



2022

Annual Retirement Conference

Defined Benefit Retirement Overview

Presented by:

*Lynn Henley
MERS Benefit Education Specialist*

*Andrew Smith
MERS Benefit Education Specialist*

Agenda

- Are you Retirement Ready?
- Understanding the Defined Benefit Plan
- Beneficiary Information
- Retirement Information
- Resources

Are You Retirement Ready?

Accessing Your myMERS Account

www.mersofmich.com

The screenshot shows the MERS of Michigan website. At the top is the MERS logo with the text "Municipal Employees' Retirement System". To the right are social media icons for Facebook, LinkedIn, and YouTube, and navigation links for Home, Forms, Contact Us, and Log In. Below this is a green navigation bar with links for PARTICIPANT, RETIREE, EMPLOYER, NEWSROOM, and MERS, along with a search bar and a SEARCH button. The main content area features a large blue banner titled "Helping you through MARKET VOLATILITY" with a laptop icon and the text "Some things you should know about investing when times get tough. Click here". To the right is a yellow box titled "Account Access" for Employers & Participants, containing a green LOG IN button with a mouse cursor, and links for "Create myMERS account", "Forgot Username?", "Forgot Password?", and "Need help?". Below the banner are five small thumbnail images. At the bottom are three green circular icons: a dollar sign for "CentsAbility Blog", a play button for "Video Library", and a checklist for "Financial Wellness". Each icon has a brief description of its content.

MERS
Municipal Employees' Retirement System

Home Forms Contact Us Log In

PARTICIPANT RETIREE EMPLOYER NEWSROOM MERS

Search ... SEARCH

Helping you through
MARKET VOLATILITY

Some things you should know about investing when times get tough.
[Click here](#)

Account Access
Employers & Participants

[LOG IN](#)

- [Create myMERS account](#)
- [Forgot Username?](#)
- [Forgot Password?](#)
- [Need help?](#)

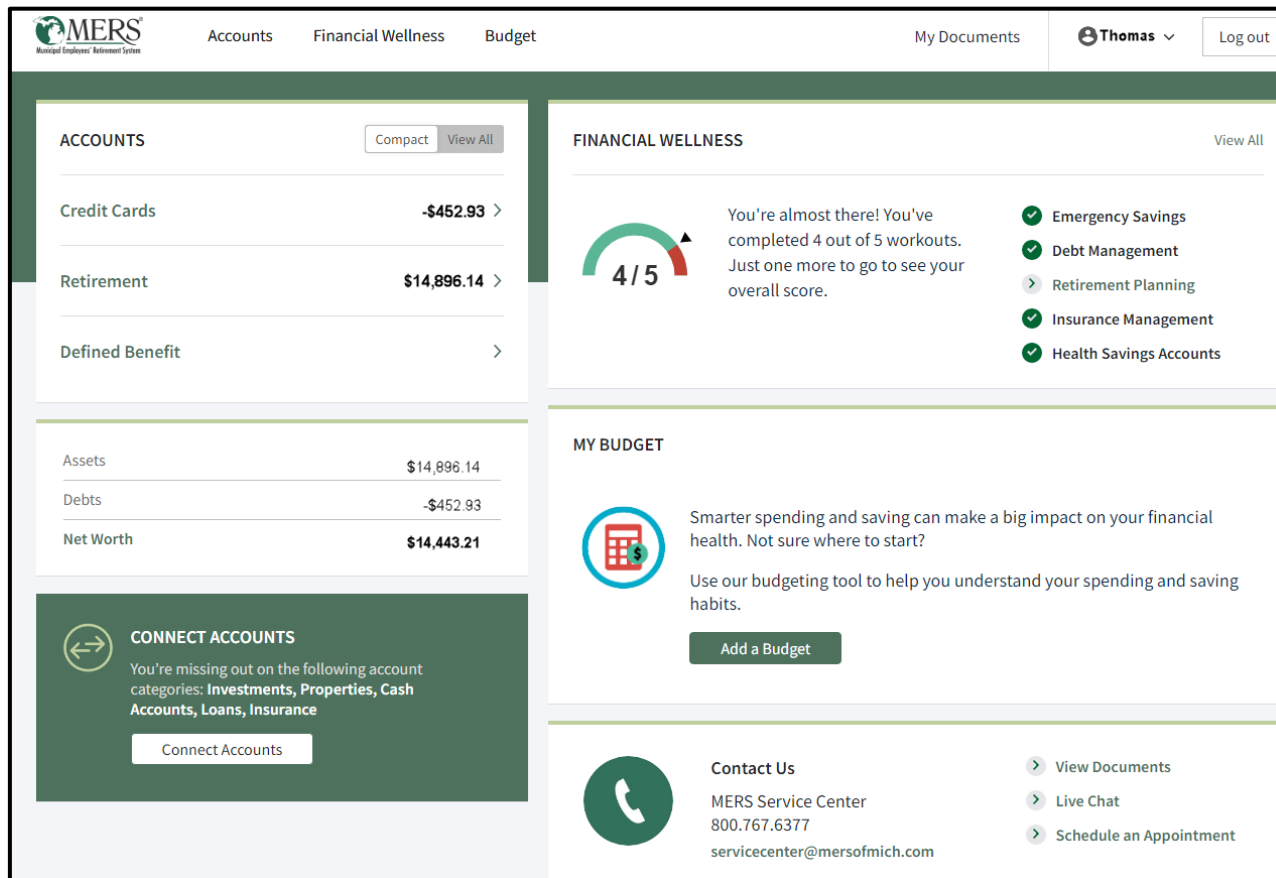
CentsAbility Blog
Learn about topics ranging from Budgeting, Debt Management, Emergency Savings, Investments, and Retirement Planning.

Video Library
Get to know your MERS products and learn about important retirement topics with quick video tutorials.

Financial Wellness
The MERS Financial Fitness tool will help managing your day-to-day spending, controlling debt, having money set aside for an emergency, and having a financial plan for the future.

A Complete Financial Picture

Through your myMERS online account you can bring all your financial information together in one place



Understanding Your Defined Benefit Plan

MERS Defined Benefit Plan



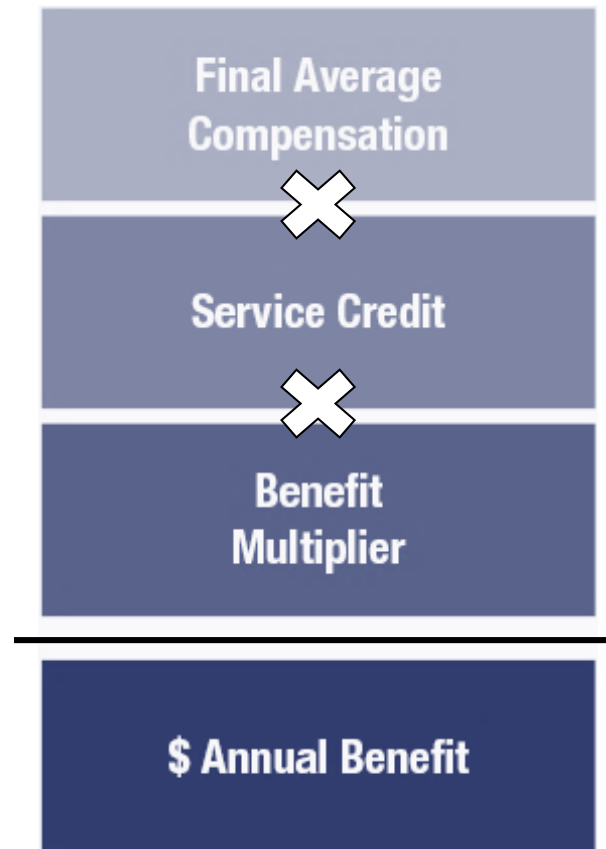
A lifetime pension benefit provided to vested participants in retirement



Benefit does not fluctuate due to investment gains or losses

MERS Defined Benefit Plan

Your defined benefit plan is made up of three components:



(If choosing retiree only benefit option)

Locating Your Plan Summary

The screenshot displays the MERS (Municipal Employees' Retirement System) website interface. The top navigation bar includes the MERS logo, 'Accounts', 'Financial Wellness', 'Budget', 'My Documents', a user profile for 'Thomas', and a 'Log out' button. The main content area is divided into two primary sections: 'ACCOUNTS' and 'WELLNESS'. The 'ACCOUNTS' section features a 'Compact' view and lists 'Credit Cards' at -\$452.93 and 'Retirement' at \$14,896.14. A yellow box highlights the 'Defined Benefit' option, which is currently selected. Below this, a summary table shows 'Debts' at -\$452.93 and 'Net Worth' at \$14,443.21. A 'CONNECT ACCOUNTS' banner indicates missing categories: Investments, Properties, Cash Accounts, Loans, and Insurance. The 'WELLNESS' section shows a progress indicator for workouts and a list of services: Emergency Savings, Debt Management, Retirement Planning, Insurance Management, and Health Savings Accounts. A 'Smarter spending and saving' message promotes a budgeting tool. At the bottom, a 'Contact Us' section provides the MERS Service Center phone number (800.767.6377) and email (servicecenter@mersofmich.com), along with links to 'View Documents', 'Live Chat', and 'Schedule an Appointment'.

MERS
Municipal Employees' Retirement System

Accounts Financial Wellness Budget My Documents Thomas Log out

ACCOUNTS

Compact View All

Credit Cards -\$452.93 >

Retirement \$14,896.14 >

Defined Benefit >

Debts -\$452.93

Net Worth \$14,443.21

CONNECT ACCOUNTS

You're missing out on the following account categories: Investments, Properties, Cash Accounts, Loans, Insurance

Connect Accounts

WELLNESS

View All

You're almost there! You've completed 4 out of 5 workouts. Just one more to go to see your overall score.

- ✓ Emergency Savings
- ✓ Debt Management
- > Retirement Planning
- ✓ Insurance Management
- ✓ Health Savings Accounts

Smarter spending and saving can make a big impact on your financial health. Not sure where to start?

Use our budgeting tool to help you understand your spending and saving habits.

Add a Budget


Contact Us

MERS Service Center
800.767.6377
servicecenter@mersofmich.com

- > View Documents
- > Live Chat
- > Schedule an Appointment

Locating Your Plan Summary, cont'd.

Sample City Defined Benefit Plan

 **\$1,044.99**
Monthly Benefit Amount

- > View Plan Summary
- > Calculate My Benefit
- > View Statements
- > View 1099 Records
- > Edit My Profile
- > Enroll in IRA
- > Upload Files

Locating Your Plan Summary, cont'd.

INDIVIDUAL SEARCH

ACCOUNT DETAIL

CALCULATOR

INBOX

FILE UPLOAD

STATEMENTS

1099 RECORDS

GLOSSARY

FORMS

PUBLICATIONS

CONTACT US

ADMIN

I Want To...

CALCULATE MY BENEFIT

Status: Active

Account Detail - Summary

Retirement Benefit

Estimated Date

12/1/2039

Retirement Age

55 Years

Years Until Retirement

19 Years 10 Months

Earned Monthly Benefit

\$1,044.99

Details

Calculate My Benefit

Apply for Retirement

Employee Contributions

Post-Tax

\$0.00

Pre-Tax

\$12,964.79

Interest

\$695.88

Total

\$13,660.67

Request a Refund

Benefit Provisions

Benefit Multiplier

Benefit B-4 (80% max)

Final Average Compensation (FAC)

Benefit FAC-5 (5 Year Final Average Compensation)

Your FAC

\$51,889.20

View Reported Wages

Beneficiaries

Monthly Pension Beneficiary

Joseph J. Smith

Primary Refund Beneficiary

Joseph J. Smith

Contingent Refund Beneficiary

John L. Smith

Details

Service Credit

Vesting Requirement

10 Year Vesting

Your Service Credit

9 Years 8 Months

Details

Eligibility

Vesting

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

May also be able to vest through:

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

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

Changing Your Beneficiary in myMERS

Account Detail - Summary

Retirement Benefit

Estimated Date 12/1/2039
Retirement Age 55 Years
Years Until Retirement 19 Years 10 Months
Earned Monthly Benefit \$1,044.99

[Details](#)

[Calculate My Benefit](#)

[Apply for Retirement](#)

Employee Contributions

Post-Tax \$0.00
Pre-Tax \$12,964.79
Interest \$695.88
Total \$13,660.67

[Request a Refund](#)

Benefit Provisions

Benefit Multiplier Benefit B-4 (80% max)
Final Average Compensation (FAC)
Benefit FAC-5 (5 Year Final Average Compensation)
Your FAC \$51,889.20

[View Reported Wages](#)

Beneficiaries

Monthly Pension Beneficiary Joseph J. Smith
Primary Refund Beneficiary Joseph J. Smith
Contingent Refund Beneficiary John L. Smith

[Details](#)

Beneficiary Full Name	Gender	Beneficiary Type	Relationship Type
Joseph J. Smith	Male	Monthly Pension Beneficiary	Spouse
Joseph J. Smith	Male	Primary Refund Beneficiary	Spouse
John L. Smith	Male	Contingent Refund Beneficiary	

[Manage Beneficiaries](#)

Click on
“Details”, then
“Manage
Beneficiaries”

In some
situations, a
paper form may
be required

Important Retirement Information

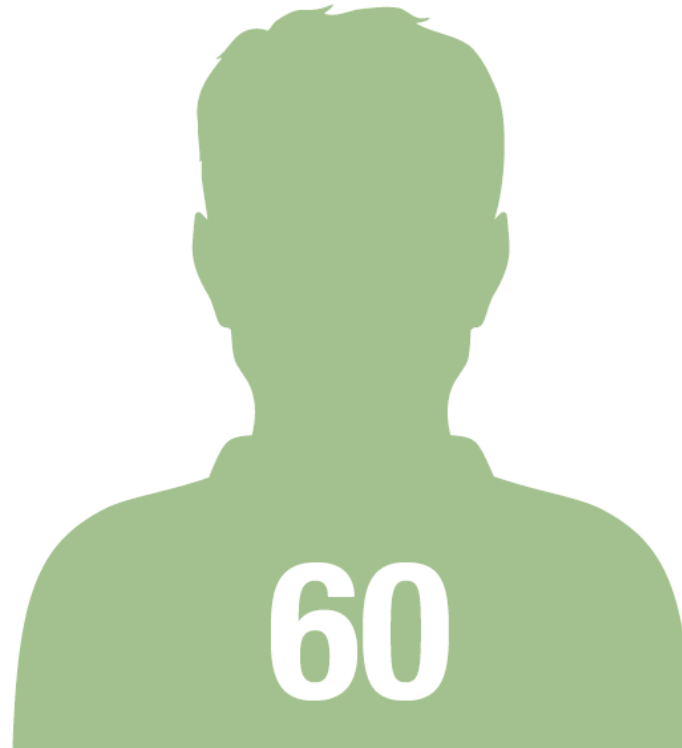
Fast Facts

- In 2021, MERS processed over **1,900** defined benefit retirement applications
- The two most popular months of the year to retire are....



**February
&
August**

Retirement Eligibility

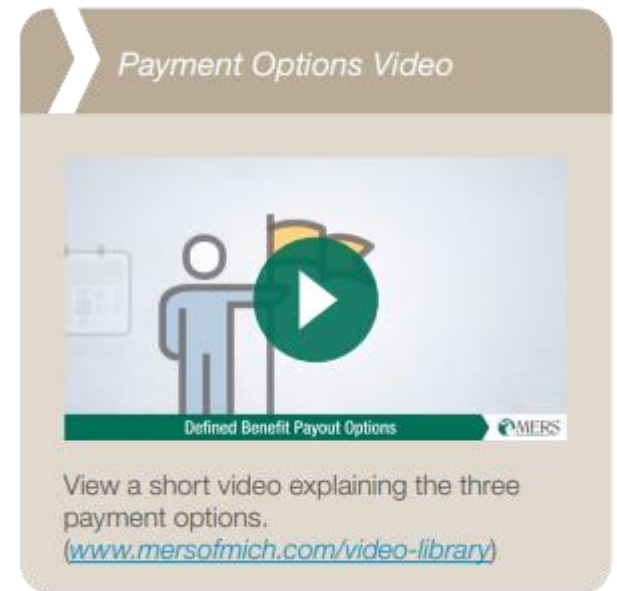


Pension Payment Options

Straight Life

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

**Life with 5, 10, 15
or 20 years**

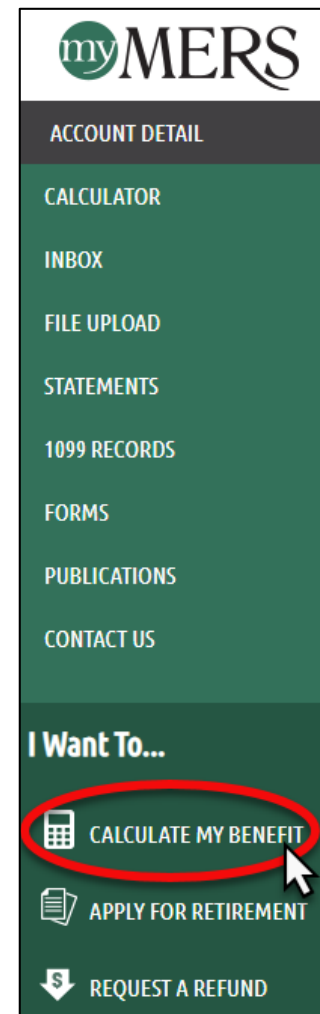


Payment Option Example



Meet Lisa

- Married
- One Child
- FAC: **\$45,000**
- Service Credit: **25 years**
- Benefit Multiplier: **2.25%**



Lisa's Payment Options

Straight Life Formula

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

Beneficiary Option Formula: Straight Life Monthly Benefit x Factor = Benefit

Payment Options	Factors	Allowance	Beneficiary Amount
Straight Life	1.00000	\$2,109.38	
Option II 100 percent to survivor	0.88811	\$1,873.36	\$1,873.36
Option IIA 75 percent to survivor	0.91367	\$1,927.28	\$1,445.46
Option III 50 percent to survivor	0.94074	\$1,984.38	\$992.19
Option IV 5 years certain	0.99377	\$2,096.24	\$2,096.24
Option IV 10 years certain	0.97718	\$2,061.24	\$2,061.24
Option IV 15 years certain	0.95390	\$2,012.14	\$2,012.14
Option IV 20 years certain	0.92687	\$1,955.12	\$1,955.12

Retirement Application Steps

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	

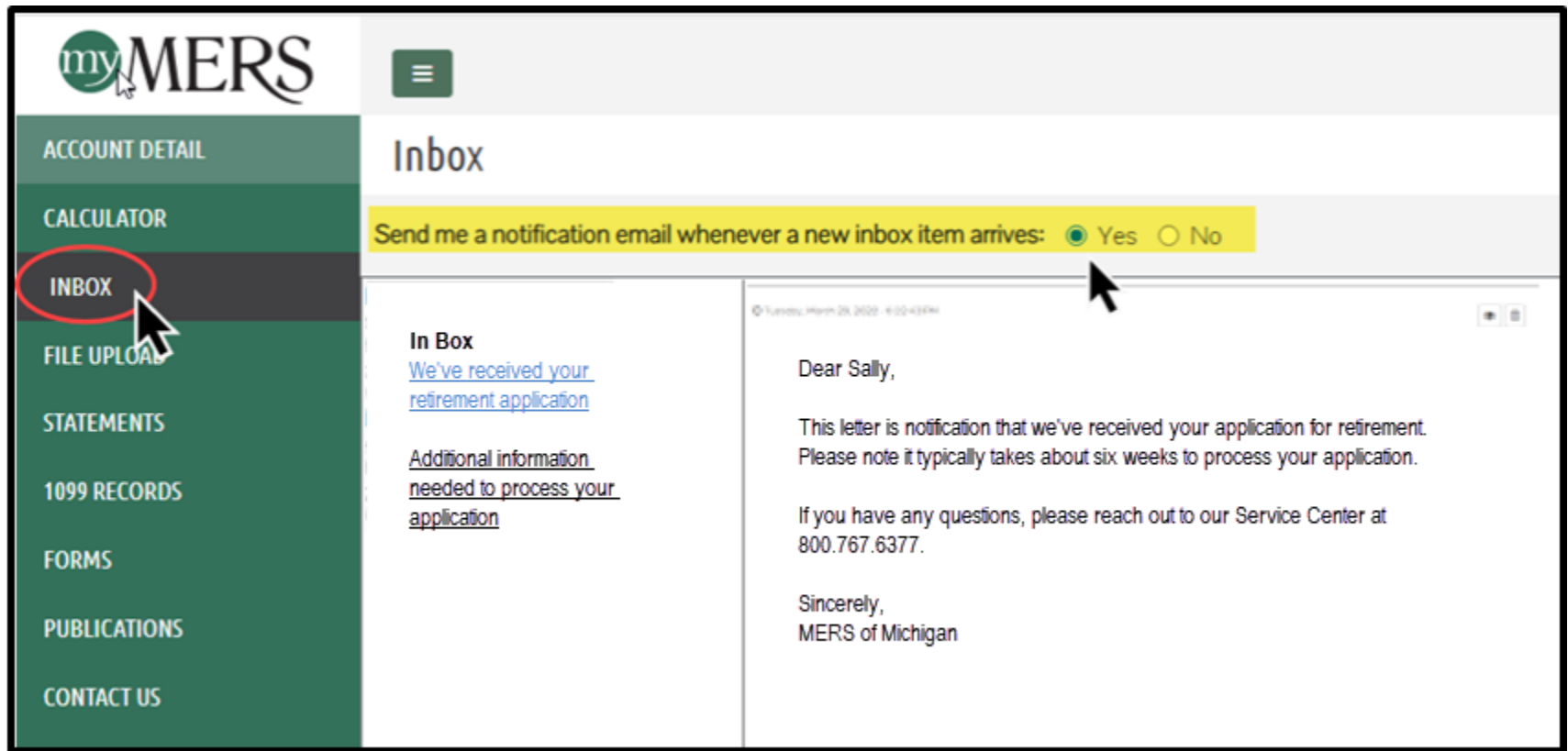
Example:

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

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

December						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	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		

Tip: Turn On Notifications



The screenshot shows the myMERS website interface. On the left is a dark green sidebar with white text links: ACCOUNT DETAIL, CALCULATOR, INBOX (highlighted with a red circle and a mouse cursor), FILE UPLOAD, STATEMENTS, 1099 RECORDS, FORMS, PUBLICATIONS, and CONTACT US. The main content area has a light gray header with the myMERS logo and a hamburger menu icon. Below the header, the word 'Inbox' is displayed. A yellow banner contains the text 'Send me a notification email whenever a new inbox item arrives:' followed by two radio buttons: 'Yes' (which is selected) and 'No'. Below this banner, the inbox content is shown. On the left side of the inbox, it says 'In Box' followed by two blue hyperlinks: 'We've received your retirement application' and 'Additional information needed to process your application'. On the right side, there is a letter template starting with 'Dear Sally,' followed by a paragraph: 'This letter is notification that we've received your application for retirement. Please note it typically takes about six weeks to process your application.' Below that is another paragraph: 'If you have any questions, please reach out to our Service Center at 800.767.6377.' and it ends with 'Sincerely, MERS of Michigan'. A mouse cursor is pointing at the 'Yes' radio button in the notification banner.

Working In Retirement

Planning to return to the employer you're retiring from:

- Per IRS guidelines, there are restrictions you must be aware of to rehire at this employer

Employment with any other employer:

- No restrictions or impact to your MERS benefit

Living in Retirement

Sample City (1234)

Status: Retired

Account Detail - Summary

Paycheck

Payment Date	3/18/2020
Gross	\$1,550.27
Deductions	\$0.00
Federal Tax	\$117.18
MI State Tax	55.69
Total	\$1,377.40

Retirement Details

Retirement Date	7/1/2015
Retirement Type	Age and Service
Option Elected	100% Joint/Survivor

Payment Method

Account Type	Checking
Amount	\$500.00
Account Type	Savings
Amount	Balance

Edit

Tax Elections

Federal
Married - Filed Single, 0 exemptions

Edit Federal Tax

State
6. Retiree and spouse born after 1952 - fully taxable; Married - Filed Single

Edit State Tax

457

&

IRA

Definition

A supplemental savings program sponsored by employers

A special retirement account available to any municipal employee and their spouse

Contributions

Pre-tax & Roth options available

2022 Limit: \$20,500 or
\$27,000 if 50+

Pre-tax & Roth options available

2022 Limit: \$6,000 or
\$7,000 if 50+

Using Your Account

You can begin using your account as soon as you leave employment, or you can continue to keep your assets invested

You can begin using your account without penalty once you reach the age of 59½ or if you have a qualified reason

Fast Facts

Where in the World?

Ever wonder where in the world MERS retirees reside?

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



Top states retirees live in
outside of Michigan



Top countries MERS
retirees live in include:

Australia	Peru
Canada	Philippines
Costa Rica	Switzerland
French Polynesia	Thailand
Israel	Ukraine

Key Takeaways

Resources to Prepare for Retirement



If you haven't already, **set up your myMERS** account. Make sure your beneficiaries are up-to-date.



Schedule a 1:1 meeting with a MERS benefit education specialist to discuss your benefit payment options.

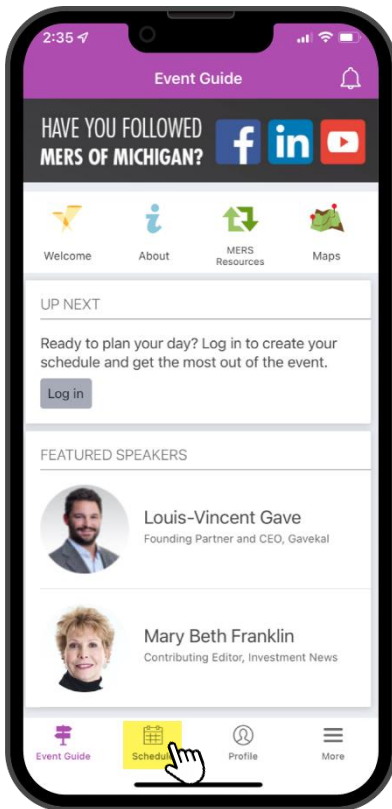


Register to attend a **participant event such as a “Zooming into Retirement”** webinar to learn more about the retirement process.

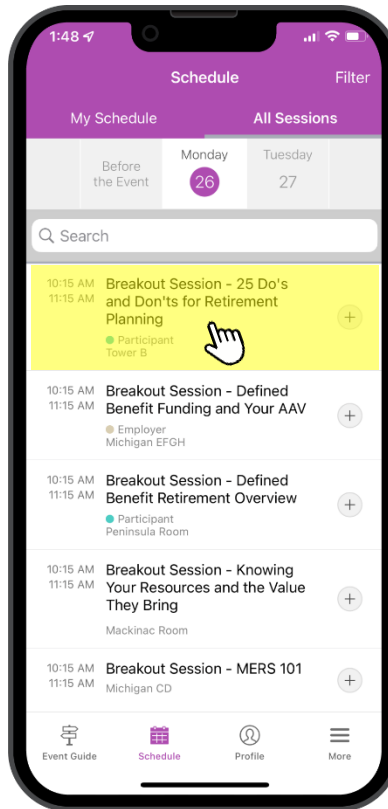


Learn about your **Social Security and Medicare options** at **www.ssa.gov**. MERS also hosts several webinars focusing on Social Security and Medicare throughout the year. Event details and registration can be found on our website.

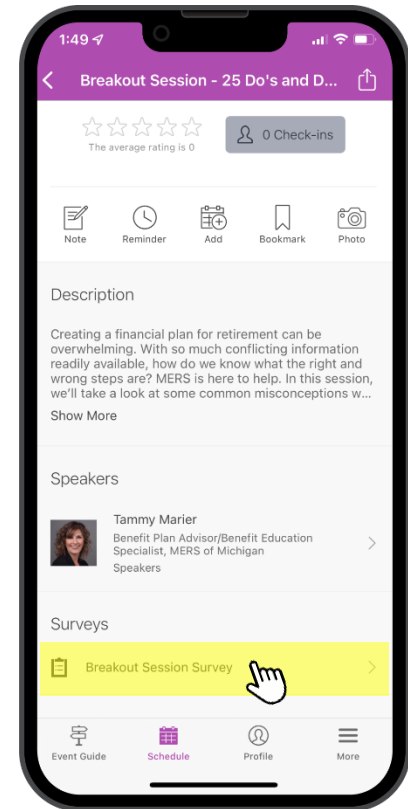
Please Complete a Session Survey



Step 1:
Locate and select the
“Schedule” icon



Step 2:
Select the **session**
you attended (look
for correct date/time)



Step 3:
Scroll down and click
“Breakout Session
Survey”

Connect with MERS

www.mersofmich.com

800.767.6377



Online Chat



Schedule 1-on-1
Appointments Online



Social Media



MERS of Michigan

1134 Municipal Way
Lansing, MI 48917



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.