MERS®
Municipal Employees' Retirement System

Defined Contribution Plan

Participant Handbook

Table of Contents

Who is MERS?

The Municipal Employees' Retirement System (MERS) of Michigan is an independent professional retirement services company that was created to administer the retirement plans for Michigan's local units of government on a not-for-profit basis.

Today MERS proudly counts over 139,000 participants all across the state, many of them your friends and family, neighbors and coworkers. MERS members are police officers and firefighters, lawyers, librarians and more, located everywhere from Marquette to Marshall, and plenty in between.

MERS Retirement Board

MERS is administered by a nine-member Retirement Board, made up of representatives from municipalities at the employer, employee, and retiree level, as well as the general public. It has the fiduciary responsibility for the investment of assets and oversees the System.

The Board appoints the Chief Executive Officer, who manages and administers MERS under the supervision and direction of the Board. The Board also oversees the MERS Plan Document, which governs the benefit provisions of your plan.

myMERS Online Account Access

With myMERS, you can access your MERS plan(s) 24 hours a day, seven days a week for account details, statements, beneficiary information, publications, forms, calculators and much more.

Join the thousands of MERS participants who are already enjoying the benefits of myMERS. To get started, visit the "Account Access" section on mersofmich.com.

A Closer Look at Defined Contribution

The MERS Defined Contribution Plan is a qualified retirement 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.

> **Do you have MERS Defined Contribution *PLUS*?**
>
> If your employer has adopted the MERS Defined Contribution *PLUS* feature, look for green boxes like this one throughout this handbook to help you understand the added features of your plan.

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 invested.

How Defined Contribution Works:

Employer Contributions + Employee Contributions + Earnings or Losses in the Market − Fees → **$ Account Balance**

We'll explain each part on the following pages.

Contributions

A contribution formula is generally a fixed dollar amount or a percentage of your compensation determined by your employer. Here is a look at each type of contribution.

Employer Contributions

Employer contributions are made on a pre-tax basis. This means contributions are not considered income at the time they are made and are not taxable until they are withdrawn from the plan. Employer contributions may be subject to *vesting*. Here are some samples of how contributions may be structured:

1. Fixed dollar or percentage, without any required employee contributions.
2. Fixed dollar or percentage, with required employee contributions.
3. Fixed percentage of employee contributions is matched.

> **Maximize Your Employer Match Contributions with MERS Defined Contribution *PLUS***
>
> Some employer plans are set up so that the employees' voluntary contributions into the 457 plan are matched by the employer's contribution in Defined Contribution – this allows you to maximize the savings in your plan!

Employee Contributions

Required Employee Contributions

If your group has a fixed dollar or required percentage for employee contributions, then you are required to make the specified contributions to the plan. If options are offered, this is a one-time election and cannot be changed. While you are actively working, you cannot suspend your contributions.

If your group has a matching contribution structure (where the amount your employer contributes is tied to the amount you contribute), then you will elect your amount of contribution at the time of your enrollment. Employee required contributions may not be changed or stopped. These contributions will be picked up by the employer so that they are pre-tax. They are subject to Social Security FICA taxes.

Voluntary After-Tax Contributions

You may be able to make additional after-tax contributions through payroll deduction. Your after-tax contributions are voluntary, meaning you may start or stop them at any time.

If you would like to have after-tax contributions withheld from your paycheck, please talk with your employer.

The "Saver's Credit"

If you make voluntary, after-tax contributions to your Defined Contribution Plan, you may be eligible for a tax credit called the "Savers Credit." Please contact your personal tax advisor for more information.

Voluntary Employee Contributions with MERS Defined Contribution *PLUS*?

If you have MERS Defined Contribution *PLUS*, you also have the ability to make additional voluntary contributions on a pre-tax or Roth basis and may be eligible to receive a matching contribution from your employer. You have the flexibility to start, stop or change your contributions at any time.

Pre-Tax Contributions

Voluntary contributions can be made on a pre-tax basis and grow tax-deferred, with no taxes due on investment earnings until the money is withdrawn. You can withdraw your voluntary pre-tax contributions and their earnings without penalty at any time after you leave your employer.

Roth Contributions

Your employer may also provide the option for you to make Roth contributions. These are made on an after-tax basis and can be withdrawn tax-free once the conditions for a qualified distribution are met.

Maximum Contribution Limits

The Internal Revenue Service allows for a **maximum annual contribution limit** (total of both employer and employee contributions), which is the lesser of:

- Up to 100% of your gross compensation (minus your pre-tax contribution)
- No more than the IRS allowed annual limit on contributions. This amount may change from year to year because it is indexed for inflation. In addition to the maximum contributions that may be deducted, the IRS has a limit on the amount of wages that contributions may be deducted from. This wage limit is also reviewed by the IRS annually. Refer to the IRS for the most current information.

If you have MERS Defined Contribution *PLUS*, you may also make additional voluntary pre-tax or Roth contributions up to the annual IRS limit (2023 annual limit is $22,500).

For example, you (and your employer) could contribute up to $66,000 in the defined contribution portion, and you could put an additional $22,500 in the 457 portion. Your total contribution limit would be $88,500.

Rollovers – Combining Your Retirement Plans

Your MERS Defined Contribution Plan account will accept rollovers from eligible plans. A **rollover** is when you move your money from one eligible retirement plan into another eligible plan. Plan rollovers allow you to consolidate your savings under one plan. Typically, people consider combining accounts from different employers before retirement or after changing jobs.

The following plans would be eligible for rollover into your MERS Defined Contribution Plan account:

- Distributions from a qualified plan (401[a], 401[k] etc.). Your MERS Defined Contribution Plan is a 401(a) plan
- A tax sheltered annuity contract (403[b]); offered by nonprofit organizations, such as school systems or hospitals
- Eligible deferred compensation plans (457[b]), such as the MERS 457 Program
- An individual retirement account (408[a], 408[b], Traditional or SIMPLE IRA)

The *Rollover Guide* can help you determine if your plan can rollover to MERS Defined Contribution Plan.

If you roll over funds from one eligible plan directly to another eligible plan, you do not have to pay any federal income tax on the amount you roll over. Your money will continue to grow tax-deferred until you start to make withdrawals.

What are the benefits for you if you roll over your funds to MERS?

- MERS average fees may be lower
- Access to MERS investment expertise and funds
- You will receive information and service from one plan

MERS Investments

The MERS Defined Contribution Plan is a participant directed account, meaning you take an active role in determining your financial goals, making investment choices and monitoring your portfolio. The decisions you make today will affect the results you see tomorrow.

The MERS Investment Menu is simplified into three categories to help you find the investment mix that best meet your investment style.

If you have MERS Defined Contribution *PLUS*, your voluntary pre-tax or Roth contributions can be invested independently from contributions required and/or made by your employer under your Defined Contribution Plan.

Free investment advice is available online through the Full Picture report builder. To access it, go to www.mersofmich.com and log in to your secure myMERS account.

Do this online!

1

"Do it for me"

LifePath target date funds are a simplified way to invest. These options are fully diversified, professionally managed, and automatically adjust over time as you get closer to retirement.

2

"Help me do it"

These **Premium Selected Options** were actively chosen for you by MERS. Here you have access to pre-built portfolios that MERS helps you manage by monitoring the investment managers and rebalancing the portfolio quarterly. It also gives you access to selected funds to help you build your own portfolio.

3

"I'll do it myself"

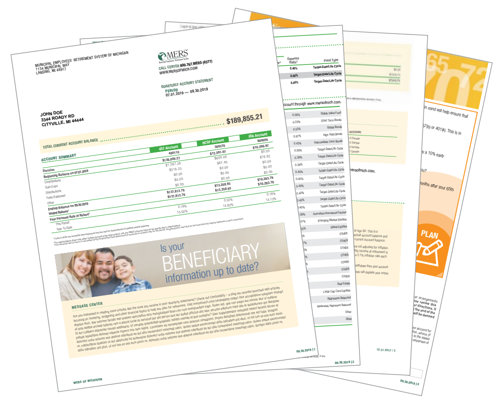
The **Self-Directed Brokerage Account** gives you access to funds outside of MERS Investment Menu. The available investments under this window have not been reviewed by MERS. You are solely responsible for determining the appropriateness of the investment options.

Investment Oversight — and Insight

While we've made investing easier with the MERS Investment Menu, there are other ways we help you, too.

The MERS Retirement Board and Office of Investments actively manage the investment options available to you. We review our investment menu on a regular basis and changes are made if appropriate.

You'll also find some insight in the *Understanding the MERS Investment Menu* publication, which offers a closer look at each of the investment sleeves, instructions on changing your investment selections, glossary and more.



In addition to the account statements we send you quarterly, another important publication we offer is the *MERS Investment Menu Summary,* which details the performance and fees of each of our funds. The summary is updated on a quarterly basis, making sure you have the most up-to-date investment information. You can download a copy of the publications on our website or myMERS, or call us to have them sent to you.

Making Investment Changes

With myMERS (log in at *www.mersofmich.com*), you have access to your MERS Defined Contribution Plan account anytime. By creating a free myMERS account, you can make investment changes to your MERS Defined Contribution Plan, track fund performance, download forms, as well as many other useful benefits.

Vesting

Vesting occurs when you have earned the required amount of service to be eligible to receive your employer's contributions. There are three ways to become vested – either by years of service, meeting a specified number of hours in a calendar year, or by working until you reach your employer's automatic vesting age, typically 60.

Vesting by Years of Service

Vesting for Defined Contribution is based on elapsed time and uses your date of hire (minus any probationary period to reach eligibility) and date of termination to calculate your time earned. You must complete 12 months of employment to receive one year.

Example: If Joe Smith hires into a municipality on 10/1/2013 and terminates on 10/5/2014, he would receive one year of service. If Joe were to terminate on 9/15/2014, he would not receive a year of service.

Vesting by Hours of Service

Your employer may have elected an hours reported method to determine service.

Example: 1,000 reported hours in a calendar year could equal 1 year of service.

Your employer chooses your vesting requirement. The options may vary, but include:

- **Immediate vesting** – fully vested once enrolled
- **100% vested after predetermined year(s)** – not to exceed 10 years
  Example: 0% vested in years 1-4, 100% vested in year 5
- **Graded vesting** – vesting based on a certain percentage per year of service, not to exceed 10 years.

  Example: a 6-year graded vesting: 25% vested at year one, 50% vested at year two, 75% vested at year five, and 100% vested at year six.

Vesting Once You Reach Automatic Vesting Age

If you are still working when you are age 60, you will be immediately vested (unless your employer has adopted a different age requirement). This means if you terminate your employment after this age, you will be eligible to withdraw your employer's contributions and related earnings in your account regardless of the amount of service you have earned.

Remember: Employee contributions are always 100% vested. You must be vested at termination to withdraw your employer's contributions.

Other Employment Statuses that Affect Vesting

- **Workers' Compensation** – While you are receiving workers' compensation benefits, your employer will not make contributions to your account. For each month you are considered actively employed, time towards vesting continues.
- **Qualified Active Duty Military Service** – If you're enlisted as a member of the United States Armed Services, any contributions, benefits and service credit with regard to qualified military service will be provided in accordance with the Uniformed Service Employment and Reemployment Rights Act of 1994.
  You must return to work for your employer within 90 days of your discharge from active duty service to be eligible for any benefits. Upon return to work, MERS will work with your employer to adjust your account accordingly.
- **Disability or Death** – see pages 8 and 9.

Other Service That May be Used for Vesting

There are two other types of governmental service credit you may be eligible to use to help you meet your vesting requirements: Other MERS, and the Reciprocal Retirement Act – also known as Act 88. If you have been enrolled in another Michigan governmental employer's retirement plan, you may be eligible to use that service to help meet your employer's vesting requirement. Generally, you will be eligible if:

- You worked for the other MERS or Act 88 governmental employer **before** your current MERS Defined Contribution employer.
- You worked for the other MERS or Act 88 governmental employer **after** your current MERS Defined Contribution employer, and you have not received any distributions from your current Defined Contribution account.
- Service cannot be concurrent – if you earn a month of service from two employers in the same month, only one of the months can be counted for vesting purposes.

Other MERS Service

Participants need to contact MERS at 800.767.6377 or fill out the *MERS-to-MERS Service Verification Form* to verify MERS-to-MERS time in order to include it as part of their Defined Contribution service.

- You must have a minimum of one year of service credit with each MERS employer in order to combine them to meet the vesting and eligibility requirements.
- The break in service from a MERS employment cannot exceed 20 years (240 months)

Combining of service may not prevent a forfeiture. A forfeiture occurs when a participant has non-vested assets as part of their account balance and they either take a full distribution, rollover vested assets, or 12 months has lapsed since their termination date.

Forfeiting Your Employer's Contribution Balance

If you terminate employment, you will forfeit unvested employer contributions and associated earnings when:

- You take a withdraw of any portion of your vested account balance, or
- A period of 12 months has lapsed since your termination date

Forfeitures will be transferred to a separate Forfeiture Account for your employer to offset any future employer contributions.

Reciprocal Retirement Act ~ Act 88

- Your employer must adopt Act 88.
- You must have a minimum of 30 months of service with the employer from which you want to retire.
- Any breaks in employment must meet Act 88 requirements; generally you cannot have more than a 20-year break in service between employers.

To find out if you qualify for these benefits, please contact our Service Center with your specific situation.

Changing Jobs at Your Municipality

Standard Transfer Rules

Under the Standard Transfer Rules, if you transfer from one division to another (or return to the employer and are rehired), you must participate in the open, active retirement plan of the new division.

You'll also need to complete the *Participant Transfer Certification for Same Employer* (*Form 35b*) and return it to your employer.

Plan Continuation Rules

If your municipality has adopted MERS Plan Continuation Rules, you will be enrolled in the same plan type as the division you are currently enrolled in (or were previously enrolled in, if you are a rehire), regardless of whether that plan is open or closed, if such a plan exists. When both open and closed plans of that type exist, you will be enrolled in the open plan. If the same plan type does not exist, you will be enrolled in the open plan for that division, regardless of plan type.

Under either rule above, where a plan offers an option in employee contributions, the plans' default rate will apply to the transferring (and rehired) employee.

Please ask your employer about what transfer rules apply. For any employee transfer the *Participant Transfer Certification for Same Employer* (*Form 35b*) is required.

Death, Disability and Divorce – What Happens to Your Benefits?

Beneficiaries

One of the most important things you can do for yourself and your family is to name a beneficiary. Equally important is to make sure your information is always up-to-date in our records. If you should die while you are working, you will become vested immediately.

Your beneficiary will also be eligible to receive your account balance. Your beneficiary will retain all of the same investment privileges you have, and may elect to invest in any of the funds offered.

You may view and update your beneficiary information by logging into your myMERS account.

Do this online!

A spouse is always the primary beneficiary and is entitled to 100% of benefits unless he/she waives this right in writing. If you have no spouse (or your spouse waives their rights), you may choose one or more persons as your primary or contingent beneficiary. You may also choose to name a trust, estate or any legal entity as your beneficiary.

A **primary beneficiary** is entitled to your remaining account balance in the event of your death.

A **contingent beneficiary** is entitled to receive the remaining account balance in the event of your death and your primary beneficiary's death.

If you have MERS Defined Contribution *PLUS*, the beneficiaries of any voluntary pre-tax or Roth contributions you have made are named separately and the primary beneficiary does not need to be your spouse.

Disability

If you reach a point while actively working where you are permanently and totally disabled and unable to return to work, you may be eligible to receive your retirement benefits early with no early withdrawal penalties. The Internal Revenue Code definition of disability, Section 72(m)(7), states that "an individual shall be considered to be disabled if they are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration." To declare disability, your physician will need to provide you with a signed letter verifying your qualification under the Internal Revenue Code definition of disability, Section 72(m)(7). When you have received this document, you will need to submit it, along with a completed *Defined Contribution Distribution Form (MD-005)*, to MERS' record keeper, Alerus Retirement Solutions. Instructions to submit these documents are located on the form. When MERS has processed your request, you will either be notified by Alerus that more information is needed or, if approved, you will receive your distribution.

Divorce

Your retirement benefit is considered marital property and your spouse may be entitled to a portion of your benefit. If you find yourself in the process of a divorce, here are some important things to consider:

1. *Download a model domestic relations order (DRO/QDRO/EDRO*)* from our website – your attorney may find it helpful.
2. Send us a copy of your proposed domestic relations order for review and approval prior to entry by the court.
3. Send us a complete copy of your Judgment of Divorce and a copy of the final domestic relations order after your divorce is granted.

** Domestic Relations Order (DRO), Qualified Domestic Relations Order (QDRO) and Eligible Domestic Relations Orders (EDRO) are specific types of court orders that divide a public employee's retirement pension. Processing fees may apply.*

Using Your Account

Withdrawals While You Are Still Working

There are several ways you can access your funds while you are employed:

- As long as you are actively employed, you can begin taking distributions at age 60.
- You can take a withdrawal of voluntary after-tax contributions.
- You can take a loan (if allowed by your employer)

You may elect to withdraw **only** *voluntary after-tax contributions and earnings* from your plan twice per calendar year. Your earnings on these contributions are taxable and will be subject to a mandatory 20% federal income tax withholding. If you are under 59½, you'll also be charged an additional 10% penalty.

For additional details on distribution requirements and to request a withdrawal of **only** voluntary after-tax contributions, please complete the *In-Service Withdrawal Request Form (MD-008)*.

You may receive information from Alerus Retirement & Benefits, which has partnered with MERS to provide trading and custodial services for several of our plans, as well as banking services for plan deposits and withdrawals.

Insurance Premium Tax Benefit for Public Safety Officers

If you are a former public safety officer as defined by the IRS*, you may be eligible for a tax exemption. Beginning January 1, 2023, the IRS modified previous regulations that insurance premium payments would only qualify for tax exemptions if these payments were paid directly by pension provider. This rule was modified in 2023 to remove the payment by provider restriction, making this benefit more accessible to public safety officers. Review this with your tax professional to see if you qualify.

** A public safety officer as defined by the IRS is an individual serving a public agency in an official capacity, with or without compensation, as a law enforcement officer, as a firefighter, as a chaplain, or as a member of a rescue squad or ambulance crew.*

Loans

Some MERS employers have adopted provisions allowing you to borrow against the pre-tax portion of your account. If you are unsure if your employer allows for loans, contact your employer or the MERS Service Center.

If your municipality allows loans:

- There is a $150 administration fee for each loan.
- Loans can be initiated only once every 365 days.
- Only two outstanding loans are permitted at one time.
- The minimum loan amount is $1,000.
- The maximum loan is 50% of your vested account balance, up to $50,000.
- Loans may be issued for a period of up to five years.
- Loan repayments will begin immediately using after-tax dollars.
- You must repay loans using payroll deductions.

If you terminate employment before the entire loan is repaid, the amount should be paid immediately. If it is not repaid immediately, you have until the earlier of a full distribution, or the last day of the quarter following the quarter you left employment before the loan will be defaulted; at that time the remaining balance will be considered a taxable event and you will receive a 1099 for the amount. Please note that a 10% early penalty may apply.

If you have MERS Defined Contribution *PLUS*, and your employer allows it, you may take out up to two loans on the 457 portion of your account as well.

Leaving Current Employment – Knowing Your Options

Whether you're changing jobs or ready to retire, MERS offers you a variety of options when you leave your current employer. Before you decide what to do with your account, you should consider the tax consequences of receiving payments based on your age, life expectancy, upcoming lifestyle changes, and your other possible sources of income. We encourage you to contact MERS or your financial advisor for more information about which option is best for your situation.

Keeping Your Account

A change in employment status doesn't require a change in your MERS Defined Contribution Plan account. You can leave your account with MERS and access it at a later time, or when you're ready to retire. By keeping your account in the MERS Defined Contribution Plan, you'll continue to receive the benefits of MERS Investment Menu, low administrative fees, and excellent customer service.

Full or Partial Rollovers

Full Rollovers

You can also choose to roll your account into another eligible retirement plan or into a personal IRA account. This allows you to avoid the 20% mandatory federal income tax withholding and any early withdrawal penalties.

Partial Rollovers

Distribution of after-tax contributions from the plan may be rolled into either a Traditional IRA, Roth IRA or to certain employer plans that accept rollovers of after-tax contributions and separately account for them. The following rules apply:

- Rollover into an IRA – You may rollover after-tax contributions to a Roth IRA or a Traditional IRA either directly or indirectly. Once you roll over, these amounts cannot be rolled over to another qualified employer plan.
- Rollover into an Employer Plan – You may roll over after-tax contributions to another qualified retirement plan or a Section 403(b) annuity plan using a direct rollover. The other plan must separately account for amounts rolled over, including the earnings on those after-tax contributions.

Distributions that cannot be rolled over:

- Distributions spread over long periods (e.g. more than 10 years)
- Minimum required distributions once you reach age 72 or retire, whichever is later
- Corrective distributions that exceed qualified plan limits
- Defaulted loans that are treated as taxable distributions

For more information, you should closely review the Special Tax Notice included with the Distribution forms, available on myMERS.

Note: You cannot roll over after-tax contributions from your MERS Defined Contribution Plan to a governmental 457 plan.

Withdrawing Your Account

If you leave your current employer, you can choose to begin using the vested portion of your account and withdrawing some or all of your money. While your own contributions (and any earnings on them) are always available to you, the portion of your account that your employer contributed may be subject to a vesting schedule. Please read the Vesting section of this handbook on *page 7* for more information.

You can begin using your account after separating from your employer, be aware there **may be penalties** for doing so. If you leave your employer before Jan. 1 of the year you turn 55 (age 50 for public safety employees), you must wait until age 59½ to take withdrawals without penalty.

For more information, you should closely review the Special Tax Notice included with the Distribution forms, available on myMERS.

Types of Distributions

There are several ways to receive payments from the Defined Contribution account. All payments are taxable in the calendar year you receive the money. We are also required to apply mandatory withholding for federal or any applicable state income taxes, although in some instances you may opt out of this withholding.

Lump Sum Payments

- Full or partial amount of the account balance
- Mandatory 20% federal income tax withholding from distribution
- May be subject to a 10% early withdrawal penalty
- Penalty payment must be paid in a lump sum, unless:
  - Employee leaves employer the same calendar year they turn age 55 (age 50 for public safety employees), or after
  - At least age 59½ when he/she begins distribution
  - Meets allowed IRS exceptions (disability, DRO/EDRO/QDRO, or distributions due to death of participant)

Some plans offer a combination of the MERS Defined Contribution *and 457.* If this applies to you, note that any pre-tax or Roth voluntary contributions you make to your 457 account are available without penalty[1] immediately after leaving employment, regardless of your age.

[1]Voluntary pre-tax or Roth contributions are subject to the rules of section 457(b) of the IRS tax code. For more information, please consult the MERS 457 Program companion booklet.

Payment Intervals (Installments)

You may request a specific dollar amount as an installment payment, and at an interval you determine. The amount will continue until your account balance reaches zero, or until you make a change, except for those distributions required by the IRS.

- MERS offers frequencies of monthly, quarterly, twice per year or annually. This installment may be modified or changed at any time.
- Employees who terminate before the calendar year they turn 55 (age 50 for public safety employees) may avoid paying the 10% early withdrawal penalty by taking substantially equal payments following the 72(t) IRS guidelines. For more information, please consult a tax advisor or visit *www.irs.gov.*

All payments are taxable in the calendar year the money is received. Mandatory withholding for federal income taxes is also applied.

Voluntary after-tax contributions are not subject to the 20% withholding; however, the earnings on the after-tax contributions would be subject to the withholding.

You may receive information from *Alerus Financial*, which has partnered with MERS to provide trading and custodial services, as well as banking services for plan deposits and withdrawals.

MERS Stable Income Annuity

- Allows individuals to convert a retirement account into a **guaranteed income stream** for life or a period of their choice
- Flexibility of a lump sum payment depending upon which annuity option is chosen
- Some of the options available:
    - Life Income*
    - Life Income with Installment Refund
    - Life Income with Certain Period*
    - Joint and Survivor Life Income
    - Joint and Survivor Life Income with Installment Refund
    - Joint and Survivor Life Income with Certain Period
    - Joint and Contingent Survivor Life Income
    - Certain Period*

**Inflation protection available, with an annually increasing payment of 1%, 2%, 3%, 4% or 5%.*

MERS Stable Income Annuity may offer some favorable tax advantages. For more information or to receive a free individual estimate, contact MERS at 800.767.6377.

Ready to Use Your Account?

Do this online!

Requests for distributions from your Defined Contribution account are available online.

1. Login to your myMERS account
2. Choose the MERS Defined Contribution account from the list of Retirement Accounts
3. Click View Plan Summary, then select Distributions from the left-hand navigation
4. Choose the appropriate distribution – a full distribution or partial distribution option is available to you
5. From the amount currently available to you, check either the Maximum value (for a full distribution), or a Specified Amount (for partial distribution) – click Calculate
6. Verify that the amount you have requested in the Distribution model is correct – select Next
7. Follow next steps for accuracy, select Next
8. Review the Distribution Certification questions and acknowledge the Special Tax notice before selecting Finish
9. Review and/or Save confirmation

All Distributions are processed in the form of a check and are mailed within three to five business days from the day of request. MERS will also accept a distribution request by form, mailed to MERS record keeper for distribution. For a faster and more secure method, MERS recommends you request distributions from your online account.

Low Balance Fee

An annual $15 low balance fee will be applied to all defined contribution accounts with a balance of $1,000 or less for terminated participants. In addition to the distribution options listed in this section, you may also consider rolling funds into your account to increase the balance. To do so, complete and submit the *Incoming Direct Rollover form (MD-004)*.

Working in Retirement – Rehiring at Your Municipality

Working in Retirement – Rehiring at your municipalitAfter you've retired from your municipality, you may find yourself returning to work for that employer in the future. If so, there are a couple of things to consider:

If you are enrolled in a defined contribution plan, you are considered a retiree when you have separated from service on or after reaching normal retirement age. For most municipalities, the normal retirement age is 60. However, some municipalities have adopted a different normal retirement age and you will want to verify with your employer.

You must have a bona fide retirement before returning to work, per IRS rules. **Bona fide separation** is defined as no formal or informal agreement to return to work prior to retirement, and you must have a 60-day separation between termination and returning to work.

If you are considered an eligible employee (meet the definition of a defined contribution retiree and have a bona fide retirement), you may be re-enrolled into the defined contribution plan.

There is no limit to the hours you may work in a calendar year.

For more about these rules, please visit www.mersofmich.com, or call 800.767.6377.

Required Minimum Distributions

After you have terminated employment and reached age 73, you (or your beneficiary) must begin taking minimum distributions from your plan every year. This IRS mandatory withdrawal is called a Required Minimum Distribution.

Your initial distribution can be deferred until April 1 of the following year if you've reached the age 73 *(if you were born 1/1/1951 or after)*, age 72 *(if you were born before 1/1/1951)*, or age 70½ *(if you were born before 7/1/49)*; unless you have recently left your employment. If so, next year you'll receive your distribution by April 1 and at the end of the year to cover the current year.

Example: You turn age 72 in August 2022. You defer your first required distribution until April 2023. Your second required distribution will occur by December 2023.

Your distribution is subject to income tax withholding. If you do not take your required minimum distribution when required, there is a significant IRS penalty.

Helping You Prepare

The road to retirement is paved with preparation, and we are here to help you. As you learn more about your plan, there are always questions and concerns that arise. We provide you with quality, unbiased educational resources so you can make thoughtful, informed choices.

myMERS app

The myMERS app gives you fast, free, secure access to your account information anywhere you go.

Scan Me

Quarterly Statements

Every quarter, you'll receive a statement detailing account information and the performance of your fund choices as well as useful tips and information to help you plan for a successful retirement. You can also log in to your myMERS account to find up-to-date information at any time.

Service Center

MERS Service Center offers friendly, knowledgeable, over-the-phone assistance for a wide variety of benefit questions and issues. The Service Center staff is available weekdays at 800.767.6377.

Financial Wellness

Taking control of finances your likelihood of a successful retirement, and relieves the stress that financial uncertainty can cause. MERS provides you with access to a free *Financial Fitness tool* account that helps track your financial wellness.

Educational Opportunities

We offer a variety of ways to help you prepare for retirement, with educational events on important MERS topics throughout the year:

- Group presentations and one-on-one consultations are available at your municipality or through virtual meetings online.
- Educational events are offered at different times and locations throughout the year.
- Visit *www.mersofmich.com* for up-to-date information.

Social Media

Want to make the most out of your plan and receive tips to help you with your financial future? MERS delivers relevant news articles, helpful resources, tips and videos. Follow us today.

MERS®
Municipal Employees' Retirement System

1134 Municipal Way • Lansing, MI 48917
800.767.6377
www.mersofmich.com

PUB 2919 (version 2024-02-21)