

## Subject: Health Care Savings Program Welcome (again) Re-enrollment Coming Soon

Dear

As a participant in the MERS Health Care Savings Program (HCSP), you are enrolled in a tax-free program that allows you to save for post-employment medical expenses. The HCSP was established 15 years ago and, since that time, our investment options have evolved. To ensure you take full advantage of all that MERS offers, we would like to welcome you, again, to the program with a re-enrollment.

### What is a Re-enrollment?

As your program's fiduciary, MERS has a responsibility to put your needs first. Part of that responsibility is educating you on how to invest in a way that will set you up for success in retirement. A re-enrollment simply moves your existing assets and future contributions into the program's default fund, unless you take action.

### About The Default Fund

The MERS Retirement Strategy is a complete, diversified investment program offering a one-stop investment strategy based on your expected retirement date. Each Retirement Strategy fund has a "target date" in its name. The target date is the approximate year when you expect to retire and begin withdrawing from your account. As each participant may have a different expected retirement date, MERS uses an average normal retirement age of 60 as a default.

The asset allocation of each Retirement Strategy automatically changes over time for you – targeting higher growth during your working years and increasing security as you near and go through retirement. You may change that target date fund at any time, if your retirement goals change.

### Important Dates

In preparation for the re-enrollment, there will be a plan-wide freeze on all HCSP accounts from 5:00 p.m. (EST) on Friday, March 22, 2019, through 5:00 p.m. (EST) on Friday, March 29, 2019. This means that your investments will remain in the market, however, no investment changes can be made during this time.

***Your funds will be invested in the Retirement Strategy as of market open, 8:00 a.m. (EST) on Monday, April 1, 2019 and you will receive confirmation via email (if we have one on file) and in your myMERS account. After this time, you can make any investment changes you would like going forward.***

### Opting-Out

We recognize that some participants may prefer to stay in their current investment allocation and therefore we are offering two options to opt out of the re-enrollment.

**Option 1 (preferred method):** Prior to 4:00 pm EST on Friday, March 22, 2019, log in to your myMERS account and make any change to your HCSP allocations, including re-entering your current allocations (if you'd like to keep your assets in the funds they are in). By doing so, your set allocations will be excluded from the re-enrollment on April 1, 2019. You will receive a confirmation of your choice.

**Option 2:** Contact the MERS Service Center to request a paper "Opt-Out" form. You will need to complete and return the form before March 22, 2019 in order for your choice to be processed before the re-enrollment takes place. If we receive your form after this date, your funds will be reallocated to the Retirement Strategy on April 1, 2019, and MERS will contact you to review your investment options.

**If you have any questions about this change, please contact our Service Center at 800.767.6377. You can also find more information on our website at [www.mersofmich.com](http://www.mersofmich.com).**

Sincerely,  
MERS of Michigan

### Retirement Strategy Benefits

#### Cost

On average, Retirement Strategy funds have lower investment fees. This translates to a larger account balance when you are eligible to use your account.

#### Built-in Diversification

You know the old saying – "Don't put all your eggs in one basket". It's the same with investments – diversification is key. By spreading your money across different investment types, MERS Retirement Strategy helps manage your overall risk.

#### Hands-off Rebalancing Over Time

By gradually shifting your allocation from stocks to bonds over time, the fund automatically adjusts as you move toward—and through—retirement.

