

Crossing the Finish Line

An Overview of the DB Retirement Process

Presented By: *Ryan Heintz*

PLANNING
RETIREMENT
TOGETHER FOR

70
YEARS



Agenda

- Understanding the Defined Benefit Formula
- Selecting Your Beneficiaries
- Other Information Available in myMERS
- Applying for Retirement
- Available Resources

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Understanding the Defined Benefit Formula

MERS Defined Benefit Plan

- Provides career employees 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

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
- Your specific benefit provisions can be found in myMERS

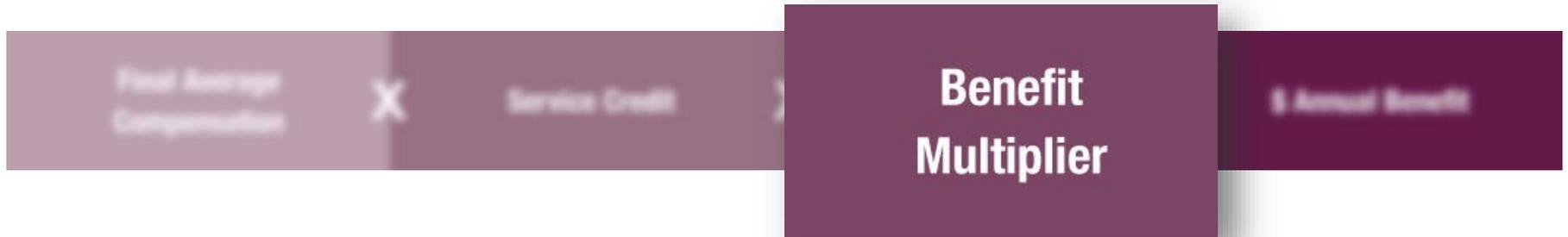
MERS Defined Benefit Formula



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

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

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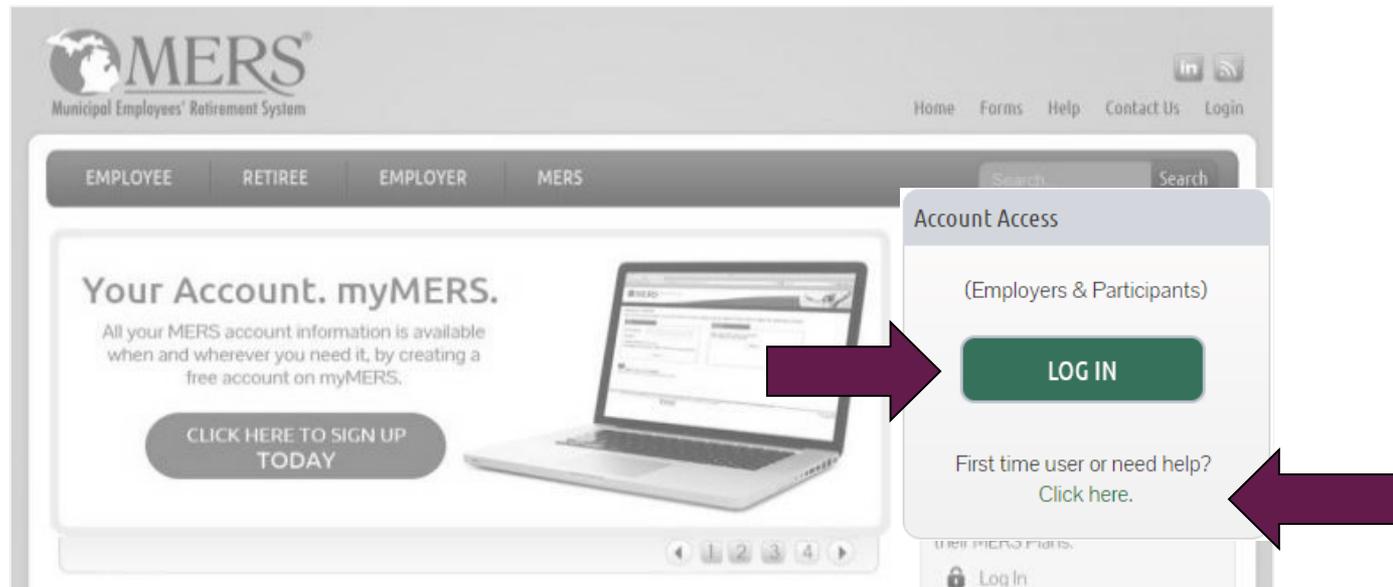


Understanding Your Benefit

Logging into myMERS

Visit MERS Website

1. If this is your first time logging in, or you need assistance, click on **“First Time User or Need Help?”** link
2. If you already have an account, click on the **“Log In”** button



Locating Your Defined Benefit Plan in myMERS

myMERS: Home

Select Plan

Please select a Plan

- Sample City HCSP
- Sample City 457
- Sample City Defined Benefit



GET THE FULL PICTURE RETIREMENT READINESS

Events

Whether you're close to retirement, looking for ways to save money for retirement, or trying to understand your retirement plan better, we have events to suit your needs.



Pizza & Planning Events for Participants



Quick Bites Webinars for Participants

Finding Your FAC in myMERS



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Summary Beneficiary **Employment** Payment Calculation

Summary
History
Wages/FAC
Service
Contributions

i Your actual retirement will be earned until retirement. The date shown is based on changes in benefits or service credit. The date shown is based on changes in benefits or service credit. The date shown is based on changes in benefits or service credit.

Summary

Employer: [REDACTED]
Projected Service: 29 years 3 months
Current FAC: [REDACTED]
myEstimated Retirement Date: 9/1/2041
myCurrent Service: [REDACTED]

myBenefit Provision

Benefit Program: Be
Final Average Compensation: Be
Vesting: 6
EE Rate: Me
Other Provisions: Be
E2
(0)

Finding Your FAC in myMERS



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Summary Beneficiary Employment Payment Calculation



- For a lump sum payout to be included in your Final Average Compensation (FAC), it must be attributable to the FAC period. (Example: If you have 80 hours of vacation time per year, and you have a three-year FAC period, you could include a maximum of 240 hours (80 X 3) of vacation pay 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
Estimated FAC: \$5,041

— FAC Earnings —

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	5,300	5,429	8,143	5,429	5,429	5,429	5,429					
2015	5,102	5,142	5,142	7,713	5,142	5,142	5,142	5,142	5,142	7,713	5,142	5,142
2014	5,041	5,041	5,041	5,041	7,562	5,041	5,041	5,041	5,041	7,562	5,041	5,041
2013	4,846	5,202	4,992	4,992	7,487	4,992	4,992	4,992	5,164	7,562	5,041	5,041

Finding Service Credit in myMERS



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Summary Beneficiary **Employment** Payment Calculation

Summary
History
When FAC

Service

i Your actual retirement will be earned until retirement on changes in benefits or service credit. The date shown

Summary

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Finding Service Credit in myMERS



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Summary Beneficiary Employment Payment Calculation



The information shown here is estimated / unaudited --- benefits, wages and service credit must be individually verified by MERS staff. be considered a final calculation. If you are within five years of retirement, please contact MERS if you would like an audited estimate o

Refunded Service



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
2016	Yes	No	No	No	No	No						
2015	Yes											
2014	Yes											
2013	Yes											

Accessing Your Benefit Statement



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Summary Beneficiary Employment Payment Calculation



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

Summary

Employer: [REDACTED]
Projected Service: 29 years 3 months
Current FAC: [REDACTED]
myEstimated Retirement Date: 9/1/2041
myCurrent Service: [REDACTED]

myBenefit Prov

Benefit Program: [REDACTED]
Final Average Compensation: [REDACTED]
Vesting: [REDACTED]
EE Rate: [REDACTED]
Other Provisions: [REDACTED]

myContributions

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

myBeneficiary

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

Calculating Your Personal Benefit



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Summary Beneficiary Employment Payment Calculation



Your actual retirement eligibility date may be different based on changes in benefits or service will be earned until retirement.

Summary

Employer: [REDACTED]
Projected Service: 29 years 3 months
Current FAC: [REDACTED]
myEstimated Retirement Date: 9/1/2041
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Other

Calculating Your Personal Benefit



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Calculator Results History

Calculation Options

Retirement Date: * The retirement date will default to the 1st of the Month

Beneficiary: ▼

FAC: * Your final average compensation (FAC) being shown in t

Current Membership Service: Years Months

Benefit Multiplier: 2.25% (80% of FAC Maximum Benefit Applies)

*Information entered by user and shown for illustration purposes only.



Please note the benefit may be subject to a maximum percent of the FAC.

Benefit Estimate Example



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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: 60
 Retirement Date: 9/1/2041
 Total Used Vesting: 35 years 0 months
 Total Used Eligibility: 35 years 0 months
 Total Used Benefit: 35 years 0 months
 Projected Service: 25 years 0 months
 Final Average Compensation: \$70,000.00
 Change Age Date:
 Change Age:

Reports

- Retirement Allowance Schedule - Regular
- Earnings History

Benefit Formulas

Straight Life Formula $\$70,000.00 \times 35 \times 2.25\% = \$55,125.00 \div 12 = \$4,593.75$

Results

Payment Option	Factors	Allowance At Change Age	Beneficiary Allowance
Straight Life	1.00000	\$4,593.75	\$0.00
Option II 100 percent to survivor	0.88811	\$4,079.76	\$4,079.76
Option IIA 75 percent to survivor	0.91367	\$4,197.17	\$3,147.88
Option III 50 percent to survivor	0.94074	\$4,321.52	\$2,160.76
Option IV 5 years certain	0.99377	\$4,565.13	\$4,565.13
Option IV 10 years certain	0.97718	\$4,488.92	\$4,488.92
Option IV 15 years certain	0.95390	\$4,381.98	\$4,381.98
Option IV 20 years certain	0.92687	\$4,257.81	\$4,257.81

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Selecting Your Beneficiaries

Beneficiaries Before Your Retirement

- If you die **before vesting** and there is not a monthly benefit
- You can name one or more persons to receive a refund of any employee contributions that you may have
- If you are married, your spouse is automatically your ***Primary Beneficiary***
 - If you wish to name someone other than, or in addition to, your spouse, your spouse must sign off
- In the event there is no remaining Primary Beneficiary(ies) at the time of your death, you may designate one or more person(s) as a ***Contingent Beneficiary(ies)***

Beneficiaries Before Your Retirement

- If you die **after vesting** there is a monthly benefit available to one beneficiary
- Your ***Survivor Beneficiary*** will receive a lifetime monthly benefit
 - If you are married, this is automatically your spouse unless they waive those rights in writing

Designating Beneficiaries in Retirement

- At the time of retirement, you can re-designate your ***Survivor Beneficiary***
 - Again, if you're married, your spouse is always the beneficiary unless they waive those rights in writing
 - If you choose, the Life with 100%, 75% or 50% to Survivor payment option, you cannot change your beneficiary
- Some benefit payment options allow multiple beneficiaries

Finding your Beneficiary



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Summary

Beneficiary

Employment

Payment

Calculation



Your actual retirement eligibility date may be different based on changes in benefits or service will be earned until retirement.

— Summary —

Employer:	[REDACTED]	Ben
Projected Service:	29 years 3 months	Fin
Current FAC:	[REDACTED]	Con
myEstimated Retirement Date:	9/1/2041	Ves
myCurrent Service:	[REDACTED]	EE F
		Oth

— myContributions —

Finding Your Beneficiary



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Summary Beneficiary Employment Payment Calculation

Beneficiaries (3)

	Effective Date	Name	National ID	Birth Date	Gender	Beneficiary Type
	6/11/2012	[REDACTED]	[REDACTED]	[REDACTED]	Female	DB Contingent
	6/11/2012	[REDACTED]	[REDACTED]	[REDACTED]	Male	DB Primary
	6/11/2012	[REDACTED]	[REDACTED]	[REDACTED]	Male	DB Survivor

Beneficiary Address

[REDACTED]

Applying for Retirement

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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

Financial Resource Center



Knowledge is power. No matter where you are in life, the more you know about handling your finances, the better your chances of reaching your goals — whatever they may be. A new car...your first home...college for the kids...a fulfilling and financially secure retirement. The Financial Resource Center has the information and tools you need. To get started, find your place on the timeline below and click to connect.

Financial Resource Center

Your link to managing your finances.



Imagine AGE 20-30

Connect me. ▶



Prepare AGE 30-50

Connect me. ▶



Anticipate AGE 50-65

Connect me. ▶



Realize AGE 65+

Connect me. ▶

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Realize AGE 65+



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You've reached the magic age! Whether you're already retired or thinking about it, your life is changing. Retirement can be a rewarding and fulfilling time of life. To make the most of the years ahead, you'll need some new financial management skills.

The Financial Resource Center provides you with information to help you master the financial strategies you need at this point in your life. To learn about successfully managing your money in retirement, investing for today and for the future, keeping taxes at a minimum, and planning your legacy, just follow the links below.

▶ [Living Well in Retirement](#)

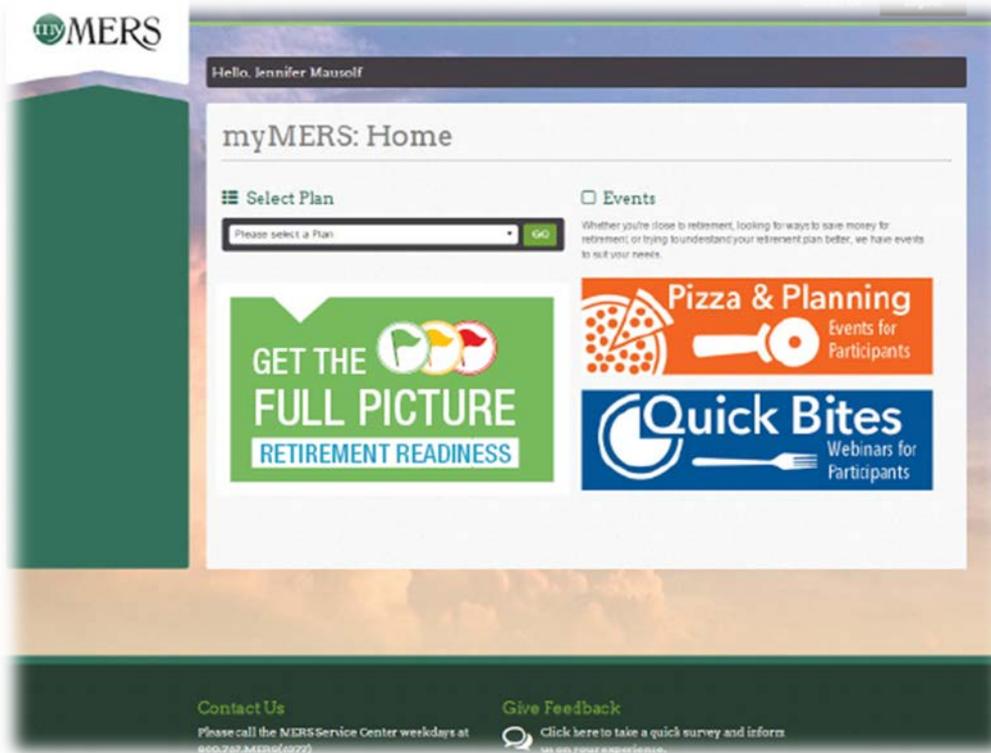
▶ [Tax Planning](#)

▶ [Investing Your Money](#)

▶ [Legacy Planning](#)

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Get the Full Picture



Online Full Picture Builder *Powered by GuidancePlus*

- Within the Full Picture report builder, you have the ability to customize your retirement goals and add in spouse information and non-MERS retirement accounts to create a "Full Picture" of your retirement readiness
- The Full Picture report builder is secure – only you will have access to the information within the report

Your Resources

Statements, Newsletters, and Publications

- Annual 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

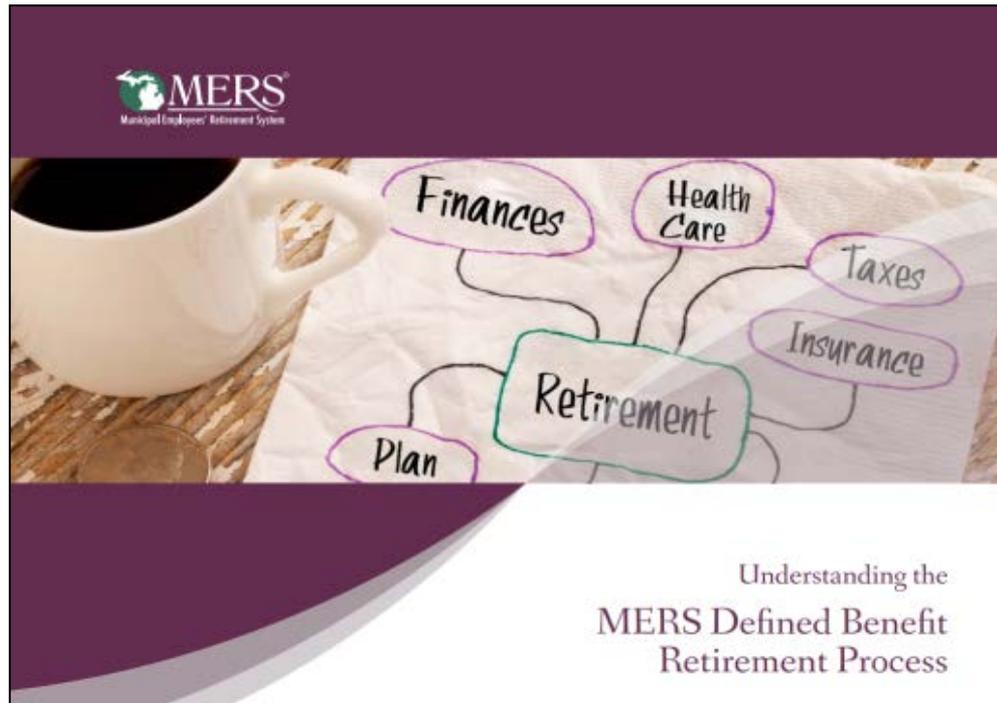
- You can access online calculators to personalize your finances

Service Center

- Available weekdays by phone

Additional Resources

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



Contacting MERS

MERS of Michigan
1134 Municipal Way
Lansing, MI 48917

Phone: 800.767.6377
www.mersofmich.com

LET'S GET SOCIAL!

