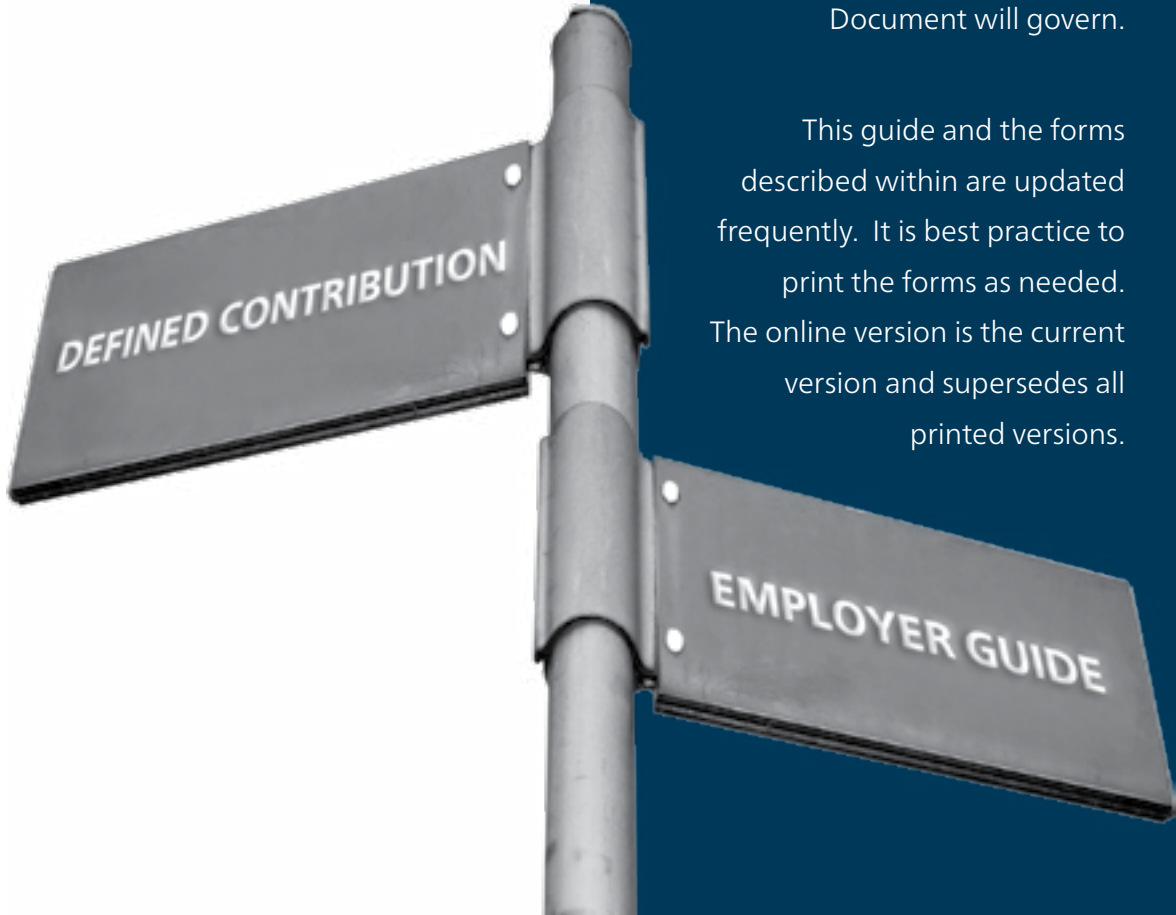


A close-up photograph of a vintage-style compass is positioned on the left side of the cover. The compass has a brass-colored metal ring at the top and a black face with white markings. The face shows cardinal and intercardinal directions (N, NE, E, SE, S, SW, W, NW) and degree markings. The needle is a simple white pointer. The compass is resting on a light-colored wooden surface, and a piece of blue tape is visible in the background.

MERS Defined Contribution Plan

Employer Guide



This guide is meant to be a plain language summary of the procedures and rules governing your MERS Defined Contribution Plan. The actual legal requirements are contained in the most recent versions of the Internal Revenue Code, Michigan State Law, and the MERS Plan Document. If there are any conflicts between what is written in this guide and what is contained in the law or Plan Document, then the applicable law or Plan Document will govern.

This guide and the forms described within are updated frequently. It is best practice to print the forms as needed. The online version is the current version and supersedes all printed versions.

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Welcome

Congratulations on selecting the MERS Defined Contribution Plan, a retirement solution that provides employees and their families the resources to plan for their future!

As an employer, your employees rely on you every day to provide information and answer questions regarding their retirement plans. This guide will help you answer those questions quickly and accurately. If further clarification is necessary, or you would like to schedule training for yourself, please contact your MERS Regional Manager at 800.767.6377. Your Regional Manager can also help coordinate group education seminars or one-on-one employee consultations.

This guide is part of your MERS Defined Contribution Plan employer toolkit for the purpose of successfully and efficiently administering the MERS Defined Contribution Plan.

The MERS Defined Contribution Plan employer toolkit is an excellent resource for MERS retirement basics. When explaining the retirement plan features to new hires and employees, refer to your toolkit.

MERS Defined Contribution Plan Employer Toolkit

- [Defined Contribution Employer Guide](#)
- [Finding the Right Retirement Fit Booklet](#)
- [Regional Team Guide](#) — Your MERS Regional Team is available to provide answers to administration questions, give board meeting presentations, hold employee education presentations and one-on-one consultations
- [Defined Contribution Participant Handbook](#) — a detailed reference piece to inform employees about their benefit
- [Wage and Contribution Guide](#)

Plan Overview

Your MERS Defined Contribution Plan is a qualified retirement plan under Section 401(a) of the Internal Revenue Code, offering each employee a plan account to which contributions are made and assets are invested. When an employee retires, their benefits are based on the total amount of money in their account. As a qualified plan, employees are not taxed on employer contributions, mandatory employee contributions, or earnings until assets are withdrawn.

Features and Benefits

Putting Our Members First

- MERS operates on a not-for-profit basis and is committed to providing you and your employees with affordable administrative and investment fees.
- We leverage our financial strength, our experience and world class investments management to lower costs and provide Plan employees with unique investment options not found elsewhere.
- We continually seek innovative products and services that will benefit both current and future employees.
- We have a non-commissioned staff dedicated to serving our municipalities.

Strategic Investment Lineup

- Employees may choose from a comprehensive yet streamlined investment menu, making for simple and strategic investing.

Customer Service and Education

- MERS Regional Teams are dedicated to providing you with excellent service and information on all of your MERS programs.
- MERS Benefit Education Specialists are available for on-site group presentations or one-on-one consultations with your employees.
- You and your employees have access to information 24/7 through our online portals.

Quick Tips

Names of MERS forms are underlined in this guide. Capitalized words can generally be found in the Glossary.

All forms are available for download on our website, www.mersofmich.com.

Getting Started

Whether you are new to MERS or new to the Defined Contribution Plan, this guide will lead you through the plan's administrative processes. If you have any questions along the way, please feel free to contact your MERS Regional Manager.

Establishing Employer Contacts

To change or update the employer contacts for your municipality, please complete the [MERS Contact Form, \(Form Number 85\)](#). This form enables you to designate primary finance and human resources contacts. You will also be able to designate individuals at your municipality who need to receive various MERS reports and allow them access to the MERS Employer Portal.

Employee Enrollment Packet

Your municipality must begin reporting contributions for a new employee once the eligibility requirements specified in the Adoption Agreement have been satisfied, even if the employee has returned their MERS [Defined Contribution Enrollment Form](#) to you.

Once the employee has been entered into the system, they will receive a welcome packet in the mail providing additional information on the Investment options available to them, beneficiary form to return to MERS and a participant handbook outlining the benefits of the program.

Contributions

The MERS Defined Contribution Plan is an employer-sponsored plan, with a variety of contribution options to fit the needs of every municipality. Your municipality may require employee contributions. You may make contributions on their behalf in addition to their contributions, as well as other contribution options. This section outlines each option:

Maximum Contribution Limits

Internal Revenue Code section 415(c) limits contributions on behalf of each employee in all qualified defined contribution plans. This limitation is subject to change, and is periodically indexed for inflation in \$1,000 increments. All Plan contribution types (employer contributions, mandatory employee contributions, and voluntary after-tax employee contributions) must be included for purposes of this limitation.

These section 415 limitations are measured on a 12-month basis known as the Limitation Year.

The Limitation Year for the MERS Defined Contribution Plan is the calendar year, beginning January 1st and ending December 31st.

The amount of compensation that may be considered in determining employer contributions is also limited by the IRS. Please see our [Retirement Plan Contribution Limits and Reporting Data](#) chart for the most current information.

Please note: It is your municipality's responsibility to administer the limitation rules.

Employer Contributions

All employer contributions are made to the Plan on a pre-tax basis. This means they are not considered compensation at the time of contribution and are not taxable to employees until they are withdrawn from the Plan. The provisions for employer contributions can be found in your Adoption Agreement. There are various contribution formulas that are permitted including:

- A fixed dollar or percentage amount without required employee contributions
- Match a fixed percentage of employee contributions*
- Match a percentage of voluntary employee contributions to a 457 plan
- Employer contributions made to the employee's account, are subject to the employer's vesting schedule (see Vesting section, [page 13](#))

Compensation may be defined by the Employer as:

- Medicare taxable wages reported in Box 5 of Form W-2; or
- All income subject to income tax reported in Box 1 of Form W-2, plus elective deferrals

In either of the above elections, an employee's compensation shall not exceed the annual limit under section 401(a)(17) of the Internal Revenue Code.

** If the employee contributions are a range, once chosen, the employee cannot make a change to the initial elected amount. Employees should consider their option carefully.*

Employee Contributions

Mandatory Employee Contributions

If your municipality elects a mandatory contribution rate, all employees must make the specified contributions.* If the contributions are to be “picked up” by your municipality and paid directly to the MERS Defined Contribution Plan, then they will be treated as employer contributions for all Defined Contribution Plan purposes other than vesting. These contributions may not be paid directly to the employee in lieu of contribution to the Plan, and will be accounted for separately from the employer contributions within the employee’s account. Like normal employer contributions, they also are not subject to federal and state income taxes. They are, however, subject to FICA. Additionally, these pick-up contributions may not be suspended while the employee remains in a covered group.

Voluntary After-Tax Employee Contributions

Employees may also make additional after-tax employee contributions to the Plan through employer sponsored payroll deduction. The employee may stop and start these contributions at any time, and MERS does not restrict the number of times per year that amount can be changed. An employee may contribute up to 25% of their salary using this type of contribution, as long as the IRS maximum contribution limit is not exceeded (for more information see Maximum Contribution Limits, [page 7](#)).

Earnings on voluntary contributions are not taxable to employees until withdrawn. These are the only type of contributions that may be withdrawn while the employee is still employed (see In-Service Withdrawals, [page 13](#)). The earnings may be subject to IRS taxes and penalties when withdrawn.

Did you know?

All employee contributions are considered to be 100% vested at all times.

Rollover Contributions

If elected by the employer in the Adoption Agreement, the MERS Defined Contribution Plan will accept eligible rollovers from employees. MERS encourages employers to allow rollovers, because it encourages employees to consolidate their retirement savings under one plan. Eligible rollovers include distributions from an:

- Eligible retirement plan described in Section 401(a) (including “401(k)” or 403(a) of the Code
- Annuity contract described in Section 403(b) of the Code
- Eligible deferred compensation plan described in Section 457(b) of the Code
- Individual retirement account or annuity described in Section 408(a) or 408(b) of the Code

**Employers who allow employees to select from a range of contribution options may do so only once after the amount is chosen. Participating employees may not change this election. Only employers may amend their plan to adjust mandatory employee contributions.*

Administering Your Defined Contribution Plan

The MERS Defined Contribution Plan is designed to be an affordable benefit for municipalities and their employees. This section outlines how you set up and administer the program online with the MERS Employer Portal.

MERS Employer Portal

The MERS Employer Portal is designed to provide you with quick and easy access to all of your MERS programs:

- View current news and important publications
- View quarterly performance data and statements, view transaction history of individual employee accounts
- Access current fund sheets and return information on MERS Investment Funds
- Access product-specific forms

Earnings on voluntary contributions are not taxable to employees until withdrawn. These are the only type of contributions that may be withdrawn while the employee is still employed (see In-Service Withdrawals, [page 13](#)). The earnings may be subject to IRS taxes and penalties when withdrawn.

Logging into the Employer Portal

When you’re ready to report, or need forms or other information, logging into the MERS Employer Portal is easy:

1. Visit www.mersofmich.com.
2. Enter your UserID and temporary password which you received from Alerus by email.

Two-Factor Authentication and Passwords

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.

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.

Enrolling a New Employee in the Plan

Enrolling new employees is as simple as including them in the file upload spreadsheet. Once you have validated the information submitted on the file, the system will create the employee’s record. In order for your employee to create an account, they may visit www.mersofmich.com and click on “First Time User or Need Help?” link near the green “Log In” button.

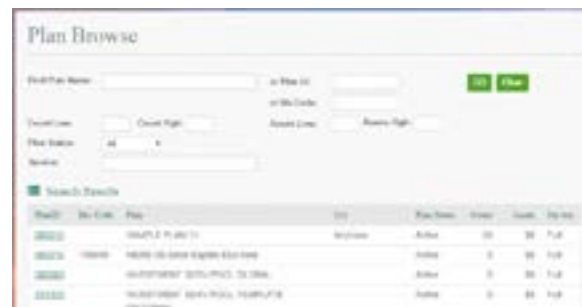
1. Have your employee complete and return to you the information in the MERS Defined Contribution Enrollment Form.
2. Keep the form on file for your records.
3. Log in to the [MERS Employer Portal](#).
4. Choose **Contribution Gateway**, then click on the MERS Defined Contribution Plan ID to begin reporting from the drop-down menu.

Changing Participant Information

Making changes to participant division, status and personal information can be done at the participant record. Steps as follows.

Transfer Participants Between Divisions

- Participant transfers between divisions will now be done via the portal and not via the contribution file. To start the process you will need to select your plan that you are transferring from by selecting the green **Plan ID**.



- Select **Transfer Participants** located under **Manage My Participants**



- Enter the name in Find Name or SSN under Participant ID of the person you want to transfer (note you can only transfer participants who are active) select **Go**. For a full list of participants simply select **Go**.

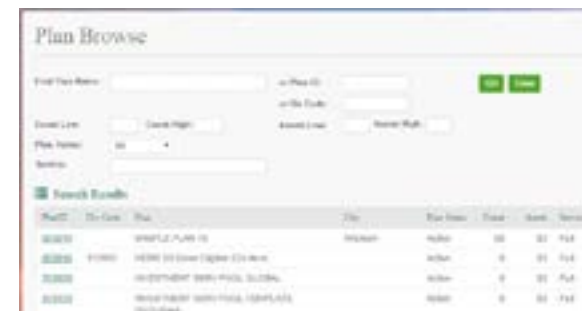


- Select **Transfer** located to the left of the SSN – select **Destination** plan – select **Transfer**. Note – you can only transfer to the same product type. If you want to transfer between product types you will need to contact the MERS Service Center. Any transfer requests received in good order will be processed within 1-2 business days.



Participant Status and Personal Information

- To start the process you will need to select your plan that you are editing from by selecting the green **Plan ID**.



- Select **Select Participant** located under **Manage My Participants**.



- Type in all or a portion of the participant's name or SSN or scroll through all names. Upon finding the applicable participant, click on **Edit** which is located on the left hand side of the participant's record. You can also search for all employees with a specific status type (Active, Not Eligible, Terminated, Enrolling, Installments).



- You can update the participant's mailing address, date of birth, date of hire, date of termination and/or rehire date. Once all information has been entered, select **Save**. Note: if you change any of this information and the participant is included with your payroll report you will need to update the information there as well to make sure the information is not overridden.



- Once you have entered and saved the information you will see "Successfully Saved".



Employment Status — Notifying MERS

If there is a change in employment status, please notify MERS through the Employer Portal as soon as possible. You can do this at the Participant edit screen, or by uploading the status on the Report. Status options are as follows and are noted by the numeric symbol which corresponds to that applicable status to be used in the file: Active (A), Inactive (I), Terminated (T). You would use this status for the following reasons:

Active

To be used for new hires and existing employees who are actively employed, in situations where someone is rehired

Inactive

To be used when a participant is on military leave, when they are actively employed and have transferred to a position that does not participate in this program, or when they are on leave for medical reasons

Terminated

To be used when the participant is no longer actively employed, if they are on disability and do not expect to return, or if you are notified of death (if the status reflects terminated, a date of termination must be on file)

Qualified Military Service

An employee who is in qualified military service will be treated as receiving compensation from the employer equal to one of the following:

- Compensation they would have received during the period of qualified military service, based on the rate of pay they would have received if not in qualified military service.
- Average compensation during the 12 months immediately before the period of qualified military service, if the compensation they would have earned during the qualified military service cannot reasonably be determined .
- Average compensation for the period of employment immediately before the period of qualified military service, if it is shorter than 12 months.

In addition, back pay for qualified military service is treated as compensation for the calendar year to which it relates, provided it meets the requirements to be considered compensation under the terms of the Plan.

If the employer has elected to allow loans to employees, any repayments will be suspended, as permitted under section 414(u) (4) of the IRS Code, during the period of qualified military leave.

All contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994.

Vesting

One of the benefits of the MERS Defined Contribution Plan is its portability, meaning your employees can take portions of their account balance with them when they leave employment. Vesting is the required amount of service credit employees must earn to be eligible for retirement benefits, and gain ownership of employer contributions made on their behalf. Your employees are always 100% vested for their contributions. Here are the guidelines for the employer contributions:

Vesting

A vesting schedule will be specified by the employer within the Adoption Agreement. The options include:

- **Immediate Vesting** — The employee is fully vested in employer contributions upon participation in the MERS Defined Contribution Plan.
- **Cliff Vesting** — The employee is fully vested in employer contributions upon completion of a stated number of years of service. Employers can select any whole number of years between 1-10.
- **Graded Vesting** — Employees are vested in a percentage of their employer contributions account balance for each year of service completed. Your municipality can select the vested percentage for each corresponding year(s) of service; however, an employee must become fully vested after 10 years of service. In addition, the vested percentage for each year of service can be any percentage up to 10 years.

In the event of disability or death of an active employee, the entire employer contribution amount becomes immediately vested.

Vesting Upon Normal Retirement Age

After reaching the Normal Retirement Age, an employee becomes immediately vested in their employer contributions account, to the extent that the account balance has not previously been forfeited due to termination of employment. The standard Normal Retirement Age is age 60, unless the employer specifies a different age in the Adoption Agreement.

Service with Other MERS Employers

Employees formerly employed by another MERS employer may be eligible for coordinated vesting at your municipality. In order to confirm eligibility, employees need to contact MERS at 800.767.MERS (6377) for verification in order to include MERS-to-MERS time as a part of their DC service. Additionally, MERS-to-MERS time will only apply before a DC distribution is taken or a forfeiture occurs; thus ensuring that employers will not incur future liabilities.

In-Service withdrawals on vested assets are allowed in the defined contribution plan for any active employee who is age 60 or older.

Act 88 – Reciprocal Retirement Act of 1961

The State of Michigan enacted Act 88, the Reciprocal Retirement Act, in 1961. In general, if a municipality adopts Act 88, an employee who has worked for more than one Michigan governmental employer may combine their service for vesting purposes. The employee may also combine his or her service for retirement eligibility purposes at the second (succeeding) employer.

Generally, in order for an employee to qualify for reciprocity under Act 88 the:

- Employer must adopt Act 88;
- Employee must have a minimum of 30 months of service with the employer from which they are trying to vest; and
- Breaks in employment must meet certain Act 88 requirements.

For a complete list of Act 88 requirements, please contact the MERS Service Center, or a member of your Regional Team. To view a complete list of municipalities that have adopted Act 88, please visit our website at www.mersofmich.com.

Forfeiture

An employee who terminates employment forfeits their unvested employer contributions if:

- They are not fully vested;
- They withdraw their entire vested account balance; or
- After a 12 month break in service.

Forfeitures will be transferred to a separate Forfeiture Account for the employer to offset any future employer contributions.

Forfeiture Reinstatement

If an employee returns to work prior to the completion of a 12 month break in service, then the employer may reinstate assets and prior service is automatically reinstated.

If an employee has not taken full distribution of their vested account balance at separation, and later becomes vested due to service with another MERS employer (or employer using Act 88), that employee’s service time may be restored.

Disability and Death Benefits

The MERS Defined Contribution Plan offers your employees some peace of mind when the unexpected occurs. This section details Disability and Death Benefits for your employees, and the many ways the Defined Contribution Plan is available to help them and their beneficiaries.

Disability Benefits

In the event an employee becomes permanently disabled while actively employed, all funds become fully vested. The Internal Revenue Code definition of disability, Section 72(m)(7), states that “an individual shall be considered to be disabled if they are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration.” To request a distribution, the employee must obtain a signed letter verifying his or her qualification under the Internal Revenue Code definition of disability, Section 72(m)(7), from his or her physician. When the employee has received this document, he or she will need to submit it, along with a completed [Defined Contribution Distribution Form \(MD-005\)](#), to MERS’ record keeper, Alerus Retirement Solutions. Instructions to submit these documents are located on the form. When MERS has processed the employee’s request, he or she will either be notified by Alerus that more information is needed or, if approved, will receive the distribution.

Death Benefits

In the event an employee dies while actively employed, all funds not previously forfeited will automatically become fully vested. MERS will send an informational packet to the designated beneficiaries explaining their benefits and options under the MERS Defined Contribution Plan. Note that any active-duty death will allow the participant to become immediately vested.

If you are notified of an employee’s death, please call the MERS Service Center, 800.767.6377, as soon as possible. Any future installment

payments that have been scheduled will be suspended pending further instructions from the designated beneficiaries.

Beneficiaries are eligible to receive distributions from the deceased employee’s Defined Contribution Plan and may generally choose any of the payment options available to employees.

Beneficiaries also retain the same investment privileges as the employee and may elect to invest in any of the various funds offered in the Plan.

MERS will create a separate account for each beneficiary and account balance of the deceased employee will be transferred to those accounts accordingly. If the deceased employee does not have a designated beneficiary, distribution will be directed to the employee’s estate.

The rules regarding distributions to beneficiaries vary greatly based on certain conditions. For example, not all of the rollover options available to the spouse are available to non-spouse beneficiaries. Timing requirements may also be affected by the age of the deceased employee and whether or not he or she has begun receiving minimum required distributions. Under current IRS rules, employees are required to begin receiving distributions from the Plan by April 1 of the calendar year following the year in which he or she attains age 70½ or retires, whichever is later.

Minimum Required Distribution rules apply to beneficiary accounts, as well, once the deceased employee’s account balance is transferred to the beneficiary. If a beneficiary receives minimum required distributions on a timely basis for any applicable tax year, they are subject to a 50% excise tax, levied by the IRS, on the amount of the underpayment.

The rules governing minimum required contributions are complex and varied. Please contact a member of your MERS Regional Team for additional guidance.

Voluntary After-Tax Contributions

Employees may elect to withdraw voluntary after-tax contributions from the Plan twice per calendar year. Although there are no tax consequences attached to the withdrawal of the actual after-tax contributions, the earnings on these contributions are taxable and will be subject to mandatory 20% federal tax withholding. An additional 10% penalty will generally apply if the employee is under the age of 59½.

Employees may request a withdrawal of voluntary after-tax contributions by completing an [In-Service Withdrawal Request \(Form MD-008\)](#).

Method of Payment

Select Funding option — MERS offers the Automatic Clearing House withdrawal — the most efficient and quickest way to apply payment to your report. If you have not set this up as a payment option, and are interested in doing so, please contact MERS Service Center. MERS accepts payment by check or ACH wire transfer sent to the applicable address below:

Check:

Alerus Retirement & Benefits
PO Box 64535
St. Paul, MN 55164

ACH/wire transfer:

Alerus Financial
2300 S. Columbia Rd.
Grand Forks, ND 58201

ABA #: 091300159
Acct: 50129785
Acct Name: MERS Contributions
Plan Name: *(Employer/Municipality Name)*
Plan Number: *(Six-digit Division Number)*
Country: United States of America

Once you have saved and verified your contribution, click Finish. You can save a copy of your contribution to PDF using the Print icon in the upper right corner.

Eligible Domestic Relations Orders (EDRO) / Qualified Domestic Relations Orders (QDRO)

In the event of divorce, an employee’s retirement account is generally considered marital property and their spouse may be entitled to a portion of the account. The State of Michigan enacted Eligible Domestic Relations Orders (EDRO) and the Qualified Domestic Relations Orders (QDRO), to help protect the marital property rights of individuals. For a sample Domestic Relation Order (DRO), please see [Form 75](#). An approved court order should be sent to MERS for processing: 1134 Municipal Way, Lansing, MI 48917. Processing fees may apply. Participants filing for divorce should contact MERS for what is required.

Investments

As the fiduciary, the MERS Retirement Board selects the menu of investment options for the Plan. Investment options are reviewed periodically and are subject to change. If a fund is added or removed from the Plan, MERS will notify employees at least 30 days before the change. Additionally, the Retirement Board will choose the default investment to be used in the event an employee fails to elect an investment fund(s). For an up-to-date listing of the funds available in the Plan, please visit the MERS website at [www.mersofmich.com](#).

Financial Reporting of Contributions

	Defined Benefit	Defined Contribution	Health Care Savings Program	457
Plan Type	401(a)	401(a)	115 Trust	457(b)
Fed Tax Exemption	Exempt	Exempt	Exempt	Exempt
State Tax Exemption	Exempt	Exempt	Exempt	Exempt
Social Security & Medicare*	Non-Exempt Box 14	Non-Exempt Box 12	Exempt	Non-Exempt Box 12
Box & Code	Code 414(h)(2)	Code D	No reporting required, treated as employer contributions	Code G
Box 13 Checked	Yes	Yes		No

**Not including municipalities opting out of Social Security.*

Plan Amendments

Amendments to the Plan may be completed by revising the Adoption Agreement to change, delete, or add any optional provisions on a going forward basis. Amendments to the Adoption Agreement that decrease employees’ accrued benefits or eliminate/restrict an optional form of benefit are not permitted, unless required by a collective bargaining agreement. Please contact your MERS Regional Manager for assistance with this process.

Employee Transfer Rules

Standard Transfer Rules

Under the Standard Rules, if an employee transfers from one division at your municipality to another division, they must participate in the open, active plan of the new division. For example, if an employee in the MERS Defined Benefit Plan transfers to a division with the MERS Defined Contribution or Hybrid Plan, they join the new division’s plan. Certain conditions apply.

Alternate Transfer Rules

Your municipality may also adopt MERS Alternate Transfer Rules, which offers all current and future transferring employees a choice between:

- The division’s open plan.
- The closed plan, if there are active employees remaining in the matching plan (e.g., Defined Benefit to Defined Benefit).

The alternate transfer provision may only be adopted once by a municipality, and affects all divisions. Once adopted, it cannot be changed. Your municipality’s governing body must complete Form 94, available on our website. For more about these rules, please call us at 800.767.MERS (6377).

Standard Transfer Rules Q&A

Does a member have a choice to enroll into any available plan?

No, the member must be placed into the active plan within the division in which the member is being hired or transferred.

Can a member begin drawing from their employer’s old Defined Benefit Plan or Hybrid Plan if they are transferred to a new plan of the same employer?

No. A member is considered an active employee and is not eligible to begin drawing their frozen Defined Benefit or Hybrid Plan with the same employer unless a termination of service has occurred. However, if the frozen accrued benefit is from a different employer, the member may begin drawing that benefit at the time of eligibility under the other plan.

If a member has frozen service under the Defined Benefit Plan and has transferred to a Defined Contribution Plan, what kind of statements will they receive?

Once MERS has frozen a member’s Defined Benefit Plan, they will receive a deferred estimate. This estimate will give the member the benefit payable under the plan at their earliest retirement age. This estimate will not change unless the member returns to a Defined Benefit Plan with the same employer.

The member will also begin receiving a quarterly statement from their new Defined Contribution Plan.

If a member has assets under a Defined Contribution Plan and has transferred to a Defined Benefit Plan, what kind of statements will they receive?

As long as a member has a balance in the Defined Contribution Plan, they will receive a quarterly statement. Members will also have the ability to continue to invest their account into the funds of their choice.

Working After Retirement

Please note the following for employees who retire with a MERS Defined Contribution Plan and plan to return to work with the same employer they retired from:

- An employee with a MERS Defined Contribution Plan is considered a retiree when they have separated from service on or after reaching normal retirement age. Typically, this is age 60, but your municipality may have elected a different age.
- The employee must have a bona fide retirement before returning to work, per IRS rules. Bona fide separation is defined as no formal or informal agreement to return to work prior to retirement, and they must have a 60 day separation between termination and returning to work.
- If they are considered an eligible employee (meets the definition of a DC retiree and has a bona fide retirement), they may be re-enrolled into the defined contribution plan.
- There is no limit to the hours they may work in a calendar year.
- If applicable, distributions are allowed to continue while the individual is actively employed as long as they are age 60 or older.

Example

The City of Tree has two divisions: Division 01 has the MERS Defined Benefit Plan with a 2.0% multiplier. Division 99 converted from the MERS Defined Benefit Plan with a 2.25% multiplier to the MERS Defined Contribution Plan in 2000. Thus for division 99 the Defined Contribution Plan is the open plan, and the Defined Benefit Plan is the closed plan. However, in this scenario the City of Tree still has active employees that are covered under the closed Defined Benefit Plan in division 99.

Under Standard Transfer Rules

John transfers from division 01 to division 99. Under the standard rules he would go into the active plan, which is the Defined Contribution Plan. John’s accrued pension earned under the previous Defined Benefit Plan would be frozen and he would be enrolled in the Defined Contribution Plan moving forward.

Transfer Rules with Employee Choice

John transfers from division 01 to division 99. Under the alternative rules, he would receive the choice to either join the closed division with the same plan type (Defined Benefit) having active employees, or he could freeze his accrued pension and enroll in the open Defined Contribution Plan. If John chooses to enroll in the closed Defined Benefit Plan, then his entire accrued pension earned under the previous Defined Benefit Plan with the 2.0% multiplier would be transferred to the closed Defined Benefit Plan with the 2.25% multiplier (all defined benefit service applied to 2.25% multiplier).

Privacy Policy

The Municipal Employees' Retirement System of Michigan (MERS) is committed to respecting and protecting the privacy of its members, retirees, beneficiaries and participating employers. MERS uses all the administrative, procedural, physical and electronic safeguards required to keep your valuable information safe from foreseeable threats and unauthorized use. MERS is constantly working to update and improve these safeguards to better serve you and provide you with security, now and in the future.

MERS collects only the information necessary to administer the Plan and is dedicated to protecting this personal information from unauthorized use. Every reasonable precaution is taken to safeguard such information.

The Kind of Information MERS Collects

MERS collects only the information necessary to administer the system and its benefits for the exclusive benefit of its members, retirees, beneficiaries and participating employers. Some of the information required is personal. For example, to administer the defined benefit plan, MERS requires your name, address, phone number, marital status, social security number, and employer-reported service and wages. MERS is dedicated to protecting personal information from unauthorized use and takes every reasonable precaution to safeguard such information.

Most of the information collected by MERS is provided in writing, on standard forms and reports. MERS allows customers to make Benefit Estimate and Service Credit Purchase requests online. To process these requests, MERS requires your name, mailing address, e-mail address, estimated termination date, and the last four digits of your social security number (to confirm that you are the person making the request). The online requests are processed and then stored in your personal file. MERS considers your information confidential and will not release it, except as may be required under the law.

When visiting the website, information about your browser type, operating system, IP address and the domain from which you came are automatically collected. This information is used in aggregate to determine how MERS can improve its online services. The site collects only the personally identifiable information you submit yourself, and the information is only used to process your requests. Your requests are processed, added to your file and securely stored by MERS.

Disclosure of Public Records

MERS is a public body corporate, subject to the Michigan Freedom of Information Act, 1976 PA 442, MCL 15.231, et seq. MERS considers the information that it collects confidential, and holds itself to the highest standards of trust and fiduciary duty in its safekeeping and use. MERS shares information only to the extent necessary to conduct business, or where disclosure is required under the law. MERS may share your information with your current or former employer to the extent the information relates to your employee wages or benefits, or administration of your retiree or beneficiary benefits, provided by your employer.

Other Resources

Online Account Access

myMERS offers participants online access to their retirement account 24 hours a day, seven days a week. Participants can visit our website and click "[Create myMERS Account](#)." myMERS accounts allow participants to:

- View the full menu of investment choices.
- Track current fund performance.
- Change investment selections or contact information.
- Download current forms.
- Access other useful retirement planning information and calculators.
- Find seminar information.

Download the App

The myMERS app gives fast, free, secure access to your account information anywhere you go.



Employer Quarterly Statements

Employers will electronically receive a quarterly statement summarizing financial activity of the Plan at a division level. Additional information is available at any time using the MERS Employer Portal.

Participant Quarterly Statements

We will mail quarterly statements to participants using the address on file. Participants may opt-out of paper statements and confirmations by electing to do so in the Manage Account link in their myMERS account.

Financial Reporting

Assets held by employers in the Plan should be reflected with a footnote in the financial statements of the municipality. Any outstanding contributions should be reflected as payable. For further information, refer to GASB Statements #25 and #27, available from the Governmental Accounting Standards Board Order Department, (GASB) website at www.gasb.org.

Service Center

MERS Service Center offers friendly, knowledgeable, over-the-phone assistance for a wide variety of benefit questions and issues. The Service Center staff is available weekdays at 800.767.6377.

Regional Teams to Serve You

We pride ourselves in offering excellent customer service. We have teams of specialists dedicated to specific regions in Michigan. We also work with employers to hold meetings at the work site, at times that work best for employees. Our trained staff can offer guidance and one-on-one consultations.

Glossary of Terms

Adoption Agreement	The section of the Plan that allows the employer to choose the optional provisions that will apply to its employees, such as eligibility and vesting.
Adoption Date	Effective date of Defined Contribution Plan, which is usually different than signed date.
Annual Addition	The sum of all employer and employee contributions made to the Plan on behalf of each employee, including contributions to any other defined contribution or Simplified Employee Plans maintained by the same employer.
Calendar Year	The year beginning January 1 and ends December 31.
Compensation	Wages, elected deferrals, and other payments of compensation (i.e., overtime, bonuses, vacation pay, sick pay) reported on an employee's Form W-2. Employee compensation is defined pursuant to section 19A(4)(c)(ii) of the MERS Plan Document. An employee's compensation shall not exceed the annual limit under section 401(a) (17) of the Internal Revenue Code.
Cure Period	The maximum allowable cure period is the end of the calendar quarter following the calendar quarter in which the payment was due.
Employee	A person under the direction of an employer.
Employer Portal	An online portal that gives employers the ability to view and report administrative information and financial data for the Plan and its employees.
Employer Reporting Portal	Part of the Employer Portal, this section is where employers submit contributions to MERS.
Forfeiture Account	A separate account in which the forfeiture of non-vested employer contributions are held to offset future employer contributions.
Limitation Year	The Limitation year is the calendar year.
Normal Retirement Age	The age in which an employee shall become immediately vested, to the extent that their account balance had not previously been forfeited due to termination of employment. The standard Normal Retirement Age is age 60, unless the employer has adopted something different in the Adoption Agreement.
Plan Year	The Plan Year is the calendar year.



This publication contains a summary description of MERS benefits, policies or procedures. MERS has made every effort to ensure that the information provided is accurate and up to date. If this publication conflicts with the relevant provisions of the Plan Document, the Plan Document Controls. MERS, as a governmental plan, is exempted by state and federal law from registration with the SEC. However, it employs registered investment advisors to manage the trust fund in compliance with Michigan Public Employee Retirement System Investment Act. Past performance is not a guarantee of future returns. Please make independent investment decisions carefully and seek the assistance of independent experts when appropriate.

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