IF** the *reported wage* is flagged as an error when system validation is performed.

System Validation –

A participant's *reported wage* is validated by comparing to a *previously reported wage* (within past 12 month history) as long as the *previous wage* month was reported with service credit and **NO** *wage discrepancy code*). If there is no valid wage for comparison, the *reported wage* becomes the **new** *wage used for comparison* for future reporting (if this occurs, the system *will not* flag for a wage discrepancy code).

The number of pay periods reported *may* have an effect on validation comparison.

If you receive an error message, you will be **required** to enter a *wage discrepancy code* to explain the reporting variance.

Selecting the Right Code Matters

When employee wages are flagged with portal error messages, consider the following questions:

1. Is the wage amount entered correctly?
2. Is the amount reported allowable (based on addendum adoption)?
3. Is the reported wage only for regular hours worked (or paid for), or are other wage types included for example, reimbursements or lump sum payouts?
4. Is the employee in a contributory division? If yes, is the contribution amount entered correctly? Or is there a variance due to:
   a. More/less withheld
   b. Division-wide rate change / transfer
   c. Inclusion of an excludable wage
   d. Leave of absence

Description	Used When	Consideration	Data Entry Formate for Additional Fields/Note Field
Hours Low	Reporting a lower wage variance due to a fluctuation in hours worked.	If the wage variance is low due to a leave of absence, please select the proper leave code and enter the start and end dates of the leave.	Low wage = "WHY" (for example, no overtime paid; less hours worked), likely due to part-time [if allowed under employee classification]
Leaves of Absence (LOA): **Disability,** **FMLA,** **Worker's Comp,** **Other**	Reporting an employee's disability leave (short- or long-term), unpaid FMLA (and/or intermittent leave), worker's comp leave, or other leave type allowed within your Adoption Agreement Addendum, for example, unpaid leave. A wage discrepancy code is required to describe leave taken regardless if service is awarded or if system flags wage due to threshold.	Report any employer-paid wages (no third party wages) issued to the employee, along with applicable contributions **No wages reported = No employer contributions** Employer determines if service is awarded for leave of absence ° For contributory divisions – if service is allowed employee contributions are mandatory and must be reported by the employer at the time of the employee's leave (for each month of leave) ° Employer assumes initial payment responsibility for employee contributions ° Employer responsible for collecting employee contributions required upon employee's return to work. Amount collected is NOT reported to MERS; amount collected is to repay the employer for initially assuming payment responsibility on employee's behalf ° Employee contributions are calculated using a formula (service credit qualification x pay rate x employee percentage rate) for months whereby zero (0.00) wages are reported. No additional employee contributions are required if wages and contributions were reported due to a partial or intermittent leave	When reporting a Leave of Absence, you will be prompted to provide the "Start Date" and "End Date" of the employee's absence during the reporting period, as well as their "Hourly Pay Rate." If you select "Leave: Other," you will be asked to enter a description of the leave (for example., Parental) that matches what's in your provisions.

Wage Discrepancies – *Continued*

Description	Used When	Consideration	Data Entry Formate for Additional Fields/Note Field
Leave: Military	Reporting an employee's qualified deployment, weekend reserves, or National Guard leave	Report service credit as 'Yes' during Leave of absence Calculate and report historical wages to MERS using the Military Leave discrepancy code Compensation is the amount the employee would have earned in pension reportable compensation. The amount must factor in all raises, bonuses, and other pension reportable compensation the employee would have received during the period of military leave, and the amount must be determined based on the number of hours the employee regularly works Report any employer-paid wages and/or lump sum payouts issued to the employee while on leave Report employee contributions due based on historical wages reported using division's employee contribution % rate	When reporting Military Leave, you will be prompted to provide the "Start Date," "End Date," and "Hourly Pay Rate."
Lump Sum Payment	Reporting a LUMP sum payment issued annually or at time of termination of employment (reported payment may be used in calculation of benefit)	Payouts can be issued during the year or at the time of termination of employment Payment type and amount If a payout, for example, vacation, can be paid to employees annually, alert MERS so we can note your account. Also, include the number of "hours" the employee was paid in the Note field.	You will be prompted to provide "Payment Type" and "Payment Amount." Payment types include: anual holiday pay, bonus, comp time, educational degree, hazard pay, paid time off, severance, etc,). If you selected a Payment Type of "Other," you will be asked to enter a description of the payment (for example, pay advance) that matches what's listed in your provisions.
Miscellaneous	Reporting notification employee met IRS annual income limit or any other variance that doesn't fit in an existing discrepancy code Do not use to report a leave of absence » select code **Leaves of Absence or Military** Do not use to report a payout » select code **Lump Sum Payout**	Regardless of reason, employer note required to explain +/- wage variance Payment type and amount	Include an explanation of the wage type. For example, if the IRS annual income limit has been reached, enter "IRS annual limit met."
Overtime/ Shift Premium	Reporting a higher wage variance due to overtime, shift differential, on-call pay received, etc.	If the wage variance is high due to a lump sum payment or a retro-wage adjustment, please select that code instead and enter the applicable information.	High wage = "WHY?" (for example, overtime, double time, shift premium, on-call, extra pay period)
Regular Wages	1. Reporting a change in salary for an employee within the **same division** 2. A wage validation system reset is needed	When there is no wage variance, but the system requires a code; the regular wages discrepancy code is the only code which allows the employer the ability to 'reset' the system for wage reporting	

Wage Discrepancies – *Continued*

Description	Used When	Consideration	Data Entry Formate for Additional Fields/Note Field
Retro Wage Split	Reporting a retro pay adjustment. Likely due to a contract settlement or wage adjustment issued	Payment type, amount, and period of coverage are required ○ If the employee is still working, the employee's retro wage adjustment is included with their regular wage in the month the adjustment is issued. Include a portal note with details. ○ If the employee is terminated and entitled to a retro wage adjustment, a corrected report is required to remit the retro adjustment in the last month of employment with service, so the retro adjustment is considered for benefit calculation. Include a portal note with details.	Wage adjustment for "TYPE" = "$Amt."; spread adj. = "MM/YYYY thru MM/YYYY" **Example:** Wage adj. for PTO = $2,000; spread adj. = 12/2021 thru 12/2022

Important tip!

When there are multiple wage types issued to an employee within one reporting period, do not select wage code "Miscellaneous". You can determine which code is most important by asking yourself the following three questions:

1. **Was the employee on a leave of absence?**

   If yes, select the correct "Leave" type and enter dates of leave and pay rate.

   Example:

   In August, Jane Doe was off on short-term disability and received buyouts of her sick/vacation time accrued. In this scenario, you would select the "Leave" type as "Disability" and in the Note field provide the lump sum details. For example, vacation=$2,500; sick=$500.

2. **If there is no leave of absence, did the employee receive a one-time retro wage adjustment?**

   If yes, select the "Retro Wage Split" code and include additional wage details in portal note.

   Example:

   In August, Jim Doe received regular earnings, a retro wage adjustment for a contract settlement, and annual longevity. In this scenario, you would select the "Retro Wage Split" discrepancy code and in the notes field include relevant information (e.g. settlement-overtime adj. = $5,500 / period = 01.01.2021 to 12.31.2022 / longevity $500).

3. **If there was no leave of absence or retro wage adjustment, did the employee receive a lump sum payment(s)?**

   If yes, select the "Lump Sum Payment" code and include additional wage details in the fields provided.

   Example:

   In August, John Doe received regular earnings, a bonus, and extra wages for:

   • Mileage

   • Reimbursement for tools

   • Health insurance opt out

   In this scenario, you would select the "Lump Sum Payment discrepancy code. And for the payment type, select "Other" and provide the relevant details in the Description field.
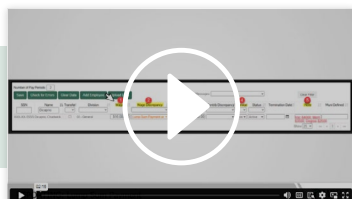
Video Tutorials

View a video on *lump sum payments*

Contribution Discrepancies

A contribution discrepancy code is required if the contributions remitted do not align with the employee wages reported (using the employee's percentage rate in effect for the division).

- For contributory divisions, employee contributions are mandatory and must be remitted.
- Ensuring MERS always has the most up-to-date employee contribution percentage rate on record for all divisions will aid in eliminating errors when submitting your data.
- Contributions remitted are flagged as an error if the amount reported is outside the margin of error for the expected percentage adopted by employer for division (reported wages x employee percentage rate).

Description	Used When	Consideration	Data Entry Format for Note Section
Contribution Correction	Reporting a contribution correction for a month	Participant paid more contributions for previous month(s) Participant paid less contributions for previous month(s)	More/less remitted in MM/YYYY due to under/overpayment previously reported in MM/YYYY
Division-Wide Rate Change	Reporting a **division-wide** percentage rate change for all employees (for example, all employee's in Division 01 had a % rate change effective Jan 2023, changing from 4% to 6%). Do not use to report an employee's transfer to a different division	Adoption paperwork needed to initiate system change; contact MERS	**Division** rate changed Effective "MM/YYYY; %" (for example, 12/2021; 4%)
Misc. Contribution Discrepancy	Reporting a **ONE-time** contribution variance due Do not use this code to report an employee division-wide rate change	Contributions remitted do not align with wages reported due to an employee Leave of Absence (Service Credit is awarded)	"Explanation of variance" (for example, Covid-19; IRS limitation met – no contributions withheld) **OR** "Explanation of variance" (that is, MERS approved compensation variance – contributions remitted on base wage, employee wage, gross wage only)
Transfer Employee Rate Change	Reporting an employee who transfered into a different division where the employee contribution % rate is different (for example, John Doe transfered from Division 01 with a 4% to a Division 10 with a 6% rate).	Contributions remitted do not align with reported wage due to the employee's transfer to a different division.	Effective "MM/YYYY"; transfer = % rate (that is, 03/2023; transfer = 6%)

Return to *Prepare Report steps*.

Correcting a Report

The portal allows for two types of corrections:

1. **Corrected Monthly Report –** when corrections are needed to multiple employee records
2. **Corrected Employee Report** – when a correction is needed to a specific employee's record

When submitting a wage/contribution correction for an employee, the full corrected amount must be reported for the month you are correcting (do not just report the difference).

Note: Whether you are initiating a 'Correct Monthly' report or a 'Correct Employee' report, you'll want to:

- Ensure the correct period has been selected
- Locate your employee(s) to correct, then follow the below guidelines for data entry.

Corrected Monthly Report

To make corrections to multiple employee records, proceed as follows:

1. Select **Reporting**
2. Select **Corrections**

3. Under the **Correct Monthly Report** section, click on **Start Correction** for the report period you wish to edit

4. When the report displays, enter your corrections. Edits will appear in a different color until you **Save** the report

5. Click **Save** and see the totals in the **Correction Summary** update

6. Click **Check for Errors**

7. Correct any errors, and review warnings. See the *Errors and Warnings section* of this guide for additional information.

8. Click **Review Report**

9. Check totals in the **Correction Summary** and **Version Details** to ensure everything is correct.

10. You must acknowledge that the information is accurate to the best of your knowledge and reported in accordance with each division's plan provisions by checking the box

11. Select **submit payroll report**

12. Receive confirmation of report submission

Corrected Report for [redacted] : 12/01/2020 - 12/31/2020

Your correction has been successfully submitted!

Corrected Employee Report

This action is recommended when there is only one employee to terminate and report wages for, or the status needs to be retroactively reported (also known as backdate termination, applying a transfer, reporting a leave of absence, etc.).

To make corrections to individual employee records, proceed as follows:

1. Select **Reporting**
2. Select **Corrections**

3. Search for an individual employee by their name, SSN, status and/or division.
4. Select the **Search** button

5. Click **Start Correction** next to the individual employee you wish to edit

6. When the report displays, enter your corrections. Edits will appear in a different color until you **Save** the report.
7. Click **Save** and see the totals in the **Correction Summary** update
8. Click **Check for Errors**

9. Correct any errors, and review warnings. See the *Errors and Warnings section* of this guide for additional information.
10. Click **Review Report**

11. Check totals in the **Correction Summary** and **Version Details** to ensure everything is correct.

12. You must acknowledge that the information is accurate to the best of your knowledge and reported in accordance with each division's plan provisions by checking the box
13. Select **submit payroll report**

14. Receive confirmation of report submission

Below you will find information on how to:

- Change a status – report a backdated termination
- Apply a backdated Transfer – report a transfer effective with a different month
- Smooth employee's annual compensation paid in accordance with 401(a)(17) limits
- Add unreported wages and service

Status Change – Backdating a Termination

If an employee terminated before the month in which is currently being reported, a separate corrected employee report is required to make the status change. Note: If the employee has already terminated employment and final wages were reported, there is no option to back date the employee's termination. Contact MERS for assistance in correcting the employee's date of termination.

1. After locating your employee (steps 1-5 under *Corrected Employee Report*), towards the bottom of the screen you'll find the **Backdate Termination** section

2. Enter employee's **Termination Date**

3. Click **Apply Termination**

4. When the correction is applied, a 'final wages' row will appear for you to provide a breakdown of the employee's final wages.

Report a Backdated Transfer

1. After locating the employee (steps 1-5 under *Corrected Employee Report*), towards the bottom of the screen, you'll find the **Backdate Transfer** section

2. Select the month and year the transfer was effective for the employee.

3. Select employee's new division he/she should be transferred to.

4. Click **Apply Transfer**.

5. When the correction is applied, the transfer will be reflected in the appropriate reporting month above. If applicable, employee contributions may be updated. Ensure correct employee contributions are remitted.

Smooth Annual Compensation

1. After locating the employee (steps 1-5 under _Corrected Employee Report_), towards the bottom of the screen, you'll find the **Smooth Wages for 401(a)(17)** section

2. Select the year to correct.

3. Enter the annual allowable compensation amount (in accordance with IRS limitations)

4. Click **Apply** to equally spread wages over each reporting month within the calendar year.

5. When the smoothing is applied, the wages will be updated for all 12 of the appropriate reporting months in for the smoothing year you selected.

6. After wages smoothing, ensure to manually adjust each month of employee contributions to reflect the correct amount required.

Add Unreported Wages or Service

1. Select **Reporting**

2. Select **Corrections**

3. Search for an individual employee by their name, SSN, status and/or division.

4. Select the **Search** button

5. Select **Start Correction**

6. Scroll down the page to **Edit Tools**

7. In the **Add Unreported Period** section, select the appropriate date range and click the **Add Report** button

Voluntary Contributions

You may contribute more than the minimum required contributions, as these additional contributions will earn investment income and may result in lower future contribution requirements.

Voluntary contributions can be submitted at a division level, ensuring that contributions are correctly applied to the division you intended. Additionally, reporting voluntary contributions can be done outside of your regular reporting cycle.

- You can access the function to report voluntary contributions in two ways:
  - ° From the **Summary** page, select the **Prepare Voluntary Contributions** button.
  - ° You may also click on **Reporting** in the left navigation and then select **Voluntary Contributions**.
  - ° Note: The date at the top (highlighted in the second image on the right) reflects the date the report was last opened. If the date listed here is not current, the report was not submitted last time it was opened. Please **Cancel** this report and reopen a new report to display current date and any new divisions added since the report was last opened.
- The voluntary contribution report will be available as a bill summary PDF file
- You will receive an invoice and can make payments on the ePayment site
- Back-dating does not allow for earnings retroactively – gains and losses will be based on date paid, not reporting period
- This option will be available for any division with employees or retirees, even if the division is closed

There are two ways in which your additional contributions can be applied:

1. To accelerate the time in which your plan is funded, through allocating contributions to a Surplus Division
2. To reduce future contribution requirements, through allocating contributions to a division

To establish a Surplus Division, please contact your *Benefit Plan Coordinator*.

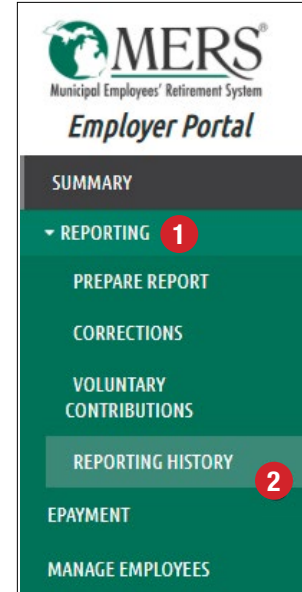***MERS strongly encourages employers to contribute more than the minimum contribution.***

Reporting History

Reporting History allows you to view and print payroll reports previously submitted.

1. In the left navigation, click on **Reporting**

2. Select **Reporting History**

3. Select the report you want to view

4. Click on Select Period to the left of the month you want to view.

5. All of the available reports for that period will appear. Click the PDF or Excel icon next to the report you wish to view.

Explanation of Available Reports

- **All Employees** – A summary report of participants, along with revisions made to their wage and contribution data *(also available in CSV format)*.
- **Bill Summary** – A summary of division totals, total employee contributions and estimated employer contributions by divisions.
- **Version Details** – A summary of corrections made for the monthly reporting period selected.
- **Corrected Employee Summary** – A summary of corrections made for the employee selected.
- **Voluntary Contributions** - A summary of voluntary contributions reported.
- **Rehired Retiree** - A summary report of your rehired retiree data.

WORKING IN RETIREMENT

REPORTING A REHIRED RETIREE

> ### Understanding Reporting Guidelines

You are required to report rehired retiree data to MERS through your defined benefit monthly wage and contribution report. When reporting hours of service for a rehired retiree, there are some guidelines to follow. These guidelines apply regardless if the position is a 'MERS-covered' position. Rehired retirees cannot rejoin the MERS Defined Benefit or Hybrid Plan. They can join the MERS Defined Contribution, 457 or Health Care Savings Program, if the Plan is open for the division to which the rehired retiree belongs and they meet eligiblity requirements.

You must determine whether your rehired retiree is returning to a *regular employee* or **independent subcontractor** *position* or to an *elected/appointed official position*. No formal or informal agreement may exist or have occurred surrounding reemployment of your retiree. Regardless of position, the rehired retiree is not eligible for a second pension benefit. Click here for *Working In Retirement flowchart*.

Regular (non-elected/appointed) or an Independent Contractor Position – A job *not* elected by citizens

- Requires a 60 day bona fide separation between the date the retiree terminated employment to the date the retiree is rehired is required
- May work up to 1,000 hours in calendar year (does not apply to Defined Contribution). **Note:** *the requirement allowing rehired retirees to work up to 1,000 hours in a calendar year has been waived through December 31, 2027. This means that currently there is* **no limit** *to the amount of hours they may work each year.*
- Requires a *Working in Retirement Certification form (F-29c)* filed with MERS; **form requires both employer and retiree signature**
- If any of above criteria is not met, retirement payments will be suspended until termination of [re]employment. In addition, employee may be required to repay any retirement payments received, which may also have tax consequences

Elected Official Position – A voter-elected position (or appointed voter-elected) determined by citizens

- If re-elected/appointed into the same position, a two year separation between the date the retiree terminated employment to the date the retiree is rehired is required
- If re-elected/appointed into a different position, a 60 day bona fide separation between the date the retiree terminated employment to the date the retiree is rehired is required
- There is no 'hour' limitation
- Requires a *Working in Retirement Certification form (F-29c)* filed with MERS; **form requires both employer and retiree signature**
- If any of above criteria is not met, retirement payments will be suspended until termination of [re]employment. In addition, employee may be required to repay any retirement payments received, which may also have tax consequences

EMPLOYEE INFORMATION AND REPORTS

From the **Manage Employees** section of the left navigation, you can:

- Edit active employee data (select **Edit** next to the employee)
- View **Membership Application**
- View and print active employee account documents (select **Account Display** next to the employee)

To find an employee's record or view a group of employees, enter your search criteria in the Search field. As you type, your search results will populate. You may search by first or last name using all or part of an employee's name, the SSN (National ID) by using the full or partial number, status, and work division.

GLOSSARY OF TERMS

- **Includible Wages** – (also known as 'MERS Wages') are employee monies reported to MERS based on Definition of Compensation for division. Wages reported are used to:
  - ° Determine pension benefits
  - ° Calculate required employee contributions, if applicable
  - ° Calculate required employer contributions; which reflect as 'MERS Billable Wages'

- **Excluded Wages** – are monies issued to employee as compensation, which are not includible based on definition and are not reportable to MERS

- **Excepted Wages** – are monies issued to employee for hours worked in a month when the Service Credit Qualification requirement is not met; these wages are reportable to MERS
  - ° Employee contributions are required for any payments issued and reported to MERS
  - ° You are not billed for 'excepted wages'

MERS
Municipal Employees' Retirement System

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