Wage, Contribution, and Employer Portal Guide

User-friendly instructions to submit plan contributions and administer your Defined Contribution, 457 Program and/or Health Care Savings Program within the Employer Portal

MERS®
Municipal Employees' Retirement System

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Introduction

Before You Get Started!

There are two options to report wages and contributions through the Contribution Review: the upload method and the manual entry method.

With the upload method, you can fill out an Excel template provided by MERS with your employee information. This is the preferred method to report wages and contributions to MERS. If you choose to use this method, you will want to ensure that your Excel spreadsheet is accurately filled out and updated with the required information prior to logging in to the Employer Portal. See *page 14* to link to the appropriate plan template. As you are preparing your information, please note that the following fields are **required** for upload:

- MERS Plan Number
- Social Security Number
- Employment Status
- Last Name
- First name
- Address

- City
- State
- Zip
- Date of Birth
- Date of Hire
- Participation Status

*Email addresses are not required, however providing this information, especially for new hires, will expedite the timing of their welcome information.

You also have the option to manually enter your reporting information in the Employer Portal in real time, no spreadsheet required. This option is recommended for 10 or fewer employees.

MERS recommends using the Upload Method to import your employee information.

There are many benefits to using the upload method:

- MERS provides you with pre-built schema and file format templates, available on mersofmich.com, allowing you to share information and required data fields with your payroll vendor. This gives them the information they need to create a report that can be pulled directly from the payroll system and then securely uploaded into the MERS reporting.

- By using the upload function, there is less opportunity for data entry errors from manual entry.

- The upload template includes information on your participating employees that is already available in your payroll system - streamlining the process and maintaining the integrity of the data provided to MERS.

- By using the upload feature, you are optimizing the portal for best performance. Managing this information outside of the system means you are less likely to experience the system timing out during your reporting process.

- With the upload feature, you can simply add your new hires to the template during your next regular reporting period, resulting in quicker transmittal of new hire information to MERS and allowing MERS to communicate with those employees in a timely manner.

Wage Collection

While not a required field, MERS highly encourages all employers to submit Defined Contribution wages for employees. The benefits of submitting wages include:

1. By submitting your employees' wages to MERS, we can provide them with reasonably accurate information and projections in their Financial Fitness tool.

2. By providing your employees with retirement readiness materials, you are delivering a value-added benefit and a recruitment tool to attract the best employees to your municipality.

3. By submitting wages to MERS, we can provide you with a comprehensive retirement readiness report showing you how many of your employees on track to retire. This is important because research shows that employees who feel prepared for retirement are happier and more productive. For employees who are not on track to retire, we'll provide suggested actions you can take to help those employees achieve their retirement goals.

4. By having your employee's wage information and contribution amounts on file, MERS can be another resource to assist with requests from auditors to ensure your records are accurate.

Step by Step Instructions to Report Wage and Contributions through the Contribution Review

Upload Method

1. After filling out the appropriate *plan template*, **log in** to the Employer Portal.

2. Click on **Contribution Reporting** located under **Manage My Contributions**.

3. Click on **Plan ID** for the plan you wish to report for and then **add new contribution.**

   - Select the appropriate frequency.
     *Note: If you do not see the correct frequency, select **Add Frequency** to create the frequency you need.*

   - Enter the payroll date for the file you are uploading.

   - Click **Create**.

4. Select the **Upload** import method. The contribution structure is automatically set.

5. Click **Next**.

6. To import your file, select **Browse** to attach the file to upload (upload the contribution file first). Select **Upload**. A snapshot of the file uploaded will appear in the lower part of the screen.

Enter **Source Totals** and any necessary comments. Source totals are employer or employee pretax or post-tax voluntary or loans.

7. Click **Validate**. If the **Next** button is available select **Next** and proceed to **Select Funding**.

If the **Next** button is not available, there is one or more **Rejects**. You will want to review the **Validation Results** section for rejects and warnings (highlighted in yellow below). For an overview of common reject errors, *click here* or see page 14. When all rejects have been corrected and warnings reviewed, upload a new file (if necessary) and click **Validate**. Then click **Next**.

Contribution File

| 1 Select | 2 Upload | 3 Funding | 4 Verification | 5 Complete | Batch #: 2 |

📄 Summary

| Payroll ID: | 621005.20210605.5.2.412306 | Structure: | DC | Format: | Delimited |
| Payroll Date: | 06/05/2021 | Status: | Pending | Rejects: 0 Warnings: 0 |

$ Source Totals

| Mandatory Salary Reduction (A) | | Employer (1) | 49.35 |
| Leave Conversion (B) | | Employee Post Tax (K) | |

Cancel   Validate   Next

🔍 File Viewer

☐ All   ☑ Only Rows with Issues

MES Plan Number	Social Security Number	Full Name (Last, First)	Address	Address
MERS Plan Number	Social Security Number	Last Name, First Name MI (30 Positions)	Street address 1 (40 Positions)	Street add

📄 Validation Results

This section lists rejects and warnings. The rejects must be corrected before proceeding. The warnings should be reviewed. Make any corrections in the file and re-upload.

If this report contained any changes to a participant's record (like a termination date) please report this change across other applicable MERS products.

Type	Row	Column	Created	Message
Reject	0	Contribution Total (1)	2016-03-28T11:09:10.170	Entered source total (49.35) does not match actual (50.00). Diff: 0.65.

Once you have validated your source totals, you will need to select your funding option. There are three options: auto-ACH (this allows Alerus to automatically "pull" from the bank account set up for your municipality), Check or Wire. For the convenience of having the wage/contribution report paid automatically from an associated bank account, auto-ACH is considered the most efficient method of payment.

If you have forfeiture funds available, the amount available by division is noted in the middle section of the page. Employers are required to use forfeiture funds at the time of reporting and when employer contributions are included in the report and the amount of employer contribution eligible to be offset will automatically populate. This amount funded by the forfeiture balance cannot be changed. Note: only contributions designated as employer contributions are eligible to be offset by forfeitures.

Plan Reserve	Account	Balance	Available
710000 Overpayment 457 Employer	999995555	$9.80	$9.31
300004 Overpayment Dc Employer	999995555	$4.73	$4.49
710000 Forfeiture 457 Employer	999999999	$28.04	$0.00
710000 Forfeiture Dc Employer	999999999	$1,901.31	$306.24
300004 Forfeiture 457 Employer	999999999	$29.39	$27.92
Total Reserve Balance:		**$1,973.27**	**$347.96**

☰ Select Funding

Add New Row

Plan Reserve(s)	Account	Plan Reserve Amount	Batch Source	Plan Reserve Applied		
710000 Overpayment 457 Employer	999995555	9.31	457 Employer	9.31	Edit	Remove
300004 Overpayment Dc Employer	999995555	4.49	DC Employer	4.49	Edit	Remove
Reserve Funds Applied:				**$13.80**		

⚠ Where a balance is available in both an overpayment and forfeiture account, the overpayment account must be used first.   Lock

To apply forfeiture assets, click on the "Add New Row" button.

From the drop down, select which forfeiture account you wish to use forfeiture assets from and enter the amount to apply (amounts entered cannot exceed available funds). Click "Save" to add the applicable amount. Repeat across other accounts, as desired.

If payments are made by check or wire payment method, employers will be required to utilize available forfeiture funds in the amount equal to that reported as an employer contribution and employers will need to adjust their reported amount and following payment amount accordingly. For convenience and to avoid having to adjust check or wire transactions, ACH is the preferred payment method. Click "Lock" to lock-in the amounts used. The reporting tool requires employers to use available forfeiture funds as an offset to employer contributions at the time of reporting. The Plan requires that forfeiture assets be used by the end of the following plan year in which they occur. For example, all funds accumulated in 2025, must be used by December 31, 2026. For MERS plans, any assets that remain in the forfeiture account as of 12/31 of any plan year will be equally distributed across all active plan participants in order to comply with this requirement. Employers who wish to direct funds more often than required, or would like to offset fees to participant accounts, may do so by request. Note that for forfeitures that occur in plan years 2023 and 2024, the IRS ruled that sponsor have until December 31, 2025 to use accumulated forfeiture funds.

Continue with other payment options to make up the remaining balance, as applicable.

All other Funding Options – auto-ACH (if set up), Check or Wire – can be used by making that selection in the drop down menu. Click *here* for more information on payment options.

Select the appropriate option to fund the contribution you have uploaded.

8. Then click **Save** and **Next**.

9. The verification step provides a final review of the submission. It includes source totals, a funding summary, and a review of participant detail. Verify all data is correct and click **Finish**.

10. *Your contribution has been successfully received* should be displayed. This page can be printed for future reference.

11. A PDF document of the confirmation can be viewed by clicking on **Contribution Review**. Your contribution submission history will be displayed with a PDF document available for each confirmation.

Corrective Action

Please advise MERS as soon as possible if you are aware of any missed contributions to participant accounts. As a plan sponsor, it is important to report and pay as promptly as possible following payroll in order to avoid corrective action, including and up to the employer paying gains on the account from the original date and sharing the cost of the employee contribution.

For support with this, or any reporting or data errors, please contact the MERS Service Center at 800.767.6377 for support.

Manual Entry Method

1. Log in to the Employer Portal, then select **Contribution Reporting** located under **Manage My Contributions**.

2. Choose the applicable plan for reporting by clicking on the green **PlanID**.

3. Select **Copy**, located under the **Function** column.

4. Enter the appropriate payroll date — select **Create**.

5. The import options are automatically completed, choose **Next**.

6. All participants who were previously checked will be checked. Go through and check or uncheck anyone who needs to be added or removed from the payroll, then choose **Next**.

2 Participants	3 Sources	4 Entry	5 Funding	6 Verification	7 Complete

ed: 54   **Reset**

Last Name▾	First Name▾	Active ▾	All Divisions ▾	✔
Apley	Mark E	Active	300839	✔
Linengar	Kyle	Active	300840	✔
Dieterich	Nathan	Active	300840	✔

7. Confirm source totals by choosing **Next** or make any adjustments. To adjust the total, choose the "**x**" on the source box and re-enter the amount before selecting **Save**.

Select Sources

1 Select	2 Participants	3 Sources	4 Entry	5 Funding	6 Verification	7 Complete

Please enter the total amount of the contribution for each source being submitted. Select Save, sources that will be available will apper in the boxes below.

Source	Total:		7444.02

Leave Conversion   _____   Save

Employer x	Mandatory x Salary Reduction	Employee Post x Tax
3626.65	3626.65	190.72

ⓘ Drag and Drop the boxes to put them in the order that is most convenient.

Back   **Next**

8. The employee specific contributions will contain the contributions from the prior payroll. Adjust as necessary before selecting **Next**.

First Name▾	Last Name▾	Employer	Mandatory Salary Reduction	Employee Post Tax
Kyle	Linengar	79.33	79.33	
Nathan	Dieterich	93.03	93.03	
Ermir	Vila	51.34	51.34	
Eric	Scicluna	61.08	61.08	
Matthew D	McEveney	68.62	68.62	
Andrew P	Rougeau	55.00	55.00	
John	Love	56.92	56.92	
Eric	Cherry	69.97	69.97	50.00

9. Select the appropriate funding method and click **Next**.

Select Funding

1 Select	2 Participants	3 Sources	4 Entry	5 Funding	6 Verification	7 Complete

File Total: 7444.02

Reference	Account	Amount	Date		
Check		7444.02	01/25/2016		Edit Remove
Total		$7,444.02			

Cancel   Next

10. After reviewing the contribution details, select **Finish** to finalize the contribution.

   If there is an Overpayment Reserve amount available (this occurs when a participant has exceeded the maximum contribution amount determined by the IRS and there is an excess in employer contributions), those assets must be used as a first-out option to offset future employer contributions.

Common Data Inconsistency Errors and How to Resolve

1. Reject Date. Fix date issue on the file. Upload the file again and validate.

- Common date issues:

  - Word in a date column (such as Terminated)

  - Date of Birth after Date of Hire

  - Date of Hire after Date of Re-Hire

  - Date of Birth in the future

2. Entered total does not match actual. This means the amount entered for source totals does not match the total that was actually uploaded on the file.

- Verify totals were entered correctly, fix as necessary.

- Verify the correct file was uploaded. Upload a corrected file if necessary.

3. Invalid SSN

- Any SSN with 6 or more of the same number is invalid

- Any SSN less than 4 numbers is rejected

4. Participant ID not found. This warns you that a new participant is being added. Verify the participant is indeed new and click **Next**.

If you need support at any time, please contact MERS Service Center at 800.767.6377.

Applicable Templates and Files

Wage and Contribution Upload Templates	
Defined Contribution (including the DC portion of Hybrid)	Template
Defined Contribution PLUS	Template
Health Care Savings Program	Template
457 Program	Template

Schema Files	
The schema file can be shared with your payroll company to provide a description, length and format for each field of the wage template. Note the following fields are **required**: MERS Plan Number, Social Security Number, Last/First Name, Address, City, State, Zip, Date of Birth, Date of Hire and Participant Status.	
Defined Contribution (including the DC portion of Hybrid)	File
Defined Contribution PLUS	File
Health Care Savings Program	File
457 Program	File

Administering Your Plan

Probationary Periods

If your plan includes a probationary period, the new hire is not required to be reported to MERS and contributions do not begin until the period has been satisfied; this is anywhere between one to twelve months.

Once the period has been satisfied, you will enter both the Original Date of Hire and Date of Eligibility (first day of the month after the probationary period has been met) on their Upload template.

For example, if the employer has a 90-day probationary period, Joe Newhire's first day is January 1, Joe will be included in reporting as of April 1, after the 90-days has been satisfied. The employer will enter Joe Newhire's division, name, social security number, address, date of birth, original date of hire (January 1, in this case), date of eligibility (April 1), Employment Status (Active), and any associated employer and mandatory pre-tax employee contributions with payroll beginning April 1 and after.

Adding New Hires or Editing Participant Information for Uploading

If you are using the upload method to report, you can simply make changes to participant information such as address, date of birth, date of hire and date of termination or add a new hire within the spreadsheet. When the spreadsheet is uploaded, participant information will automatically be changed within the system.

Special notes on Military Leave

The Health Care Savings Program recognizes the Uniformed Services Employment and Reemployment Rights Act (USERRA) to determine contributions, benefits and service. While on active duty, the employer should change employment status to "inactive" while the participant is on active duty. Service will continue to accrue during this time, the employer is not required to continue making contributions during this leave, and the individual is not required to make up contributions while on leave upon return to employment. A return to active employment in a covered position does require that the employer change the status back to "active" and resume contributions into the program with the next appropriate payroll cycle.

Adding New Hires or Editing Participant Information for Manual Reporting

If you need to add a new hire and use manual entry. You can use the CSV Templates on *page 14* to add just the new hire and proceed with the steps under "*Submit Files*." Processing takes approximately 5-7 business days. You can check the status by visiting the plan and selecting the participant (search by name or social security number).

If you are using the manual entry method to report and need to make participant information changes within the Employer Portal, the following steps can be used:

1. To start the process, select your plan that the participant is enrolled in by clicking on the appropriate **PlanID**:

2. Select "**Select Participant**" located under **Manage My Participants.**

3. Type in all or a portion of the participant's name or Social Security number or scroll through all names. Upon finding the applicable participant, click on **Edit** which is located on the left hand side of the participant's record. You can also search for all employees with a specific status type (Active, Not Eligible, Terminated, Enrolling, Installments).

You can update the participant's mailing address, date of birth, date of hire, date of termination and/or rehire date. Once all information has been entered – select **Save**.

Note: If you are editing participant information outside of an upload report and the participant is included with your next wage/contribution upload file, be sure to update the employment status (single letter or number; for DC and HCSP: A=Active, T=Terminated, for the 457 plan: 1=Active, 3=Terminated) and add the date of hire/termination/rehire in the corresponding column. **If it is not changed in the wage/contribution reporting file, the information you are entering at the participant record will be overridden.**

Adding a Rehired Employee

When you need to add a new hire who was previously employed with your municipality to the system, follow these steps:

1. If you are reporting using the upload method – when submitting your wage/contribution file, change the status to **Active (DC and HCSP = A for Active; 457 = 1 for Active)**. Then, add the rehire date and leave the **Date of Hire** blank. The blank **Date of Hire** will not override the original **Date of Hire** in the system. Proceed with reporting using the upload method. You can validate the change in the system the following business day. Future upload reports will show the participant employment status as "**Active**" and the **Date of Hire** column will be blank.

2. If you are using the manual entry reporting method – proceed to the Plan the participant is enrolled in. Go to **Select Participant**, and sort by Participant SSN or Name. From the returned results, click on the "**Edit**" link and enter the **Rehire Date** and click **Save**. The status will change from **Terminated** to **Active** overnight. You will then see the participant in your manual entry, sorting by **Actives**.

Transfer Participants Between Divisions

Participant transfers between divisions is done via the portal and **not through the contribution file**. This will initiate a change of status on the old record and automatically transfer the former plan's assets to the current plan. A participant will see this transition as a "transfer out" of their full balance in the old plan and a "transfer in" on their current account online through myMERS and on their next quarterly statement.

1. To start the process, select the plan that you are transferring the participant from by clicking the green **PlanID**:

2. Select "**Transfer Participant**" located under **Manage My Participants.**

3. Enter the name in **Find Name** or Social Security number under **PartID** of the person you want to transfer (note you can only transfer participants who are active) and select **Go**. For a full list of participants simply select **Go.** Then select **Transfer** located to the left of the Participant ID.

4. Select the **Destination Plan** from the drop down menu and then select **Transfer**. Note – you can only transfer to the same plan type. If you want to transfer between plan types you will need to contact the MERS Service Center. Any transfer requests received in good order will be processed within 1-2 business days.

Transfer Participants to a Different Plan

You have the ability to transfer multiple employees into a different open plan through the self-service transfer feature. This feature is specific to the MERS Defined Contribution Plan, MERS 457 Plan and Health Care Savings Program and employees can only be transferred within the same plan (example: you can transfer an employee from one defined contribution plan into a different defined contribution plan, but cannot transfer an employee from a defined contribution plan to a hybrid plan).

Additionally, you can view a report each month showing which employees are currently active in more than one plan of the same type so corrections can be made as needed.

To transfer employees, follow these steps.

1. Select your plan and then click on the **Transfer Participants** link under **Manage My Participants**.

2. Click the **Find** button and then review the participants that are eligible for a transfer (these participants have more than one record in the same MERS product).

3. Select the participants you would like to include in this transfer by checking the box next to their name (more than one can be selected). Once you have all participants selected, navigate to the **To Plan** column and select from the options available. Then click the green **Transfer** button.

Please note:

Only open/active plans are eligible to receive transferring employees. If you do not find the plan you would like to transfer to, please contact MERS for assistance.

If only one participant is moving at a time, the only **To Plan** automatically populates. In this case, check the box and continue with the instructions on screen.

You may also use the **Add** button if you are a initiating a transfer for a participant for the first time. Type in the **Participant ID** and select **Lookup**. Once the participant's name populates like the below screen you can click **Add**.

4. After reviewing if all of the details are correct, click **Finish**.

5. Once you select **Finish**, those participants are moved into **Pending** status. You can check the status of these requests in the tab titled: Transfer Log. When the requested transfer has completed, the Transfer Log will reflect a status of: Requested.

Please note:

Only participants that are **active**, **enrolling** or **terminated** with a balance greater than zero are eligible for transfers.

Only divisions that are **active and open to new hires** will be available to receive transfers

This function does not work across different plan types – if you need to transfer a participant from one type of plan to another, please contact MERS Service Center for assistance. They can be reached at 800.767.6377.

Requesting Data and Retrieving Reports

This feature makes data accessible to employers directly without having to contact MERS. Types of reports available include Participant Account Balances as of a Specific Date and Participant Contributions within a Specified Date Range.

1. Select the plan you are requesting reports on by clicking on the green **PlanID**:

2. Select "**Plan Reports**", located under **Manage My Files**:

3. Select the applicable report from the report type drop down. Reports are generated in 5 minute increments. If you request a report at 10:01, it will be available at 10:05. If you request a report at 10:04, it will be available at 10:05.

4. To access the report select **Retrieve Files** located under **Manage My Files**:

5. Select **Requested Reports** from the file type drop down. Then select **Search**, then select **View**, at which point you can save the file to your computer.

Note: If you elect online enrollment, online rate changes and/or online loans you will follow steps 1-5 detailed above but select **Payroll Reports** in step 5 instead of Requested Reports. This report will be generated every Sunday and will need to be pulled on Monday and combined with your payroll process.

Contact MERS if you do not know if you have this feature, or if you are interested in more information.

> Alerus is a company that MERS has partnered with to provide record keeping services for Defined Contribution, 457 Program, Health Care Savings Program and Retiree Healthcare Funding Vehicle.

Submitting Files

Providing information to MERS in a secure format can be done using the **Submit Files** function. Examples of files you can submit using this feature include beneficiary forms and legal documents such as divorce or death notifications.

1. To submit files to MERS or Alerus, start by selecting the plan for which you are submitting the files:

2. Select **Submit Files**, located under **Manage My Files**:

3. Select file type from drop down. Then enter a short description (ex. J. Doe beneficiary form), choose the file from your computer and click **Submit**. For new hires, use file type "**online enrollment**."

4. To check on the status of the file, select **Retrieve Files** from **Manage My Files**. You can search through all reports uploaded or filter based on file type (i.e. the file type drop down you selected in step 3). Active = uploaded to the MERS website, but not yet pulled for processing. Accepted = uploaded to the MERS website and has been pulled for processing. Voided = Report has been deleted by the submitter.

5. To view the file click on the file name.

6. If you want to void a file within five minutes of submitting it, select the gear icon under the settings column and change **Status to Voided**. All voided files are removed from the website nightly. If it has been more than five minutes since you submitted the file please contact the Service Center.

Locating Employer Statements and Accessing the Resource Library

1. To retrieve Employer quarterly and management statements, click on the appropriate **PlanID**.

2. Click on **Retrieve Files** in the left-hand navigation.

3. Employer Statement can be downloaded in PDF format by clicking on the file name. You can also narrow down your search by filtering to File Type of Employer Statements.

4. Forms can be accessed from any Plan by clicking on "**Resource Library**" at the top menu bar – forms for only that product will be displayed.

Payment Options

You have three options to submit payment for plan-related costs.

1. **Auto ACH Withdrawal** – This is the most efficient option to provide payment to MERS. With this option, funds are pulled directly from the bank account you set up on file. If your report is submitted **by** 2 p.m. EST, the payment is pulled from your bank account the same day. If the report is submitted **after** 2 p.m. EST, the payment will be pulled from your bank account the following business day. The authorization form to set up Auto ACH payments can be found *here*.

2. **Wire** – Use this method if you would like to submit payments via wire transfer. Instructions to set up this option are available *here*. Please allow up to ten days for processing once you submit payment.

3. **Check** – Payment should be made out to Alerus Retirement Solutions (PO Box 64535, St. Paul, MN 55164). Please allow up to 10 days for processing.

Alternative Method to Submit Employee Wages to MERS

It is important for MERS to have your employee's wages on file so we can provide reasonably accurate information and projections in their Financial Fitness tool. While we encourage municipalities to submit employee wages using the Upload Method, we understand that there may be circumstances when it is not possible to do so. Therefore, MERS offers an alternative method to submit wages by uploading a spreadsheet of information through the Employer Portal.

The spreadsheet should be in a CSV or Excel file format and the following information is required:

• MERS Plan Number

• Employee Social Security Number

• Gross Annual Compensation for each MERS product the individual is enrolled in (please submit the previous year's annual wages – for example: in 2021, submit annual wages for 2020)

1. Log in to the Employer Portal.

2. Select **Plan Gateway**.

Plan Gateway
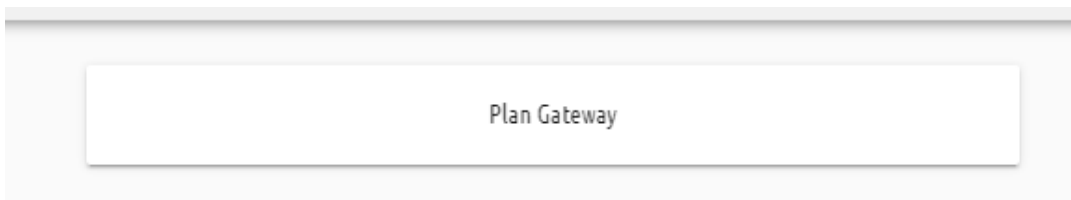
3. Enter your **Plan ID** in the **Plan ID** box and click on **Browse**. Note that if you have multiple defined contribution (DC) plans, you can enter any of your plan IDs. The report you receive will contain information for all of your divisions.

or Plan ID:

or Div Code:

Assets Low: Assets High:

Select   Browse   Clear

4. Click on the correct green **Plan ID** link.

5. Click on **Retrieve Files** located on the bottom left side of your screen under **Manage My Files**.
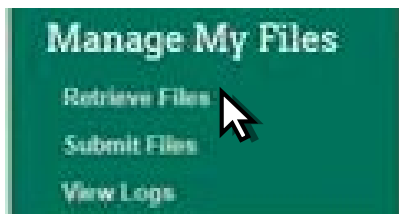
6. Change **File Type** to **Wage Information**.

7. Click **Search**.

8. Find the file titled 2020 Wages and click on View.

9. Open the file and verify that all information is accurate, including the previous year's gross compensation.

	A	B	C	D	E	F	G	H	I	J	K
1	Sample City Wage File										
2	WAGE CO	PLAN ID:	/000015/000017	PLAN:	Sample Plan						
3	Plan	Division Number	SSN	Name	Employee Type	Status	Birth Date	Hire Date	Termination Date	Rehire Date	Comp
4	15	111111	444-45-5555	Doe, Barbara A	Full Time	Active	1/3/1968	6/24/2002			66984.53
5	15	111111	123-45-6789	Smith, Jane	Full Time	Active	1/1/1975	2/2/2015			50000
6	15	111111	666-66-6601	Doe, Susan	Full Time	Terminated	12/11/1954	6/28/1999	4/29/2016		25313.28
7	17	111112	777-77-7773	Doe, Mark	Full Time	Active	2/25/1972	9/28/2015			66794.72
8	15	111112	666-66-6602	Doe, Jennifer C	Full Time	Active	2/20/1953	3/3/2003			73207.02
9	Plan	Division Number	SSN	Name	Employee Type	Status	Birth Date	Hire Date	Termination Date	Rehire Date	232299.6
10											
11											

Participant Contributions when Terminating with DB and HCSP

Consider an employee enrolled in both DB and HCSP. They are retiring and only worked a couple of days during their final pay period. Below is an example breaking down required contributions for DB and HCSP.

Example: Both DB and HCSP require mandatory contributions. In addition, the HCSP plan also requires a 100% leave conversion and must be transferred (pre-tax) into HCSP fund (no option to receive this money as 'pay'). Lump sum vacation payouts are counted toward determining an employee's Final Average Compensation.

	Wages owed = **$200**	One-time lump sum vacation payout = **$3,500**	Total = **$3,700**
DB employee contribution requirement: 6%	$12	$210	$222
HCSP mandatory salary reduction: 2%	$4	$0 Salary reduction is not required on lump sum payout since 100% is transferred pre-tax to HCSP fund as leave conversion. (There is no choice to receive this money as 'pay.')	$4
Total contributions to be withheld			**$226**

The employee's final paycheck of $200 is not enough to cover the mandatory contribution requirements of $226.

You must deduct the contributions that are due ($26) from the balance of the leave conversion available for transfer ($3,500), resulting in $3,474.

HCSP Report: $3,478 ($3,500 of lump sum leave conversion - $26 owed for mandatory contributions = $3,474 + $4 in mandatory 2% salary reduction on $200)

DB Monthly Wage and Contribution Report: $3,700 in wages and $222 for DB contributions

Ongoing HCSP Contributions Post-Employment

There are special instructions if you plan to continue contributing to your employees' HCSP account **post-employment**.

1. Use the *upload spreadsheet* to enroll your retirees. All required census information must be included to ensure MERS is appropriately communicating with retirees, including instructions on using their account. The following information is necessary to create that enrollment:

   - First/Last Name
   - SSN
   - Date of Birth
   - Address
   - Original Date of Hire
   - Date of Termination
   - Participant status on the upload file must indicate "T" for terminated (Column O)

2. Subsequent reporting through upload format for retirees should continue to include their **date of termination** and appropriate **employment status** (reporting through manual reporting will not require any changes to status)

3. Note: where an employer plan offers a varied contribution based on single or married status, only the former employee is eligible for enrollment (no second record is created for the spouse)

Additional Plan Information

New Hires

MERS has a set process in place to help communicate benefit information to your new hires.

MERS New Participant Process

1	**2**	**3**	**4**
Enrollment Form	**Data Submission**	**Welcome Message**	**myMERS Login**
Collects enough information to get a new hire enrolled into a MERS program.	Employer enters participant information and wage data into MERS system using the upload or file submit option.	After welcoming a new hire to MERS, links to resources will be provided.	Participant can log in using the self-registration prompts found online.

Within 10 to 15 business days of enrolling new hires in plan(s), they will receive:

- A welcome email introducing MERS and giving an overview of the plan(s) your new hire is enrolled in, along with immediate action items. Included in this email will be a link to the *MERS New Participant resource page*. Here, new hires can find:

  - Benefit details

  - Interactive video explaining plan features

  - Information on the benefits of a myMERS account

  - Links to Action Items to complete enrollment

Employers are **not** required to input beneficiary information for new hires enrolling in Defined Contribution (including the DC portion of Hybrid), 457 and Health Care Savings Program into the Employer Portal.

Important! It is highly encouraged that you submit an email address for your new hire upon enrollment in order for MERS to generate a welcome email for your new hires. If you do not include an email address, your new hires will continue to receive welcome letters via postal mail.

Locating Beneficiaries on File for Your Employees

To check if participants have a beneficiary on file, go to **Select Participants** and then click on **Edit**. Beneficiaries are listed at the bottom of the page.

Forfeitures

It is the policy of MERS to initiate a forfeiture of non-vested funds from previous employees after a period of five years has passed from the date of termination. Please note that as of 1/1/2017, the policy will reflect the following:

Any participant with a termination date of January 1, 2017, or later who has not met the requirements to become vested in their employer contributions will forfeit non-vested assets after a period of **one year** or a withdrawal of his or her entire vested account balance has occurred.[1] MERS-to-MERS or Act 88 time may be used to meet vesting requirements as long as the time is earned before the forfeiture occurs. Additionally, time earned at the former employer may be used toward vesting and eligibility at a future MERS employer.

Forfeitures are pulled four times per year - February, May, July and November.

[1]For the Health Care Savings Program, forfeitures occur when vesting requirements are not met and occur immediately after termination date is provided to MERS.

MERS-to-MERS Time

In order for employees to verify MERS-to-MERS time to include it as part of their DC service, they will need to contact MERS at 1.800.767.6377 or fill out _this form_. MERS-to-MERS time will only apply before a DC distribution is taken or a forfeiture occurs, ensuring that employers will not incur future liabilities.

Low Balance Fee

Any terminated employee with a MERS Defined Contribution, 457 or Health Care Savings Program account that has a balance of $1,000 or less will be charged an annual $15 low balance account fee. If no action is taken, this fee will be accessed each year in February until the account balance is depleted.

Terminated employees can take one of the following actions to ensure that they are not charged this fee (applies to DC and 457 accounts ONLY):

1. Keep the account at MERS. Increase the account balance by rolling in funds* from another investment account.

2. Roll funds[2] from the MERS account into another qualified retirement program or into a personal IRA account.

3. Withdraw the remaining balance. Please note that there may be tax implications if this option is chosen. Distributions can be requested through the terminated participant's myMERS account.

For Health Care Savings Program accounts, the fee will be applied annually until the employee's account balance is exhausted. Funds can be used for eligible medical expenses.

[2]These options are not available for beneficiaries of an original participants.

Vesting

Elapsed Time

Unless otherwise adopted by the employer, Defined Contribution Plans will earn service based on elapsed time. Elapsed time looks at only the date of hire and date of termination to calculate time toward meeting vesting.

Example: If an employee has a hire date of 10/1/2013 and termination date of 10/5/2014, one year of service is earned toward vesting. If the termination date was 9/15/2014, no service would be earned. Elapsed time has been applied to all active participant records. Participant who were terminated prior to 10/2015, will have service calculated based on when contributions were reported by their employer in each month.

When applying service credit from Defined Contribution to Defined Benefit, months can still be applied to help a participant reach their Defined Benefit vesting. When applying service toward a Defined Contribution record from a Defined Benefit or another Defined Contribution Plan all time (by months) will be considered, although only full year increments count to reach vesting.

Hours reported

MERS can also accommodate the "**hours reported**" method. The hours method requires the plan to track the actual hours worked by employees. Once employees have worked the required hours they are credited with a year of service. The hours required to obtain a year of service are outlined in the adoption agreement but are typically set to 1,000 hours within the calendar year (other variations available).

Example: If Joe Smith is hired on 10/1/2013 and terminates on 9/15/2014, assuming he worked 250 hours in 2013 and 1200 hours in 2014, he would receive one year of service because he obtained 1,000 hours in 2014. However, if Joe worked 250 in 2013 and 500 in 2014 he would not receive a year of service because he failed to reach 1,000 hours*.

*This example is based on an assumption of 1,000 hours within the calendar year in order to receive a year of service.

Online Loans

If your municipality allows for loans, you can elect to allow employees to submit loan request applications through their myMERS account. If you haven't already elected to turn on this feature, you can do so by contacting your *Benefit Plan Coordinator*.

Online Enrollment

If your municipality has adopted the MERS 457 Program, you can elect to allow employees to submit enrollment forms online through myMERS. To turn on this feature, contact your *Benefit Plan Coordinator*.

Online Contribution Rate Changes

If your municipality has adopted the MERS 457 Program, you can elect to allow employees to request 457 contributions changes online through myMERS. To turn on this feature, contact your *Benefit Plan Coordinator*.

Plan Reserve Requirements

Overpayment and Forfeiture Accounts

Plan reserves are assets within an employer's defined contribution, defined contribution portion of hybrid or 457 Program* that are to be applied directly to future employer contributions associated with the plan. There are two different accounts these reserves can originate from – an overpayment account and a forfeiture account.

Overpayment Account

An overpayment account holds any excess contributions employers may have applied to employee plans. Overpayments are considered to be amounts that exceed IRS maximums.

Per IRS guidelines, excess contributions cannot be returned to the employer; they must be applied to future employer contributions.

Reporting/Funding Procedures

Employers are required (through the Employer Portal) to apply these overpayment funds to offset employer contributions as a first-priority payment source.

- If the overpayment amount is inclusive of **employee pre-tax contributions**, these are generally returned to the employer to distribute back to the individual participant and make any necessary tax withholding or reportable wage adjustments, as applicable

If the auto-ACH payment method is utilized, the Employer Portal system will **automatically** pull these funds and apply them to employer contributions.

If payments are made by check or wire payment, the system will automatically pull these funds from the overpayment account toward an employer contribution, but payments to MERS will need to be adjusted to align. The final amount displayed on screen in the final step of reporting should be used as final payment amount to MERS.

Forfeiture Account

A forfeiture account retains the accumulated balance of non-vested assets forfeited by terminated employees who have not met vesting **and:**

1. Fulfill a 12-month separation of employment (date of termination + 12 months), **OR**

2. Take a distribution from their account following termination

Funds in the forfeiture account must be used within the plan year they occur to offset future employer contributions. Employers may request that MERS uses a portion or all of the forfeiture balance to offset participant fees, or to equally distribute across all employee accounts.

Employers can see their available forfeiture balance during the "funding step" when reporting.

System-generated reports for employers to see which participant accounts were included in the last forfeiture deposit is available through the **Plan Reports** function in the Employer Portal.

Reporting/Funding Procedures

If payments are made by auto-ACH, the forfeiture amount equal to the employer contribution portion available will be populated from the Forfeiture funding source section when completing your final steps for reporting. This will ensure the ACH amount received is reduced by the forfeiture amount entered (and where no overpayment account assets exist).

If payments are made by check or wire payment method, employers will be required to utilize available forfeiture funds in the amount equal to that reported as an employer contribution and employers will need to adjust payment amount sent accordingly. For convenience and to avoid having to adjust check or wire transactions, **it is strongly encouraged that employers enroll in the auto-ACH payment method in order to ensure reserve accounts are being used as required by the IRS.** The steps to complete that set up can be found *here*.

Does not apply to Health Care Savings Program

Education

At MERS, we believe that making a good decision about retirement plans means making an educated decision. That's why our educational outreach programs include employers as well as participants.

Employer Education and Resources

Events and Seminars

Throughout the year, MERS schedules *free events aimed at connecting employers* with the answers and information they want. Hosted through online virtual platforms or at our member municipalities throughout the state, these events address topics relevant to municipalities such as changes in accounting requirements, managing unfunded accrued liability, and updates about enhancements made to our programs.

Annual Conference

The *MERS Annual Conference* is held each fall at various locations throughout the state (or virtual options in some cases). The Annual Conference provides our members with an opportunity to learn about the many products and services MERS offers as well as other meaningful issues related to retirement, financial stability, program administration and more.

MERS Regional Teams and Service Center

Your *Regional Team* is dedicated to providing responsive local service to you, which can include on-site visits. MERS Service Center offers friendly, knowledgeable, over-the-phone assistance for a wide variety of benefit questions and issues including general questions, disability, assistance with forms, and help with the retirement process.

Participant Education and Resources

Online Resources

Participants can access many resources online, including webinars, publications, and useful information on life changes to help plan and prepare for retirement. The myMERS portal offers participants an opportunity to review their account information and access financial fitness tools to help stay on track to a secure retirement.

Events and Seminars

MERS offers *educational opportunities* throughout the state and online for participants all year long. The events are free and open to all MERS participants and their beneficiaries. They cover key features of MERS plans, as well as resources when participants are *nearing retirement*.

On-Site Education

Upon request, MERS benefit education specialists will visit your municipality or set up virtual meetings to conduct customized presentations or attend benefit fairs to assist employees with understanding their pension benefits.