



Keeping Your Contact Information Current

Was this newsletter mailed to your current address? If not, the contact information we have for you may be out of date! Be sure to receive important notifications from MERS without delay by keeping your mailing address current.

To change your mailing and email addresses online, log in to your myMERS account at mersofmich.com and select any of your MERS retirement plans under the "Accounts" section. Then under the "Quick Links" options on the right side, select the "Edit My Profile" link. If you need assistance, please contact the MERS Service Center.



Getting ready for tax time

If you withdrew money from your MERS Defined Contribution or 457 Program account during 2021, you will receive a Form 1099-R for each account you took distributions from. Your 1099-R(s) will be issued by MERS' recordkeeper, Alerus Retirement Solutions. Per IRS requirements, these forms will be mailed no later than January 31, 2022.

You will need this form to file your income taxes. If you lose your paper copy, don't worry. An electronic copy is available online in your myMERS account. After logging in, select the appropriate plan from the "Accounts" section, select "View Plan Summary" from the "Quick Links" section on the right side of your screen, and then click on "My Statements" and choose the document type "Form 1099-R" from the dropdown list. If you took distributions from more than one MERS plan, you will have to download each form separately.

Need help finding your tax forms? Follow our step-by-step instructions at mersofmich.com/FindMy1099.

ANYTHING
CHANGED?



SECURE Act changes the “stretch rule”

Impacts to MERS Defined Contribution Plan, 457 Program and IRA

The SECURE Act of 2019 set forth new rules for payments to most non-spousal beneficiaries of account owners who pass away on or after January 1, 2022. The new rules effect defined contribution plans [401(k), 401(a), 403(b)], 457 programs, and IRAs.

Prior to the act, if you inherited an IRA or defined contribution-style account, you could generally “stretch” your taxable distributions and tax payments out over your life expectancy. Now, when these accounts are inherited from the original owner, the new law requires most non-spousal beneficiaries to withdraw assets by the end of the tenth calendar year following the year the account holder passed away.

There are some exceptions. The ten-year rule does not apply to any portion payable to persons considered an “eligible designated beneficiary”; they can choose to spread those distributions over their expected lifetime instead. Persons who may be considered an eligible designated beneficiary can include:

- A surviving spouse
- A minor child (but only until they reach the age of majority, which is 18 in most states)
- A disabled or chronically ill individual (as defined in the law)
- Anyone not more than 10 years younger than the original account holder

In general, stretching distributions for those who are eligible can make sense because it maximizes the value of tax deferral.

You can make sure your beneficiaries are up to date in your myMERS account by selecting your plan under “**Accounts**”, then clicking “**View Plan Summary**” under “**Quick Links**” on the right, then “**Manage Beneficiaries**” in the new page that comes up.

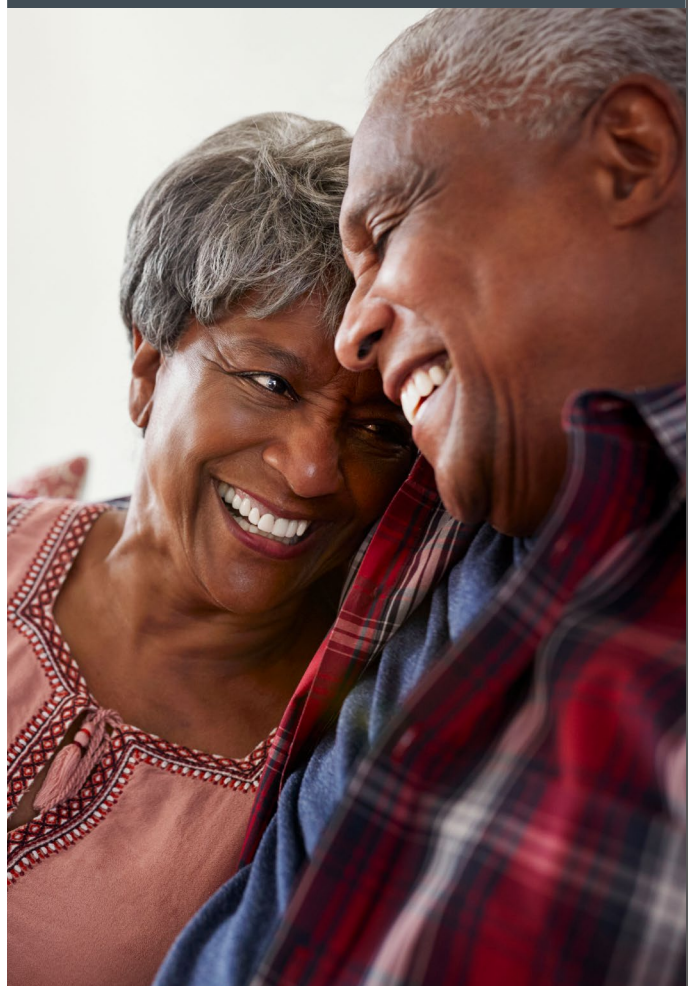
Your MERS retirement plan allows you to name two types of beneficiaries: **Primary** and **Contingent**.



Your **Primary Beneficiary(ies)** is entitled to your remaining account balance in the event of your death.



Your **Contingent Beneficiary(ies)** is entitled to receive the remaining account balance in the event of your death and your primary beneficiary’s death.



Estate Planning Options

An ideal estate plan will describe your wishes as clearly and completely as possible in the event you're incapacitated or pass away. Depending on your circumstances, you may need several documents to cover all your bases.

- A **will** is the most widely recognized tool for expressing your final wishes.
- An **advance care directive** is the formal name for a living will. You can use one to specify the medical treatment you do and do not want in the event you can't make choices for yourself.
- A **health care proxy** lets you designate someone to make choices about your medical care when you are unable to do so.
- **Statements of intent** allow you express your preferences for the guardians and trustees who will be asked to carry out your wishes.

The effectiveness of your estate plan depends largely on the people you select to take over for you. Make sure you think carefully about the roles you'll need to have filled. You've spent a lifetime building your estate, so you'll want to take careful steps to ensure it's taken care of in your absence.

- The **executor** is responsible for carrying out the provisions of your will.
- A **trustee** manages a trust you created and enforces the rules of that trust.
- A **guardian** is the person who assumes legal responsibility for your children and any other dependents in your absence.

Careful planning may be especially important to conserve your assets and lessen the effects of taxes. To do this, many people use trusts in their estate plans. A trust is a legal arrangement that allows a third party -- the trustee -- to hold and direct assets on behalf of a beneficiary. Some trusts can be altered or even abolished by you if your needs change (revocable trusts). Other trusts cannot be changed in any way once they are implemented (irrevocable trusts).

- A **living trust** allows you to remain both the trustee and the beneficiary of the trust while you're alive.
- A **qualified personal residence trust** may allow you to remove a residence from your estate.
- A **generation-skipping trust** may be used to leave money in advance to grandchildren without giving them immediate access to it.
- A **special needs trust** may be used to finance long-term needs for a dependent who is unable to fully manage his or her own affairs.



You should work with qualified estate planning experts to advise you on the many details involved to make sure your wishes are clearly and legally expressed. You can learn more about wills and trusts by viewing the "Estate Planning" webinar in our video library on mersofmich.com.



You're in Control with a MERS IRA

You have an account with MERS because your former employer enrolled you in one or more plans with MERS while you were working for them. Unlike other providers that may require that you leave the plan once you leave employment, you never have to leave MERS.

But what if your former employer moves that retirement plan to another provider? Do you have to let your assets be transferred to the new plan provider? The answer is **No**. You can choose what you want to happen to your retirement assets.

To remain with MERS, simply apply for a distribution, and elect a rollover of your assets from any eligible plan into a MERS Individual Retirement Account (IRA). Once your assets are in an IRA, you (and only you) have control of where your assets can be invested. Not only can you use a MERS IRA to keep your existing assets with MERS, but you can easily move assets to MERS from an outside account the same way. You can find out more at mersofmich.com/rollover.

The benefit is easy to see. The MERS IRA uses the same investment menu as our Defined Contribution Plan and 457 Program, so your assets are invested in the same low-cost funds that you're already familiar with. You'll also spend less time learning how to navigate multiple provider websites. And MERS' friendly customer service staff will still be just a phone call away.

With a MERS IRA, you can be a MERS member for life!



Municipal Employees' Retirement System

1134 Municipal Way
Lansing, MI 48917

Contact us



MERS Service Center is available 8:30 am - 5:00 pm, Monday - Friday to answer your questions.

800.767.6377



You can also send us a question anytime on Facebook Messenger.

Join the conversation

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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. Where the publication conflicts with the relevant Plan Document, the Plan Document controls.

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