

## Understanding Your Retirement Plan

### What is the Defined Contribution Plan?

The MERS Defined Contribution (DC) Plan is a qualified pension plan under Section 401(a) of the Internal Revenue Code. This allows you and your employer to make pre-tax contributions to your individual account, which accumulate tax-deferred.

If you are like many of our members, this plan is an important source of your retirement income. All of your contributions and your employer's contributions are deposited into your individual account and are invested under your direction. Your future retirement benefit is determined by your account balance, which is affected by how much is contributed, the performance of your investments, and how many years you have been saving.

### How Defined Contribution Works



#### Employer Contributions:

- Made pre-tax
- Not taxable until withdrawn from the plan
- May be subject to vesting

#### Employee Contributions:

- Made pre-tax
- May be a set dollar amount or percentage of pay
- If you are offered an option about the amount of employee contributions when you are hired, please note that this is a **one-time** election and cannot be changed
- You may be able to make additional after-tax payroll contributions that can be stopped or started at any time.



Scan or click  
for details

### Vesting

Vesting occurs when you have earned the required amount of service to be eligible to receive the employer contribution portion of your account. You may lose some or all of the employer contribution portion of your account if you leave your job before you have worked long enough to be vested. However, once vested, you have the right to receive the vested employer contribution portion of your account when you leave employment. You are always 100% vested in the employee contribution portion of your account.

*Note:* MERS-to-MERS Service and Act 88 may also help you vest if you have worked for another MERS employer. These may have eligibility requirements. Please see [mersofmich.com](http://mersofmich.com) or contact the MERS Service Center at 800.767.6377 for details.



## MERS IRA

Interested in supplementing your retirement savings? The MERS IRA is a great way to build retirement security through tax-advantaged saving, with flexible withdrawals that can help you reach your other financial goals at the same time.



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IRA details*



## Rollovers Can Add Convenience and Dollars to Your Saving Efforts

### Consolidate Your Accounts

You may be able to roll over your money from qualified plans to gain benefits like:

- **Convenience** – Easier to track your investments and manage your account
- **Account Growth** – Our low-cost investments keep more of your money invested for retirement
- **Investment Options** – Access to select investment funds not available to the public
- **Tax Deferred** – Keeping your money invested means it will grow tax-deferred until you withdraw it
- **Access** – Funds transferred to your MERS account remain available according to the terms of your original plan

### To roll in an outside account:

- Contact your current provider to see if any paperwork is required to roll funds out of your account into MERS. If required, submit those forms to your provider.
- Complete and submit the appropriate MERS forms to roll funds into your MERS account.



*Scan or click for  
rollover details*