



***Defined Benefit Plan***  
*Member Handbook*



## Table of Contents

<b>Who is MERS?</b> .....	<b>3</b>	<b>Leaving Employment Before It's Time to Retire</b> .....	<b>12</b>
MERS Retirement Board .....	3	Your Personal Contributions .....	12
MERS Investments .....	3	Changing Jobs at Your Municipality .....	12
<b>A Closer look at the Defined Benefit Plan</b> .....	<b>4</b>	<b>Reaching the Ultimate Goal ~ Retirement</b> .....	<b>13</b>
Understanding the Defined Benefit Formula .....	4	Eligibility to Retire .....	13
Contributions .....	5	Early Retirement Benefits .....	14
Eligibility – Vesting .....	5	Early Reduced Retirement Option .....	14
Released Deferred Obligation .....	6	<b>Applying for Retirement</b> .....	<b>15</b>
Purchasing Additional Service Credit .....	6	Forms of Payment .....	15
Special Provisions For Our Military Members .....	7	<b>Benefit Estimate Sample</b> .....	<b>16-17</b>
<b>Naming Your Beneficiary</b> .....	<b>8</b>	<b>Life in Retirement</b> .....	<b>18</b>
Death Before Retirement ~ Active Employees .....	9	Cost of Living Adjustments (COLA) .....	18
Death Before Retirement ~ Terminated and Vested .....	10	<b>Taxability of MERS Benefits</b> .....	<b>19</b>
Additional Provisions (D2 and RS 50%) .....	10	Income Tax Withholding .....	19
Other Life Changes .....	10	<b>Helping You Prepare</b> .....	<b>20</b>
Disability .....	10	Service Center .....	20
Non-Duty Disability .....	10	Statements and Newsletters .....	20
Duty Disability .....	10	Seminars and Workshops .....	20
Disability Income Limitation .....	11	myMERS .....	21
Divorce .....	11	Regional Teams to Serve You .....	21
		<b>Survivor Beneficiary Option Factor Tables</b> .....	<b>22-23</b>

## Who is MERS?

The Municipal Employees' Retirement System (MERS) of Michigan is a statewide nonprofit organization that has helped provide safe, secure retirement plans for municipal employees for more than 65 years.

As a MERS Defined Benefit Plan member, you join more than 86,000 MERS participants all across the state, many of them your friends and family, your neighbors and coworkers.

The MERS Defined Benefit Plan gives you an important tool to help you reach your retirement goals, with a lifetime benefit from your employer. This handbook will help you understand your retirement plan, and point you to other important resources to help you along your way.

If you need assistance or additional information, our friendly staff is available by phone or personal consultations. Our online site, [mymers.mersofmich.com](http://mymers.mersofmich.com), provides you access to your account anytime, complete with up-to-date information, important forms, benefit calculators, and helpful tutorials.

Remember, the road to retirement is paved with preparation. We're here to help you prepare.

## 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, and 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.


## MERS Investments

Your financial security is our highest priority. We hold the fiduciary responsibility for the investment of all assets. Your future benefits are invested with MERS, and you benefit from more than 65 years of experience. We understand what drives the markets and offer a disciplined approach to investing. As long-term investors, we maintain a well-diversified portfolio and manage investment activity on a day-to-day basis.

It's important to understand, with a MERS Defined Benefit Plan, your future benefit doesn't fluctuate due to investment gains or losses in the market. Your benefit is based on the Defined Benefit Formula, which we detail in the next section.

## Log in to MERS online access

For online access to your retirement plan information anytime, create a free account at [mymers.mersofmich.com](http://mymers.mersofmich.com). It's easy to get started:

1. Visit [mymers.mersofmich.com](http://mymers.mersofmich.com)
2. Click "Register"
3. Complete the online form, and click the link emailed to you to activate your account
4. Log in and start using  MERS

# A Closer Look at the Defined Benefit Plan

Now that you know a little more about MERS, let’s talk about the benefits of the MERS Defined Benefit Plan — namely, how your pension is calculated using the benefit formula.

## Understanding the Defined Benefit Formula

The benefit formula is comprised of three components:

$$\text{Final Average Compensation} \times \text{Service Credit} \times \text{Benefit Multiplier} = \$ \text{Annual Benefit}$$

**Final average compensation (FAC)** is the average of either your highest consecutive three or five years of earnings. The two standard options your employer may adopt are an average of the highest consecutive 5-year (60 months) period of earnings or an average of the highest consecutive 3-year (36 months) period of earnings. We review your entire work history and pull the highest consecutive 36 or 60 months of wages, even if they are not the most current ones.

**Service credit** is the total amount of all your qualified periods of work (this can also include purchases of service credit). You earn service credit for each month of work that meets your employer’s requirement.

Employers may define their own requirements for a “month of service” but the standard definition of a qualified month is **10, eight-hour days**. Your employer can adopt a different standard month of service, such as 10, six-hour days per month or 80 hours per month. A day of work is determined by your employer, but it is typically considered eight working hours.

The **benefit multiplier** is the specific percentage that your employer adopts.

Standard Multiplier Options	Special Provisions
1.30%	N/A
1.50%	N/A
1.70%	N/A
2.00% with special provision	When the retiree qualifies for full Social Security, the multiplier is reduced to either 1.30%, 1.50%, or 1.70%
2.00%	N/A
2.25%	Benefit max is 80% of FAC – reached at 35.5 years of service
2.50%	Benefit max is 80% of FAC – reached at 32 years of service

You can find the benefit multiplier used with your plan — and much more — by logging in to myMERS at [myMERS at myMERS at \*myMERS.mersofmich.com\*](http://myMERS.mersofmich.com).

## Putting the Formula Into Practice

Mary J. Doe worked for the city full-time for 25 years; she has 25 years of service credit. The benefit multiplier in effect at her retirement was a 2% multiplier. Her final average compensation was \$35,000. To figure out what Mary's annual benefit will be, see the calculation.

FAC		\$35,000.00
Service Credit	x	25
Multiplier B-2 (2%)	x	.02
<hr/>		

Annual Straight Life Benefit =  $\$17,500.00 \div 12 = \$1,458.33$  (monthly Straight Life benefit)



### Eligibility—Vesting

Now that you have a general overview of how your MERS Defined Benefit is calculated, we will take a more in-depth look at how everything else works together.

**Vesting** is a required amount of service credit you must earn to be eligible for your retirement benefit.

Your employer has chosen a specific vesting schedule. There are standard vesting options: 10 years, eight years or six years. We outline retirement eligibility requirements on page 13.

There are other ways you can become vested, too:

1. Other MERS Service
2. Reciprocal Retirement Act – Act 88

#### 1. MERS-to-MERS Service

Other MERS Service is service you may have earned from another participating municipality. 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. The following points are general guidelines to keep in mind:

- **Your service cannot be concurrent**  
If you earn a month of service credit from two employers in the same calendar month, only one of the months of service can be used as eligible service.
- **You must have a minimum of one year of service credit**  
You must have a minimum of one year of service credit with a MERS employer in order to coordinate that service with any other MERS employers.
- **You must earn one year of service credit with your second MERS employer before you begin receiving retirement benefits from your first MERS employer in order to benefit from this**

- ***Your contributions must remain on deposit***  
If your employer requires employee contributions to your Defined Benefit Plan, they must remain on deposit with MERS.
- ***You cannot have a break of more than 20 years between MERS employers***  
A break in service between employments cannot be more than 20 years. If your second employer has adopted the Reciprocal Retirement Act (see next section), you may be eligible.

## 2. Reciprocal Retirement Act – Act 88

There is also another way to coordinate the service credit you have earned with other Michigan governmental retirement plans in order to qualify for a pension. In 1961, the State of Michigan enacted the Reciprocal Retirement Act, also known as Act 88. In general, this Act can help you if you have been enrolled in more than one Michigan governmental retirement plan, but fall short of pension eligibility with any or all of them. You can coordinate your service credit to help meet the vesting requirement (and in some situations, the retirement eligibility requirements).

This provision only applies if your employer(s) has adopted Act 88. To find out if you qualify for any benefits, please contact our Service Center. You may also find a complete listing of participating municipalities listed on our website at [www.mersofmich.com](http://www.mersofmich.com).

### ***Released Deferred Obligation***

If you have worked for two different MERS employers, you may request to purchase (transfer) service credit from your former MERS employer to the current one. You may also request that your former employer release their obligation to pay a retirement benefit and transfer the employer assets to your new employer. Certain conditions apply. Please contact us for more information.

### ***Contributions***

At many municipalities, employees are also required to contribute to their MERS Defined Benefit Plan. Here are some important points to remember about personal contributions:

- Employee contributions help employers fund your benefits.
- Your employer sets the rate for your contributions, and you can't contribute more (or less) than is required; adding additional contributions won't increase your benefit.
- Your contributions don't change your benefit formula, but they do help meet funding needs.
- Each calendar year, you'll receive an annual statement detailing your personal retirement benefits. All the contributions you make are posted to your account and interest is paid each December.

If you terminate employment, you can request a refund of your contributions (see page 12 for more information).

### ***Purchasing Additional Service Credit***

In addition to other MERS Service and Act 88 time, you can also purchase service credit (with the approval of your employer) to help meet an early retirement eligibility or to increase your pension. Unlike MERS-to-MERS or Act 88 time, purchased service credit cannot be used to reach vesting.

Is it a good idea to purchase additional service credit if you have the choice? There's no right or wrong answer. However, there are variables to keep in mind before you make any decisions. The cost to purchase service credit for each individual is based on many factors, some of which are age, projected earnings, benefit provisions, expected retirement date, etc. Here are some general points to remember when considering this option:

1. The governing body for your employer must approve all purchases.
2. Minimum purchase is one month.
3. You can purchase service credit any time during your employment, but it can't be used to meet your vesting requirement.
4. You can use the purchased service credit to increase your retirement payment and to meet early retirement eligibility requirements (see page 13).
5. You may be eligible to transfer assets from other accounts to make a payment for the purchase, such as: 457 Deferred Compensation Plans; 401 plans; 403(b) plans; and some IRAs (traditional, Roth, and SIMPLE).

There are two different types of service credit available for purchase; there is no difference in cost:

**Other Governmental service credit** can be purchased if you have worked as a full-time employee for another governmental agency (federal, state, local, or federally recognized Indian Tribal government) and are not going to receive a retirement benefit from them.

The following are key points to remember:

- You must provide verification of service from the governmental entity.
- You may purchase the full number of years worked (e.g., if you've worked 10 years, you can purchase 10 additional years).
- You cannot purchase service credit after a break of more than 20 years.

**Generic service credit** is service credit that you can purchase without actual "service performed."

Please remember:

- You may purchase a maximum of five years, which includes service credit purchased with other MERS employers.

## *To Purchase Service Credit*

- Request an estimate online at myMERS, [myers.mersofmich.com](http://myers.mersofmich.com), or by contacting the MERS Service Center at 800.767.2308
- Your estimate will be mailed to you
- Your estimate is good for 2 months
- Your estimate is free

## *Special Provisions For Our Military Members*

If you've been called into active duty or are thinking of joining a United States branch of armed services, we have a provision just for you. As a member of a participating municipality, you may receive service credit while you are on active duty, up to a maximum of six years. Even though

you do not purchase this service credit, you must make contributions on your average wage during your time away. You must also return to the same municipality within six months of your discharge date in order to receive this benefit.



## Naming Your Beneficiary

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 always remains up-to-date. You can name or change your beneficiary or update your contact information at [mymers.mersofmich.com](http://mymers.mersofmich.com).

There are three types of beneficiary designations: refund beneficiary, successor refund beneficiary and survivor beneficiary. Unless otherwise specified, your spouse is always your survivor and refund beneficiary. If your spouse chooses to waive their rights, it must be in writing.

**A refund beneficiary** is a person(s) who receives a lump sum refund of your accumulated contributions (plus interest) if you die before you are vested and eligible for your benefits. You may elect more than one refund beneficiary; they would each receive an equal portion of your contributions (if any) and interest earnings in one lump sum.

**A successor refund beneficiary** is a person(s) who receives a refund of your contributions (plus interest) if you and your named refund beneficiary die before you are vested and eligible to receive your benefits. You may name more than one successor refund beneficiary; they would each receive an equal portion of your contributions (if any) and interest earnings in one lump sum.

**A survivor beneficiary** is one person who would receive a lifetime benefit if you are vested and die before you are eligible to receive your benefits. This person must have an insurable interest in your life. Insurable interest refers to a person who would suffer a financial loss as a result of your death. Immediate family members that are considered to have insurable interest are your spouse, children, siblings, parent, grandparent, or grandchild. If there is a person (other than those listed here) who depends on you for significant financial support and you feel they have an insurable interest, you must submit the form Affidavit Affirming Existence of Insurable Interest (Form 46) to MERS for approval.

**Important Notes:** MERS does not allow you to name a trust, estate or any other legal entity as a survivor beneficiary. You may, however, name one of these as a refund or successor refund beneficiary.

If you decide to change your beneficiary designation for any reason, you will need to fill out the MERS Beneficiary Change Request (Form 21).



## *Death Before Retirement ~ Active Employees*

If you should die while you are still working, it can have an impact on your family's financial security. To help ease this burden, it's important to know how your beneficiaries are protected.

If you are still an active member at the time of your death, your beneficiary may be entitled to either a refund of your contributions or a monthly death benefit. There are two terms used when describing death benefits – non-duty death and duty death.

A **non-duty death** is a death that is due to a non-work related condition or event.

Here are a few points you should know about non-duty death:

1. You must be vested for your beneficiary to receive a monthly benefit.
2. The surviving spousal beneficiary will receive the greater of a lifetime benefit of at least 85% of the Defined Benefit formula OR the survivor benefit payment option.
3. If you do not have a surviving spouse or other named survivor beneficiary, unmarried children under 21 would be eligible to equally share a total of 50% of your Straight Life benefit.
4. If you do not have a surviving spouse, a survivor beneficiary with insurable interest would be eligible to receive a percentage of your accrued Straight Life benefit.
5. If you are not vested, your beneficiary would receive a refund of your employee contributions. If you did not contribute, there is nothing to refund.

A **duty death** is a death that happens as the direct result of an injury or illness arising out of the actual performance of your assigned work duties.

Here are a few points you should know about duty-death:

1. You do not need to be vested.
2. Your spouse will automatically receive a minimum of 25% of your final average compensation.
3. If you do not have a surviving spouse or other named survivor beneficiary, unmarried children under 21 will equally share a total of at least 25% of your final average compensation.
4. If you are vested, a named survivor beneficiary with insurable interest will be eligible to receive a percentage of your accrued Straight Life benefit.
5. If you are not vested and do not have a spouse or unmarried children, your beneficiary may apply for a refund of your employee contributions. If you did not contribute, there is nothing to refund.

## *Death Before Retirement ~ Terminated and Vested*

If you decide to terminate your employment but die before your retirement benefits start, your beneficiary may be entitled to a monthly benefit.

1. Your spouse or survivor beneficiary is eligible to begin receiving benefits when you would have been eligible for a retirement benefit – this is usually age 60.
2. If there is no spouse or named survivor beneficiary, unmarried children under 21 would be eligible to begin receiving benefits immediately. Each child would equally share a portion of your benefit until age 21 or marriage.

## *Additional Provisions*

**Program D-2** is an employer-adopted benefit that enhances your retirement allowance in the event of a duty death or duty disability. When adopted, this benefit adds up to an additional 10 years of service credit, not exceeding a maximum of 30 years.

## *Find Beneficiary Forms and More Online at MERS*

Your online myMERS account, [mymers.mersofmich.com](http://mymers.mersofmich.com), has all the forms you need in order to designate your beneficiary, and shows you the benefits and provisions of your plan. Any changes to your information (address, deaths, etc.) should be updated with MERS immediately by using myMERS, or by calling 800.767.2308.

**RS 50%** is an employer-adopted benefit that allows your spouse to receive 50% of your Straight Life benefit upon your death without your benefit having a reduction. To be eligible, you must be married to your spouse for at least one year before you retire, and still be married at the time of your death.

## *Other Life Changes*

### *Disability*

If you happen to reach a point in your career where an injury or illness prohibits you from working, you may need to apply for a disability retirement pension. Disability benefits are subject to approval by MERS.

There are two types of disability retirement: Non-duty disability and duty disability. Either you or your employer may apply for disability retirement benefits. Applications must be filed within one year of your “cease to be paid” date. A cease to be paid date is usually the last date you earn wages.

#### *Non-Duty Disability*

Non-duty disability is an injury or illness that is not caused by a work-related incident. In order to be eligible for this type of disability, you must be vested. The monthly pension payment is calculated using the Defined Benefit formula. (To review, please see page 4.)

#### *Duty Disability*

Duty disability is an injury or illness that is the “natural and proximate result” of a work-related cause. Generally speaking, your illness or injury must be the direct result of a work-related cause. For this type of disability, you do not need to be vested. The monthly pension payment will be a minimum of 25% of your final average compensation.

## Disability Income Limitation

When you receive a disability pension benefit from MERS, there is an income limitation on the amount of considered income you may earn (in addition to your MERS pension) before your pension amount is reduced. Your income limitation is 100% of your final average compensation (FAC) and is calculated at the time of your retirement. Your considered income is any additional income you receive from other sources. Some examples are Social Security disability benefits; workers' compensation; short and long term disability benefits; sick and accident benefits; and/or any employment-including self-employment.

If the money you earn exceeds your income limitation, your pension amount will be reduced dollar for dollar in excess of your limitation. This limitation usually stays in effect until you turn age 60. Some key items to keep in mind are:

- You must notify MERS of changes in your income as they occur.
- Failure to notify MERS of income changes may result in a reduction of monthly pension payments and repayment of pension overpayment.

## Applying for Disability

To receive disability benefits, you'll need to meet certain requirements. Here's how to apply:

1. Complete the Application for Disability Retirement (Form 51), available at [mymers.mersofmich.com](http://mymers.mersofmich.com), or by calling the MERS Service Center at 800.767.2308.
2. You will need to submit current medical records to MERS with your application, including two separate Physician's Statements. Please review the form instructions for details. Duty disability applicants need to include a copy of Employer's Basic Report of Injury and all documents relating to worker's compensation.
3. Return your completed form and required documentation to us. When your documentation is received, we will work with you in scheduling an Independent Medical Examination (IME).
4. After MERS receives the physician's report, MERS approves or denies the disability application. You will be notified by letter of our determination.

## Divorce

Divorce is a life-changing event that can impact your financial future. In the event of a divorce, many issues will need to be addressed. Quite often, your retirement benefits can make up a substantial portion of your income. Your retirement benefit is considered marital property and your spouse may be entitled to a portion of your benefit.

The State of Michigan enacted the Eligible Domestic Relations Order – also known as EDRO – to help protect the marital property

rights of individuals. Under this law, your former spouse may be eligible to receive payments from your retirement benefit.

If you find yourself in the process of a divorce, please contact MERS before you begin any settlement discussions. We will provide you with a sample EDRO. Your attorney may also find this information helpful during the process.

Please note: We will need a copy of the *entire* Judgment of Divorce.

## *Leaving Employment Before It's Time to Retire*

Now, what happens if you decide to leave your job before you've reached your retirement age? Your options depend on whether or not you are vested, and how much service credit you have acquired. Here are a few things to keep in mind:

1. If you leave employment but have at least one year of service credit, you may defer your benefits until you meet the age requirements.
2. If you are not vested when you terminate your employment, you have up to 20 years to go to work for another MERS employer to earn the additional service credit you need to become vested. (See **MERS-to-MERS Service** and **Reciprocal Retirement Act** on page 6.)
3. If you make employee contributions, you may have some additional options.

### *Your Personal Contributions*

If you terminate employment, you may also request a refund. Requesting a refund means you will receive a refund of **your contributions** and interest. You do not receive any contributions that were made by your employer. Once you request a refund, you forfeit your service credit and any associated benefits.

You can expect a refund to take approximately 30 days after your employer reports your final wages and contributions to MERS. You will also need to fill out a Refund Application (Form 24). There may be early withdrawal penalties as well as federal income tax withholding charges.

## *Changing Jobs at Your Municipality*

### *Standard Transfer Rules*

Under the Standard Rules, if you transfer from one division at your municipality to another division, you must participate in the open, active plan of the new division. For example, if you're a MERS Defined Benefit member transferring to a division with the MERS Defined Contribution or Hybrid Plans, the new division's plan will become your new retirement plan. Certain conditions apply. If you do change jobs at your municipality, you'll need to complete the appropriate transfer member certification (Forms 35 B-C) and return it to your employer. For more information, please read the Standard Transfer Rules under the Forms section at [mymers.mersofmich.com](http://mymers.mersofmich.com), or call us at 800.767.2308.

### *Alternate Transfer Rules*

Your municipality may have adopted MERS Alternative Transfer Rules, which would offer you a choice to stay in your previous retirement plan, or to join the new plan. Please ask your employer for more information about what transfer rules apply.



## Log into MERS Online Access

For online access to your retirement plan information anytime, create a free account at [mymers.mersofmich.com](http://mymers.mersofmich.com). It's easy to get started:

1. Visit [mymers.mersofmich.com](http://mymers.mersofmich.com)
2. Click "Register"
3. Complete the online form, and click the link emailed to you to activate your account
4. Log in and start using  MERS

## Reaching the Ultimate Goal ~ Retirement

Are you dreaming of the day when you can finally retire? Whether your retirement is right around the corner or several years down the road, it's never too early to start planning.

### Eligibility to Retire

You can begin receiving retirement benefits when you reach the age and service requirements under your plan provisions. If you are vested, the standard **retirement age is 60**. Your employer may

also have adopted an early retirement provision, which means you may begin receiving your **full, unreduced** benefits **before age 60** if you meet the requirements.

### *Early Retirement Benefits*

Your municipality may also adopt one of three early retirement benefits. These options allow employees to retire before age 60 with a full, unreduced benefit. Ask your employer or log in to your account at [myers.mersofmich.com](http://myers.mersofmich.com) to see if you qualify.

#### **F50 Benefit**

Allows employees to retire at age 50 with either 25 or 30 years of service.

#### **F55 Benefit**

Allows employees to retire at age 55 with 15, 20, 25 or 30 years of service.

#### **F(N) Benefit**

Has no age requirement and allows retirement options with 20 through 30 years of service.

### *Early Reduced Retirement Option*

If you are hoping to retire early but are not eligible under the listed provisions, you may have another option. You may be able to retire with a **permanently reduced** benefit.

There are two requirements to keep in mind:

1. Age 55 with a minimum of 15 years of service credit
2. Age 50 with a minimum of 25 years of service credit

The reduction is a half percent for each month you are under your normal retirement age, usually age 60.



## *Taking Early Retirement?*

You can retire early without a special provision from your employer, provided you meet certain conditions. You will also permanently reduce your benefit by a ½ percent per month that you are younger than your municipality's normal retirement age, usually age 60.

### *Let's look at an early retirement example*

Jane wants to retire at age 58½ after 16 years at the city. If she waited until the normal retirement age of 60, her benefit would be \$20,000 each year, and \$1,666 each month. If she retires at 58½, her benefit would be reduced by this equation:

$$\text{\$20,000} \times .09 \text{ (18 months early} \times \text{½ percent per month)} = \text{\$1,800}$$

Jane's new retirement benefit would be \$18,200 annually (\$20,000-\$1,800) and \$1,516 monthly.



## Applying for Retirement

When you meet the age and service requirements, you're ready to start the retirement process.

Here's how to get started:

- Complete the Application for Service Retirement (Form 29a) within 45-90 days of your anticipated retirement date and submit to MERS. You can also start the retirement process at [mymers.mersofmich.com](http://mymers.mersofmich.com) by clicking on "myDefined Benefit" in the left navigation and then "Apply for Age/Service Retirement" in the right-hand navigation.
- We'll send you all the necessary paperwork to complete and return to us, as well as a benefit estimate (see example on next page.)
- A benefit estimate will be sent to you (see example on next page).
- All retirements are effective the 1st of the month following your last day of employment or the first of the month following MERS receipt of your retirement application, whichever is later.
- All retirement payments are directly deposited the 18th of every month unless that falls on a holiday or weekend, in which case payments are transferred the first business day prior.

## Forms of Payment

When you retire, you will be able to choose the form of payment that works for you. Your available options are:

1. **Straight Life** — highest monthly payment paid for your lifetime, with no monthly survivor benefits.
2. **Life with 100%, 75%, or 50% to survivor** — a reduced monthly benefit that provides a chosen percentage to one beneficiary for life if you die. If your beneficiary predeceases you, your payment reverts to the Straight Life payment for the rest of your life. Your beneficiary cannot be changed after you retire.
3. **Life with 20, 15, 10, or 5 year period certain** — provides a monthly benefit to you as long as you live. If you die before the period certain ends, your beneficiary(ies) receives your payment until the period certain ends.

Please see the Survivor Beneficiary Option Factor tables on pages 22-23 for more information.

## Receiving Benefits

When you're eligible, you'll begin receiving direct deposit payments on the 18th of each month. These pension payments are subject to federal and some state taxes. Note: Please select your form of payment carefully; it may not be changed.

## Benefit Estimate Sample

The sample benefit estimate shows information the way it will be reported to you upon request. To view an “unaudited” (unofficial) copy of your benefit estimate, log into myMERS or call the Service Center at 800.767.2308.

### Benefit Estimate Page 1

Your final calculation may be different based on changes in wages, benefits or service credit. This estimate should NOT be considered a final calculation.

<b>Member Data:</b>	<b>John Doe</b>	<b>Beneficiary Data:</b>	Jane Doe
Social Security Number:	XXX-XX-1234	Type:	Survivor
Date of Birth:	8/1/1960	Social Security Number:	XXX-XX-4321
Gender:	Male	Date of Birth:	9/1/1961
Age at Retirement:	55 years 0 months	Gender:	Female
		Relationship to Member:	Spouse
		Age At Retirement:	53 years 11 months
<b>Retirement Date:</b>	<b>8/1/2015</b>	Employer:	City of Testville (5105)
Termination Date:	7/31/2015	Division:	Fire (05)
Retirement Status:	Age And Service		
Calculation Type:	Estimate	<u>Member Contributions = \$127,836.47</u>	
		Post-tax=\$45,402.89; Pre-tax=\$73,092.51; Interest=\$9,341.07	
<b>Annual FAC:</b>	\$45,000.00	<b>Service</b>	
Wages Reported Through:	5/31/2010	Prior Service	13 years 1 month
<b>Benefit Program Information</b>		Membership	5 years 5 months
Benefit B-3 (80% max)		Purchased-NV	2 years 4 months
Benefit F55 (With 30 Years of Service)		Projected	5 years 2 months
Benefit FAC-5 (5 Year Final Average Compensation)		<b>Benefit Total</b>	<b>26 years 0 months</b> (used in formula)
10 Year Vesting		Act 88	2 years 0 months
* E2 COLA Benefit		Other MERS	2 years 0 months
		<b>Eligibility Total</b>	<b>30 years 0 months</b> (to meet eligibility)
<b>* This benefit is not in effect at the time of the calculation (11/3/2010)</b>			
<b>Straight Life Formula</b>			
<b>\$45,000.00 x 26 x 2.25 % = \$26,325.00 ÷ 12 = \$2,193.75</b>			
Beneficiary Option Formula: Straight Life Monthly Benefit x Factor = Benefit			
<b>Payment Options</b>	<b>Factors</b>	<b>At 8/1/2015 (55 years 0 months)</b>	
Straight Life	1.00000	\$2,193.75	
Option II 100 percent to survivor	0.89633	\$1,966.32	
Beneficiary Benefit		\$1,966.32	
Option IIA 75 percent to survivor	0.92018	\$2,018.64	
Beneficiary Benefit		\$1,513.98	
Option III 50 percent to survivor	0.94533	\$2,073.82	
Beneficiary Benefit		\$1,036.91	
Option IV 5 years certain	0.99630	\$2,185.63	
Option IV 10 years certain	0.98563	\$2,162.23	
Option IV 15 years certain	0.96895	\$2,125.63	
Option IV 20 years certain	0.94837	\$2,080.49	
<ul style="list-style-type: none"> <li>Calculation reflects 2 years of Act 88 service with the State of Michigan and 2 years of other MERS service with the City of Everywhere. (This additional time is being used to meet the service eligibility requirements for the F55/30 benefit in effect.)</li> </ul>			

Please note: Your final calculation may be different based on changes in wages, benefits or service credit. The estimate should NOT be considered a final calculation.



**Beneficiary Payment Information**

If the member passes away before his/her beneficiary(s), the beneficiary's monthly payment amount is:

Payment Options	At 8/1/2015
Straight Life – Lump sum refund of member contributions if there are any remaining at time of death	\$0.00
Option II – Beneficiary receives 100% of the benefit the member was receiving through his/her lifetime	\$1,966.32
Option IIIa – Beneficiary receives 75% of the benefit the member was receiving through his/her lifetime	\$1,513.98
Option III – Beneficiary receives 50% of the benefit the member was receiving through his/her lifetime	\$1,036.91
Option IV 5 yrs. Certain – If member passes away before expiration of certain period, beneficiary(s) receives 100% of the member's benefit until certain period ends	\$2,185.63 until 8/1/2020
Option IV 10 yrs. Certain – If member passes away before expiration of certain period, beneficiary(s) receives 100% of the member's benefit until certain period ends	\$2,162.23 until 8/1/2025
Option IV 15 yrs. Certain – If member passes away before expiration of certain period, beneficiary(s) receives 100% of the member's benefit until certain period ends	\$2,125.63 until 8/1/2030
Option IV 20 yrs. Certain – If member passes away before expiration of certain period, beneficiary(s) receives 100% of the member's benefit until certain period ends	\$2,080.49 until 8/1/2035

**DEFINITION OF TERMS**

**MEMBER DATA** --Your Social Security number, date of birth, age at retirement date and gender.

**BENEFICIARY DATA** -- Your beneficiary's name, Social Security number, date of birth, age of beneficiary at your retirement, gender, and relationship to you. If you have multiple beneficiaries on file, there should be a notation at the bottom of the page.

**RETIREMENT DATA**

Retirement Date: This is your effective date of retirement. There are no prorated benefits between termination and retirement date.  
 Termination Date: The date on which employment was terminated.  
 Retirement Type: Age and Service (normal retirement); Duty or Non-Duty Disability; Duty or Non-Duty Death.  
 Type of Data submitted: Estimate; Preliminary (preliminary pension benefit); Final (final pension benefit).

**MEMBER CONTRIBUTIONS**

Post-tax Contributions: Contributions already taxed when you made them while working.  
 Pre-tax Contributions: Contributions not taxed when you made them while working.  
 Interest Earnings: Interest earnings on your contributions.

**ANNUAL FAC (Final Average Compensation)**

Average of your highest consecutive 3 or 5 years of earnings with this employer.  
 Earnings through: Earnings reported through this date were used in calculation of your FAC.

**BENEFIT PROGRAM**

This section will identify the benefits in effect for your employee group:

- Multiplier (B-1, B-2, etc.)
- Benefit maximum of 80% of FAC (for multipliers 2.25% and higher).
- Number of years used to calculate FAC (3 or 5).
- Vesting requirements (6, 8, or 10 years).
- Early retirement eligibility benefits (F50, F55, F(N)).
- Cost of living benefit E-2.

**SERVICE**

Prior Service: Service credited before becoming member of MERS.  
 Membership Service: Service accrued after becoming member of MERS.  
 Purchased Service: Generic, other governmental or military purchases of service credit. Some other governmental purchases may be used for vesting requirements.  
 Projected Service: Future years/months of employment up to termination date.  
 Act 88: Service credit with another Michigan governmental retirement system used to meet retirement eligibility requirements.  
 Other MERS: Service credit with another MERS employer used to meet retirement eligibility requirements.  
 Vesting Only: Service credit with this employer used to meet retirement eligibility requirements.  
 Frozen Benefit: Service credit with this employer used to meet retirement eligibility requirements.

**CHANGE AGE:**

Applicable only to C-2 benefit program and/or disability retirement. Reflects age at which there is a change in the amount of the retirement benefit.

## *Life in Retirement*

There are plenty of financial factors to consider before retiring, which is often the number one deciding factor on when to retire. That means budgeting, and factoring in the cost of living and inflation.

### *Cost-of-Living Adjustments*

A cost of living adjustment (COLA) is an annual increase that is either a part of your benefit package or is given by your employer to its retirees. There are four types of COLA options:

1. **Traditional 2% COLA** (for current retirees)  
The Traditional 2% COLA is a compounded 2% increase per year back to the date of the last adoption, or date of retirement (whichever is latest).
2. **Flexible E COLA** (for current retirees)  
The Flexible E COLA allows municipalities to choose the compounded percentage and number of years to apply the increase (or a flat dollar amount for a specified period).

3. **E-1 COLA** (for current retirees)  
The E-1 COLA provides for an automatic annual adjustment of 2.5%. This COLA is cumulative, not compounded. The annual increase is applied on January 1st and is always a 2.5% increase to the retiree's base retirement benefit. Retirees must be on the pension payroll for at least six months (retired on or before July 1st).
4. **E-2 COLA** (for future retirees)  
The E-2 COLA is identical to the E-1 COLA, except that the E-2 provides a COLA for future retirees at your municipality, not current retirees.

Please note: For both the Traditional 2% and the Flexible E COLA benefits, retirees must be on pension payroll for at least one year to be eligible to receive the COLA benefits.

## *Working in Retirement:*

### *Rehiring at Your Municipality*

If you retire and later decide to return to the workplace, your pension benefits can be affected under certain conditions. There are no restrictions if you are hired anywhere other than the municipality you retired from.

If you rehire at the municipality you retired from, certain rules apply:

- You must have a true retirement before returning to work
  - There must be at least 30 days between retirement date and rehire date, per IRS rules
  - Cannot pre-arrange your rehiring
- You are allowed to work a maximum of 720 hours in a calendar year before your benefits are suspended.
- If you are elected to a new position, you are exempt from the 720 hours rule
- If you are re-elected to a position, there must be a two-year lapse of employment from your effective retirement date



## *Taxability of MERS Benefits*

### *Income Tax Withholding*

Federal income tax and, under certain conditions, state tax is required on your MERS pension, with the exception of any post-tax employee contributions that may have been made.

You choose how you want your taxes to be withheld at the time of your first payment. You may change your tax choice at any time. Please see the Pension Recipient's Federal Income Tax Withholding Authorization (Form 31).

Each January, MERS will mail to you or your beneficiary the 1099-R form necessary to file your income tax. It will have your Gross distribution, Taxable amount, Federal (and state, if applicable) income tax withheld, Employee contributions (if you contributed to your pension), and type of benefit being paid (retirement, disability, beneficiary, refund). First-year retirees will have their total amount of post-tax contributions.

## *Helping You Prepare for Retirement*

At MERS, we want you to be prepared for retirement, not just ready to retire. Whether you're just getting started in your career, or you're close to retirement already, we offer many tools and resources to help you plan for the years ahead.

### *Statements and Newsletters*

You'll receive an annual member statement at the beginning of every year, detailing your retirement account and current service credit. We'll also send you the quarterly *Active Outlook* newsletter, which keeps you up-to-date on all the topics important to MERS and your retirement plan.

Once retired, MERS will send you a quarterly statement about your account. You will also receive a copy of the *Retiree News*, full of important information about MERS, your benefits, and the issues affecting you. You can also log in to your account at [mymers.mersofmich.com](http://mymers.mersofmich.com) to find up-to-date information about your MERS retirement 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 at 800.767.2308.

### *Seminars and Workshops*

Whether you're in the middle of your career and need help preparing for retirement, or you're ready to retire, we're here to help. MERS has a variety of seminars and workshops available to meet your needs.

All of our seminars and workshops are offered at different times and locations throughout the year. Please visit [mymers.mersofmich.com](http://mymers.mersofmich.com) to register or for more information, contact the Service Center.



## myMERS Online Access

Now you have up-to-the-minute information about your retirement when you want it, by creating a free account at [mymers.mersofmich.com](http://mymers.mersofmich.com). The portal offers all your account information, online calculators and other tools to help you stay on the right retirement track, including:

The screenshot shows the myMERS Member Portal interface. At the top, it says "myMERS Member Portal" and "Welcome Jack Sparrow | Logout". The main content area is titled "Summary" and includes the following information:

- Retirement Type: Age And Service
- Retirement Age: 62
- Retirement Date: 8/2/2021
- Total Used (Months): 26 years 7 months
- Total Used (Days/Years): 26 years 7 months
- Projected Service: 20 years 7 months
- Final Average Compensation: \$63,343.44
- Change Age Date:
- Change Rate:

Below the summary is a "Results" table:

Retirement Option	Factor	Retirement at Average Age	Retirement at Retirement Age
Straight Life	1.00000	\$3,517.27	\$0.00
Option B 100 percent to survivor	0.87864	\$2,798.86	\$2,798.86
Option B 75 percent to survivor	0.89973	\$2,460.88	\$2,130.82
Option B1 50 percent to survivor	0.92864	\$2,438.94	\$1,458.44
Option B2 5 years certain	0.92557	\$1,513.81	\$0.00
Option B3 10 years certain	0.92286	\$1,599.06	\$0.00
Option B4 15 years certain	0.91832	\$1,678.32	\$0.00
Option B5 20 years certain	0.91215	\$1,876.71	\$0.00

Below the table is a "Benefit Formulas" section:

Straight Life:  $\$63,343.44 \times 26 \text{ years} \times 5.01\% = \$87,047.27 \div 25 =$   
 Formula:  $\$3,517.27$

- Download current forms
- Account information
- Defined benefit estimate calculation
- Wage and service information from employers
- Ability to view and change contact information
- Find seminar details
- Access other useful retirement planning information and calculations

## Regional Teams to Serve You

We pride ourselves in offering excellent customer service. We have teams of specialists dedicated to specific regions in Michigan. We also work with your employer to hold meetings at your work site, at times that are best for you. Our staff can offer guidance and one-on-one consultations.

# Survivor Beneficiary Option Factor Tables

Use these tables to determine how much your Straight Life benefits will be reduced by selecting each beneficiary payment option:

## 100% to Survivor

		Beneficiary Age												
		45	47	49	51	53	55	57	59	61	63	65	67	69
Retiree Age	50	0.91667	0.92074	0.92494	0.92915	0.93353	0.93794	0.94230	0.94648	0.95067	0.95472	0.95865	0.96238	0.96599
	51	0.90939	0.91361	0.91806	0.92251	0.92712	0.93185	0.93653	0.94103	0.94555	0.94993	0.95422	0.95821	0.96221
	52	0.90160	0.90599	0.91067	0.91534	0.92027	0.92522	0.93021	0.93510	0.93994	0.94464	0.94926	0.95371	0.95798
	53	0.89331	0.89793	0.90276	0.90774	0.91288	0.91813	0.92341	0.92861	0.93383	0.93894	0.94388	0.94867	0.95340
	54	0.88443	0.88920	0.89425	0.89944	0.90488	0.91050	0.91606	0.92163	0.92714	0.93263	0.93808	0.94318	0.94836
	55	0.87505	0.87996	0.88522	0.89062	0.89633	0.90214	0.90806	0.91398	0.91995	0.92582	0.93165	0.93726	0.94275
	56	0.86500	0.87013	0.87551	0.88118	0.88708	0.89323	0.89950	0.90576	0.91207	0.91839	0.92458	0.93068	0.93668
	57	0.85445	0.85961	0.86527	0.87113	0.87729	0.88369	0.89028	0.89687	0.90360	0.91035	0.91698	0.92344	0.92992
	58	0.84323	0.84859	0.85435	0.86048	0.86688	0.87360	0.88051	0.88741	0.89455	0.90170	0.90876	0.91565	0.92259
	59	0.83159	0.83706	0.84301	0.84920	0.85585	0.86288	0.87009	0.87738	0.88480	0.89244	0.89989	0.90732	0.91481
	60	0.81936	0.82494	0.83097	0.83741	0.84428	0.85152	0.85902	0.86667	0.87456	0.88247	0.89051	0.89843	0.90633
	61	0.80655	0.81222	0.81850	0.82509	0.83218	0.83962	0.84739	0.85540	0.86363	0.87199	0.88049	0.88889	0.89729
	62	0.79332	0.79908	0.80543	0.81216	0.81945	0.82717	0.83519	0.84345	0.85211	0.86089	0.86983	0.87869	0.88767
	63	0.77958	0.78544	0.79194	0.79879	0.80619	0.81418	0.82245	0.83102	0.84000	0.84919	0.85854	0.86794	0.87748
	64	0.76551	0.77145	0.77801	0.78499	0.79258	0.80064	0.80923	0.81812	0.82739	0.83698	0.84684	0.85664	0.86683
	65	0.75103	0.75704	0.76365	0.77075	0.77843	0.78673	0.79555	0.80474	0.81430	0.82426	0.83449	0.84491	0.85549

## 75% to Survivor

		Beneficiary Age												
		45	47	49	51	53	55	57	59	61	63	65	67	69
Retiree Age	50	0.93618	0.93935	0.94263	0.94590	0.94930	0.95272	0.95609	0.95931	0.96254	0.96565	0.96866	0.97152	0.97427
	51	0.93047	0.93378	0.93726	0.94073	0.94433	0.94800	0.95163	0.95511	0.95860	0.96197	0.96527	0.96833	0.97139
	52	0.92434	0.92779	0.93147	0.93513	0.93899	0.94284	0.94673	0.95053	0.95427	0.95790	0.96146	0.96488	0.96815
	53	0.91779	0.92144	0.92525	0.92917	0.93321	0.93731	0.94144	0.94548	0.94954	0.95350	0.95731	0.96100	0.96463
	54	0.91075	0.91453	0.91853	0.92264	0.92692	0.93133	0.93570	0.94005	0.94434	0.94861	0.95283	0.95677	0.96076
	55	0.90327	0.90718	0.91137	0.91566	0.92018	0.92476	0.92942	0.93407	0.93874	0.94331	0.94784	0.95220	0.95644
	56	0.89522	0.89933	0.90363	0.90816	0.91285	0.91773	0.92268	0.92762	0.93257	0.93752	0.94235	0.94709	0.95174
	57	0.88672	0.89088	0.89543	0.90013	0.90506	0.91015	0.91539	0.92061	0.92592	0.93122	0.93642	0.94146	0.94650
	58	0.87763	0.88198	0.88664	0.89157	0.89672	0.90211	0.90763	0.91311	0.91877	0.92442	0.92997	0.93538	0.94080
	59	0.86814	0.87261	0.87744	0.88247	0.88784	0.89351	0.89930	0.90512	0.91104	0.91710	0.92299	0.92884	0.93471
	60	0.85811	0.86270	0.86763	0.87289	0.87848	0.88435	0.89040	0.89656	0.90287	0.90918	0.91557	0.92184	0.92806
	61	0.84754	0.85223	0.85741	0.86282	0.86862	0.87469	0.88100	0.88748	0.89411	0.90081	0.90760	0.91429	0.92093
	62	0.83654	0.84134	0.84661	0.85218	0.85819	0.86452	0.87108	0.87780	0.88482	0.89191	0.89909	0.90617	0.91332
	63	0.82505	0.82996	0.83539	0.84110	0.84724	0.85384	0.86065	0.86768	0.87500	0.88246	0.89002	0.89757	0.90520
	64	0.81318	0.81820	0.82372	0.82958	0.83593	0.84263	0.84976	0.85709	0.86471	0.87254	0.88055	0.88848	0.89668
	65	0.80088	0.80599	0.81160	0.81761	0.82408	0.83104	0.83840	0.84604	0.85394	0.86214	0.87051	0.87899	0.88756

### 50% to Survivor

		Beneficiary Age												
		45	47	49	51	53	55	57	59	61	63	65	67	69
Retiree Age	50	0.95653	0.95873	0.96101	0.96327	0.96562	0.96797	0.97030	0.97250	0.97471	0.97683	0.97889	0.98083	0.98270
	51	0.92434	0.95486	0.95728	0.95969	0.96218	0.96472	0.96723	0.96962	0.97201	0.97432	0.97657	0.97866	0.98074
	52	0.94825	0.95067	0.95325	0.95580	0.95848	0.96116	0.96384	0.96646	0.96904	0.97153	0.97397	0.97631	0.97854
	53	0.94365	0.94622	0.94890	0.95164	0.95446	0.95732	0.96018	0.96298	0.96578	0.96851	0.97113	0.97366	0.97614
	54	0.93867	0.94135	0.94417	0.94706	0.95006	0.95315	0.95619	0.95922	0.96219	0.96514	0.96805	0.97076	0.97349
	55	0.93336	0.93615	0.93912	0.94214	0.94533	0.94855	0.95181	0.95506	0.95831	0.96148	0.96461	0.96761	0.97053
	56	0.92762	0.93055	0.93362	0.93684	0.94016	0.94360	0.94709	0.95055	0.95401	0.95746	0.96081	0.96409	0.96730
	57	0.92151	0.92451	0.92777	0.93131	0.93464	0.93825	0.94196	0.94563	0.94936	0.95307	0.95669	0.96020	0.96369
	58	0.91495	0.91810	0.92146	0.92501	0.92869	0.93254	0.93646	0.94035	0.94434	0.94831	0.95220	0.95597	0.95974
	59	0.90805	0.91131	0.91482	0.91845	0.92232	0.92639	0.93053	0.93468	0.93888	0.94316	0.94731	0.95141	0.95551
	60	0.90071	0.90407	0.90768	0.91151	0.91556	0.91981	0.92416	0.92858	0.93308	0.93756	0.94208	0.94650	0.95086
	61	0.89292	0.89638	0.90019	0.90416	0.90840	0.91282	0.91739	0.92206	0.92682	0.93162	0.93644	0.94118	0.94586
	62	0.88475	0.88832	0.89223	0.89635	0.90077	0.90541	0.91020	0.91508	0.92015	0.92525	0.93038	0.93543	0.94049
	63	0.87614	0.87983	0.88389	0.88814	0.89270	0.89757	0.90257	0.90771	0.91304	0.91845	0.92389	0.92930	0.93474
	64	0.86719	0.87098	0.87515	0.87955	0.88429	0.88928	0.89456	0.89996	0.90554	0.91126	0.91707	0.92279	0.92866
	65	0.85781	0.86172	0.86599	0.87053	0.87541	0.88064	0.88614	0.89181	0.89764	0.90366	0.90978	0.91593	0.92212

### 5, 10, 15, 20 Year Period Certain

		Guaranteed Period			
		5	10	15	20
Retiree Age	50	0.99798	0.99222	0.98320	0.97100
	51	0.99778	0.99127	0.98107	0.96748
	52	0.99749	0.99013	0.97847	0.96340
	53	0.99710	0.98878	0.97574	0.95892
	54	0.99680	0.98731	0.97259	0.95394
	55	0.99630	0.98563	0.96895	0.94837
	56	0.99578	0.98353	0.96478	0.94220
	57	0.99516	0.98119	0.96025	0.93549
	58	0.99432	0.97842	0.95509	0.92799
	59	0.99356	0.97547	0.94945	0.91993
	60	0.99257	0.97206	0.94332	0.91115
	61	0.99145	0.96826	0.93650	0.90154
	62	0.99018	0.96414	0.92916	0.89126
	63	0.98876	0.95951	0.92128	0.88023
	64	0.98719	0.95463	0.91267	0.86854
	65	0.98533	0.94930	0.90349	0.85609



Municipal Employees' Retirement System of Michigan  
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This publication contains a summary description of MERS benefits, policies or procedures. MERS has made every effort to ensure that the information provided is accurate and up to date as of 11/17/11. If this publication conflicts with the relevant provisions of the Plan Document, the Plan Document Controls. MERS, as a governmental plan, is exempted by state and federal law from registration with the SEC. However, it employs registered investment advisors to manage the trust fund in compliance with Michigan Public Employee Retirement System Investment Act. Past performance is not a guarantee of future returns. Please make independent investment decisions carefully and seek the assistance of independent experts when appropriate.

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