

MERS Defined Contribution Conversion Addendum



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I. CONVERSION REFERENCE

This conversion addendum is for the _____
(Municipality name and number)

which appends the MERS Defined Contribution Plan Adoption Agreement effective the 1st of

_____ (Adoption Date) with respect to current members in the MERS Defined Benefit divisions
(MM/YYYY)

(Division name and number)

The option to convert shall be given to:

- All members, without regard to vesting; OR
- Who are vested (this includes time worked at another MERS municipality and applicable Act 88 time)

Eligible Employees will be offered a one-time opportunity to irrevocably elect coverage under the MERS Defined Contribution Plan. MERS will provide the Employer the election window timelines and information for their eligible employees to consider in making this decision. Participation for those electing coverage shall be effective at least three months following MERS' receipt of the addendum,

which shall be the first day of _____, 20____ (Conversion Date).

The opportunity for Eligible Employees to convert shall (select one):

- Apply to anyone employed with this municipality as of the *Conversion Date*; OR
- Apply to anyone employed with this municipality as of the *Adoption Date* (even if they terminate prior to conversion)

For each Eligible Employee irrevocably electing to participate in MERS Defined Contribution Plan, MERS shall transfer to the member's credit the greater of:

- (1) The member's accumulated contributions; OR
- (2) The actuarial present value of the member's benefits as calculated in Section II.

The transfer shall be made approximately 30-45 calendar days after the Conversion Date. This deposit will reflect the final, audited wage/contribution/service determination of the participant's accrued defined benefit, converted into the actuarial equivalent cash amount as determined by MERS actuary. This amount will also include interest at the applicable T-Bill rate for the period of time between the effective date of the employer's Defined Contribution plan and the date on which MERS deposits the money into the Defined Contribution account.

II. ACTUARIAL PRESENT VALUE CALCULATION

The Board-established investment earnings rate and standard actuarial assumptions in effect as of the *Adoption Date* shall be used to determine the actuarial present value of benefits to be transferred to an Eligible Employee's defined contribution account, in addition to the member contributions, pursuant to Section 64 of the Plan Document.

In the actuarial present value calculation, the funded level used shall be: (select one)

- equal to the division's actuarially determined termination liability funded percentage (no more than 100%).
- _____% (greater than the actuarial determined termination liability funded percentage but no more than 100%). MERS will implement such option only if the Employer forwards sufficient funds to cover the additional liability for all transferring members within 90 days of the Conversion Date.