



Retirement is Changing: Legislative Impacts on Retirement Plans

A practical look at how recent legislation is reshaping public retirement plans.

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AGENDA

- Retirement readiness landscape
- Federal retirement policy
- Michigan retirement policy
- How MERS supports you through change
- Key takeaways and action steps

Retirement Readiness Landscape



Access Gap

47%

of private-sector
workers age 18-64
do not have access
to a workplace
retirement plan.

Source: American Association of Retired Persons (AARP)



Access Alone Does Not Solve the Problem

Employees:

- Do not participate
- Do not save enough
- Do not increase contributions over time
- Miss employer's matching contributions

Plan design can help address these challenges.

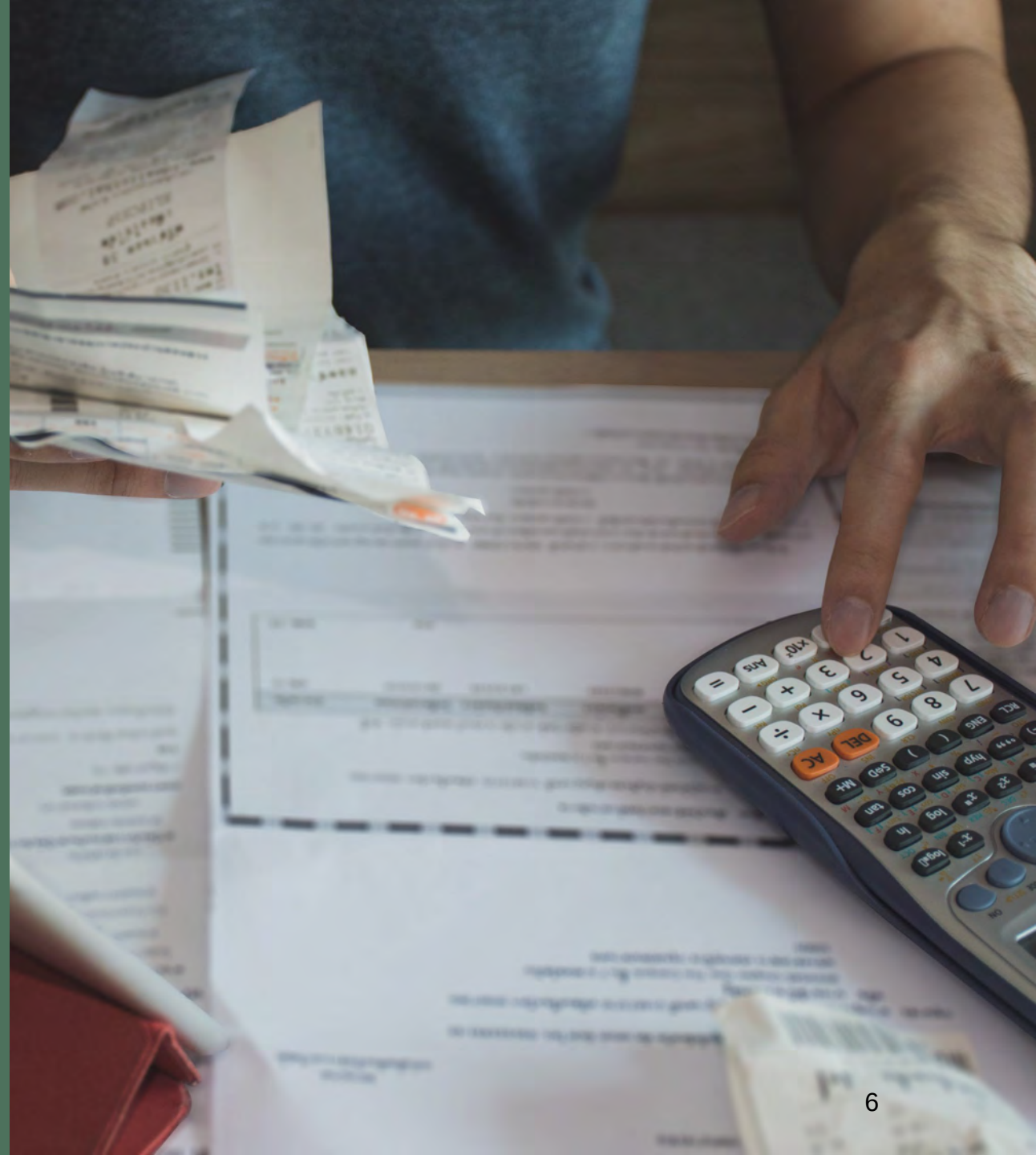


Low Confidence

39%

do not feel confident
they have enough
money to live
comfortably in
retirement.

Source: Employee Benefit Research Institute (EBRI)



Social Security Remains Essential

The Social Security Trust Fund is projected to pay 100% of scheduled benefits through 2032.

After reserves are depleted, ongoing revenue would cover about 78% of scheduled benefits.



Retirement Policy



Legislative initiatives are aimed at making saving:

- Easier
- More automatic
- More accessible

Federal Retirement Policy



Why Federal Policy Matters to MERS



Federal Laws and Agencies



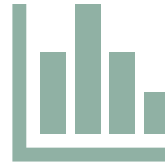
Impact of Federal Changes



State
spillover



Plan
administration



Investment
governance



Employer and
participant
questions

Recent Federal Changes

SECURE Act of 2019

- Increased Required Minimum Distribution (RMD) age from 70½ to 72
- Changed beneficiary distribution rules
- Required plan administration, recordkeeping, and participant communication review

SECURE 2.0 of 2022

- Increased RMD age to 73
- Expanded catch-up contributions
- Created Roth catch-up requirements
- Expanded emergency withdrawal options
- Created future saver's match

Social Security Fairness Act

- Repealed Windfall Elimination Provision (WEP) and Government Pension Offset (GPO)

What MERS is Monitoring Federally

Retirement savings policy

- TrumpIRA.gov
- Trump Accounts
- Saver's Match
- SECURE 3.0

Social Security reform

- Bipartisan Social Security Commission Legislation
- Sovereign Wealth Proposal

Public plan investment oversight

- Environmental, social, governance
- Proxy voting
- China exposure

Executive and regulator policy

- Executive Orders
- Department of Labor (DOL) and Securities and Exchange Commission (SEC) guidance

Michigan Retirement Policy



Why Michigan Policy Matters to MERS



State Law Monitoring

66

independent acts that govern Michigan retirement policies and MERS customers are tracked by MERS.



Key Oversight Laws

Municipal Employees Retirement Act (MERA)

- Plan administration
- Employer participation
- Rehire retiree rules
- Reporting

Public Employee Retirement System Investment Act (PERSIA)

- How assets may be invested
- Investment fiduciary standards

Protecting Local Government Retirement and Benefits Act (PA 202)

- Framework for monitoring fiscal health
- Created task force

State Bill Tracking

140

introduced bills that could have an impact, but are not laws yet, are tracked by MERS.



What MERS is Monitoring

Retirement policy & plan design

- MI secure retirement
- Corrections and law enforcement retirement package

Governance & fiduciary oversight

- Board fiduciary training

Investment environment

- Crypto currency
- Home investment restrictions

Tax & compliance

- Pension tax withholding
- Administrative procedure act and de novo review

Workforce flexibility

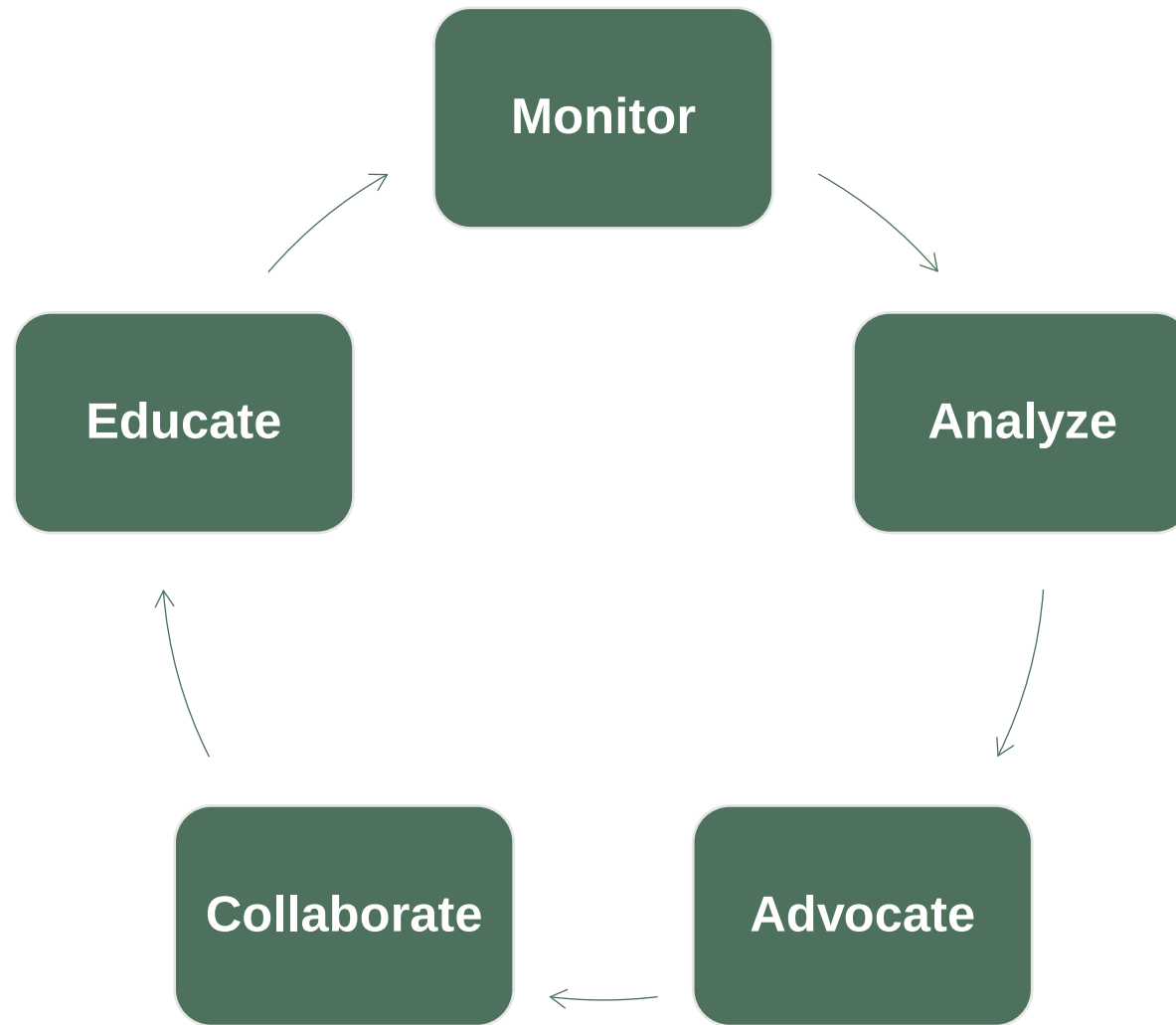
- Paid military leave for first responders
- Working in retirement legislation

Data security protections

How MERS Supports You Through Change



MERS Legislative Support Cycle



Monitor



- Track 140+ state bills
- Watch federal legislation
- Identify trends
- Follow actions
- Provide early warning
- Candidate research
- Connect with officials

Analyze

- Review
- Assess
- Evaluate
- Connect
- Determine



Advocate

MUNICIPAL RETIREMENT PROFILE







Who is MERS?

MERS provides retirement plans for Michigan's local government on a not-for-profit basis. We offer comprehensive services, keep costs low, and put our members interests first – making us the plan fiduciary.

Our MISSION is to support a secure retirement for those who service Michigan communities.

No ONE-SIZE-FITS-ALL

MERS offers a wide range of flexible solutions, including traditional pensions, defined contribution plans, health care savings, supplemental savings plans, and combinations of services to meet the varying needs of employers and workers.

The Go-To Retirement Expert in Michigan



Retirement benefits for 150,000+ public employees, partnering with 1,000+ municipal employers.



More than \$17 billion in pooled assets, providing economies of scale for investing.

As a multiple-employer plan, we pool assets for investment purposes while maintaining separate secure accounts for each municipality. As our membership grows, so do our efficiencies, passing savings along to our customers.

The Facts



MERS is Governed by state statutes as well as strict fiduciary, investment, and administrative laws.



Pension benefits are pre-funded by law through employer and employee contributions.



Investments consistently outperform benchmarks, providing downside protection and upside market participation.



Well-designed retirement plans help attract and retain skilled public-sector employees such as nurses, firefighters, police officers, and municipal workers, ensuring high-quality public services.

Municipal Employees' Retirement System of Michigan | 1134 Municipal Way | Lansing, MI 48917 | 800.767.8372 | www.mersmich.com

HOUSE DISTRICT: 72



Representative: Mike Mueller

Number of MERS municipalities in your district: 26



PEOPLE in your district served by MERS programs 13,608

TOTAL ASSETS in MERS programs within your district

\$1,668,470,643

MUNICIPALITY	MERS Retirement Programs					OPEB Strategies	
	Funding %	Defined Benefit	Defined Contribution	Hybrid	457	Health Care Savings Program	Retiree Health Funding Vehicle
Comm Mental Health Partnership of SE Mich	N/A						
Fenton	84%						
Fenton Township	N/A						
Genesee County	N/A						
Genesee County Land Bank Auth	N/A						
Genesee County Road Comm	N/A						
Genesee County Water & Waste	N/A						
Genesee District Library	N/A						
Genesee Health System	N/A						
Genesee-Shiawassee-Thumb Mich Works	N/A						
Grand Blanc	86%						
Grand Blanc Township	74%						
Holly	64%						
Holly Township	N/A						
Hurley Medical Center	70%						
Linden	N/A						
Livingston County	82%						
Livingston County Comm Mental Health	80%						
Livingston County Road Comm	87%						
Metro Police Auth of Genesee County	84%						
Mundy Township	87%						
N Oakland County Fire Auth	N/A						
SE Mich Council of Governments	80%						
SMART	82%						
Southeast Michigan Consortium	N/A						
Western Oakland Transportation Authority	N/A						
Total MERS Products		12	18	3	15	12	12
Total MERS Assets						\$1,668,470,643	



Municipal Employees' Retirement System

25

Collaborate



MICHIGAN ASSOCIATION
OF AIRPORT EXECUTIVES
MAAE



Educate

- Summaries & guides
- Updates
- Presentations
- Meetings
- Q&A
- Best practices
- Actions

MERS
Municipal Employees' Retirement System

PARTICIPANT **RETIREE** **EMPLOYER** **NEWSROOM** **MERS**

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Protecting Local Law

In 2017, the Protecting Local Law in Michigan. The legislature is working to address unfunded liabilities of your local unit of government by amending the defined contribution plan, and this act incorporates four key changes to the plan for retired municipal employees.

- Transparency, through
- Identification of costs
- Review for fiscal health
- Develop a corrective

Overview of the Four

Stage 1: Transparency, Michigan municipal

As the Michigan legislature is informed of any developing have been posted to the E

Senator David Kn November 30, 20 retirement, what ty be able to get our if we ask our retiree conscience." I am, Michigan school e

Impacts of SECURE 2.0 on Retirement Plans

SECURE 2.0 was signed into law at the end of 2022. The act's own effective date, and not all provisions affect MERS by increasing access to retirement plans, growing and prioritizing financial priorities so they can achieve long-term financial goals. Based on our experience with the original SECURE Act, we are providing technical information to help with the implementation of changes. Please note that, as the plan fiduciary and your administrative or policy changes related to the plans we

SECURE Act 2.0

Given the importance of retirement plans, it is essential that we stay informed with the evolving challenges workers and employers face: pandemic, inflation and fluctuating market conditions, with planning for decades into retirement.

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Michigan Employees' Retirement System of Michigan, 1134 Municipal Way, Lansing, MI 48917, 800.750.6327 | michmrs.com

You Don't Need to Navigate it Alone



Key Takeaways and Actions



Key Takeaways

Retirement readiness depends on access, plan design, and participant action.

Federal and state policy changes can affect public employers, even when MERS is not directly referenced.

MERS monitors change, evaluates customer impact, and helps prevent unintended consequences.

Actions To Take Today



- ✓ Keep **plan contacts up-to-date**
- ✓ Utilize MERS **resources and education opportunities**
- ✓ Share your questions and thoughts **with MERS**

MERS of Michigan

1134 Municipal Way
Lansing, MI 48917

800.767.6377

mersofmich.com



This publication contains a summary description of MERS' benefits, policies or procedures. MERS has endeavored 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.

