



Defined Contribution Plan



DEFINED CONTRIBUTION FORMULA

Employer Contributions	+	Employee Contributions	+	Earnings or Losses in the Market	-	Fees	=	\$ Account Balance
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Employer Contributions:

- Made pre-tax
- Not taxable until withdrawn from the plan
- May be subject to vesting

Employee Contributions:

- As required are pre-tax (federal and state)
- May be a set dollar amount or percentage of pay
- If a matching contribution is offered, you can make a **one-time** election of your contribution at the time of enrollment

My Contributions: _____

VESTING

Vesting is when you own the employer contributions and related earnings. Your employee contributions are always 100% vested and yours to keep. You vest based on one of the following ways elected by your employer:

- Service based on elapsed time
- Service earned based on hours reported
- Reaching automatic vesting age


Note: MERS to MERS Service and Act 88 – Reciprocal Retirement Act of 1961 may also help you vest. These may have eligibility requirements. Please see www.mersofmich.com or contact the MERS Service Center at 800.767.6377 for details.

My Vesting: _____

BENEFICIARIES

Your spouse is always your primary beneficiary and is entitled to 100% of benefits unless they waive this right in writing. If you are not married, or your spouse waives their rights, you can choose one or more persons as your primary or contingent beneficiary.

- Primary beneficiary is entitled to the remaining account balance in the event of your death
- Contingent beneficiary is entitled to receive the remaining account balance in the event of your death and primary beneficiary's death
- A trust, estate or any legal entity may be named as beneficiary

Make updates online! 

Beneficiaries can be added, removed or updated at any time through your myMERS account at www.mersofmich.com.

MERS IRA

Interested in supplementing your defined contribution plan? The MERS IRA is a great way to build retirement security through tax-advantaged saving, with flexible withdrawals that can help you reach your other financial goals at the same time. For more information and an IRA application, visit www.mersofmich.com/ira.



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ROLLOVERS

Consolidate Your Accounts

You may be able to roll over your money from qualified retirement plans. Benefits of rolling over outside accounts include:

- **Convenience** – Easier to track your investments and manage your account
- **Account Growth** – Our low-cost investments keep more of your money invested for retirement
- **Investment Options** – Access to select investment funds not available to the public
- **Tax Deferred** – Keeping your money invested means it will grow tax-deferred until you withdraw it
- **Access** – Funds transferred to your MERS account remain available according to the terms of your original plan

To roll in an outside account:

- Visit www.mersofmich.com/rollover for more information, eligible accounts and related forms.
- Contact your current provider to see if any paperwork is required to roll funds out of your account into MERS. If required, submit those forms to your provider.
- Complete and submit the appropriate MERS forms to roll funds into your MERS account.


RETIREMENT INFORMATION

Once your employer has reported your final contributions and enters your termination date, you can request distributions. All payments are taxable in the calendar year you receive the money. Additionally, you may start taking distribution from your plan at age 60 if you are actively employed.

Periodic Payment Options – Installments

Allows you to continue taking advantage of MERS' low fees

- Periodic payments can be made until the account is exhausted:
 - Monthly
 - Semi-annually
 - Quarterly
 - Annually
- If you terminate before the calendar year in which you turn 55 (age 50 for public safety employees), you may avoid paying the 10% early withdrawal penalty by taking substantially equal payments following the 72(t) IRS guidelines. For more information, please consult a tax advisor or visit www.irs.gov.

Apply online! 

You may apply for periodic payments through your myMERS account at www.mersofmich.com.

Lump Sum

- You can take a full or partial amount of the account balance
- May be subject to a 10% early withdrawal penalty. Penalty payment must be paid in a lump sum, unless you:
 - Leave your employer the same calendar year you turn age 55 (age 50 for public safety employees), or any age after
 - Are at least age 59½ when you begin the distribution
 - Meet allowed IRS exceptions (disability, DRO/EDRO/QDRO, or distributions due to death)

Please note:

- Mandatory withholding for federal income taxes is also applied, unless you are eligible to opt out
- Voluntary after-tax contributions are not subject to the 20% withholding; however, the earnings on the after-tax contributions would be subject to the withholding
- You may receive information from *Alerus Financial*, which has partnered with MERS to provide trading, banking and custodial services.



Welcome to the myMERS app

- View account balance
- Access statements and tax forms
- Update beneficiaries
- Edit banking details
- Review contributions
- Calculate estimates
- And more

