

Employer Bulletin - Winter 2010

Open Member Comment Period

Offer your input on policy of rehiring retirees

The MERS Retirement Board is considering adopting new standards regarding the rehiring of municipal retirees.

The changes would amend Plan Section 31(1), which governs the ability of a retiree to become reemployed by the participating municipality or court from which he or she retired without a suspension of benefits.

Why is MERS considering changes?

As a tax-qualified plan under the Internal Revenue Service, MERS is required to follow the IRS expectation that, as a condition for paying benefits, there has been an actual "bona fide termination of employment in which the employer/employee relationship is completely severed." In 2005, MERS Legal Department's "Important Comment" was added to Section 31 specifically to emphasize this requirement. Arrangements where the employee and employer have agreed to a pre-arranged termination and reemployment are characterized by IRS as non-compliant "sham transactions." The proposed changes to Plan Section 31(1) are intended to more effectively enforce the federal rules.

(For more, see the November 6, 2009 Memorandum to the Board from the Legal Department.)

- Increasing to 180 days the separation from service period – from the current minimum of 30 days – that is required before a retiree may become reemployed without suspension of benefits.
- Suspending benefits for elected or appointed officials who retire and continue in office unless there is a minimum break of at least one year between the old and new term in office.

At its Nov. 13, 2009 meeting, the Board directed that Member Comments be invited for a 90-day period (through Feb. 23, 2010), for consideration by the Board at the March 2010 meeting.

Click [here](#) to e-mail your comments to MERS.





EMPLOYERbulletin

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Fiscal Responsibility: The 80% Rule

MERS requires minimum funding levels to make plan changes

MERS is committed to promoting fiscally sound policies, in its own business practices and also to its members and participants.

With that in mind, the MERS Retirement Board, in March 2006, adopted the initial MERS Funding Policy. Through revisions effective July 1, 2009, in order to increase benefits, the policy requires the affected municipality and divisions be at least 80% actuarially funded before and after a benefit change as shown by Supplemental Valuation or Valuation of Temporary Benefits Program (window).

This policy is designed to help municipalities keep the promise of long-term benefits, and maintain sustainable contributions. As fiduciary of the system, the Board has the duty to operate on behalf of municipalities for the exclusive benefit of retirees, beneficiaries and participants, and as such, reviews fiscal responsibility issues on a regular basis.

The policy prevents the adoption of any benefit increase that would lower either the municipality or division below the 80% funding requirement after the adoption of the benefit, as stipulated by the corresponding valuation. The policy states 80% funding does not apply where the valuation shows the benefit change would reduce liabilities.

Please contact your Regional Manager if you have questions or concerns regarding this information. We also invite you to visit our Web site to learn more about the regional team that serves your municipality.

MERS Unveils New Logo

Gradual rollout planned to maximize cost-savings

MERS look and logo is changing. Our commitment and service to you remains the same.

In response to an ongoing dialogue with our members, we're updating our logo to better reflect the feedback we've received. Our new logo is designed to have a more contemporary look and feel, matching the growth and innovation we value at MERS.

The logo won't change completely overnight, as we're rolling it out gradually in a more cost-effective manner. In addition, the new logo is a two-color design, which will save money in printing costs over the four-color logo it replaces.



We hope you like our new logo, and our new look!



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MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Breathe Some 'Life' Into Your Budgets

MERS Group Life & Disability the smart, simple solution

MERS is committed to providing ongoing support of the well being of our member municipalities.

Our goal is to provide cost-effective employee benefit programs. As a MERS member, you have access to a secure, smart and simple insurance solution:

MERS Group Life & Disability.

With MERS Group Life & Disability, we help more than just your bottom line. We help your employees when they need it most, with many other great benefits at no additional cost, like MEDEX travel insurance and Employee Assistance Programs.

We pride ourselves on our one-on-one service, and will customize a plan tailored specifically for your municipality.



Here's how to find out more:

1. Visit www.mersgld.com or call (800) 767-6377 to speak with a member of your regional team.
2. Watch videos of real MERS members we've helped.
3. Click "Request a Quote" or "Contact Us" to learn more.

Your Budget & Bridged Benefits

A New Solution for MERS Municipalities

Rising costs, lower revenues. Smaller budgets, bigger deficits. The fiscal problems local governments face are more complex than ever.

To help address this, MERS developed the Bridged Benefits Program. Bridged Benefits offer municipalities a way to lower liability on a going-forward basis, while leaving earned benefits unchanged. Essentially, Bridged Benefits combine the original (or current) benefit structure the municipality has in place with a benefit multiplier change for future service benefit. The two parts are combined at retirement for the complete retirement benefit.

To explore your options, please contact your regional team representatives today. For more information, please click [here](#).



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MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

New Employer Reporting Portal Coming Soon!

DB, HCSP & RHFV employers to have reporting tools in one place

MERS is busy finishing a new Employer Portal, designed to improve reporting your Defined Benefit, Health Care Savings Program, or Retiree Health Funding Vehicle contributions.

Look for this enhancement in the months to come.



Membership has its privileges

If you have Defined Contribution, make sure you have MERS

Our goal is to help Michigan municipalities save money, but we can only help MERS participants. So, the next time you use EZ-Link to manage your DC account, check to see if you have "MERS" in your code name, to ensure all of your divisions are under the MERS program.

Contact a member of your regional team to learn more.

Save the Date!

MERS 64th Annual Meeting is scheduled for September 15-17, 2010 at the Radisson Plaza Hotel in Kalamazoo.