

# Hybrid Plan

## PART 1: DEFINED BENEFIT



### What is the Hybrid Retirement Plan?

The MERS Hybrid Plan offers two strategies in one – the stability and security of a defined benefit plan, combined with the flexibility and investment choice of a defined contribution plan. Let's take a look at how they work together for you.



Scan or click for resources and information about the Hybrid Plan.



### The Defined Benefit Portion of Your Hybrid Plan

The defined benefit portion, sometimes referred to as a pension, is a retirement plan that provides guaranteed and predictable lifetime income to vested participants throughout retirement, regardless of investment market fluctuation or inflation. Your defined benefit portion is made up of three components:

FINAL AVERAGE  
COMPENSATION

X

SERVICE CREDIT

X

BENEFIT  
MULTIPLIER

=

\$ ANNUAL BENEFIT

**Final average compensation (FAC)** is the average of your highest consecutive wages earned over a 3-year period.

**Service credit** is earned for each month of work that meets your employer's requirements.

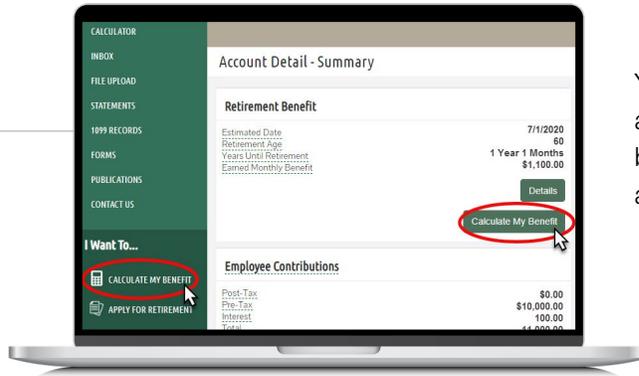
Your **benefit multiplier** is a specific percentage adopted by your employer.

Your FAC, service credit, and benefit multiplier can be found through your online account.

## Calculating Your Personal Benefit



Scan or click to log into your account online for more information.



Your FAC, service credit and benefit multiplier can be found in your online account.

## Vesting in the Defined Benefit Portion

Vesting occurs when you have earned the required amount of service credit to be eligible for your retirement benefit. The vesting period for the Defined Benefit portion of your plan is 6 years.

Did you know you can add service from previous employers?

1. **Other MERS Service** – If you have worked with more than one MERS employer, you may be able to coordinate your service credit to help meet your vesting and early retirement eligibility requirements.
2. **Reciprocal Retirement Act** (Act 88) – If your Employer has adopted Act 88, you can coordinate your service credit from other Michigan governmental retirement plans to help achieve your vesting requirements.

To better understand your individual situation and options, you can use our online meeting scheduler to set up some 1-on-1 time with a MERS expert or call our Service Center at 800.767.6377.



# Hybrid Plan

## PART 2: DEFINED CONTRIBUTION



### The Defined Contribution Portion of Your Hybrid Plan

The defined contribution portion is an invested account made up of contributions over your working time and performance in the investment market. This allows you and your employer to make pre-tax contributions to your individual account, which accumulate tax-deferred and provides money that can be withdrawn throughout your retirement years.



#### 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.

### Vesting in Your Defined Contribution Portion

Vesting occurs when you have earned the required amount of service to be eligible to receive the employer contribution portion of your account. If you leave your job before you work long enough to be vested, you may lose some or all of the employer contributions. However, once vested, 100% of those contributions and any investment earnings are yours to keep.

*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 visit [mersofmich.com](https://www.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.



*Scan or click for  
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*