

## Application for Defined Benefit *Deferred Retirement Option Program (DROP)*

\* Indicates required field • Please print • Retain a copy for your records

**Instructions:** Section 30 of the MERS Plan Document requires an affirmative election of *Benefit Program DROP* by a participant and signature of the participant's spouse (if applicable). Please note that filing this form does not guarantee DROP participation. All applications will be subject to a determination of eligibility by MERS. MERS will audit your service credit and benefit provisions and you will be notified as to whether you meet DROP eligibility requirements. DROP participants should NOT use the online retirement process. **MERS will not accept this form if it is incomplete.**

- Proof of name change is required for individuals who have changed their name during their employment history.

### 1. Information about you

Last name*	First name*	MI	Social Security Number*
Email address		Retirement date (mm/dd/yyyy)	Phone number (with area code)
Marital status* <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married but previously divorced <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed			
Have you been divorced at any time following your date of employment with this employer? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, you must submit a copy of the judgment of divorce and domestic relations order to MERS before your application can be processed.			

### 2. Employer certification (*must be completed prior to submission*)

Name of employer*	
I certify on behalf of the employer this employee is eligible to enroll in the employer's DROP program. The employer agrees with the employee's DROP participation period listed in Section 3 and understands that after the DROP participation period has elapsed, the employer/employee relationship will be completely severed on that date, in accordance with the MERS Plan Document, Article II, Section 9, and the Internal Revenue Code. The employer further understands employee contributions must continue to be withheld from the employee (based on wages paid) and reported to MERS monthly as an Employer Extra Voluntary Payment.	
Authorized employer representative (first and last name)	Title
Date (mm/dd/yyyy)	Employer's signature

### 3. DROP participation period

**I wish to participate in the DROP program beginning on the first of: \_\_\_\_\_ (mm/yyyy).**

As of this date, I understand I will cease to accrue any additional retirement benefits. My service, final average compensation and benefit provisions will be calculated by MERS as of the day prior to my participation. My benefit will not be adjusted or recalculated upon my termination of my participation in the DROP program. My calculated monthly pension benefit will be placed into my DROP account (accruing interest annually) until I have terminated DROP participation and employment from my employer. I understand, upon entry into the DROP program, I will be responsible to continue my employee contributions, if applicable (based on wages paid to me). My employee contributions, if applicable, will not be a part of my DROP account balance. I also understand that, unless my employer has elected otherwise, my DROP benefit shall not be credited with any cost of living adjustments during the DROP period.

**I will terminate my employment and participation in the DROP program on the last day of:**

\_\_\_\_\_ (mm/yyyy **6 to 60 months, in monthly increments, from DROP participation date**).

I understand I shall receive a one-time lump sum distribution of the amount in my DROP account. My monthly pension benefit will begin the month following my termination from DROP and employment from my employer. I will not receive any prorated retirement benefits for my month of termination from the DROP program. If I voluntarily terminate employment prior to the end of the DROP period, I understand that the DROP benefit I will receive shall be equal to 80% of the amount credited to the DROP account.

## Application for Defined Benefit *Deferred Retirement Option Program* (DROP)

Last name\* (please print clearly)

Social Security Number\*

### 4. DROP Beneficiary designation (for lump sum distribution)

Please designate one individual to receive the distribution of the funds in your DROP account in the event you die prior to your termination date (the "DROP Beneficiary"). This person may be different than the individual named to receive your monthly pension benefit. If you are married, your spouse is automatically your DROP Beneficiary (unless there is a court order that requires designation of a former spouse as a beneficiary). If you wish to name someone other than your spouse, your spouse must sign in the "Spousal consent" box to waive their rights – see Section 10 of this form.

DROP Beneficiary last name

DROP Beneficiary first name

MI

DROP Beneficiary SSN

DROP Beneficiary relationship

DROP Beneficiary date of birth (mm/dd/yyyy)

DROP Beneficiary gender

☐ Male

☐ Female

DROP Beneficiary address

### 5. Retirement benefit payment option

Your retirement benefit is for your lifetime regardless of the option you elect. You may leave a benefit for a beneficiary by taking a reduction to your pension benefit. Once you have chosen your payment option and receive your first payment, you may not change your election. (Refer to Section 5 of the Guide for details.)

Select one form of payment\*:

☐ Straight Life

☐ 100% to Survivor

☐ 75% to Survivor

☐ 50% to Survivor

☐ Period Certain Guarantee

(Select one below)

☐ 5 years

☐ 10 years

☐ 15 years

☐ 20 years

### 6. Retirement beneficiary information

If you are married, your spouse is automatically your beneficiary (please confirm their information below). If the payment option you chose above is anything other than *100% to Survivor* and/or if you name someone other than your spouse as your beneficiary, your spouse's signature will be required in Section 7 prior to MERS issuing your first payment. (See Section 6 in the Guide for an explanation of beneficiaries.) If you wish to name a trust as a Refund Beneficiary, please complete the [Certification of Trust \(Form DB-022b\)](#); if you're naming a trust as your Monthly Pension Beneficiary, complete the [Certification of Trust for Monthly Beneficiary \(Form DB-022\)](#), and submit along with this form.

In addition:

- If you have contributed to your retirement and elect the ***Straight Life*** option, it is strongly suggested you name a beneficiary(ies) to avoid complications with issuing a refund of remaining contributions (if any) in the case of your death.
- If you have elected a payment option that provides a monthly benefit to a beneficiary (***100% to Survivor***, ***75% to Survivor***, or ***50% to Survivor***), you only may name *one person*, or an irrevocable trust that has *one person as the trust's beneficiary*. Your named beneficiary under these options cannot be changed once you have received your first payment.
- If you have elected either ***Period Certain Guarantee*** or the ***Straight Life*** option and want to add more than one beneficiary, please attach a separate list that you have signed and dated.

Beneficiary last name\*

Beneficiary first name

MI

Beneficiary Social Security Number

Relationship

Date of birth (mm/dd/yyyy)

Daytime contact phone (area code and number)

Mailing address

City

State

Zip code

If you have elected the Period Certain Guarantee option and want to add more beneficiaries, please attach a separate list that you have signed and dated.

\* Required field

## Application for Defined Benefit *Deferred Retirement Option Program* (DROP)

Last name\* (please print clearly)

Social Security Number\*

### 7. Required signatures

By signing this Application for DROP Retirement, I understand my DROP participation is an irrevocable election and I am voluntarily making this election to enroll in this program. I further understand I cannot make changes to my election after submission of this form to MERS. I agree to terminate my employment with my employer on the last day of my DROP participation date specified above. I understand my DROP participation will end upon: termination of my employment (including retirement); acceptance of a MERS disability benefit; death; or early termination (whether voluntary or involuntary) after my DROP effective date. I cannot receive a distribution from my DROP account until I have terminated participation in the program. Furthermore, I affirm I have read this application carefully and understand the election I have made. Prior to making my benefit elections, I had the opportunity to calculate my benefit online using myMERS and ask questions or obtain additional information from MERS regarding my payment options. I affirm that I have read it carefully and understand the payment option selection I have made. I acknowledge that prior to signing this form, I had the opportunity to ask questions and obtain additional information from MERS regarding the effect of my payment option selection. In addition, I understand that I have the right to consider my payment option selection for 30 days before making the above payment option selection. I also understand that I am waiving this right if I sign below within 30 days of receiving this form.

I understand that once the DROP period ends, MERS will transfer the amount credited to the DROP account to which I am entitled according to the bank institution provided at the time of distribution on the *Defined Benefit DROP Distribution Request Form (F-56)*. If for some reason, MERS is unable to process according to those instructions, MERS is authorized to establish a Deemed IRA in my name and process the DROP lump sum amount as an eligible rollover distribution (see [disclosures](#)). The lump-sum resulting from the DROP period is subject to all applicable taxes and withholding requirements, subject to its distribution in the form of an eligible rollover distribution.

I understand that certain restrictions exist if I return to work with this employer, including: (1) A minimum separation period of 60 days between my last day of employment and the first day I return to work; (2) A minimum separation period of 2 years for an official returning to the SAME elected/appointed position; (3) If rehired to a non-elected/appointed position, I will be restricted to 1,000 hours in a calendar year, and once my hours exceed this amount, my pension payments will be suspended until subsequently separated; and (4) I will notify MERS when rehired by completing the *Working in Retirement Certification Form (F-29c)*.

Participant signature\*

Date (mm/dd/yyyy)

Unless the member has elected the 100% Survivor Option above with the spouse as Beneficiary, or the participant is not married, spousal signature is required.

I (spouse of the above participant) understand that my spouse (above participant) wishes to choose a retirement benefit from MERS that does **NOT**:

1. Name me (spouse) as the *Beneficiary* and/or
2. Choose *100% to Survivor* in the *Form of Payment*.

I understand that my spouse's choice of payment option and/or naming of a beneficiary requires my consent. I hereby consent and agree to my spouse's choice, and I waive any right to contest this choice. If another individual is named beneficiary, I understand that I will not be entitled to a lifetime survivor's benefit in the event of my spouse's death. If my spouse has elected any payment option other than 100% to Survivor, I understand I am waiving my right to any survivor or other benefit other than as specifically elected by my spouse.

By my signature, I agree with my spouse's election in this DROP application form and the beneficiary designations listed in both Sections 4 and 6 above. I understand that I am giving up my automatic right as the participant's spouse.

Signature of spouse\*

Spouse's full name (please print clearly)\*

Date (mm/dd/yyyy)\*

Data collected on this form will be used by MERS staff for identification and documentation only.

#### You can submit this form online!



If you already have a myMERS account, you can upload this form online. Select "MERS DB Monthly Pension" from your Retirement Accounts, click on the Account Summary in the Quick Links and select **File Upload** in the top navigation to securely submit completed forms.

You may also mail completed form to:

**Municipal Employees'  
Retirement System of Michigan**  
1134 Municipal Way  
Lansing, MI 48917  
Fax: 517.703.9706

# Guide to Completing the Application for Defined Benefit *Deferred Retirement Option Program (DROP)*

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## 1. Information about you

Enter your legal name, Social Security Number, contact information, and marital status.

## 2. Employer certification (*this section must be completed by employer prior to submitting application to MERS*)

This section must be completed and signed by your employer. Your employer's signature certifies your eligibility to enroll in this program.

## 3. Your DROP participation

Your DROP participation period is an irrevocable election. Your effective date of DROP participation is the first day of the month indicated in Section 3 of this form. In this section you will also specify the date in which you plan to terminate employment and participation in the DROP program. Once you elect to enroll in the DROP program, your employer will report all final wages and service credit to MERS. Your final average compensation will be calculated using the benefit provisions as of the day prior to your DROP participation. There will be no adjustment or recalculation of your benefit after your termination from the DROP program. Employee contributions, if applicable, will continue (based on wages paid) until your termination from the DROP program.

Upon termination from the DROP program, you will complete MERS form, Defined Benefit DROP Distribution Request form (F-56, found on the MERS website) within 60 days of your termination to specify how you wish to have your lump sum DROP account balance issued.

## 4. DROP beneficiary

This section allows you to designate one individual to receive a one-time lump sum payment of the funds in your DROP account in the event of your death prior to your termination from employment and DROP participation. This person may be different than the individual named in Section 6 for your monthly retirement benefit. If you are married, your spouse must understand and agree with your election. Your spouse's signature is required in Section 10 of this form.

## 5. Retirement benefit payment option

***Straight Life:*** The highest benefit amount you are eligible to receive. Benefits end the month following your death.

If you have contributed to your retirement and elect this option, it is suggested you name a beneficiary(ies). In the event you pass away prior to exhausting your contributions, a refund will be paid to your named beneficiary(ies). You may also name a trust, estate or charity. If you do not name a

beneficiary, a refund will go to your estate.

***100% ; 75%; and 50% to Survivor:*** Upon your death your beneficiary will receive 100%, 75%, or 50% of the amount you were receiving for your lifetime.

Once your first payment is distributed to your DROP account, you may not name a new beneficiary. If your beneficiary predeceases you, your retirement benefit will revert to the Regular – Straight Life amount for the remainder of your life.

### ***Period Certain Guarantee (5, 10, 15, or 20 years):***

This option allows you to provide a beneficiary(ies) with survivor benefits for a temporary period of time. The number of years elected cannot exceed your life expectancy.

This option allows you to name one or more beneficiaries. You may change your beneficiary(ies) at any time by completing the *Beneficiary Change for Period Certain Payments* (Form F-41). If you are married, your spouse must consent to any changes that are made.

The certain period begins with the date of your retirement. If there is time remaining to the option you have elected, upon your death, payments will continue to be made in the same amount to your beneficiary(ies). For example if you elect the 10-year period, and die after 8 years, your beneficiary will receive your monthly benefit for the remaining 2 years. Once the period certain has expired there is no continuing benefit for your beneficiary. If you have named more than one beneficiary, the benefit will be paid equally to each named survivor.

If your employer provides an ***RS benefit*** and you elect this option, select Straight Life as your payment option in Section 5. Your spouse at the time of retirement is your beneficiary. An RS is an employer-adopted benefit that allows your spouse to receive a percent (defined by your employer) of your Straight Life benefit upon your death without your benefit having a reduction. To be eligible, you must be married to your spouse for at least one year before you retire, and still be married at the time of your death.

## 6. Beneficiary information

Your retirement benefit is for your lifetime regardless of the option you elect. You may leave a benefit for a beneficiary by taking a reduction to your pension benefit. You must name an individual, not an estate or other entity, when electing a payment option (100%, 75%, 50%) that provides a monthly benefit to a beneficiary. The one exception to this requirement is that you may name a valid, irrevocable trust that has one individual

## Guide to Completing the Application for Defined Benefit *Deferred Retirement Option Program* (DROP)

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as the trust's beneficiary. If you wish to name a trust as a Monthly Pension Beneficiary, please complete the [Certification of Trust for Monthly Pension Beneficiary \(Form DB-022\)](#); if you're naming a trust as your Monthly Pension Beneficiary, complete the [Certification of Trust for Monthly Beneficiary \(Form DB-022\)](#) and submit along with this form, and submit it along with this form.

Once you have chosen your option and receive your first payment, you may not change your election. In certain instances, you may change your beneficiary. Please refer to Section 4 in this guide for details.

If you are married, your spouse must understand and agree with the retirement option you have elected, and the named beneficiary if other than your spouse. Their signature is required in Section 10 prior to MERS issuing your first payment.

### 7. Required signature(s)

Your signature acknowledges that you have read and agree to the terms of all elections. This voids all prior designations.

#### *Spousal consent*

If you are married, your spouse must understand and agree with your DROP participation, beneficiary designations, and the retirement option you have elected. Their signature is required in Section 10 prior to MERS issuing your first payment.

*Note:* Tax withholding and banking elections can be changed at any time by logging into myMERS or submitting a form.