



# Better Together

## CHANGES ARE COMING TO YOUR MERS **HEALTH CARE SAVINGS PROGRAM**

Effective March 2, 2026, Empower will replace Alerus as the recordkeeper for your MERS Health Care Savings Program (HCSP).



# Transition Overview

As an independent professional retirement service company that was created to administer the retirement plans for Michigan's local units of government on a not-for-profit basis, MERS' mission has always been to support a **secure retirement** for those who serve Michigan communities.

As part of that commitment—and as part of our **fiduciary duty**—we continually evaluate our service providers to ensure we are delivering the best possible value to our members. After a careful and thorough review, we are excited to announce we've selected **Empower** to be our new recordkeeper.

## BETTER TOGETHER

You will continue to have MERS at your side, but now with the added strength of Empower's industry-leading tools and services. Together, we are creating a stronger team focused on delivering greater account security, more efficiency, and enhanced resources to support your financial future.

By leveraging MERS' size and scale, our members can benefit from lower costs, improved services, and the confidence that comes from being part of a larger, well-managed system. This partnership was built with your needs in mind, and we are confident that your retirement journey can be brighter because MERS and Empower are working together on your behalf.

A **recordkeeper** manages the **day-to-day operations** of your retirement plan.

## WHAT YOU NEED TO DO

**You do not need to do anything** at this time. Your account will automatically transfer from Alerus to Empower. There will be a time period when you will not be able to complete transactions – we call this the “blackout period.”

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# GET READY FOR THE RECORDKEEPER TRANSITION

**This guide is for participants that are eligible to use their HCSP account.** If you are enrolled in MERS Defined Contribution Plan, 457 Program, or IRA, you should receive a separate guide. These guides are intended to help you understand **what to expect** during the transition.

Once the transition is complete, you will have access to new and improved financial education resources designed to help you manage your HCSP account. Make sure to review the following information regarding details, dates, how this change may impact your account, and any next steps you may need to take.

## WHAT IS STAYING THE SAME?

- MERS remains the sole fiduciary **legally responsible** for putting your interests first.
- **Local education specialists** provide in-person guidance.
- A dedicated **investment team** selects and monitors investment options.
- Many underlying **investment options** will remain the same.
- Available **payment** and **reimbursement options** will remain the same.

## WHAT IS CHANGING?

- Online accounts, statements, and confirmations will get a **new look** and come from Empower.
- **Investment option names** are changing and quarterly statements will show fees differently.
- A **new claims card** will be issued, and claims cards in your spouse and/or legal dependent's name will be available upon request.
- A **new online account** and **mobile app** will be available for claims-reimbursement requests.
- If you have **recurring reimbursements**, they will need to be set up in the Empower system.

### HAVE QUESTIONS?

**Visit:** [empower.com/MERS](http://empower.com/MERS)

**Call:** 833.500.6377

Representatives can answer questions about the upcoming transition and are available weekdays from 8 a.m. to 10 p.m. and Saturdays from 9 a.m. to 5:30 p.m. Eastern time.

Point-in-time advice provided by an Empower representative may include savings, investment allocation, distribution, and rollover advice, including advice on consolidating outside retirement accounts.

# About MERS HCSP

Your MERS Health Care Savings Program (HCSP) is designed to help you cover the costs of health care now that you've left your employer. You have an invested account that you manage, and it provides tax-free reimbursements for eligible medical expenses for you, your spouse, and any legal dependents.

You also have the option to name beneficiaries. If your account balance remains after you, your spouse, and your dependents have passed away, your named beneficiaries can still access the funds on a taxable basis.

It's important to know that your MERS Health Care Savings Program is different from a Health Savings Account (HSA) or a Flexible Spending Account (FSA). Instead, it's a tax-exempt Section 115 Governmental Integral Part Trust, approved by the IRS through a Private Letter Ruling.

## KEY FEATURES

- **No requirement** to be enrolled in a high-deductible or specific type of health plan
- **Tax-free reimbursements** for you, your spouse, and any legal dependents
- **Access to funds** after you've left employment
- **Investment gains** are not taxable

## WHAT IS A STIPEND PLAN?

A **stipend plan** refers to an arrangement where your employer continues to make contributions into your account even while you are no longer actively working, and you are using the account for reimbursements.

**If your HCSP plan is a stipend plan, it will be reflected in your plan name found on your quarterly statements and in your online account at Empower.**

Here's how it works:

- **Ongoing Employer Contributions:** Instead of funding your account while you are employed, your employer has elected to provide a stipend plan. That means they continue to deposit a set contribution amount into your HCSP account on a regular basis.
- **Your Access to the Account:** While those contributions are being made, you can still use your account to request **tax-free reimbursements** for eligible medical expenses for yourself, your spouse, and any legal dependents.
- **Benefits:** This setup ensures that you continue to receive new funds into your account, extending the value of your benefit and helping you manage health care costs throughout retirement.

# Dates to Know

<b>February 16, 2026,</b> 6 p.m. Eastern time	<b>Deadline to use claims card</b>  This is the last day to use the Alerus Health Benefits card. At 6 p.m., your card will be canceled and no longer accessible. You will be issued a new claims card when the plan(s) are live with Empower.
<b>February 23, 2026,</b> 4 p.m. Eastern time	<b>Deadline for other claims reimbursement options</b>  The last day Alerus will accept claims via mail, fax, online, or mobile. Claims received by Alerus after this date will not be processed.
<b>February 24, 2026,</b> 4 p.m. Eastern time	<b>Blackout period begins</b>  Last day to make investment changes or update beneficiary(ies) through your myMERS account at <a href="http://mersofmich.com">mersofmich.com</a> .  As of February 24, you will no longer have the ability to complete transactions in your current myMERS account and you will not yet have access to your future online account with Empower. This blackout period will give us time to transfer to Empower.  During the blackout period, your funds will remain invested (excluding those funds that are liquidating or mapping to a new fund), and will be reflected in your Empower account after the blackout period ends.
<b>Week of March 9, 2026</b>	A <b>new claims card</b> will be issued by Empower and mailed to your address on file. Please allow 7–10 days for mailing. This card is not available for use until the blackout period has ended.
<b>Week of March 23, 2026</b>	<b>Blackout period ends</b>  During this week, you'll be granted access to register your account at <a href="http://empower.com/MERS">empower.com/MERS</a> . You'll be able to make changes to your investment elections, beneficiaries, and more.  You may begin using your new claims card and processing claims with Empower via mail, fax, online, or mobile.
<b>June 30, 2026</b>	<b>Current myMERS access ending</b>  This is the last day you will be able to access your myMERS account with your current login (including the myMERS app and the Alerus Benefits app).

# Investments

## HOW YOUR INVESTMENTS WILL TRANSFER

Your account balance and future investments will transfer to Empower based on how you are currently invested. The mapping charts show **how each fund will transfer** and **what each fund will be called** after the transition. The majority of the underlying investments will remain the same; however, they will be renamed.

If you would like your account mapped differently, simply change the elections for your current balance and future contributions in your online account by February 24, 2026, before the blackout period begins. You can also make changes with Empower after the transfer is complete.

Additionally, if you previously elected to rebalance the investments in your account, these elections will not be carried over. Empower will re-initiate rebalancing required to retain \$1,000 minimum in the HRA Guaranteed Protection Fund as described on the next page.

During the blackout period, **your funds will remain invested** (excluding funds that are liquidating or mapping to a new fund), and will be reflected in your account after the blackout period ends.



### *"Help me do it"*

**LifePath** target date funds are a simplified way to diversify your investments.

These target date funds are professionally managed, diversified investments and automatically adjust over time as you get closer to retirement. These underlying investments will **remain the same** and will transfer directly from Alerus to Empower. The date in the name of the target date fund is the assumed date of retirement. The asset allocation becomes more conservative as the fund nears the target retirement date; however, the principal value of the fund is never guaranteed.

Fund Names <b>Before</b> Transition	Fund Names <b>After</b> Transition
LifePath Retirement Fund	BlackRock LifePath Index Retirement Fund N
LifePath 2030 Fund	BlackRock LifePath Index 2030 Fund N
LifePath 2035 Fund	BlackRock LifePath Index 2035 Fund N
LifePath 2040 Fund	BlackRock LifePath Index 2040 Fund N
LifePath 2045 Fund	BlackRock LifePath Index 2045 Fund N
LifePath 2050 Fund	BlackRock LifePath Index 2050 Fund N
LifePath 2055 Fund	BlackRock LifePath Index 2055 Fund N
LifePath 2060 Fund	BlackRock LifePath Index 2060 Fund N
LifePath 2065 Fund	BlackRock LifePath Index 2065 Fund N
LifePath 2070 Fund	BlackRock LifePath Index 2070 Fund N



*"I'll do it myself"*

These **Additional Fund Options** were actively chosen for you by MERS.

This chart shows funds that will have the underlying investments **remain the same** and will transfer directly from Alerus to Empower.

Fund Names <b>Before</b> Transition	Fund Names <b>After</b> Transition
MERS Total Market Portfolio	MERS Total Market Portfolio
Large Cap Stock Index	BNYM Mellon SL Stock Index Fund Instl
Mid Cap Stock Index	BNYM Mellon SL Mid Cap Stock Index Instl
Small Cap Stock Index	BNYM Mellon SL Small Cap 600 Stock Index Instl
International Stock Index	BNYM Mellon SL International Stock Index Instl
Emerging Market Stock	BNYM Mellon SL Emerging Markets Stock Index Fund Instl
Real Estate Stock Index	BNYM Mellon SL REIT Index Instl
Bond Index	BNYM Mellon SL Aggregate Bond Idx Instl

This chart shows funds that will be liquidating and investing into a **new fund**.

Fund Names <b>Before</b> Transition	Fund Names <b>After</b> Transition
High Yield Bond Index	MERS US High Yield Bond Index Unified Account
Short-Term Income	Vanguard Cash Reserves Federal Money Market Fund Admiral
Alerus Money Market <sup>1</sup>	Vanguard Cash Reserves Federal Money Market Fund Admiral

<sup>1</sup>Only applies to the HCSP investment lineup.

Investing involves risk, including possible loss of principal. We encourage you to review your account prior to and after the transition period and adjust your asset allocation if necessary.

## HRA GUARANTEED PROTECTION FUND

A new fund will be added to the MERS Investment Menu – the HRA Guaranteed Protection Fund. A \$1,000 balance must remain in the HRA Guaranteed Protection Fund for participants that are eligible to use their HCSP account.

The HRA Guaranteed Protection Fund is a stable value fund designed for qualified Retiree Health Reimburse Arrangements, like the HCSP. It is designed to provide safety of principal, liquidity, and a competitive rate of return.

## STIPEND PLANS

The default investment fund for HCSP stipend plans will be the HRA Guaranteed Protection Fund.

If you are in a stipend plan, and in the previous default “LifePath Fund” (did not actively choose it), your existing account balance will update to the new LifePath fund name and future investments will map to the **HRA Guaranteed Protection Fund**.

Any future contributions to your account will require a minimum \$1,000 balance in this fund, which will be transferred systematically.

# What You Have to Look Forward to

## ACCESSING YOUR ACCOUNT

Once the transition is complete and your account is set up with Empower, you'll have access to an improved digital experience and new tools to help you manage your HCSP account with ease.

**NET WORTH**  
\$184,334.71

**ACCOUNT BALANCE** 401K  
\$76,995.37

**In retirement starting 2041**  
Estimated monthly income  
\$4,953.78

**Retirement income** **Healthcare costs** **How do I compare** **How long will my money last**

**Budgeting** **Cash flow**

**I want to...**

- Receive investing help
- View/manage investments
- View/manage bank accounts
- Update personal information
- View/edit beneficiary information
- View transaction history
- View statements
- More...

**Insights**

Do you need help with investing?

Let our professionals build and manage a retirement strategy as unique as you.

Enroll in Managed Accounts

Or view your personalized analysis and learn about member benefits.

(For illustrative purposes only.)

## REGISTERING YOUR ACCOUNT

Once you are notified the plan is live at Empower, you can access your account and start enjoying all the new features by visiting [empower.com/MERS](http://empower.com/MERS).

To access your account for the first time, click the *Register* button. Follow the prompts on the *I do not have a PIN* tab to enter your personal information and create a username and a password.

The next time you access your account, simply choose *Sign in*.

## DOWNLOADING YOUR HISTORICAL DOCUMENTS

You will be able to log in to your existing myMERS account and myMERS app through June 30, 2026, to access statements, 1099s, and confirmations. Be sure to download any historical documents you wish to retain for your records and submit documentation for any outstanding claims. After that date, you will no longer have access to this account, the myMERS app, or the Alerus Benefits app. MERS will not have access to this information after transition.

## REIMBURSEMENT OPTIONS

As part of this transition, there will be a blackout period for reimbursement claims processing.

The last day you can use your Alerus claims card is **Monday, February 16, 2026**, at 6 p.m. Eastern time.

It is important that you submit detailed claims documentation prior to the blackout starting. Any required details missing will result in rejected claims. The deadline for claims to be received for processing at Alerus via mail, online, or mobile is **Monday, February 23, 2026**, at 4 p.m. Eastern time. Alerus will continue to process any claims you may have for your Health Care Savings Program until this date. Any claims received after this date will not be processed and will require you to resubmit using Empower processes. This applies to any reimbursements scheduled during this period as well. Claims submissions and reimbursements will resume following blackout, the week of **March 23, 2026**. We encourage you to hold on to your receipts and documentation and submit when your account with Empower is live.



## CLAIMS CARD

Your current claims cards will be disabled at 6 p.m. on **February 16, 2026**, and a **new claims card** will be mailed the week of March 9, 2026, available for use week of **March 23, 2026**. For your protection, please securely dispose of your old claims card.



The claims card is a convenient way to use your HCSP account for reimbursement of eligible medical expenses. Unlike a traditional credit or debit card, the claims card does not require a PIN and automatically identifies a medical expense at the time of purchase.

It is important to keep your receipts as you will likely be asked to submit them for verification, including any card swipes that occur prior to shutoff.

## CARD MANAGEMENT

At time of conversion, one card will be issued in the account holder's name. The week of March 23, 2026, the account holder may request additional cards in the name of their spouse and any legal dependents.



## ONLINE REIMBURSEMENTS

To enter manual claims after the transition to Empower is complete, take the following steps at [empower.com/MERS](http://empower.com/MERS).

1. Log in to your account.
2. Select **HCSP Plan**.
3. Select **Account Overview**.
4. Select **Add New Expense**.
5. Click the **Request Reimbursement** link on the left-hand menu.
6. Click the **Add New** button to open the **Add/Edit Claim** page.
7. Enter the required fields: **Service Start Date**, **Claim Amount**, and **Claimant**.
8. Optionally, enter the **Service End Date** and **Provider**.
9. Enter any required fields like **Reimbursement Method**, **Account**, **Expense Type**, and any **Notes**.
10. Click the **Browse** button to upload a receipt file.
11. Click **OK**.
12. Enter any additional claims by clicking the **Add New** button.
13. Check the **Certification** check box.
14. Click **Submit**.

Note: If you leave the WealthCare Portal without clicking the **Submit** button, all claim information will be lost.

## MOBILE REIMBURSEMENTS

A similar process allows you to upload claims using the **Empower Benefit Accounts** app after the transition to Empower is complete.



1. Log in to the application and tap the **Claims** button, then the **plus sign** (+) in the upper right-hand corner.
2. From the **Add Claim** screen, enter pertinent claim information, add a receipt, preview, and submit.
3. Make edits to any claim until the **Submit** button is clicked. After that, the claim can **no longer be edited** but documentation can be added.



## RECURRING PAYMENTS

If you had recurring claims with Alerus, they will not transition to Empower. It will be your responsibility to follow up with Empower post-transition to reestablish any recurring payments. Going forward, it will be important for you to review any recurring claims needs and ensure this information is up-to-date with Empower.

If you have any questions regarding claims or need to provide supporting documentation, please contact MERS at **800.767.6377**.

## UNSUBSTANTIATED CLAIMS

Please be sure to review any outstanding tasks on the Alerus claims portal and take appropriate action to submit documentation, or return funds incorrectly distributed, as soon as possible. Alerus will continue to accept documentation for unsubstantiated claims until June 30, 2026. After this date, the data will be shared with Empower for inclusion in 2026 1099 MISC tax reporting issued in January 2027.



# Reimbursable Expenses

## ELIGIBLE MEDICAL EXPENSES

An eligible medical expense is defined as those expenses paid for care. Refer to IRS Publication 502 for a complete list. Eligible medical expenses may include:

- Ambulance transport
- Artificial limbs
- Blood tests
- Blood transfusions
- Braces
- Cardiographs
- Chiropractor
- Contact lenses
- Co-payments (health, dental, and vision)
- Crutches
- Dental treatment
- Dentures
- Dermatologists
- Diagnostic fees
- Drug addiction therapy
- Drugs (prescription)
- Elastic hosiery (prescription)
- Eyeglasses
- Healing services
- Hearing aids
- Health care insurance premiums\*
- Insulin treatment
- Lab tests
- Long-term care insurance
- Medicare B premium
- Operating room costs
- Ophthalmologist
- Orthopedist
- Osteopath
- Pediatrician
- Primary care physician
- Podiatrist
- Practical nurse for medical services
- Prescription medicines
- Splints
- Surgeon
- Therapy equipment
- Vaccines
- X-rays

## WHO CAN USE MY ACCOUNT?

Your account is available for reimbursement for you, a spouse, or legal dependents.

The definition of legal dependent has been expanded to include any children under age 27 at the end of the year. This means adult children can use your MERS Health Care Savings Program account whether or not they are:

- Married
- Living with you
- In school
- Financially dependent on you

In the event of death with no spouse or legal dependent to use your funds, your account may be available to be used by a named beneficiary on a taxable basis.

\*Health insurance premiums that are salary deducted or paid on a pre-tax basis cannot be reimbursed using HCSP funds.

# Changes to the Fee Structure

Every member in MERS plans pays fees, even if you haven't noticed them. These fees cover management of the investments within your plans and administrative expenses, such as recordkeeping, operations, and legal services.

## How fees worked previously

In the past, each investment option charged administrative fees based on the percentage of money you had in that fund. The fund fact sheets showed the percentage of how much you were paying, but because fees were taken directly out of your investment returns, you had to calculate the actual dollar amount you paid.

This percentage-based method was a legacy approach to charging fees. Under this structure, some members may have paid more and others less toward plan administration based on their account balance.

**The takeaway:** The amount you paid in fees was something you had to calculate, and administrative fees could vary from person to person depending on account balances.

## How fees will work moving forward

Effective April 2026, your administrative fee will be \$10 per month. This fee is charged once per individual, regardless of the number of plans you are enrolled in (DC, 457, HCSP, or IRA), and will be shown on your statement.

Today, it is increasingly common across the retirement industry to move toward a flat-dollar fee structure. This modern approach provides greater transparency, ensures fees are displayed directly on quarterly statements, and more evenly distributes administrative costs.

Investment management fees will continue to be subtracted from your funds' investment returns and listed on each fund fact sheet.

**The takeaway:** The new structure will result in one fee per person, no matter how many plans you are enrolled in.

## What's the impact of changing how the administrative fees are charged?

See how today's fees compare to the new flat fee in the table below. The total account balance below includes all your MERS savings plans. There is no penalty for saving more money!

Total Account Balance	Current Annual Administrative Fees	Current Annual Administrative Fee	New Annual Administrative Fee
\$50,000	0.33%	\$165	\$120
\$100,000	0.33%	\$330	\$120
\$250,000	0.33%	\$825	\$120
\$500,000	0.33%	\$1,650	\$120

# Important Blackout Notice

## YOUR RIGHTS IN THE HEALTH CARE SAVINGS PROGRAM

**January 16, 2026**

This notice is to inform you that your account in the MERS Health Care Savings Program will transfer to Empower effective March 2, 2026.

As a result of this change, you will be temporarily unable to check your account balance, transfer or diversify your investments, or receive claims reimbursements. This period during which you will be unable to exercise these rights otherwise available under the plan is called a **blackout period**.

The temporary blackout period **begins February 24, 2026**, at 4 p.m. Eastern time (February 16, 2026, at 6 p.m. Eastern time for claims card transactions and February 23, 2026, at 4 p.m. Eastern time for claims via mail, fax, online, or mobile reimbursements) and is expected to **end the week of March 23, 2026**. You will be able to view your balances and transactions made through February 24, 2026. During the blackout period, you will have limited or no access to your account.

During the blackout period, your investments will continue to gain and/or lose value depending on market conditions. Before the blackout period begins, it is very important that you review and consider the appropriateness of your current investments because you will be unable to transfer or diversify those investments during the blackout period. For your long-term retirement security, you should give careful consideration to the importance of a well-balanced and diversified investment portfolio, taking into account all your assets, income, and investments.

To review your plan account before the blackout period begins, visit **mersofmich.com** to access your account or call MERS at **800.767.6377**.

Once the blackout period ends, you will have full access to your plan account. If you would like to confirm the status of the blackout period or have questions concerning this notice, visit **empower.com/MERS** or contact the MERS team at Empower by calling **833.500.6377**.

*Dates and times are subject to change. Please contact Empower for more information.*

*Diversification does not ensure a profit or protect against loss.*

## Empower is here to help you

Empower will continue to reach out to you with the right message at the right time so you can take action when it's most relevant to your personal situation. Based on the tools and resources you use, and your communication preferences, you may receive emails, app messages, text messages, or a call from an Empower representative. This approach creates a one-to-one experience based on your needs and the savings and investing choices you've made regarding your retirement strategy.



*Carefully consider the investment option's objectives, risks, fees, and expenses. Contact Empower for a prospectus, summary prospectus for SEC-registered products, or disclosure document for unregistered products, if available, containing this information. Read each carefully before investing.*

*You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time. Although the fund's board has no current intention to impose a fee upon the sale of shares, the board reserves the ability to do so after providing at least 60 days' prior written notice to shareholders.*

Fund changes may alter the risk exposure of an investment account. Some cash-alternative options (other than money market funds), such as guaranteed interest funds or stable value funds, may have withdrawal and transfer restrictions. Carefully consider the importance of a well-balanced and diversified investment portfolio, taking into account all your assets, income, and investments. Adjustments may be needed to realign the account with its desired investment strategy.

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The Guaranteed Protection Fund (GPF) is a group funding agreement issued by Empower Annuity Insurance Company (EAIC), Hartford, CT. GPF may only be issued to a governmental Retiree Health Reimbursement Account (HRA) Plan utilizing a tax-exempt trust qualifying under Section 115 of the Internal Revenue Code. Amounts contributed to the contract are deposited in the EAIC general account. Payment obligations and the fulfillment of any guarantees specified in the group funding agreement are insurance claims supported by the full faith and credit of EAIC. EAIC periodically resets the interest rate credited on contract balances, subject to a minimum rate specified in the group funding agreement. Contact Empower for further information. Past interest rates are not indicative of future rates. This product is neither a mutual fund nor a bank product. The obligations of EAIC are not insured by the FDIC or any other federal governmental agency.

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