



Ready to Retire

Learn about the Defined Benefit Retirement Process

Presented by Dave Bernier, MERS Benefit Education Specialist



About MERS

- MERS is an independent, professional retirement services company that serves municipal members across the state of Michigan
- We are a nonprofit that is governed by an elected board that is committed to accountability and transparency

BY THE NUMBERS



Michigan counties represented



municipalities enrolled in MERS programs



participants



in combined total assets

An Independent Elected Board

Three Officer Members:

Officers of a participating municipality, elected by membership

Three Employee Members:

Non-officers of a participating municipality, elected by members

Two Expert Members:

With experience in retirement system or investment management, appointed by the Board

One Retiree Member:

Retiree of the system, appointed by the Board



MERS Retirement Board

is responsible for administration of the system with fiduciary responsibility for the investment of assets and oversight.

Understanding the DB Formula

MERS Defined Benefit Plan

- Gives you an important resource to help reach your retirement goals
- Provides you with a lifetime benefit that does not fluctuate due to investment gains or losses
- Benefit is made up of three components

Final Average
Compensation

X

Service Credit

X

Benefit
Multiplier

=

\$ Annual Benefit

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\$ Annual Benefit

MERS Defined Benefit Formula

Final Average
Compensation

X

Service Credit

X

Benefit
Multiplier

=

Annual Benefit

Final Average Compensation (FAC)

- Average of the highest consecutive wages earned over a period determined by employer
- Compensation is defined by your employer

Finding Your FAC in myMERS


Member Portal

We


- Home
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- myDefined Benefit
- myDB Calculator
- myHCSP
- my457
- Forms
- Calculators
- Glossary
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Summary
Beneficiary
Employment
Payment
Calculation

- Summary
- History
- Wages/FAC
- Service
- Contributions

Need Help?

- For a lump sum payment, you must include your Final Average Compensation (FAC), it must be attributable to the FAC period. (Example: If you earn 80 hours of vacation pay per year, over a three-year FAC period, you could include a maximum of 240 hours (80 X 3) of vacation payout in your FAC calculation.)
- Numbers in tables are rounded to whole dollars for display purposes
- The shaded region represents the months and amounts that were used to calculate your current estimated FAC Amount

Final Average Compensation (FAC)

FAC Months: 36 months
Estimated FAC: \$61,284.84

FAC Earnings

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2014	4,650	4,650	4,650	4,650	6,974	4,650	4,650	4,650	4,650	6,974	4,650		\$55,794
2013	4,603	4,603	4,603	4,603	6,905	4,603	4,921	4,650	4,650	6,974	4,650	4,650	\$60,416
2012	4,536	5,765	4,603	4,603	6,905	4,603	4,603	4,603	4,603	4,603	6,905	4,603	\$60,940
2011	4,339	4,534	4,469	4,469	4,469	6,704	4,469	5,034	4,469	4,469	4,469	6,704	\$58,601
2010	4,196	4,213	4,213	4,213	4,213	4,213	6,319	4,213	4,485	4,339	4,339	6,509	\$55,465
2009	3,998	4,010	4,317	4,130	4,130	4,130	6,195	4,130	4,130	4,130	4,130	6,195	\$53,627
2008	2,672	3,817	3,817	3,817	3,817	3,817	5,725	3,817	4,120	3,931	3,931	5,897	\$49,178

MERS Defined Benefit Formula



Service Credit

- Earned each month of work that meets employer's requirements
- Service credit reported to MERS by your employer
- You can view service credit history through myMERS
- Includes any service credit purchases

Finding Service Credit in myMERS

myMERS Member Portal

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Summary | Beneficiary | **Employment** | Payment | Calculation

Summary
History
Wages/FAC
Service
Contributions

The information shown... benefits, wages and service credit must be individually verified by MERS staff. This information sho... s of retirement, please contact MERS if you would like an audited estimate of your benefits.

— *Refunded Service* —

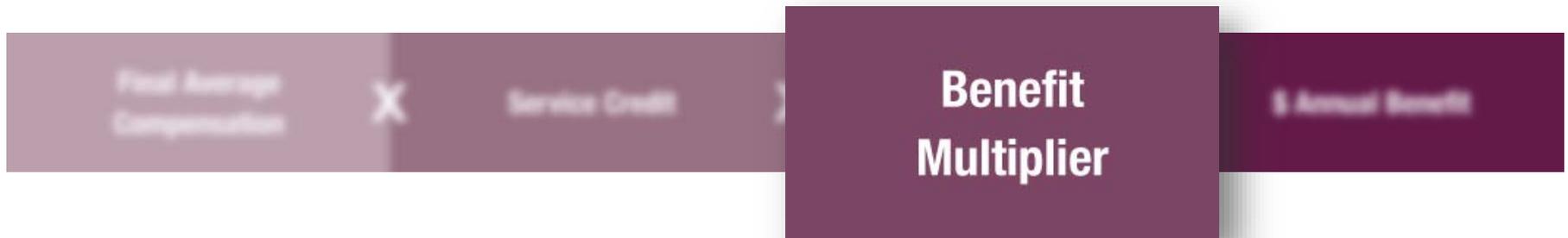
i Service By Month

- Service Credit is reported monthly from 01/1998 forward
- Prior to that date service credit was reported quarterly
- Only monthly service credit is displayed here

— *Service by Month* —

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	Yes	No										
2013	Yes											
2012	Yes											
2011	Yes											
2010	Yes											
2009	Yes											
2008	Yes											

MERS Defined Benefit Formula



Benefit Multiplier

- Specific percentage adopted by employer for each division
- Multipliers range from 1.0% to 2.50%
- Benefit maximum of 80% of Final Average Compensation for multipliers at 2.25% or more

Meet Jane



**Final Average Compensation
\$45,000**

Service Credit of 25 years

2.0% Benefit Multiplier

**Annual Straight Life benefit*
\$22,500**

**Monthly Straight Life benefit*
\$1,875**

*Maximum benefit at retirement with no benefit to beneficiary

Beneficiaries Before Your Retirement

Survivor Beneficiary

- If you're married, your spouse is always the beneficiary unless they waive their rights
 - If you're not married, your beneficiary can be anyone (child, grandchild, sibling, other family, etc.)
- Entitled to lifetime income, based on the Defined Benefit formula
- Primary beneficiary is entitled to a one time lump sum payment of your contributions upon the death of you and your survivor beneficiary

Designating Beneficiaries in Retirement

- At the time of retirement, you can designate your survivor beneficiary
 - If you're married, your spouse is always the beneficiary unless they waive those rights in writing
 - A beneficiary cannot be changed for options that provide a lifetime benefit to your beneficiary and you may only choose
- Some benefit payment options allow multiple beneficiaries

Finding your Beneficiary

myMERS Member Portal

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Summary Beneficiary Employment Payment Calculation

Need Help

Your actual retirement eligibility date may be different based on changes in benefits or service credit. The date shown assumes future uninterrupted service credit.

Summary

Employer: [REDACTED]
myProjected Service: [REDACTED]
myEstimated FAC: [REDACTED]
myEstimated Retirement Date: [REDACTED]
myEstimated Monthly Benefit: [REDACTED]
myCurrent Service: [REDACTED]

myBenefit Provisions In Effect as of 4/27/2015

Benefit Program: Benefit B-3 (80% max)
Final Average Compensation: Benefit FAC-3 (3 Year Final Average Compensation)
Vesting: 6 Year Vesting
EE Rate: Member Contribution Rate 4.00%
Other Provisions: Benefit F55 (With 30 Years of Service)
E2 2.5% COLA for future retirees (01/01/2005)

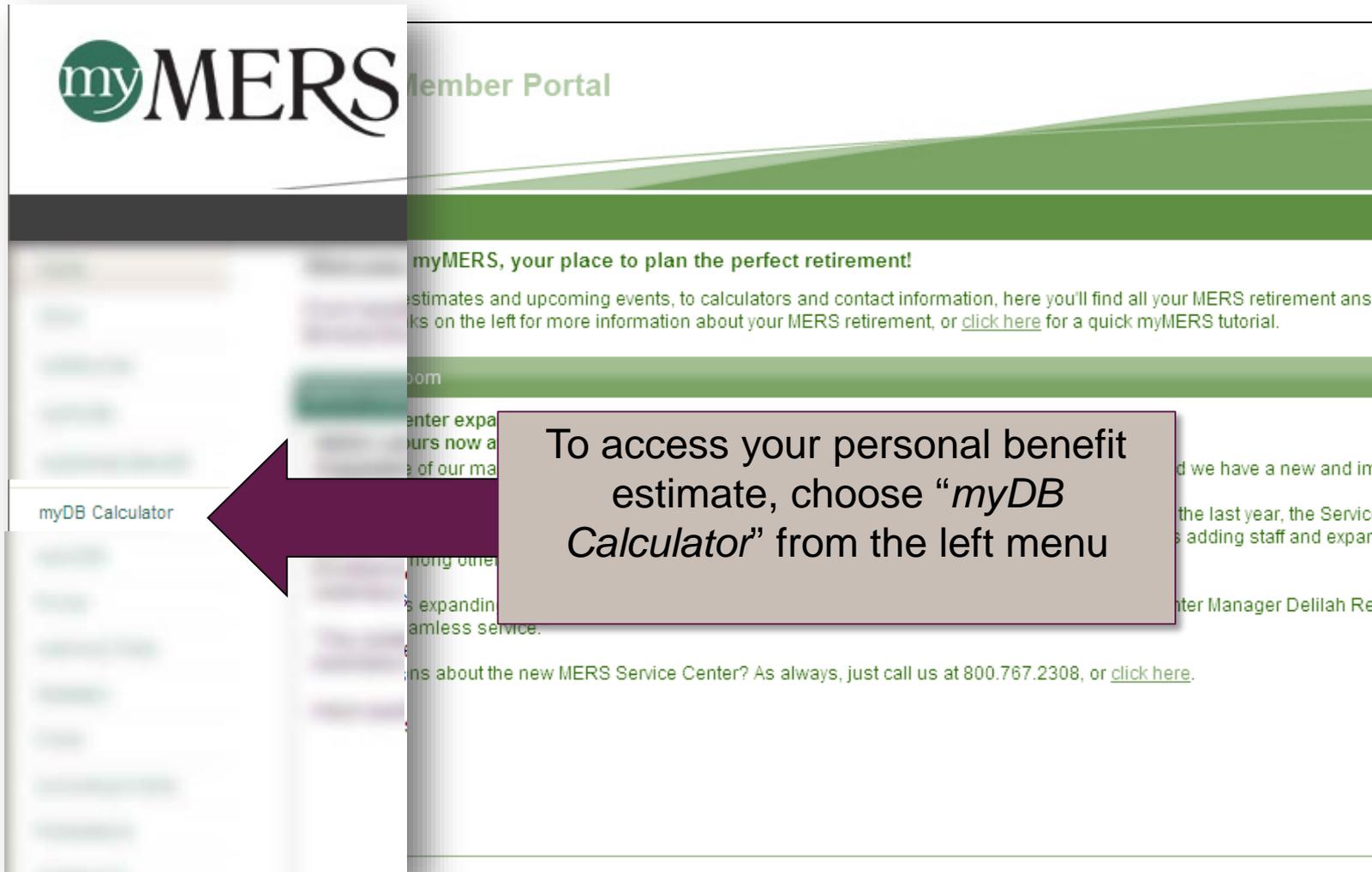
myContributions

Pre-Tax: [REDACTED]
Post-Tax: [REDACTED]
Interest: [REDACTED]
Total: [REDACTED]

myBeneficiary

Primary: [REDACTED]
Contingent: [REDACTED]
Survivor: [REDACTED]

Accessing Your Benefit Statement



The image shows a screenshot of the myMERS Member Portal. The top left corner features the myMERS logo. Below the logo, the text "Member Portal" is visible. The main content area includes a heading "myMERS, your place to plan the perfect retirement!" followed by a paragraph: "estimates and upcoming events, to calculators and contact information, here you'll find all your MERS retirement and links on the left for more information about your MERS retirement, or [click here](#) for a quick myMERS tutorial." A sidebar menu is visible on the left, with the "myDB Calculator" option highlighted. A purple arrow points from a text box to this menu item.

myMERS Member Portal

myMERS, your place to plan the perfect retirement!

estimates and upcoming events, to calculators and contact information, here you'll find all your MERS retirement and links on the left for more information about your MERS retirement, or [click here](#) for a quick myMERS tutorial.

myDB Calculator

To access your personal benefit estimate, choose "myDB Calculator" from the left menu

Calculating Your Personal Benefit

Calculator
Results
History

Save Calculation
Need Help ?

i Your actual retirement eligibility date may be different based on changes in benefits or service credit. The date shown assumes future uninterrupted service credit will be earned until retirement.

Summary

Retirement Type: Age And Service
 Member Age: 55
 Retirement Date: 4/1/2039
 Total Used Vesting: 31 years 3 months
 Total Used Eligibility: 31 years 3 months
 Total Used Benefit: 31 years 3 months
 Projected Service: 24 years 4 months
 Final Average Compensation: \$61,284.84
 Change Age Date:
 Change Age:

Reports

Retirement Allowance Schedule - Regular 

Earnings History 

Benefit Formulas

Straight Life Formula $\$61,284.84 \times 31.25 \times 2.25\% = \$43,090.90 \div 12 = \$3,590.91$

Results

Payment Option	Factors	Allowance At Change Age	Beneficiary Allowance
Straight Life	1.00000	\$3,590.91	\$0.00
Option II 100 percent to survivor	0.95544	\$3,430.90	\$3,430.90
Option IIA 75 percent to survivor	0.96621	\$3,469.57	\$2,602.18
Option III 50 percent to survivor	0.97721	\$3,509.07	\$1,754.54
Option IV 5 years certain	0.99630	\$3,577.62	\$3,577.62
Option IV 10 years certain	0.98563	\$3,539.31	\$3,539.31
Option IV 15 years certain	0.96895	\$3,479.41	\$3,479.41
Option IV 20 years certain	0.94837	\$3,405.51	\$3,405.51

Applying for Retirement

Applying for Retirement

1 Submit MERS Application for Service Retirement

Complete the application 45 – 90 days before desired retirement date

May I submit my application outside of the suggested 45 – 90 day window?

- It's important we have your information during this time for you to receive your benefit on time
- Not allowing enough time may cause a delay in receiving your benefit and too much time could result in inaccurate information during application process

Applying for Retirement

- 2 We begin processing your application**
It can take up to six weeks to review your file and begin processing your information

What is happening when MERS is processing my application?

During this time, we are reviewing your application and verifying important information provided by you and your employer. We may also need additional information from you to proceed. It is important that we have your most up-to-date contact information.

Applying for Retirement

- 3 Your preliminary benefit calculation estimate is sent**
We'll send a personalized Retirement Allowance Schedule that will provide your preliminary calculation of benefits and a letter confirming your retirement elections

Why is this called a preliminary benefit calculation estimate?

Your benefit can fluctuate until your final date of employment. Until your final wages are reported to MERS by your employer, your benefit is considered preliminary.

Choosing How to Receive your Benefit



Straight Life Option

- Highest benefit at retirement
- Benefit applies only to retiree (no beneficiaries)



Life with 100%, 75% or 50% to Survivor

- A benefit for retiree and survivor
- Reduction for retiree based on both life expectancies
- If survivor beneficiary predeceases retiree, retiree reverts to Straight Life benefit



Life with 20, 15, 10, 5 years certain

- Retiree receives benefit for life
- If retiree dies before the period ends, the beneficiary(s) equally share in the benefit until the period ends
- Multiple beneficiaries allowed

Applying for Retirement

4 Enjoy your retirement!

Your retirement date will be the first day of the month following your termination date, or the first day of the month following MERS receipt of your completed retirement forms and information, whichever is later.

What is the difference between termination date and retirement date?

Your termination date is the last day in which you are compensated. Your retirement date will always be the first of the month following your termination. For example, if you terminate on July 23, your retirement date will be August 1 and your first benefit payment will be August 18.

How You Will Receive Your Benefit

- Funds will be direct deposited in your bank account on the 18th of each month
- If the 18th falls on a weekend or holiday, funds will be deposited on the business day prior
- Once your employer has reported your final wage and service information, we will review and recalculate your benefit
- Your pension may increase with a one-time retroactive adjustment, based on your final calculation

Living in Retirement

In retirement, you'll receive a quarterly statement of your benefit, which also includes important information and updates about your benefits

Pension & Taxes

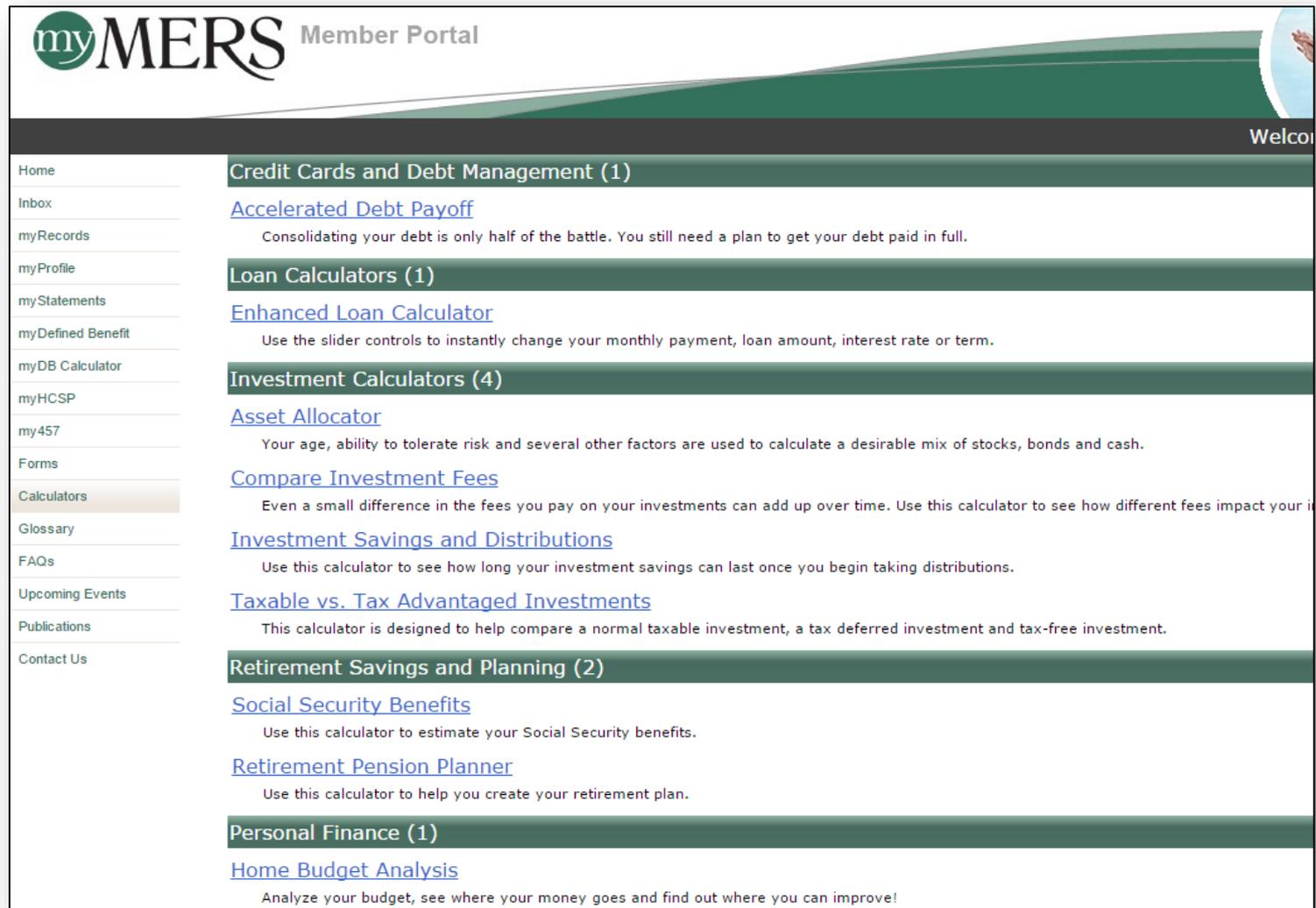
- Each January, MERS will mail you a 1099-R form, which is necessary to file your income tax
- Your pension is subject to applicable federal and state taxes
- You choose how you want taxes to be withheld

Finances in Retirement

Social Security

- You may be eligible for Social Security benefits
- You may want to consider what age you can collect your benefits
 - *Generally*, the longer you wait, the larger your benefits may be
- You may apply for Social Security online, by phone, or by mail
- Visit www.ssa.gov for more information

Helpful Online Calculators



The screenshot displays the myMERS Member Portal interface. On the left is a vertical navigation menu with the following items: Home, Inbox, myRecords, myProfile, myStatements, myDefined Benefit, myDB Calculator, myHCSP, my457, Forms, Calculators (highlighted), Glossary, FAQs, Upcoming Events, Publications, and Contact Us. The main content area is titled "Member Portal" and "Welcome". It features several sections of calculators, each with a sub-header and a brief description:

- Credit Cards and Debt Management (1)**
 - [Accelerated Debt Payoff](#)

Consolidating your debt is only half of the battle. You still need a plan to get your debt paid in full.
- Loan Calculators (1)**
 - [Enhanced Loan Calculator](#)

Use the slider controls to instantly change your monthly payment, loan amount, interest rate or term.
- Investment Calculators (4)**
 - [Asset Allocator](#)

Your age, ability to tolerate risk and several other factors are used to calculate a desirable mix of stocks, bonds and cash.
 - [Compare Investment Fees](#)

Even a small difference in the fees you pay on your investments can add up over time. Use this calculator to see how different fees impact your i
 - [Investment Savings and Distributions](#)

Use this calculator to see how long your investment savings can last once you begin taking distributions.
 - [Taxable vs. Tax Advantaged Investments](#)

This calculator is designed to help compare a normal taxable investment, a tax deferred investment and tax-free investment.
- Retirement Savings and Planning (2)**
 - [Social Security Benefits](#)

Use this calculator to estimate your Social Security benefits.
 - [Retirement Pension Planner](#)

Use this calculator to help you create your retirement plan.
- Personal Finance (1)**
 - [Home Budget Analysis](#)

Analyze your budget, see where your money goes and find out where you can improve!

Calculating Social Security Benefits

Calculate

View Report

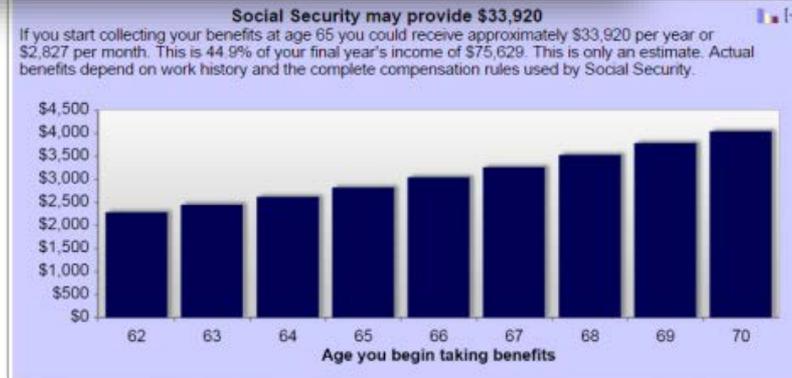
Social Security Benefits

Social Security Inputs:

Current age:	<input type="text" value="50"/>	20	36	53	70
Age of retirement:	<input type="text" value="65"/>	62	64	67	70
Household income:	<input type="text" value="\$50,000"/>	\$0	\$10k	\$100k	\$1m
Expected salary increase:	<input type="text" value="3%"/>	0%	6%	13%	20%
Expected rate of inflation:	<input type="text" value="3%"/>	0%	6%	13%	20%

Married: Check here to include non-working spouse

ur Social Security benefits. Remember, this is



Your Resources

Statements, Newsletters, and Publications

- Annual member statements highlight your personal benefit
- *Retiree News* newsletter

Group Meetings

- Group presentations and one-on-one consultations at municipality during business hours or any time convenient for employees
- *Pizza & Planning* offered at different times and locations throughout the year

Online Calculators

- You can access online calculators to personalize your finances

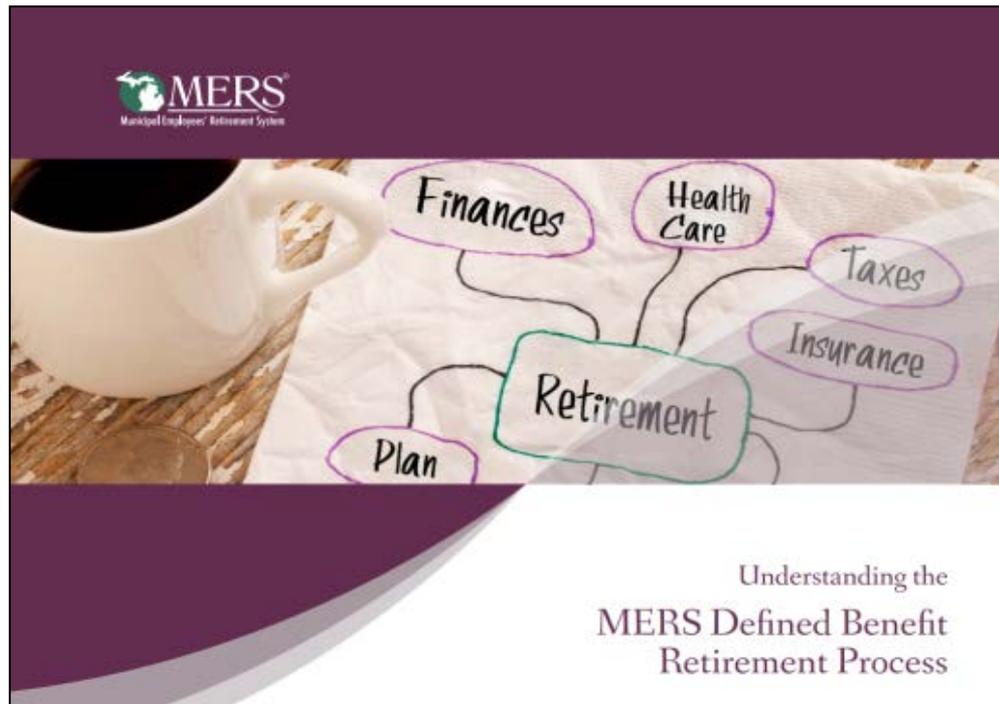
Service Center

- Available weekdays by phone



Additional Resources

You can find the MERS Defined Benefit Process Book online at www.mersofmich.com.

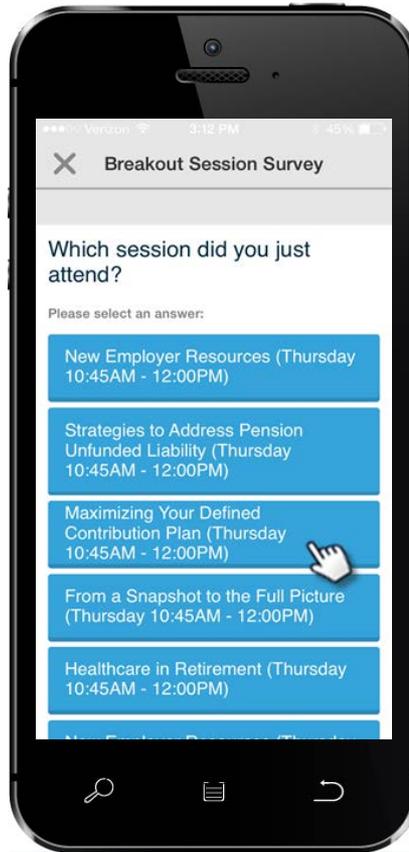


Please Complete a Session Survey!



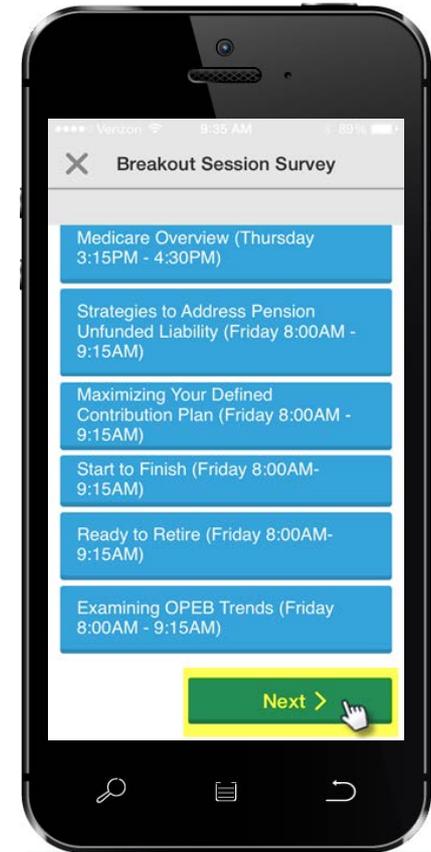
Step 1:

Locate and access the "Breakout Session Surveys" Icon



Step 2:

Select the date and time of the session you just attended



Step 3:

Scroll down and click "Next" to complete the survey

MERS of Michigan

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

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This presentation 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. Where the publication conflicts with the relevant Plan Document, the Plan Document controls.

