



# MERS Retirement Plan Investment Resources

## Table of Contents

### **Who is MERS?.....2**

A Commitment to Transparency, Accountability and Results  
MERS is the Sole Fiduciary for All Our Retirement Plans  
Plan Document Fiduciary  
Investment Fiduciary

### **Defined Benefit Plan Investment Resources.....5**

Defined Benefit Investment Policy Statement  
Quarterly Investment Reports

### **Statements and Reports .....5**

Statements of Fiduciary Net Position  
Annual Actuarial Valuation (AAV)  
Governmental Accounting Standards Board (GASB) Report  
Census Report

### **Investment Resources .....6**

Investment Policy Statement  
Investment Menu Summary  
Fund Sheets  
Quarterly Participant Statements  
Employer Portal Metrics and Reports  
myMERS Account Information

### **Investment Education .....10**

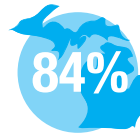
Investment Education Resources for Employers  
Investment Education Resources for Participants

## Who is MERS?

### MERS is an Independent Retirement Services Company

The Municipal Employees' Retirement System (MERS) of Michigan is an independent, professional retirement services company that was created to administer the retirement plans for Michigan municipalities on a not-for-profit basis.

We are located in Lansing, Michigan and manage more than 3,300 retirement and employee benefit plans for over 960 municipal members, from the western Upper Peninsula to Wayne County with a combined value of over \$14 billion. MERS proudly serves more than 140,000 participants, including local firefighters, nurses and the men and women who plow our roads and keep our bridges safe.



84% of Michigan's pension plans participate with MERS



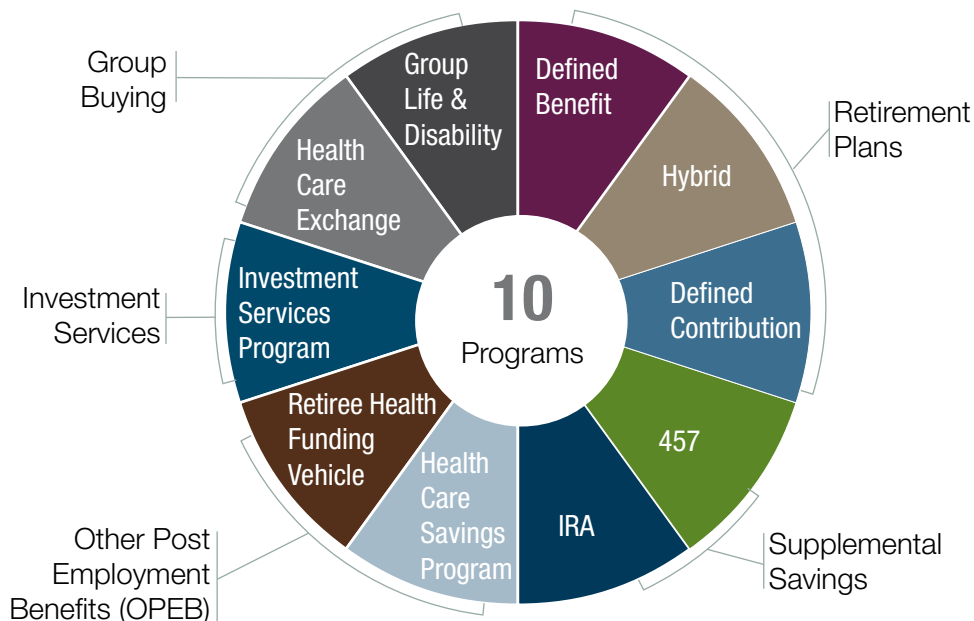
140,000+ participants statewide



\$14 Billion+ in combined total assets

### We Are Driven By Our Customers' Needs and Feedback

At MERS, we offer a broad range of customizable plans to fit our customers' unique budgets, needs and goals. We listen and use feedback to develop new, updated products and online tools that help administer programs.

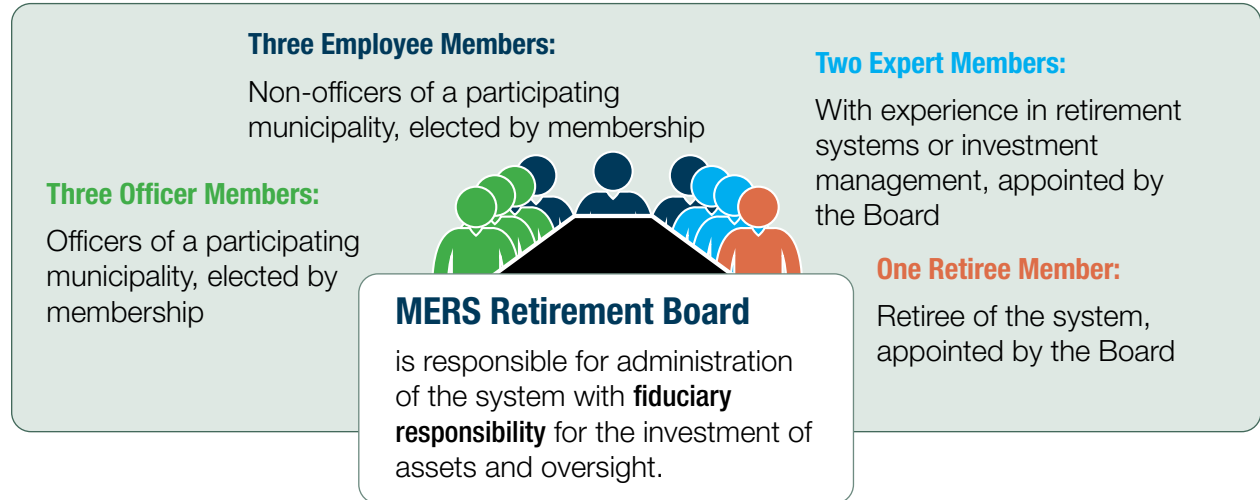




## A Commitment to Transparency, Accountability and Results

MERS is governed by an independent, elected board that operates without compensation. The MERS Retirement Board serves as the fiduciary of the funds and has oversight responsibilities for the System, in accordance with the state and federal laws that govern municipal retirement and Other Post Employment Benefit (OPEB) programs. MERS is not subject to the Employee Retirement Income Security Act of 1974 (ERISA), yet follows many Department of Labor (DOL) best practices and ERISA guidelines as it relates to compliance and plan administration.

Our nine-member retirement board consists of the following members:





## MERS is the Sole Fiduciary for All Our Retirement Plans

MERS provides employers with the peace of mind that comes with knowing that the MERS Retirement Board takes on the [\*sole fiduciary responsibility\*](#) and legal liability for:

- Selecting and monitoring investment options used by participants
- Employing in-house legal staff to monitor state and federal laws, and ensuring our programs are in compliance
- Actively maintaining our tax exempt status with the IRS

### Plan Document Fiduciary

<b>MERS Retirement Board</b>	<ul style="list-style-type: none"><li>• Acts as sole fiduciary over the Plan Document</li><li>• Delegates responsibilities to maintain the plan/program's qualified status</li></ul>
<b>MERS Legal Department</b>	<ul style="list-style-type: none"><li>• Monitors changes in laws and regulations</li><li>• Oversees the plan/program's administrative forms</li><li>• Recommends any changes to the Plan Document to the MERS Retirement Board</li></ul>
<b>MERS Administrative Offices</b>	<ul style="list-style-type: none"><li>• Carries out administrative and operational duties by creating and monitoring operational structure of the plan/program</li><li>• Makes vendor recommendations to the MERS Board</li><li>• Monitors the plan/program's operations</li></ul>

### Investment Fiduciary

<b>MERS Retirement Board</b>	<ul style="list-style-type: none"><li>• Acts as sole investment fiduciary</li><li>• Sets the investment policy statements and investment guidelines</li></ul>
<b>MERS Investment Committee</b>	<ul style="list-style-type: none"><li>• Serves as the investment policy development arm</li><li>• Monitors investment management activity and policy recommendations made by MERS Office of Investments</li><li>• Approves recommendations to retain/remove investment managers</li></ul>
<b>MERS Office of Investments</b>	<ul style="list-style-type: none"><li>• Provides quarterly performance reports</li><li>• Manages Internal Fixed Income and Equity Management</li><li>• Monitors external investment managers</li></ul>

## Defined Benefit Plan Investment Resources



### Defined Benefit Investment Policy Statement

The [Defined Benefit Investment Policy Statement \(IPS\)](#) is available on [www.mersofmich.com](http://www.mersofmich.com) and outlines the investment goals, objectives, and policies of the MERS Defined Benefit Portfolio. The purpose of the Defined Benefit IPS is to ensure that the investment activities are carried out within the framework established by MERS policy and administrative documents. The Defined Benefit IPS assists the Board, Investment Committee, and Office of Investments in effectively and prudently monitoring and administering MERS' investments. The IPS addresses the following:

- The goals of MERS' investment program;
- Investment policies;
- Performance objectives and evaluation;
- Major investment programs; and
- Investment processes and procedures.

The IPS is designed to provide sufficient flexibility in the management and oversight process to reflect the dynamic nature of the capital markets. It is a working document and may be modified as needed or as market conditions change.



### Quarterly Investment Reports

Quarterly Investment Reports are available on [www.mersofmich.com](http://www.mersofmich.com). Commonly called a [CIO Report](#), this report includes both economic and market updates, as well as detailed performance metrics for the MERS Defined Benefit Portfolio.

## Statements and Reports

A number of other important resources are available within the [Employer Portal](#). (A user name and password are required to access the portal.) Under the **Statements** tab you can access your two most recent years of reports for each of the categories below. Older reports are available upon request.



### Statements of Fiduciary Net Position

Each reporting unit with a Defined Benefit Plan will receive a Statement of Fiduciary Net Position on both a quarterly and annual basis. These statements provide the market value of the plan's assets, as well as a summary of all contributions received and assets that left the plan (per division and total), along with actual market gains/losses. MERS has created a resource called [How to Read Your Statement of Fiduciary Net Position](#) to help employers understand the information contained in this statement.

Statements are emailed to the Finance Contact and any other designated contacts approximately eight weeks after the quarter end, and 8-12 weeks after the end of the calendar year. These statements are also be available in the Employer Portal.

## Annual Actuarial Valuation (AAV)

The AAV provides a snapshot of an employer's defined benefit plan as of December 31 each year. The report provides contribution rates for the following fiscal year, as well as, insight to the plan's liabilities, funding levels, contributions for both the employer and employee, and important GASB information.

AAVs are provided mid-year for the previous calendar year, and are available in the Employer Portal, with emails sent to the Primary, Finance, ePayment and Reporting Contacts when they are available. MERS has created an [AAV Resource Page](#) to help employers understand the information contained in this report.

## Governmental Accounting Standards Board (GASB) Report

The GASB Report provides annual employee counts and plan liabilities by division. This report is available in the Employer Portal.

## Census Report

The Census report provides annual wage and service information for your active employees and vested former employees (deferred), along with retirement benefit elections for your retirees/beneficiaries. This report is available in the Employer Portal.

## Investment Resources

### Investment Policy Statement: Participant Directed Accounts and Institutional Funds

MERS institutional funds include the Retiree Health Funding Vehicle (RHFV) and Investment Services Program (ISP). Participant directed accounts include the Defined Contribution Plan (DC) and DC portion of the Hybrid Plan, Health Care Savings Program (HCSP), 457 Deferred Compensation Program (457) and Deemed IRA (IRA). The [Investment Policy Statement: Participant Directed Accounts & Institutional Funds](#) is available on [www.mersofmich.com](http://www.mersofmich.com) and provides guidelines for the structure, selection and monitoring of the investment options provided under these programs.

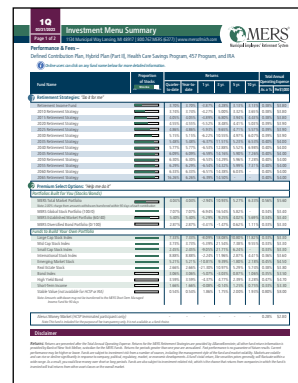
### Investment Menu Summary

Detailed information on the investment options available under each program is contained in the Investment Menu Summary, which is issued quarterly and readily available on our website:

- [Investment Menu Summary – Participant Directed Accounts](#) (DC, HCSP, 457 & IRA)

The Investment Menu Summary shows the performance of each of the investment options over the past quarter and year-to-date, as well as the 1, 3, 5 and 10-year returns.

It also shows the Total Annual Operating Expense for each fund, which consists of MERS' operating costs, custody and recordkeeping costs, and investment management expenses. Our ability to "pool" assets for investment purposes creates tremendous buying power and helps to reduce overall fees.



The screenshot displays a table titled "Investment Menu Summary" with columns for "Investment Option", "Performance", "Assets", "Liabilities", "Net Assets", "Net Liabilities", "Net Assets/Liabilities", "Total Annual Operating Expense", and "Assets/Liabilities". The table lists various investment options such as "MERS Institutional Funds", "MERS Participant Directed Accounts", and "MERS 457 Deferred Compensation Program".

Clicking on the name of each investment option listed on the Investment Menu Summary opens a detailed fund sheet.

Other fees and expenses that can be incurred by individual participants are also disclosed, including service charges for access to the self-directed brokerage account, loans and low account balance fees.

## Fund Sheets

Online users can click on the name of each investment option listed on the Investment Menu Summary to view the corresponding Fund Sheet. Fund Sheets delve deeper into details about the investment option, including the fund's objective, performance versus the benchmark, asset allocation, top 10 holdings, risk analysis and restrictions, if any.

The Fund Sheet also provides a breakdown of each of the expenses that make up the Total Annual Operating Expense that is charged to the fund.

### MERS Operating Expenses

MERS charges the same administrative and recordkeeping fees on each of our professionally managed portfolios.

### Custody & Recordkeeping

These are fees paid to our custodial bank and recordkeeper.

### Investment Management Expense

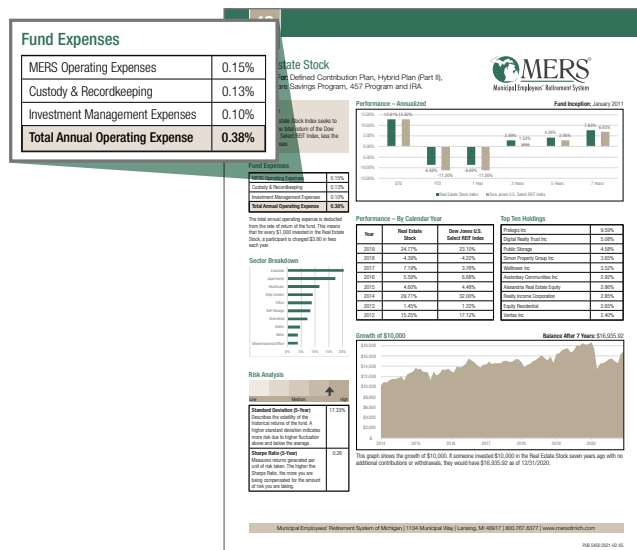
This expense is charged by the investment manager(s) for the specified fund in order to invest the program's assets.

### Total Annual Operating Expense

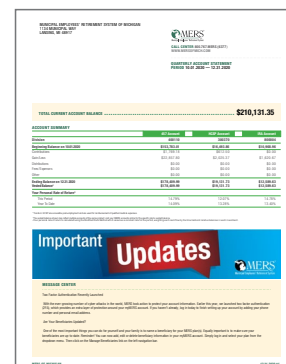
The total annual operating expense is deducted from the rate of return of the fund. In this example, for every \$1,000 invested in this fund, a participant is charged \$3.80 in fees each year.

## Quarterly Participant Statements

Both active and terminated participants receive a single, consolidated [Quarterly Account Statement](#) with details for their account(s) including contributions, investments and growth. A full statement history is available electronically to participants in their myMERS account. Participants are notified via email when their quarterly statement is ready, with paper copies mailed to those participants who have not opted out of paper statements.



Fund expenses are clearly disclosed following the Department of Labor guidelines.



## Employer Portal Metrics and Reports


The MERS Employer Portal allows employers to report wages and service credit, make payroll changes, and access a library of resources. In addition, employers can generate reports on demand (available as a .csv file) that summarize relevant plan metrics (as of the close of business the previous day) either in aggregate or by division, including:

- Contributions
- Number of participants
- Plan balances by investment type
- Plan balance by source
- Participant status (active contributing, active not contributing, terminated, etc.)
- Participant activity (myMERS logins, number and type of online transactions)
- Participant balances by age and investment type
- Disbursements (terminated withdrawal, hardship withdrawal, etc.)

On a monthly basis, employers can also download a summary report of each of their plans, which allows them to review their plan in aggregate, rather than on a divisional level. As this sample [MERS Plan Summary Report – All Divisions](#) shows, the report is a plan level summary of the on-demand reports listed above.

Within the employer portal, employers can also retrieve a [Quarterly Employer Statement](#) for each participant directed account program type with metrics for the plan as a whole, including the program balance, contributions, outstanding loans details (if applicable), investment and growth. The [Quarterly Employer Management Report](#) provides plan balances, contributions, withdrawals, investment gains/losses, and vesting details by participant.

### Sample Plan Summary Report

 <div>Municipal Employees' Retirement System</div>			
Sample Municipality - DC			
Plan Summary			01/01/2021
Plan Balances			
Plan Balance : <b>\$15,211,184.92</b>			
Plan Outstanding Loan Balance : \$ .00			
Contribution Deposit			
	Source	Trade Date	Amount
626397	Employer	12/18/2020	\$22,123.23
626397	Employee Pre-Tax	12/18/2020	\$22,292.47
626397	Employee Post Tax	12/18/2020	\$495.69
626398	Employer	12/18/2020	\$9,812.22
626398	Employee Pre-Tax	12/18/2020	\$9,812.22
626398	Employee Post Tax	12/18/2020	\$682.38
626399	Employer	12/18/2020	\$35,301.46
626399	Employee Pre-Tax	12/18/2020	\$36,501.54
626399	Employee Post Tax	12/18/2020	\$252.94
626400	Employer	12/17/2020	\$523.46
626400	Employee Pre-Tax	12/17/2020	\$523.46
626402	Employer	12/18/2020	\$3,830.36
626402	Employee Pre-Tax	12/18/2020	\$3,830.36
626509	Employer	12/17/2020	\$7,592.90
626509	Employee Pre-Tax	12/17/2020	\$7,592.90
626509	Employee Post Tax	12/17/2020	\$46.04
626510	Employer	12/18/2020	\$18,519.79
626510	Employee Pre-Tax	12/18/2020	\$19,458.44
626510	Employee Post Tax	12/18/2020	\$289.62



## myMERS Account Information

Participants enjoy the convenience of 24/7 access to their [myMERS account](#) with the security of two-factor authentication, providing access to account details, electronic statements, beneficiary information, as well as plan publications and forms. Resources to help participants understand and monitor their accounts, include a personalized rate of return calculation, access to each fund's performance and fee details, and online calculators to assess retirement income needs.

Participants can conduct a number of transactions through their myMERS account, including:

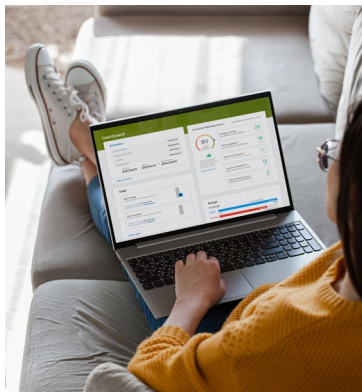
- Change investment allocation
- Fund-to-fund transfers
- Rebalance assets/schedule automated account realignment
- Request a distribution
- Apply for a loan (if allowed by the plan)
- Change contributions (457 & IRA only)
- Manage beneficiaries
- Enroll in a brokerage account (DC & 457 only)
- Upload forms securely



Our participant directed account [Investment Menu Handout](#) helps participants understand how the three sleeves of the investment menu work, how to change their investments, and how to view their investment performance.

The [Investment Menu Summary](#) provides performance metrics and annual expenses at a glance. Clicking on a fund name provides more detailed information on asset allocation, fees, holdings, performance, risk analysis and restrictions.

## Financial Fitness Dashboard - New in 2021!



MERS launched a Financial Fitness tool that will help participants improve their financial wellness by taking control of their finances. Each participant has access to a personal Financial Fitness dashboard with a series of “workouts” on various financial wellness topics including emergency savings, debt management, insurance management and health care savings. The retirement planning workout integrates current information from their MERS retirement accounts and uses interactive tools to help participants see how changing their contributions and/or investing in different funds could affect their future retirement security.



## *Investment Education*

MERS takes a multi-channel approach to providing education to participants, ensuring that we offer opportunities that appeal to a wide variety of participants, each with a preferred learning method. While educating participants about how their MERS retirement plans work is a primary goal, we recognize that participants who are struggling with day-to-day expenses have a hard time planning ahead for retirement. This has led MERS to place an increased emphasis on promoting overall financial wellness as well.

### **Investment Education Resources for Employers**

#### **Employer Events**

Keeping employers informed on timely issues is an important part of the superior service MERS provides. Each quarter, MERS offers employer roundtable events called Morning Break with MERS. Held virtually or at member municipalities throughout the state, these events cover topics relevant to employers and provide an opportunity for roundtable discussion with municipal peers. In addition, MERS offers a series of webinars targeted to employers on a number of investment related topics. Upcoming webinars and roundtable events are listed on our [Employer Events](#) page.

#### **Annual Conference**

[MERS Annual Conference](#) is held during the fall each year, typically at various locations throughout the state. MERS Annual Conference provides employers with an opportunity to learn about the many products and services MERS offers as well as other subjects related to investments, financial stability, program administration and more.

## Investment Education Resources for Participants

### Customized Group Education



Our certified Benefit Education Specialists are available to provide on-site and/or virtual plan and investment education to participants, which employers can customize using our [Menu of Education Options](#). Our Certified Financial Education Instructors deliver reliable plan-level information that enables employees to better understand their current benefits, as well as the investment options available under the MERS investment menu.

### Webinars



A series of live webinars are offered to participants throughout the year, with pre-recorded presentations available on our website. These webinars cover a variety of financial wellness topics that are important to participants, as well as a variety of investment topics for every stage of their lives.

### Videos



Our [Video Library](#) hosts a number of videos to help participants understand topics such as how their retirement plans work, how to manage and monitor their investments, and how target date funds diversify investments by automatically adjusting asset allocations over time.

### Social Media



Our [Facebook](#) account reaches participants through timely and educational posts and interactive conversations. MERS also uses Facebook Live to provide participants with opportunities to have their questions answered by subject matter experts about topics such as investments, Social Security and retirement planning.

### CentsAbility Blog

Our [CentsAbility Blog](#) offers participants a wealth of resources to help them prepare for their financial future, with short articles written in plain language on topics such as investments, budgeting, debt management and retirement planning.

### Service Center



The MERS Service Center handles most initial inquiries, including help with participant online account information. In addition, participants can schedule virtual 1-on-1 visits with a Service Center representative.

The [MERS Service Center](#) can be reached Monday through Friday 8:30 a.m. – 5:00 p.m. by calling 800.767.6377. A live chat on option is also available on our website [www.mersofmich.com](http://www.mersofmich.com), Monday - Friday, 8:30 a.m. - 5:00 p.m.



Municipal Employees' Retirement System of Michigan  
1134 Municipal Way • Lansing, MI 48917  
800.767.6377  
[www.mersofmich.com](http://www.mersofmich.com)



*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.*

PUB 10372 (version 2023-09-08)