

# ***MERS Health Care Savings Program***

*Employer Guide*

## Overview

This *MERS Health Care Savings Program Employer Guide* is available exclusively online. In addition to saving on production costs, this allows us to make necessary changes and communicate the latest information quickly and more efficiently. This online version should replace in its entirety any previous editions you or your staff may have.

This guide is designed to assist you in your business transactions with MERS. We encourage you to make this guide available to all staff who have the responsibility of reporting information or other administrative duties.

This guide is meant to be a plain language summary of the procedures and rules governing your MERS Health Care Savings Program. 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 is any conflict 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.

## Table of Contents

Overview.....	2	Employment Status — Notifying MERS.....	8
Table of Contents .....	2	Quarterly Statements .....	8
About the MERS Health Care Savings Program .....	3	Death of a Current Employee, Former Employee, or Retiree .....	8
MERS Health Care Savings Program		Method of Payment.....	8
Employer Resources.....	3	Financial Reporting of Contributions.....	9
Key Dates .....	3	<b>Privacy Policy .....</b>	<b>10</b>
Maintaining Employer Contacts .....	3	<b>Disclosure of Public Records .....</b>	<b>10</b>
<b>MERS Health Care Savings Program Provisions Overview .....</b>	<b>4</b>	<b>Other Resources.....</b>	<b>11</b>
<b>Administering the Health Care Savings Program.....</b>	<b>5</b>	myMERS Online Account Access .....	11
Logging Into the Employer Portal .....	5	Employer Quarterly Statements.....	11
Determining Who is Eligible .....	5	Participant Quarterly Statements .....	11
Entering Employee Information.....	5	Financial Reporting .....	11
Changing Participant Information .....	6	Service Center .....	11
		Regional Teams to Serve You .....	11

## About the MERS Health Care Savings Program

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The MERS Health Care Savings Program is an employer-sponsored program providing a tax-free medical savings account for post employment medical expenses. The account is available for use by your employees, their spouses and any legal dependents, as well as a named beneficiary.

The MERS Health Care Savings Program is not a Health Savings Account, Flexible Spending Account, or Health Reimbursement Account. It is a tax-exempt Section 115 Governmental Integral Part Trust, which ensures the assets are used for reimbursement of future medical expenses only.

### ***MERS Health Care Savings Program Employer Resources***

- MERS Health Care Savings Program Employer Guide
- [MERS Health Care Savings Program Participant Handbook](#) — a detailed reference piece to assist with answering employee questions and explaining plan provisions
- [Regional Team Guide](#)
- [Employer Portal](#)
- [Wage and Contribution Guide](#)

### ***Key Dates***

- Quarterly: participants will receive statements
- Quarterly: employer statements will be available in the Employer Portal

### ***Maintaining Employer Contacts***

To ensure we are sending information to the proper person, please keep your contacts up-to-date by completing the [MERS Customer Contact Form](#) when changes occur. Updating this form will override all contact information, so include all contacts even if they were listed on the current form on file.

Changes to your contact information can be done at any time and will update the information on file across all your MERS programs.

## MERS Health Care Savings Program Provisions Overview

The MERS Health Care Savings Program is flexible to fit your needs, and may be changed on a going-forward basis to add, change, or delete provisions by submitting an amended [Participation Agreement](#) and contract language, if applicable. Contributions are based on the provisions indicated in the [Participation Agreement](#) and include:

**Basic Employer Contributions** are a flat dollar amount or a percentage of pre-tax wages, which have a vesting schedule. Vesting can be:

- **Immediate** – the employee is fully vested upon participation
- **Cliff** – the employee is fully vested upon completion of a stated number of years of service
- **Graded** – the employee is partially vested in the account balance according to your adopted schedule. For example, the employee is 50% vested after 1 year and 100% vested after 2 years.

### Forfeitures

If an employee separates service before meeting vesting requirements, forfeited employer contributions can be used in three different ways:

1. Used to offset future employer contributions
2. Deposited into your MERS Retiree Health Funding Vehicle account
3. Spread across all participants within the division, as determined by your participation agreement

If a former employee is re-employed, forfeited employer contributions may be reinstated according to his or hers division's agreement and specified period of time.

**Mandatory Salary Reductions** are a fixed-dollar or percentage of pre-tax wages withheld through payroll deduction. All employees in the specified division must make the specified contributions; it is not optional. These are not required to be reported on the employees' W-2s.

**Leave Conversions** are all or a portion of unused leave payouts that are contributed annually or at separation of employment; it is not an optional provision. Contributions paid into this program will not decrease the includable wages reported to any MERS pension plan. These are not required to be reported on the employees' W-2s.

**Post Tax Voluntary** contributions may be started or stopped at any time. The investment returns and reimbursements are tax-free even though the contribution was after tax.

**Special notes on Military Leave.** The Health Care Savings Program recognizes the Uniformed Services Employment and Reemployment Rights Act (USERRA) to determine contributions, benefits and service. While on active duty, the employer should change employment status to "inactive" while the participant is on active duty. Service will continue to accrue during this time, the employer is not required to continue making contributions during this leave, and the individual is not required to make up contributions while on leave upon return to employment. A return to active employment in a covered position does require that the employer change the status back to "active" and resume contributions into the program with the next appropriate payroll cycle.

## *Administering the Health Care Savings Program*

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### *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](http://www.mersofmich.com).
2. Enter your UserID and temporary password which you received from Alerus by email. If you have misplaced your temporary password, contact Alerus at 800.433.1685.
3. If you are an existing user but have forgotten your password, contact Alerus at 800.433.1685.

### *Determining Who is Eligible*

Division names may be comprised of job titles, job classifications, and/or dates of employment to clearly define who is eligible. Any employee who meets the definition of your division must be enrolled through the portal regardless of whether or not they have submitted [enrollment paperwork](#). Vesting is calculated from the employees' original date of hire, not the date they were enrolled in the program. Begin reporting employees once their probationary period (if applicable) has been met. Employers may modify this definition by amending the [Participation Agreement](#).

### *Entering Employee Information*

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 and generate a personal identification number (PIN) for the employee to access his or her myMERS account. The PIN will be mailed directly to the employee's home address within two business days/weeks of receiving their record being created.

## 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.

**Plan Browse**

Find Plan Name:  or Plan ID:  **GO** **Clear**

Count Low:  Count High:  Assets Low:  Assets High:

Plan Status: **All** Service:

**Search Results**

PlanID	Div Code	Plan	City	Plan Status	Count	Assets	Service
000015		SAMPLE PLAN 15	Anytown	Active	60	\$0	Full
000016	119999	MERS DB Enter Eligible EEs here		Active	0	\$0	Full
500000		INVESTMENT SERV POOL GLOBAL		Active	0	\$0	Full
533333		INVESTMENT SERV POOL TEMPLATE PROGRAM		Active	0	\$0	Full

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

**Manage My Participants**

- Select Participant
- Pending Activity
- View Statements
- Transfer Participants

**Plan Balances**

Plan Balance: \$865,268  
Number of Investments: 21  
Plan Outstanding Loan Balance: \$5,954.65

**Contribution Deposit**

Here are the most recent contributions received (looking back 1 year):

- 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**.

**Transfer Participants Browse**

Find Name:  or Participant ID: Options: **Contains**

Status: **Active** Location: **All Locations** **GO** **Clear**

**Search Results**

	PartID	Name	Date of Birth	Date of Hire	Date of Term	Status
<a href="#">Transfer</a>	111000015	111000015, Test	01/01/1960	02/01/2013		Active
<a href="#">Transfer</a>	666000015	666000015, Test	01/01/1960	01/01/2012		Active
<a href="#">Transfer</a>	666666603	Johnson, Sally	09/13/1964	01/01/1990		Active
<a href="#">Transfer</a>	666666604	Larson, Dawn	10/30/1968	09/10/1998		Active
<a href="#">Transfer</a>	666666605	Smith, Jill	04/30/1967	09/10/1998		Active
<a href="#">Transfer</a>	666666606	Jameson, Bob	04/29/1967	09/22/1998		Active

- 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.

**Transfer Participants Select**

1 **Select** 2 Confirm 3 Transaction

**Selected Participant**

Plan Id: 000015  
Name: 111000015, Test  
Part Id: 111000015  
Date of Birth: 01/01/1960  
Date of Hire: 02/01/2013  
Date of Term:  
Status: Active  
Comments:

**Select Destination Plan**

Select Plan  
No available destination plans.

**Cancel** **Transfer**



## 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.

**Plan Browse**

Find Plan Name:  or Plan ID:  GO Clear

Count Low:  Count High:  Assets Low:  Assets High:

Plan Status: All Service:

**Search Results**

PlanID	Div Code	Plan	City	Plan Status	Count	Assets	Service
000015		SAMPLE PLAN 15	Anytown	Active	60	\$0	Full
000016	119999	MERS DB Enter Eligible EEs here		Active	0	\$0	Full
500000		INVESTMENT SERV POOL GLOBAL		Active	0	\$0	Full
533333		INVESTMENT SERV POOL TEMPLATE PROGRAM		Active	0	\$0	Full

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

**Manage My Participants**

**Plan Balances** Plan Features Go to Participant Activity summary Investment Change

Plan Balance: @ \$955,268  
Number of Investments: @ 23  
Plan Outstanding Loan Balance: @ \$5,954.65

**Contribution Deposit** Contribution details

Here are the most recent contributions received (looking back 1 year).

- 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).

**Select Participant**

Find Name:  or Participant ID: Options: Contains

Status: All Location: All Locations GO Clear

**Search Results**

PartID	Name	Date of Birth	Date of Hire	Date of Term	Status
<a href="#">Edit</a> 000000001	Bair, Anthony D.	02/24/1964	07/07/1997		Not Eligible
<a href="#">Edit</a> 111000015	111000015, Test	01/01/1960	02/01/2013		Active
<a href="#">Edit</a> 444455555	Doe, John	07/07/1977	11/02/1998	06/01/2014	Terminated
<a href="#">Edit</a> 666000015	666000015, Test	01/01/1960	01/01/2012		Active
<a href="#">Edit</a> 666666601	Doe, Diane	08/09/1972	01/01/1990		Enrolling
<a href="#">Edit</a> 666666602	Matthews, Mary	02/26/1963	01/01/1990	02/25/2013	Terminated

- 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.

**Participant Information**

You may review and update the participant information below Save

**Profile Summary**

Name:  Doe, John  
Address1:  123 MAIN STREET  
Address2:   
City, State, Zip:  ANYWHERE  MI  11111  
Email:   
Age:  35.07

**Employer Information**

SAMPLE CORPORATION  
5350 8TH Street NW  
Henry Jones  
Anytown MN 56874

**Status**

Status: Active  
Date of Birth:  01/01/1960 GO  
Date of Hire:  11/02/1998 GO  
Date of Termination:  GO  
Rehire:  01/01/2000 GO

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

**Participant Information**

You may review and update the participant information below Successfully saved Save

**Profile Summary**

Name:  Doe, John  
Address1:  123 MAIN STREET  
Address2:   
City, State, Zip:  ANYWHERE  MI  11111  
Email:   
Age:  35.07

**Employer Information**

SAMPLE CORPORATION  
5350 8TH Street NW  
Henry Jones  
Anytown MN 56874

## 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), Medical Leave (M). You would use this status for the following reasons:

### Active

Used for new hires and existing employees who are actively employed, in situations where someone is rehired, and when a participant is restarting contributions

### Inactive

Used when a participant is on military leave but has not left employment, when they are on leave for medical reasons, or if their employment status has changed to make them no longer eligible to participate

### Terminated

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)

### Medical Leave

Used when a participant is on medical leave but has not terminated employment - the program allows for reimbursement of medical expenses once the participant has been on medical leave for six months or longer.

## Quarterly Statements

Employers will electronically receive a quarterly statement summarizing financial activity of the program at a division level.

## Death of a Current Employee, Former Employee, or Retiree

When you are notified of a current employee, former employee, or retirees' death, please call the MERS Service Center 800.767.MERS (6377). Any non-vested employer contributions and employee contributions (if there was no beneficiary on file) will be moved to your forfeiture account.

## 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 Solutions**  
**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.



### ***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.*

## 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.

## 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. In order to create an account, visit [www.mersofmich.com](http://www.mersofmich.com) and click on “First Time User or Need Help?” link near the green “Log In” button. myMERS offers account information, online calculators and other tools to help stay up-to-date:

- 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.

### ***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 payables. 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](http://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.MERS (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.



*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. 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.*

PUB 3124 2023-01-20

**Municipal Employees' Retirement System of Michigan  
1134 Municipal Way, Lansing, MI 48917  
517.703.9030 • 800.767.MERS (6377) • [www.mersofmich.com](http://www.mersofmich.com)**