

MERS Hybrid Conversion Addendum



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I. CONVERSION REFERENCE

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

which amends the MERS Hybrid Adoption Agreement effective the 1st of _____ (Adoption Date)
(MM/YYYY)

with respect to current members in the MERS Defined Benefit or Defined Contribution divisions identified below:

The employer chooses to:

- Offer current Defined Benefit members in division _____ the option to convert to
(Division number) the new Hybrid Plan
- Offer current Defined Contribution members in division _____ the option to convert
(Division number) to the new Hybrid Plan

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 Hybrid 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 enrolled in MERS Defined Benefit Plan irrevocably electing to participate in MERS Hybrid 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.

For each Eligible Employee enrolled in MERS Defined Contribution Plan irrevocably electing to participate in MERS Hybrid Plan, MERS shall transfer to the Defined Contribution portion of the Hybrid Plan the member's accumulated balance in the reserve for the Defined Contribution Plan under Benefit Program DC, if any, on the day the member becomes covered by the Hybrid Plan.

The transfer shall be made approximately 30-45 calendar days after the *Conversion Date*, and will include prorated regular interest at the regular Board-established rate for crediting of interest on member's accumulated contribution in the defined benefit program, measured from the *Conversion Date* to the actual transfer date.

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II. ACTUARIAL PRESENT VALUE CALCULATION

For current employees enrolled in MERS Defined Benefit who chose to convert, 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 70 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.