



## Understanding the Defined Benefit Formula

The benefit formula has three parts:



**Final average compensation (FAC)** is the average of your highest consecutive wages earned over a period of time determined by your employer.

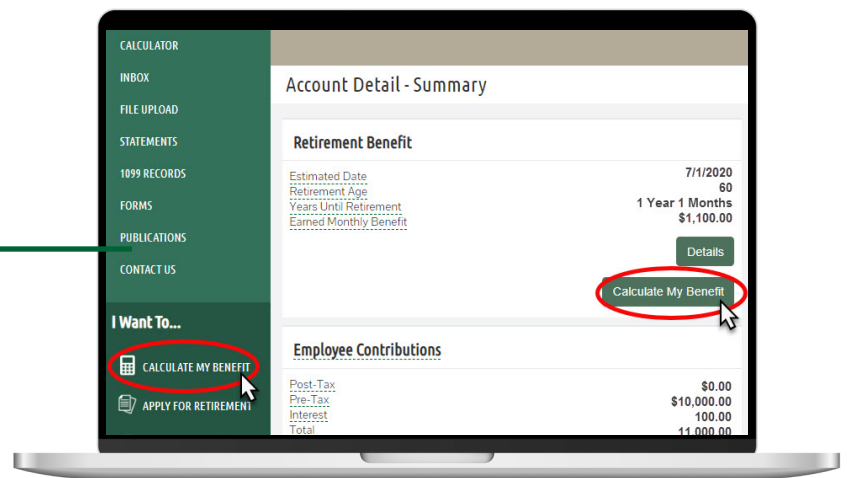
**Service credit** is earned for each month of work that meets your employer's requirements.

Your **benefit multiplier** is a specific percentage adopted by your employer.

Your FAC, service credit and benefit multiplier can be found in your myMERS account.

## Calculating Your Personal Benefit

You can run projections of your benefit at retirement using the **"Calculate My Benefit"** option in your myMERS account.



## Beneficiaries

One of the most important things you can do for yourself and your family is to name your beneficiaries for your retirement benefit, and keep them updated.

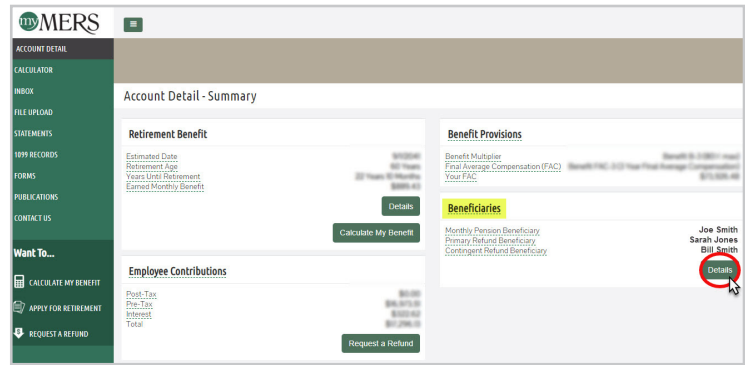
Three types of beneficiary designations:

### 1. Monthly Pension Beneficiary

One person who would receive a lifetime benefit if you are vested and die *before* you are eligible to receive your benefits. Your spouse is always your *Monthly Pension Beneficiary* unless they waive their right in writing.

### 2. Refund Beneficiary

A person, trust, estate, or charity that receives a refund of your employee contributions (plus interest) if you die before you are vested. If married, your spouse must be named your *Primary Refund Beneficiary* unless they waive this right in writing. You'll also be asked to provide a *Contingent Refund Beneficiary* in the event your Primary Refund Beneficiary is deceased.



You can review and change your beneficiaries in your online myMERS account at [www.mersofmich.com](http://www.mersofmich.com).

## Retirement Information

### Eligibility

You are eligible to receive full retirement benefits once you meet the age and service requirements defined by your employer.

### Payment Options

#### Straight Life

- Provides the largest benefit at retirement
- Benefit applies only to you (no beneficiaries)

#### Life with 100%, 75% or 50% to Monthly Pension Beneficiary

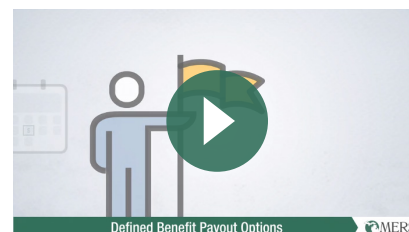
- Provides a benefit for the you and one beneficiary
- Reduction in benefit amount based on life expectancy of both lives
- If your monthly pension beneficiary predeceases you, your benefit reverts to Straight Life option
- Beneficiary may not be changed after retirement

#### Life with 5, 10, 15 or 20 Years Certain

- You receive the benefit for life
- If you die before the period certain ends, the beneficiary(s) will equally share in the benefit until the period certain ends
- Multiple beneficiaries allowed
- Beneficiaries can be changed

View a short video explaining the three payment options.

([www.mersofmich.com/video-library](http://www.mersofmich.com/video-library))







## Steps to Apply for Retirement

### 1. Apply for Defined Benefit Retirement Online

You should complete the online retirement application through your myMERS account 45 – 90 days before your desired retirement date.

### 2. MERS Processes Your Application

It can take up to six weeks to review your file and begin processing your information. During this time, we are reviewing your application and verifying important information provided by you and your employer.

### 3. Receive Preliminary Benefit Calculation Estimate

We'll send a personalized preliminary calculation of benefits and a letter confirming your retirement elections.



### What is the difference between termination date and retirement date?

Your **termination date** is the last day on which you are employed by your employer. Your MERS **retirement date** is determined by when MERS receives a completed application, with all required paperwork, and it is always after your employment is completely and permanently ended.

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.

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