



Tomorrow Starts Today: How 457s and IRAs Strengthen Your Retirement

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AGENDA

- How Much You Will Need in Retirement
- Build Your Retirement Plan
- Leverage 457 and IRA to Fill the Gap
- How to Enroll
- Keys to Success
- Resources to Help and Actions to Take Today

How Much You Will Need in Retirement



Personalizing Your Goal

Think about your:

Expenses



Vehicles

(loans, maintenance, insurance, gas)



Utilities



Housing

(mortgage, insurance, maintenance, taxes)



Healthcare

(premiums, out of pocket, copays, uncovered)

Income



Savings

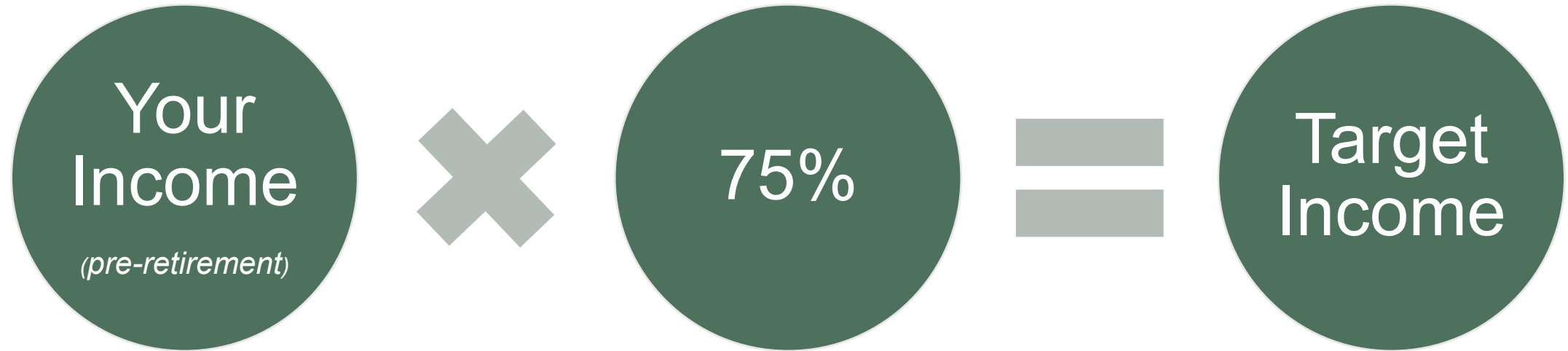


Social Security



Retirement Plans

Identifying Target Income Replacement



Build Your Retirement Plan



Identify Income Sources

Social Security

Retirement Plans

Supplemental Savings



Social Security

- Never intended to be only source of income
- Your benefit is based on your work history
- When you claim benefits matters
- You may be eligible for other SSA benefits



Learn About Social Security

ssa.gov



Calculators



Benefits Planner



FAQs



Retirement Estimator



my Social Security

MERS Retirement Account Types

Retirement Plans

- Defined Benefit Plan
- Defined Contribution Plan
- Hybrid Plan

Supplemental Savings Programs

- 457 Program
- Individual Retirement Account (IRA)

Health Care Savings Programs

- Health Care Savings Program (HCSP)

Defined Benefit Plan Basics



A **lifetime** pension benefit provided to **vested** participants in retirement



Benefit does **not** fluctuate due to investment gains or losses

Example of How the Defined Benefit Plan Works

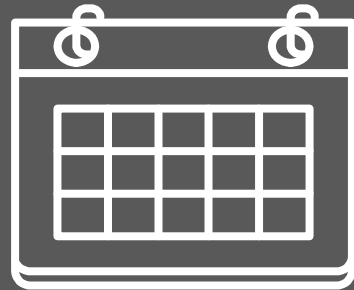
Final Average
Compensation



\$55,000

X

Service
Credit



25 years

X

Benefit
Multiplier



2.00%

=

Annual
Benefit



\$27,500.00

MERS Defined Contribution Plan

- Qualified 401(a) retirement plan
- May have both employee and employer pre-tax contributions
- Participation is mandatory

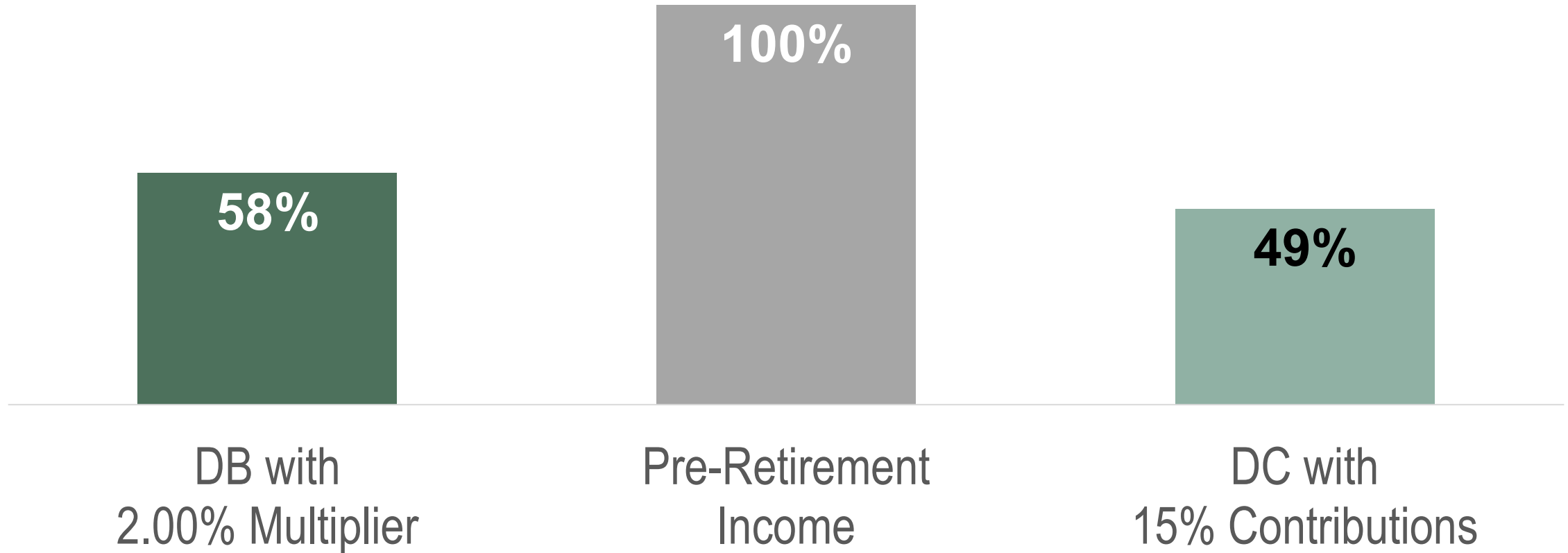


MERS Health Care Savings Program

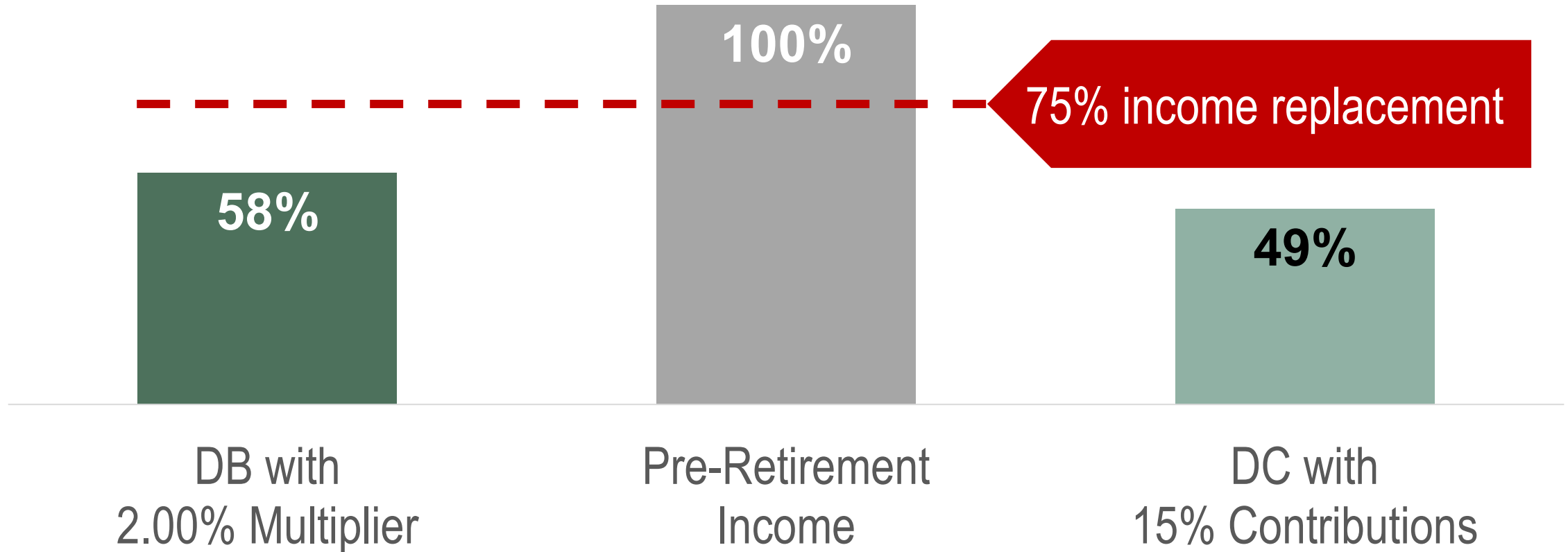
- Savings account for post-employment medical expenses
- An invested account that you manage
- Available for you, your spouse, and your legal dependents to use
- No requirement to be enrolled in a high-deductible or any type of health plan



Finding the Gap



Finding the Gap



Supplemental Savings



457



IRA

Leverage 457 and IRA to Fill the Gap



What is a 457 Program?

- Voluntary savings account
- You manage it
- Flexible
- Low cost
- Emergency or gap fund
- Account balance can be used earlier without penalty

Employee
Contributions



Individual Retirement Account (IRA)

- An IRA is a tax-advantaged individual retirement account
- MERS IRA is available to **ALL** current and former employees of any Michigan municipality
 - Spouses may also be eligible
- ***No employer adoption is required***
- ***You decide how much to contribute***

Pre-Tax and Roth Contributions

Pre-Tax Contributions

- Contributions are deposited before taxes are calculated, reducing your taxable income
- Taxes are due when money is withdrawn
- Access funds after separating from employment, regardless of age

Roth Contributions

- Contributions are made after taxes are calculated and do not reduce your taxable income
- No tax issued on contributions or earnings for qualified distributions
 - Must be at least 59½
 - 5 years since making first Roth contribution

Frequently Asked Questions

Can I enroll in both a Roth IRA and Traditional IRA?

- Yes

Can I enroll in both a 457 and an IRA?

- Yes

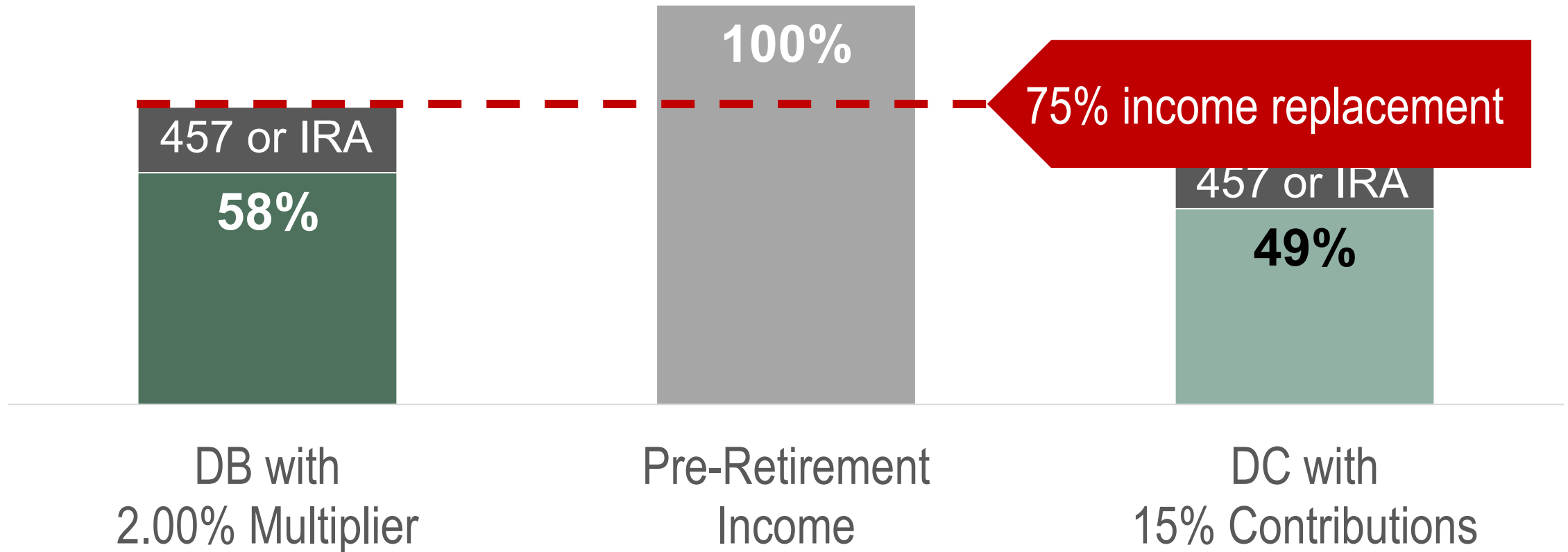
Why would I want to have both plans?

- More retirement savings!
- Additional flexibility on withdrawals

What are some factors to consider when opening a 457 or IRA?

- Employer adoption
- Spouse access
- Annual Contributions
- Legacy planning

Filling the Gap with 457 or IRA

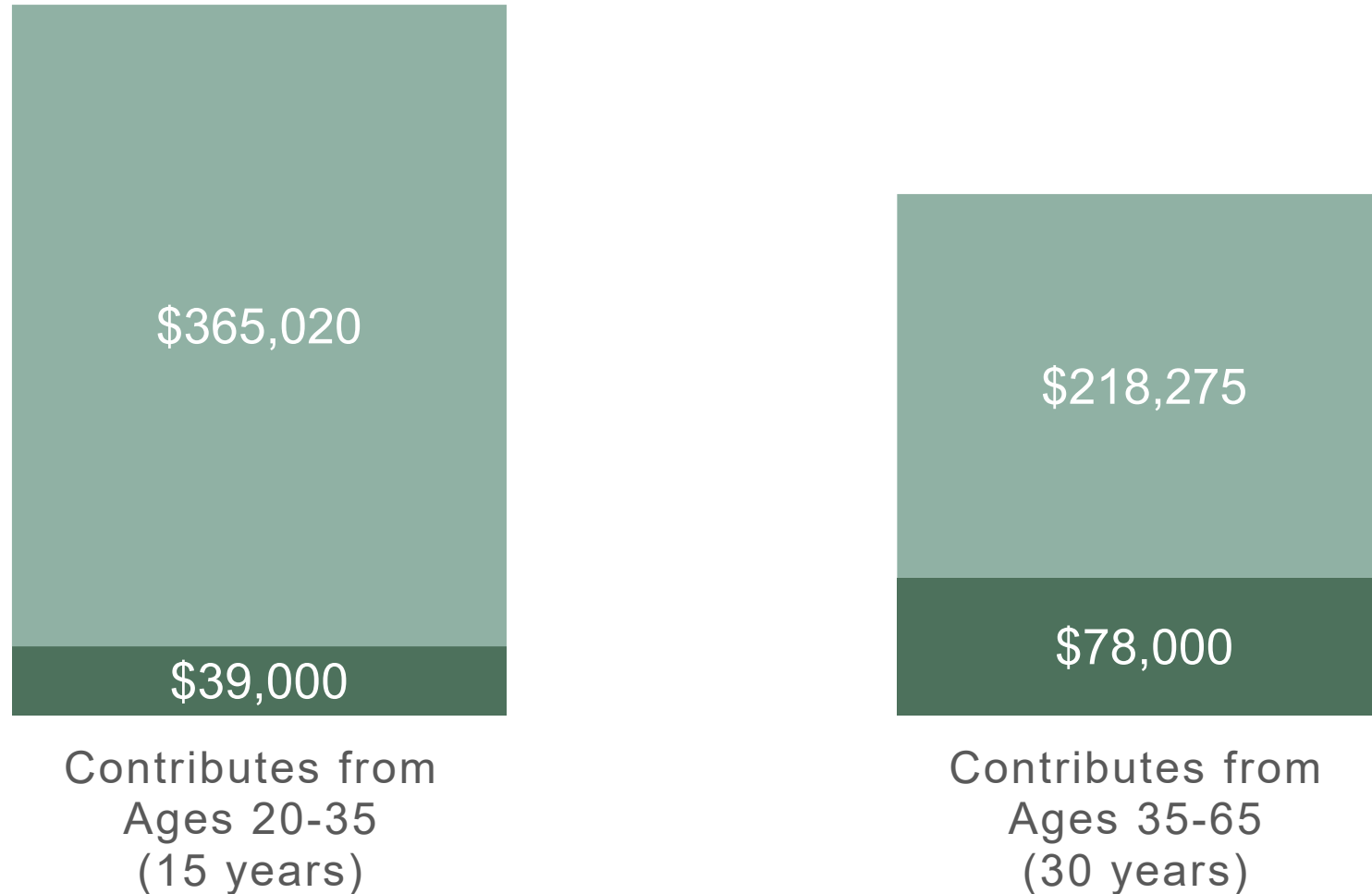


Keys to Success



Don't Wait to Get Started

Start Saving as Early as Possible

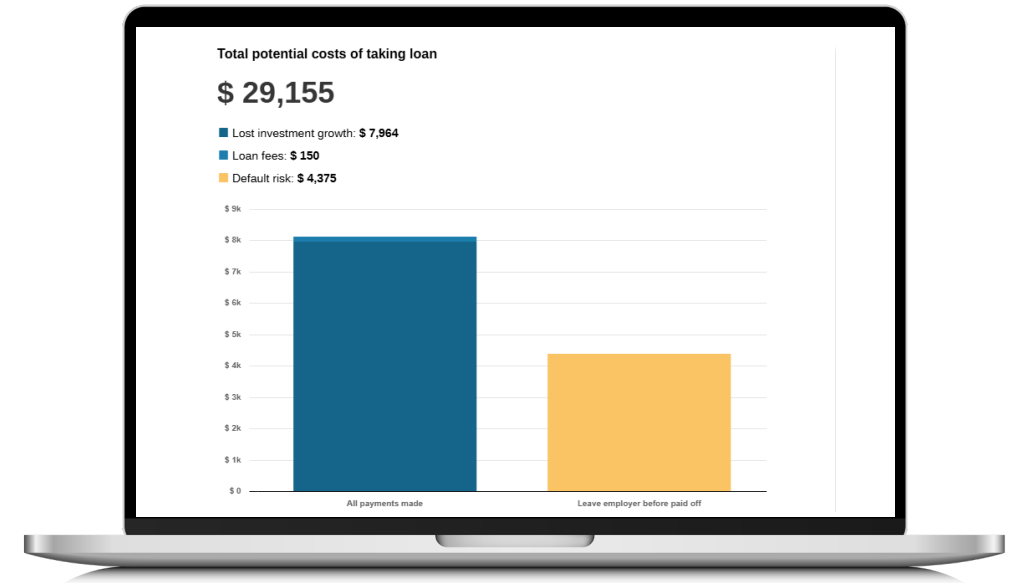


Increase Contributions Annually



Understand the Impacts of Loans

- Taking money out of the market can hurt your long-term savings
- Loans are repaid with after-tax dollars with the potential for double taxation
- Outstanding loans become due upon separation from employment



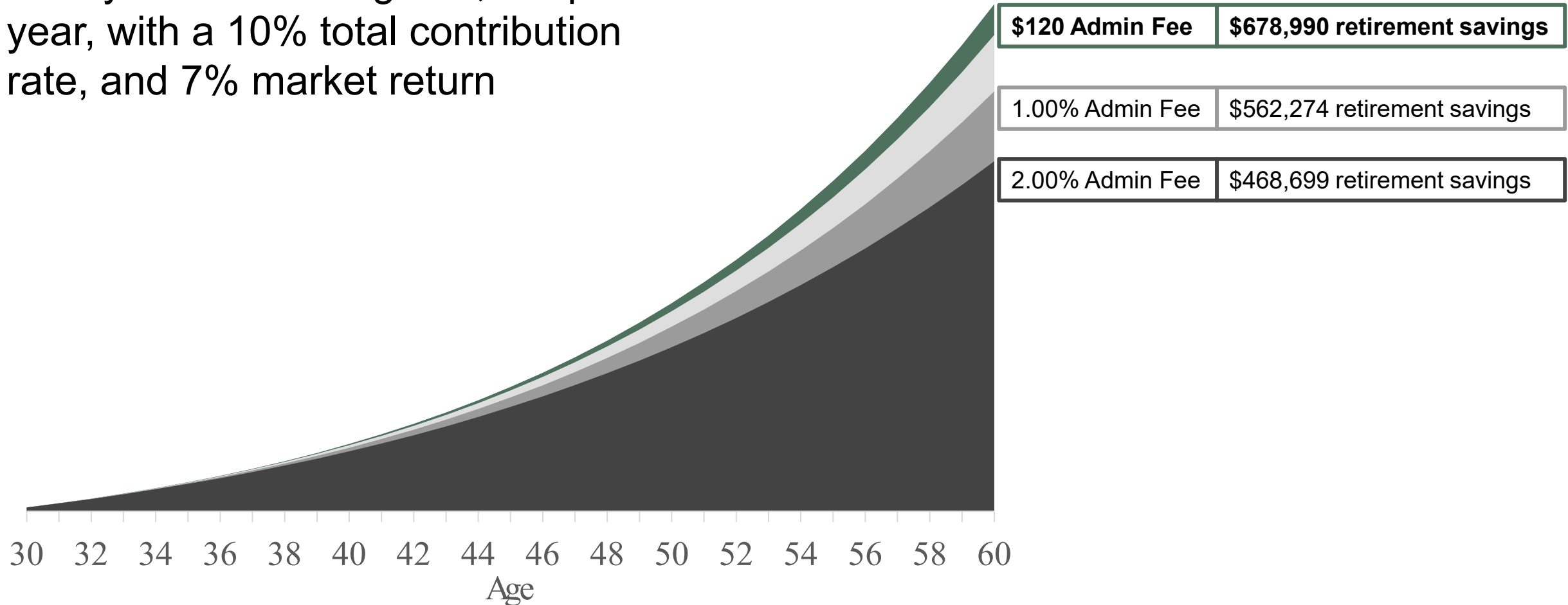
FOR ILLUSTRATIVE PURPOSES ONLY.

- Simple fee structure
- Low-cost
- Transparent
- \$10 per month admin fee, applied only once per individual regardless of the number of MERS plans enrolled in (DC, 457, HCSP, or IRA)

28

Impact of Fees on Account Balance

A 30-year-old making \$50,000 per year, with a 10% total contribution rate, and 7% market return



Consolidate Plans with Rollovers

Simplify investing,
retirement and estate
planning by consolidating
accounts in one place!

- **Save** on fees
- **One-stop shop** for questions, help, and administration
- Maintain **tax advantages**

How to Enroll



New Employee or Participant

Employer reports
newly eligible
employee

Employee
receives an email
or postcard

Employee
creates their
online account

457 Easy Enrollment



MERS PLANS

About your plan ▾ Investing ▾ Learning center ▾ Enroll ▾ Plan resources



Welcome to your new website experience.

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SIGN IN

REGISTER



Download the Empower mobile app

Learn how to access your account anytime, anywhere.



Empower Security Guarantee

Protecting your account and your information is our priority.



Looking out for your loved ones

Name your beneficiaries, so your money goes where you want.

457 Enrollment

Investment Enrollment

Select one option to customize your contributions.

☐ Quick enrollment - Pre-selected enrollment options

☐ Customize enrollment - Choose enrollment options

[Important notices](#)

Customize – Choose Your Contribution

What type of contribution would you like to make?

[Compare them](#)

[Calculators](#)

[Plan Rules](#)

☒ Before-tax deferral

Before-tax contributions are made from before tax money.

☒ Roth deferral

Roth contributions are made from after-tax money.

☐ 8% Before-tax deferral contribution

☐ 8% Roth deferral contribution

☒ Split your contribution

My Contribution rate

8%

My Before-tax deferral contribution rate:

2 %

My Roth deferral contribution rate:

6 %

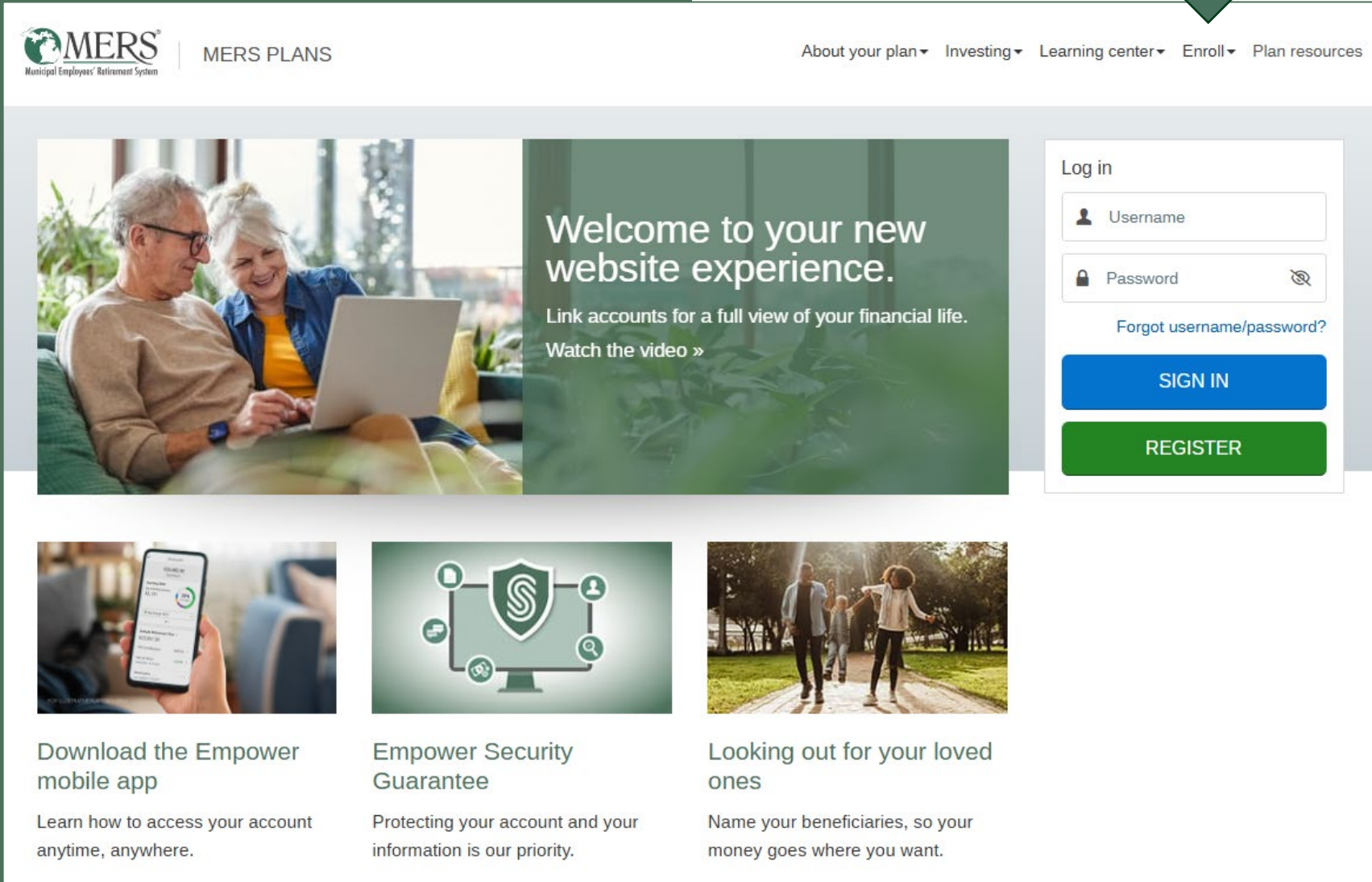
Back

Continue

Customize – Choose Your Investments



IRA Easy Enrollment



MERS
Municipal Employees' Retirement System

MERS PLANS

About your plan ▾ Investing ▾ Learning center ▾ **Enroll ▾** Plan resources

Welcome to your new website experience.

Link accounts for a full view of your financial life.
[Watch the video »](#)

Log in



[Forgot username/password?](#)

SIGN IN

REGISTER



Download the Empower mobile app

Learn how to access your account anytime, anywhere.



Empower Security Guarantee

Protecting your account and your information is our priority.



Looking out for your loved ones

Name your beneficiaries, so your money goes where you want.

Traditional or Roth Enrollment

How to enroll

- ▶ Click on "REGISTER."
- ▶ Select the "I have a plan enrollment code" tab.
- ▶ Enter the Group ID and Plan Enrollment Code
 - Traditional IRA: [Click here to download](#)
 - Roth IRA: [Click here to download](#)
- ▶ Complete your information and follow the prompts to complete enrollment.
- ▶ The enrollment process will be complete after you select "Enroll Now" at the end of the guided process.

Want to see these steps in action?

[Watch this quick tutorial video.](#)

REGISTER

Resources Available to Help

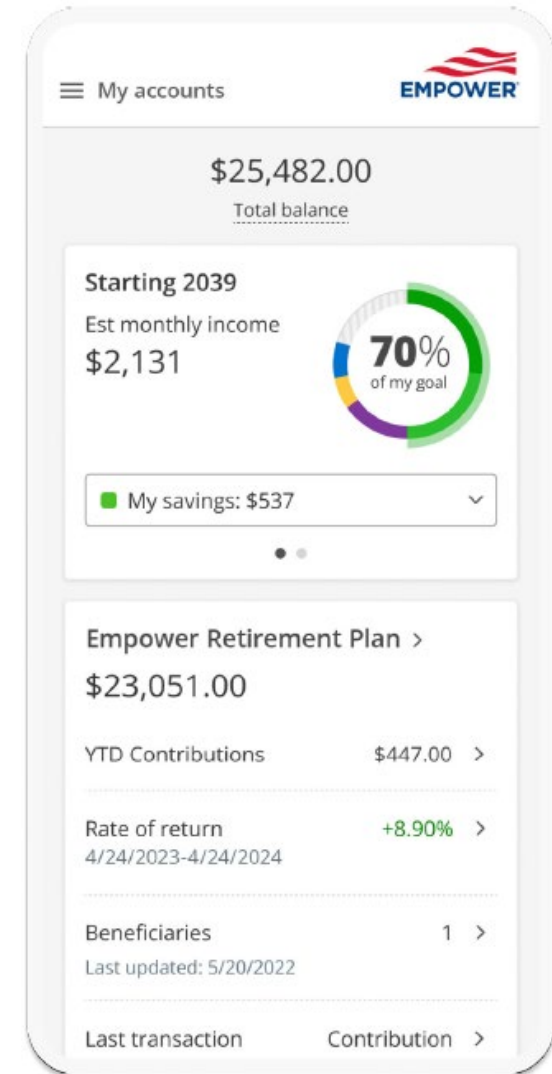


Empower App

- Check balances
- Change your investment elections
- Customize your communication preferences
- Update your beneficiaries



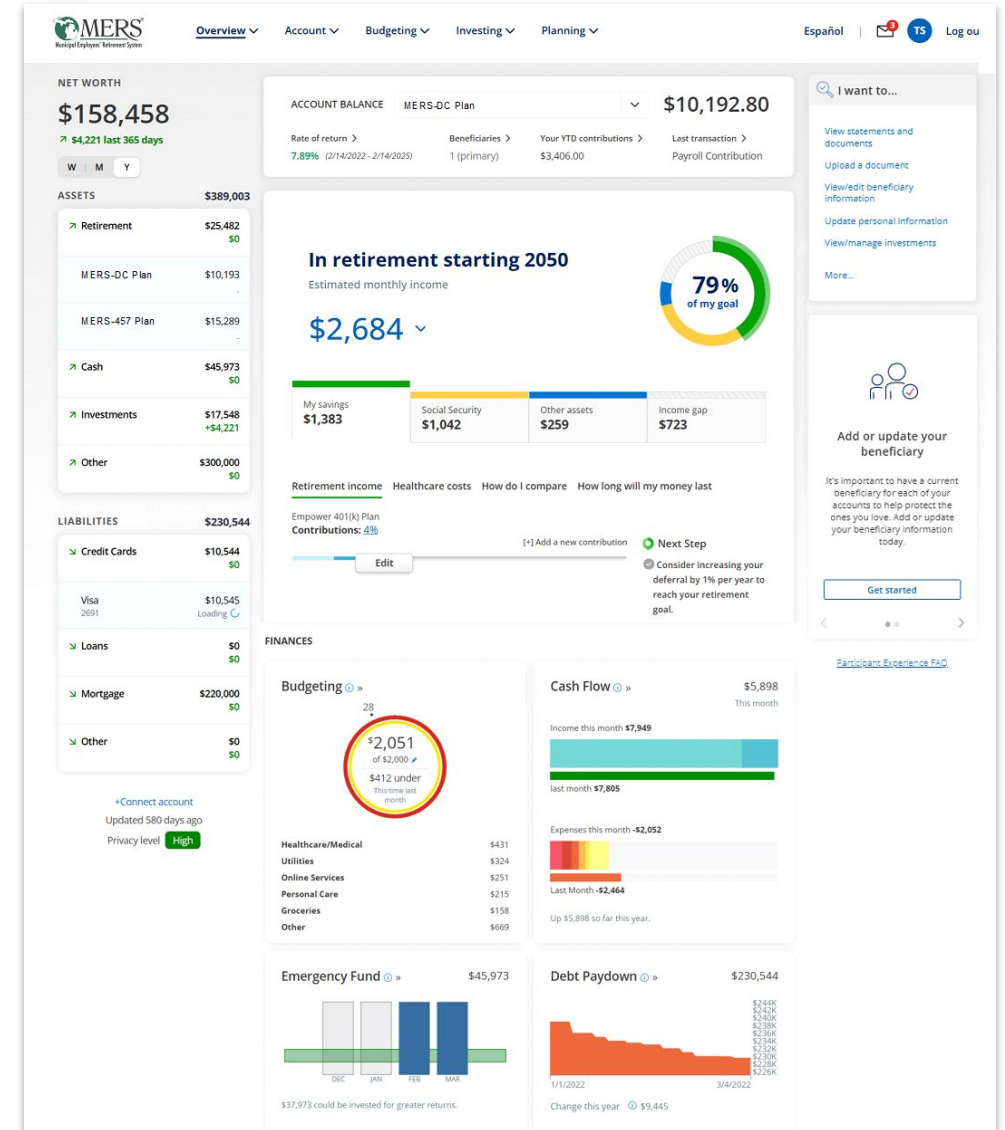
Download the **Empower app** today!



A Complete View in One Place

Gain financial confidence using your personalized dashboard

- Link other accounts for a real-time view of your financial life
- Focus on your monthly retirement income
- See and understand your net worth
- Access free tools and resources that can help you budget, save, and plan for retirement



Budget Planner and Cash-Flow Tools

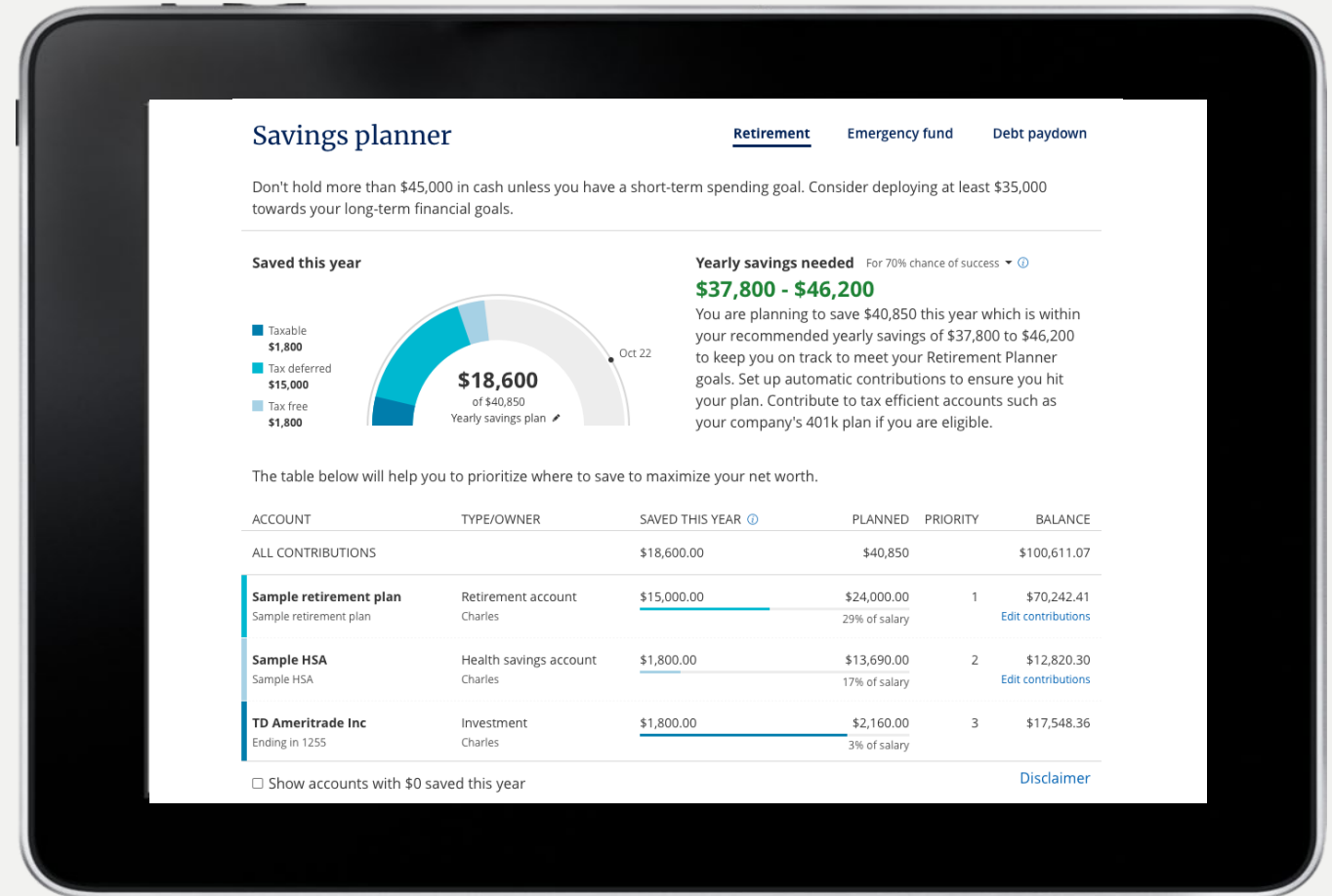
- Make and keep a budget
- See inflows and outflows of every linked account
- Adjust budgets to see what works best for you



Create Savings Goals – Track Progress

See how much you're saving – and how your savings compare to your goals, including:

- Retirement
- Emergency fund
- Debt paydown



Education Opportunities

Learning Center and Webinars



On-Site Sessions





Service Center Hours

Monday through Friday

8:00 a.m. to 10:00 p.m. EST

Saturdays

9:00 a.m. to 5:30 p.m. EST

Give us a call:

800.767.6377

Our retirement consultants are at your service

Am I on track for my retirement goals?

How much should I save for retirement?

Which investments are right for me?



Actions To Take Today



Next Steps and Action Items



- ☒ Create your online account
- ☒ Complete the Retirement Planner to see if you're on track
- ☒ Enroll in a 457 or an IRA
- ☒ Schedule your consultant appointment
- ☒ Rollover outside accounts to MERS

MERS of Michigan

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mersofmich.com



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