



2019
Annual
Retirement
Conference

Ready to Retire: An Overview of the MERS Defined Benefit Retirement Process

Presented by: Leah Flores
MERS Benefit Plan Advisor



Get Your Badge Scanned for Credit!

This session has been approved for continuing education credits.



You must get your badge scanned to receive credit for attending!

Agenda

- Understanding the Defined Benefit Plan
- Beneficiary Information
- Retirement Information
- Resources



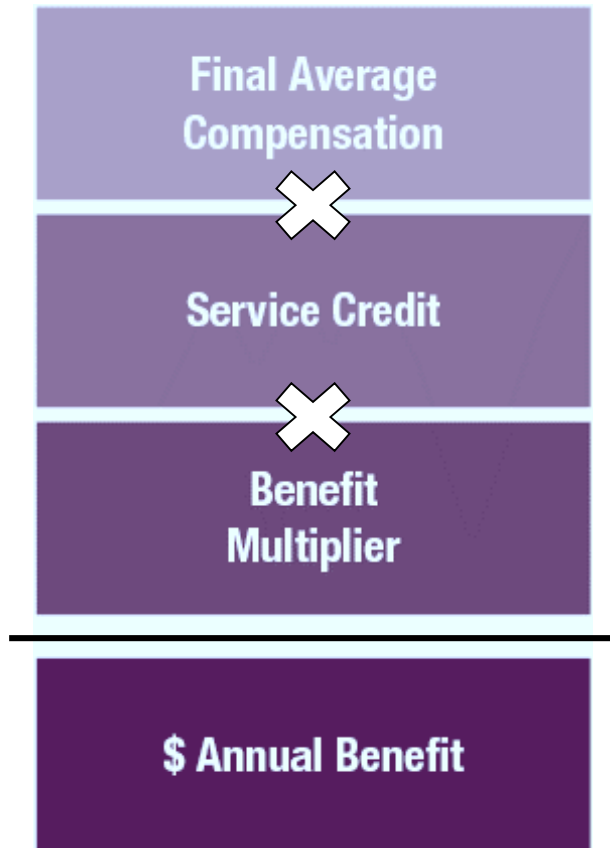
Understanding Your Defined Benefit Plan

How are Defined Benefit Plans Funded?



MERS Defined Benefit Plan

Your defined benefit plan is made up of three components:



(If choosing retiree only benefit option)

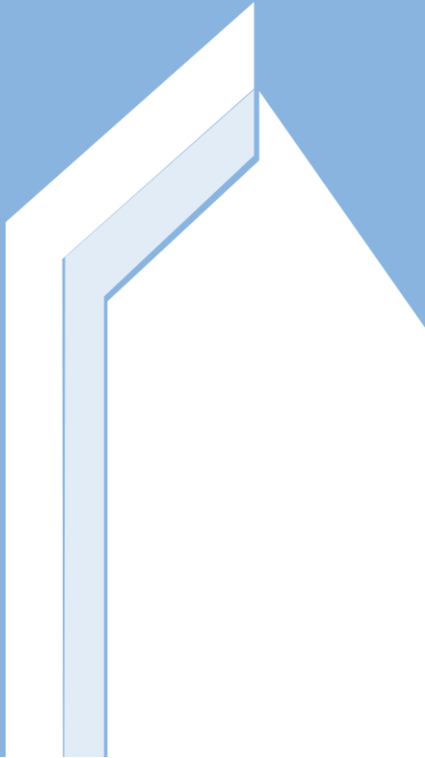
Eligibility

Vesting

The required amount of service credit you must earn for retirement benefits

Other Ways to Vest

- MERS Employer to MERS Employer
- Act 88 – Reciprocal Retirement Act of 1961
(Full list available on mersofmich.com)



myMERS Features

myMERS Defined Benefit Features

myMERS

ACCOUNT DETAIL

CALCULATOR

INBOX

FILE UPLOAD

STATEMENTS

1099 RECORDS

FORMS

PUBLICATIONS

CONTACT US

I Want To...

CALCULATE MY BENEFIT

APPLY FOR RETIREMENT

REQUEST A REFUND

City of Tree

Status: Active

Account Detail - Summary

Retirement Benefit

Estimated Date

06/2040

Retirement Age

60

Years Until Retirement

20 years 11 months

Earned Monthly Benefit

\$800.00

Details

Calculate My Benefit

Employee Contributions

Post-Tax

\$0.00

Pre-Tax

\$15,000.00

Interest

\$500.00

Total

\$20,000.00

Request a Refund

Benefit Provisions

Benefit Multiplier

Final Average Compensation (FAC)

Your FAC

Benefit B-3 (80% max)

Benefit FAC-3 (3 Year Final Average Compensation)

\$50,000.00

View Reported Wages

Beneficiaries

Monthly Pension Beneficiary

Primary Refund Beneficiary

Contingent Refund Beneficiary

Sarah Jones

Sarah Jones

Bill Wilson

Details

Service Credit

Vesting Requirement

Your Service Credit

6 Year Vesting

7 Years 3 Months

You're Vested

Congratulations! You are vested in this benefit.

Details

Final Average Compensation

City of Tree

Status: Active

Account Detail - Summary

Retirement Benefit

Estimated Date

6/2040

Retirement Age

60

Years Until Retirement

20 years, 11 months

Earned Monthly Benefit

\$800.00

[Details](#)

Benefit Provisions

Benefit Multiplier

Benefit B-3 (80% max)

Final Average Compensation (FAC)

Benefit FAC-3 (3 Year Final Average Compensation)

Your FAC

\$50,000

[View Reported Wages](#)

Calculated FAC: \$50,000.00

Earnings History

Year	January	February	March	April	May	June	July	August	September	October	November	December	Total
2019	\$5,500.00	\$5,500.00	\$5,500.00	\$5,500.00	\$5,500.00	\$5,500.00	\$5,500.00	\$5,500.00	\$5,500.00				
2018	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$60,000.00
2017	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$60,000.00
2016	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$60,000.00
2015	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$60,000.00
2014	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$40,000.00
2013	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$40,000.00
2012	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$40,000.00
2011	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$3,333.33	\$40,000.00

Sarah Jones
Sarah Jones
Bill Wilson

[Details](#)



Changing Your Beneficiary



City of Tree
Status: Active

Account Detail - Summary

Retirement Benefit

Estimated Date 6/2040
Retirement Age 60
Years Until Retirement 20 years, 11 months
Earned Monthly Benefit \$800.00

Details

Calculate My Benefit

Benefit Provisions

Benefit Multiplier
Final Average Compensation (FAC) Benefit B-3 (80% max)
Your FAC Benefit FAC-3 (3 Year Final Average Compensation)
\$50,000

View Reported Wages

Employee Contributions

Beneficiaries

Monthly Pension Beneficiary
Primary Refund Beneficiary
Contingent Refund Beneficiary

Sarah Jones
Sarah Jones
Bill Wilson

Details

BENEFICIARY DETAILS

Beneficiary Full Name	Beneficiary Birth Date	Gender	Beneficiary Type	Relationship Type	Beneficiary Address
Sarah Jones	2/13/1980	Female	Monthly Pension Beneficiary	Spouse	123 Main Street Tree, MI 12345
Sarah Jones	2/13/1980	Female	Primary Refund Beneficiary	Spouse	123 Main Street Tree, MI 12345
Bill Wilson	7/5/1953	Male	Contingent Refund Beneficiary	Other	321 Oak Street Tree, MI 12345

Manage Beneficiaries

Naming Your Beneficiaries



Monthly Pension

- **Monthly Pension Beneficiary** is one person who would receive a lifetime benefit **if you are vested and die before you begin collecting your retirement benefits**
- If married, your spouse should be named your **Monthly Pension Beneficiary** unless they waive this right in writing



Refund

- **Refund Beneficiary** is a person(s), trust, estate or charity that receives a refund of your employee contributions (plus interest) **if you die before you are vested**
- If married, your spouse should be named your **Primary Refund Beneficiary** unless they waive this right in writing
- You'll also be asked to provide a **Contingent Refund Beneficiary** in the case that your *Primary Beneficiary* is deceased



Retirement Information

Retirement Eligibility



You are eligible to receive retirement benefits once you meet your employer's defined age and service requirements

Pension Payment Options

Straight Life

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

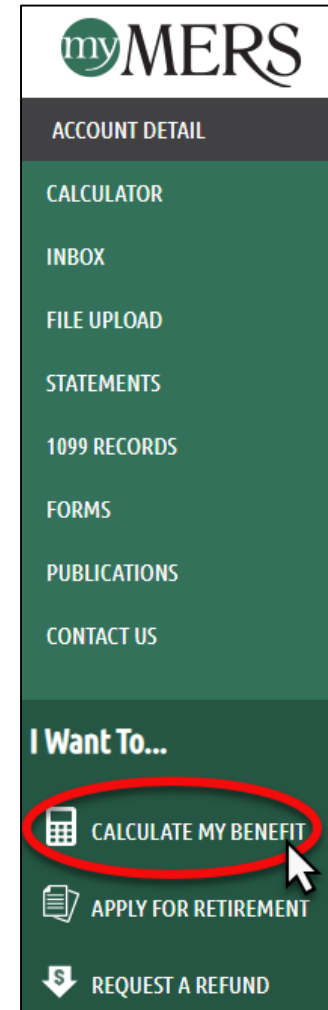
Life with 5, 10, 15 or 20 years

Payment Option Example: Jane



Jane is married and has one child

- FAC - \$45,000
- Service Credit – 25
- Benefit multiplier 2.25%



Straight Life Formula

$$\$45,000 \times 25 \times 2.25\% = \$25,312.50 \div 12 = \$2,109.38$$

Straight Life	1.00000	\$2,109.38
---------------	---------	------------

Payment Options	Factors	At 10/1/2019 (60 yrs. 0 mths)
-----------------	---------	----------------------------------

Option III 50 percent to monthly pension beneficiary	0.94074	\$1,984.38
--	---------	------------

Option IV 10 years certain	0.98888	\$2,012.14
Option IV 20 years certain	0.92687	\$1,955.12

Option IV 20 years certain	0.92687	\$1,955.12
----------------------------	---------	------------

Steps to Apply for Retirement

1

Submit Application for Defined Benefit Retirement

2

MERS Processes Your Application

3

MERS sends your preliminary benefit estimate

Termination Date and Retirement Date

November

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	1	2	3	4	

Example:

If your last day of work is **November 6...**

December

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
29	30	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Your retirement date will be **December 1**
and you will receive your first benefit
payment on **December 18**

Living in Retirement

- Quarterly Statements
- Income Tax Forms (1099-R)

MERS
Municipal Employees' Retirement System

John Doe
1234 Sample Blvd
Sampleville, MI 48888

QUARTERLY FUN _____ Pay
1/2018

Monthly Allowance:	
Taxable Amount	1,145.69
Federal Income Tax	229.14
MI State Income Tax	0.00
Net Regular Amount	916.55

Persons with hearing impairments who have a TDD should contact the Michigan Retirement System one week in advance and ask them to contact the person shown below. Persons with disabilities need to request assistance by contacting:

MERS Service Center.....

*Amounts shown always represent the total amount.
Any checks mailed to you are included in this statement.

Office of Customer Service

MERS
Municipal Employees' Retirement System

VOID CORRECTED

1 Gross distribution \$
2a Taxable amount \$
2b Taxable amount not determined \$
3 Capital gain (included in box 2a) \$
4 Federal income tax withheld \$
5 Employee contributions, designated Roth contributions, or insurance premiums \$
6 Net unrealized appreciation in employer's securities \$
7 Distribution code(s) \$
8 Other \$
9a Your percentage of total distribution %
9b Total employee contributions \$
10 Amount allocable to RIR within 5 years \$
11 1st year of design. Roth contrib. \$
12 State tax withheld \$
13 State/Payer's state no. \$
14 State distribution \$
15 Local tax withheld \$
16 Name of locality \$
17 Local distribution \$

PAYER'S TIN
RECIPIENT'S TIN
RECIPIENT'S name
Street address (including apt. no.)
City or town, state or province, country, and ZIP or foreign postal code

1099-R

Department of the Treasury - Internal Revenue Service

Feedback from MERS Retirees

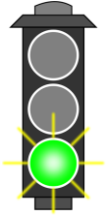
“It was very simple to complete the forms they sent to me - I don't think MERS could do anything better! Great job! Can't wait for my first check!”

“It was an easy and self-explanatory process.”

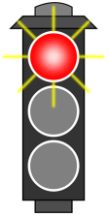
“I had a very smooth transition into my retirement with MERS (thank you!)”

“So easy to complete and submit the paperwork”

Working In Retirement



Any other employer: No restrictions or impact to your MERS benefit



MERS employer you're retiring from: There are restrictions you must be aware of to rehire at this employer



MERS Retirement Facts

MERS Facts & Trivia

- MERS processes over 3,300 defined benefit retirement applications each year
- The two most popular months of the year to retire are....

MERS Facts & Trivia

Where in the World?

Ever wonder where in the world MERS retirees are?

Well, most of them are right here in Michigan! While our retirees can be found in 49 of the 50 states, more than 90% of the 40,000+ MERS Defined Benefit Plan retirees and beneficiaries remain in the state, keeping their pension dollars invested in Michigan's economy.



Top states retirees live in besides Michigan:



Other countries MERS retirees live in include:

- Canada
- Mexico
- Australia
- Switzerland
- China
- Costa Rica
- Israel
- Peru
- Philippines
- Thailand
- Ukraine



Resources

MERS Website

www.mersofmich.com



The MERS **Video Library** includes presentations and videos on defined benefit retirement, Social Security and health care in retirement - ***mersofmich.com/video-library***



Calculators to help plan for finances in retirement
mersofmich.com/MERS/Resources/Calculators



Publications and forms for more information as you get closer to retirement



Upcoming events such as Pizza & Planning, Facebook Live and webinars

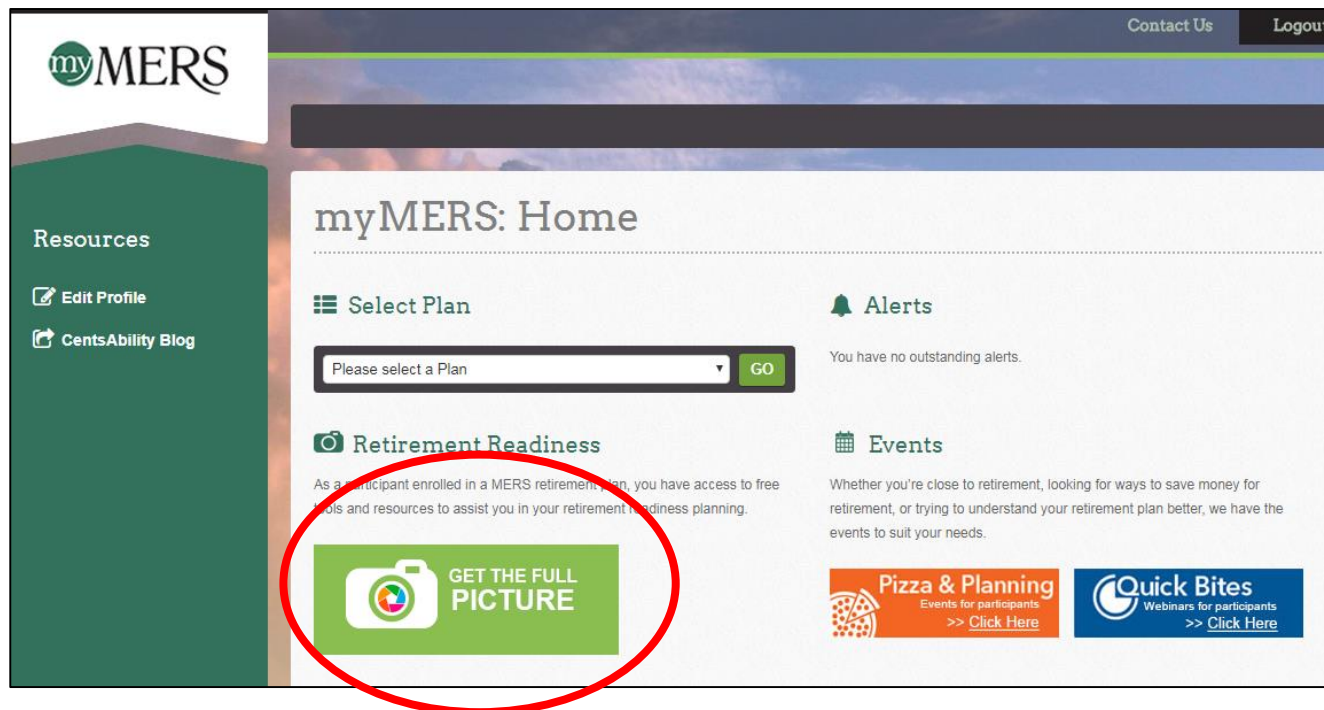
Snapshot Reports

- Reports are mailed out annually
- Combines all MERS retirement accounts and Social Security in one place, to give a “**Snapshot**” of retirement readiness



Get the Full Picture

- Log in to your Full Picture report builder through **myMERS**
- **Customize your retirement goals** and add in spouse information and non-MERS accounts
- **Secure** and private



MERS IRA

- Available to **ALL** current and former employees (and their spouses) of municipalities with a MERS retirement product
 - 401(a) Plan (Defined Benefit, Defined Contribution & Hybrid)
 - 457 Program
- Roth and Traditional options
- Invest in low-cost funds on the MERS Investment Menu
- Available **TODAY!**
 - **No employer adoption required**



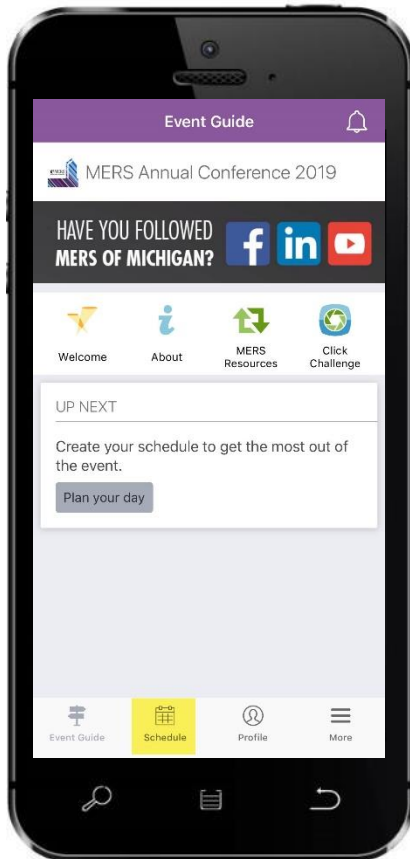
CentsAbility Blog



Visit **www.mersofmich.com/CentsAbility** to start learning!

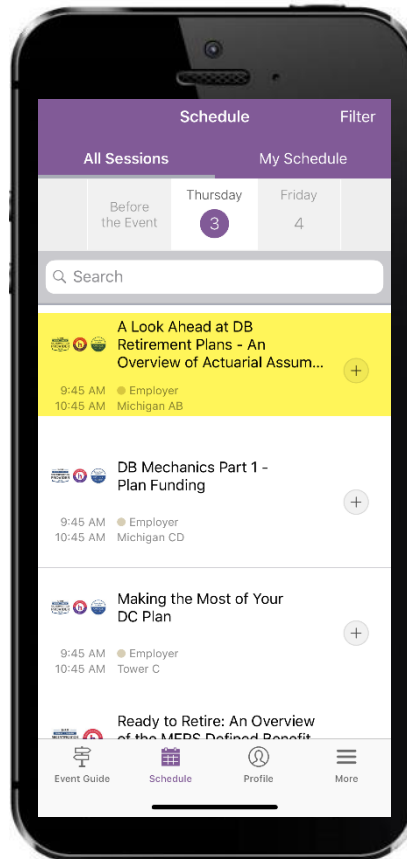
Q&A

Please Complete a Session Survey!



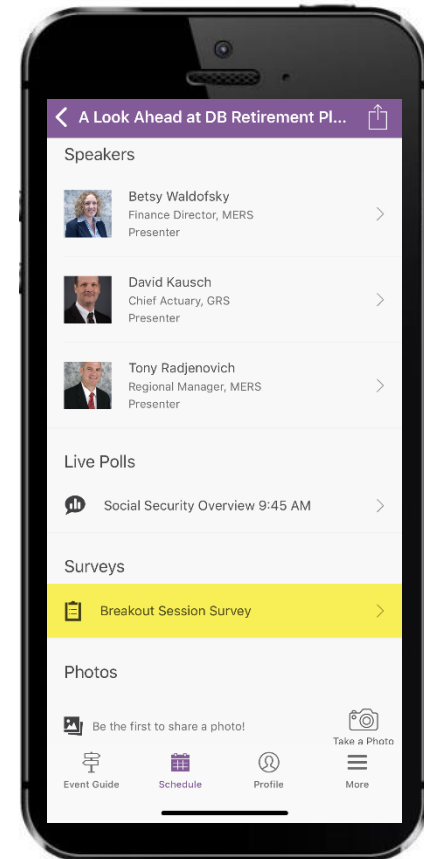
Step 1:

Locate and access the
“**Schedule**” Icon



Step 2:

Select the **session** you
just attended (look for
correct date and time)



Step 3:

Scroll down and click
“**Breakout Session
Survey**” to complete
the survey

Contacting MERS of Michigan

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

1134 Municipal Way
Lansing, MI 48917

800.767.MERS (6377)

www.mersofmich.com



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.