



Understanding Your Defined Contribution Plan

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Agenda

- MERS Defined Contribution Plan Overview
- MERS Investment Menu
- Understanding your Investment Expenses
- Using your Account
- MERS Resources



Defined Contribution Plan Overview

MERS Defined Contribution Plan

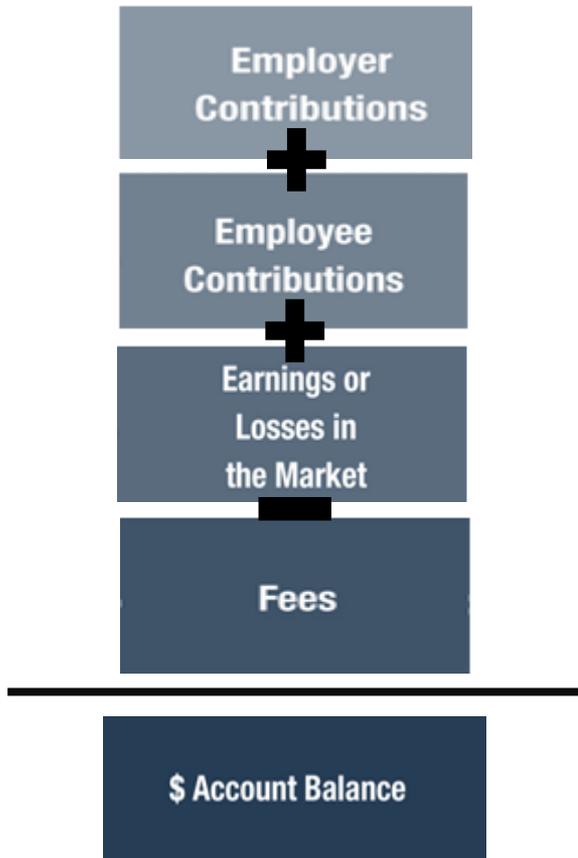
- The MERS Defined Contribution Plan is 401(a) Money Purchase Plan
- It is NOT the same as a traditional 401(k) plan

Plan Feature Comparison

Plan Type	401(k)	401(a)
Available for Governmental Entities	No (post-1986)	Yes
Enrollment	Voluntary	Mandatory
Employee Contribution Flexibility	Complete Flexibility	Limited (Choice only at Enrollment, Defined by Employer)
Required Contributions	No	Yes
Roth Option Available	Yes	No

MERS Defined Contribution Plan

Your defined contribution plan is made up of four components:



Benefits of Pre-Tax Contributions

Sample Paycheck

	No Program Deductions	MERS Defined Contribution pre-tax deductions
Gross Wages	\$2,000	\$2,000
MERS Defined Contribution Pre-tax deductions	0.00	100.00
Payroll Deductions		
Federal Income Tax	282.93	257.93
Social Security	124.00	124.00
Medicare Tax	29.00	29.00
MI State Income Tax	81.82	77.42
Net Pay (Take-home Pay)	\$1,482.25	\$1,411.65



Rollover/Transfer Contributions

MERS DC Plan makes it easy to consolidate retirement savings under one plan

Eligible rollovers include:

- Qualified Plans – including profit sharing, 401 (a) or 401(k), money purchase and defined benefit plans
- 403(b)
- 457(b)
- IRAs – including traditional, SIMPLE and SEP

Vesting

Vesting is the amount of service required to be eligible for employer contributions. There are two ways to vest:

- 1. Vesting by Years of Service**
- 2. Automatic Vesting Age**

Naming Your Beneficiary



Primary Beneficiary

Entitled to your remaining account balance in the event of your death (*always spouse unless they waive their rights in writing*)



Contingent Beneficiary

Entitled to receive the remaining account balance in the event of your death and your Primary Beneficiary's death. You can name multiple beneficiaries.



MERS Investment Menu

Streamlined Investment Menu

1

“Do it for me”

Fully diversified target date funds that automatically adjust over time

2

“Help me do it”

Prebuilt portfolios that are monitored and rebalanced quarterly

3

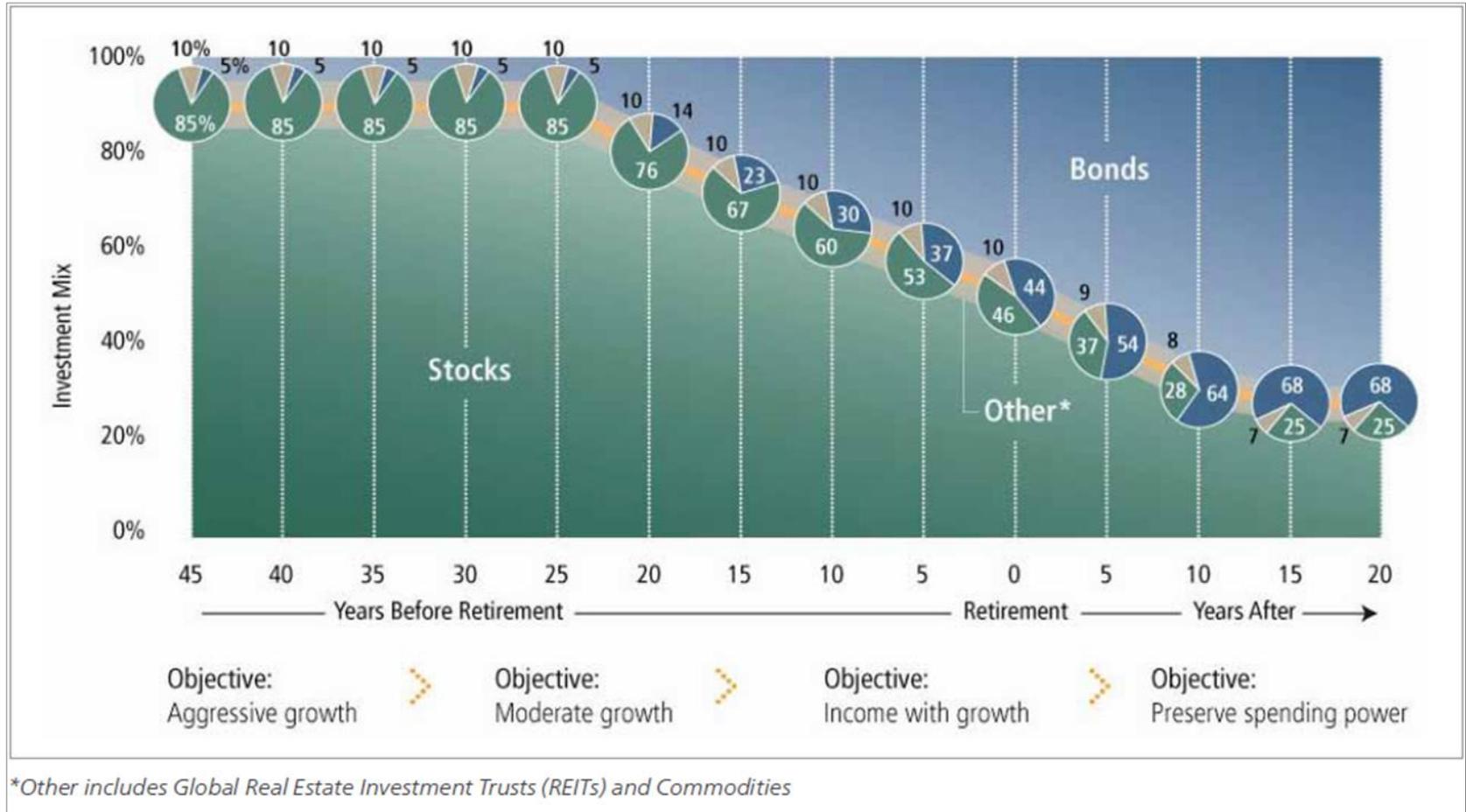
“I’ll do it myself”

Self-Directed Brokerage Account to access funds outside of MERS

1

“Do it for me”

Funds that transition automatically over your lifetime

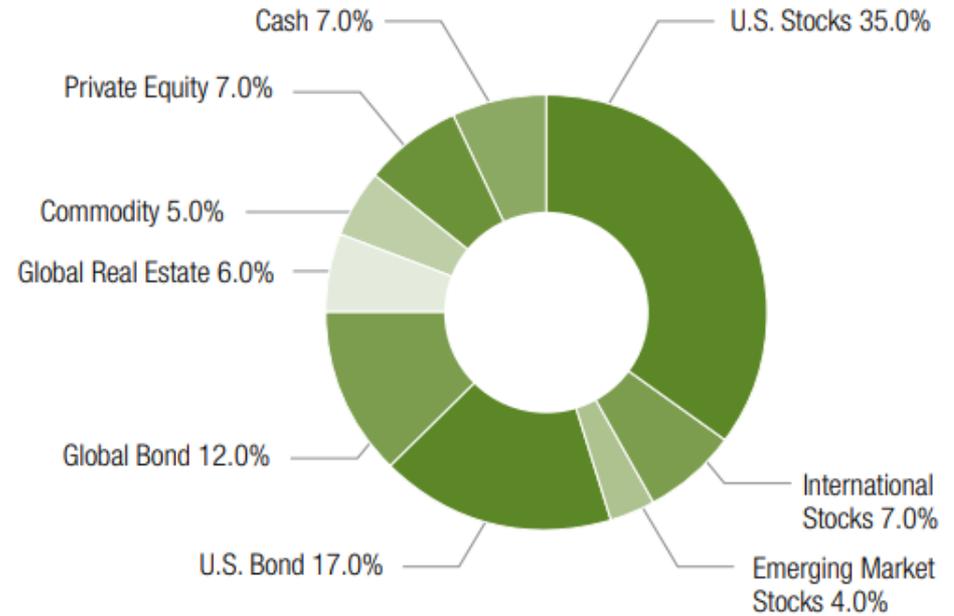


2

“Help me do it”

Pre-Built Portfolios and Pre-Selected Funds to Build Your Own Portfolio

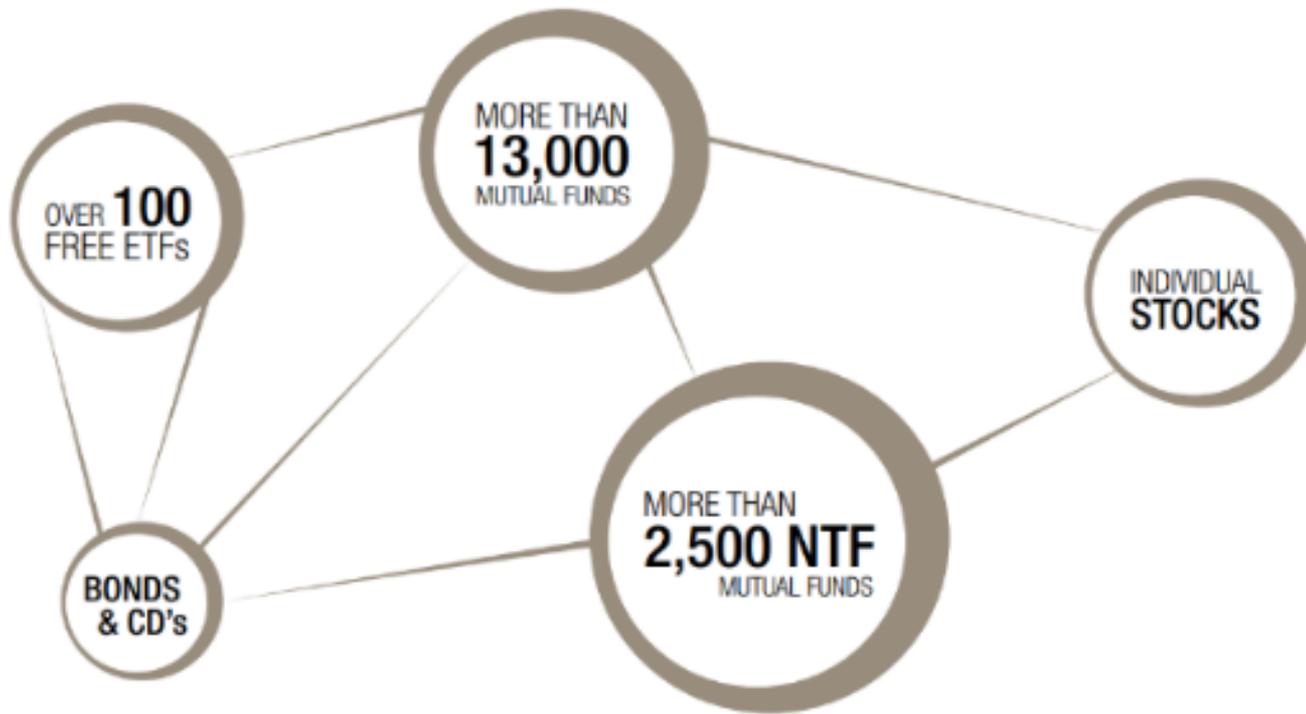
1) Pre-built portfolios



1) Build your own portfolio

3 “I’ll do it myself”

Self-directed brokerage account through TD Ameritrade



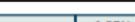
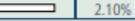
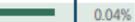


Understanding Your Investment Expenses

What is the Cost of My Plan?

Investment information is available at mersofmich.com

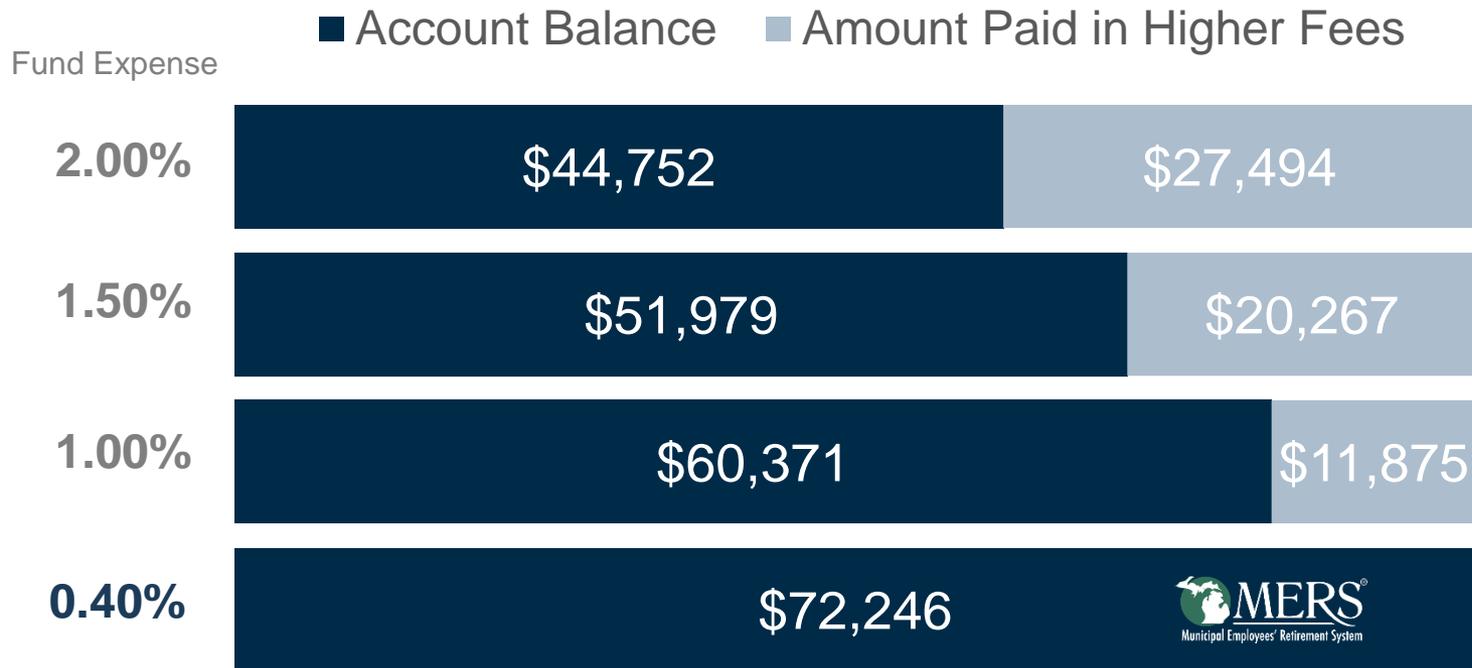
**Investment Summary Sheets
Show Investment and
Administrative Costs**

Fund Name	Proportion of Stocks 	Returns						Total Annual Operating Expense	
		Quarter-to-date	Year-to-date	1 yr.	3 yr.	5 yr.	10 yr.	As a %	Per \$1,000
Retirement Strategies: "Do it for me"									
2005 Retirement Strategy		0.93%	8.87%	5.06%	4.18%	3.40%	-	0.38%	\$3.80
2010 Retirement Strategy		0.88%	9.58%	4.79%	4.82%	3.88%	-	0.39%	\$3.90
2015 Retirement Strategy		0.77%	10.86%	4.27%	5.61%	4.46%	-	0.39%	\$3.90
2020 Retirement Strategy		0.74%	12.00%	3.77%	6.30%	4.91%	-	0.40%	\$4.00
2025 Retirement Strategy		0.60%	12.58%	3.19%	6.79%	5.29%	-	0.40%	\$4.00
2030 Retirement Strategy		0.58%	13.51%	2.95%	7.46%	5.73%	-	0.40%	\$4.00
2035 Retirement Strategy		0.50%	14.26%	2.44%	8.08%	6.10%	-	0.40%	\$4.00
2040 Retirement Strategy		0.32%	14.85%	1.54%	8.56%	6.40%	-	0.40%	\$4.00
2045 Retirement Strategy		0.16%	15.15%	0.97%	8.72%	6.50%	-	0.40%	\$4.00
2050 Retirement Strategy		0.16%	15.15%	0.98%	8.72%	6.48%	-	0.40%	\$4.00
2055 Retirement Strategy		0.16%	15.20%	1.05%	8.72%	6.51%	-	0.40%	\$4.00
2060 Retirement Strategy		0.15%	15.18%	0.99%	8.73%	-	-	0.40%	\$4.00
Portfolios Available for 100 (Stocks/Bonds)									
MERS Total Market Portfolio		0.57%	8.19%	2.22%	6.14%	5.35%	7.49%	0.56%	\$5.60
<small>Note: 2.00% charge from amounts withdrawn/transferred within 90 days of each contribution</small>									
MERS Global Stock Portfolio (100/0)		-0.33%	14.98%	-2.46%	8.98%	7.35%	-	0.55%	\$5.50
MERS Capital Appreciation Portfolio (80/20)		0.20%	13.66%	-0.25%	8.33%	6.66%	-	0.50%	\$5.00
MERS Established Market Portfolio (60/40)		0.69%	12.60%	2.39%	7.19%	5.90%	7.50%	0.51%	\$5.10
MERS Balanced Income Portfolio (40/60)		1.19%	11.39%	4.84%	5.72%	5.12%	-	0.53%	\$5.30
MERS Capital Preservation Portfolio (20/80)		1.82%	10.85%	7.54%	4.79%	4.65%	-	0.51%	\$5.10
MERS Diversified Bond Portfolio (0/100)		2.10%	8.96%	9.43%	2.84%	3.11%	4.04%	0.55%	\$5.50
Funds to Build Your Own Portfolio									
Large Cap Stock Index		1.65%	20.42%	4.12%	13.05%	10.41%	12.97%	0.33%	\$3.30
Mid Cap Stock Index		0.05%	17.66%	-2.61%	9.17%	8.66%	12.47%	0.33%	\$3.30
Small Cap Stock Index		0.04%	13.70%	-8.95%	9.35%	9.72%	-	0.33%	\$3.30
International Stock Index		-1.81%	11.43%	-2.64%	5.92%	2.85%	-	0.36%	\$3.60
Emerging Market Stock		-4.00%	4.19%	-4.42%	2.68%	-0.07%	-	0.57%	\$5.70
Real Estate Stock		7.88%	22.72%	15.61%	6.84%	9.90%	-	0.71%	\$7.10
Bond Index		2.35%	8.45%	9.99%	2.40%	2.85%	-	0.43%	\$4.30
High Yield Bond		1.22%	11.84%	6.98%	5.38%	5.00%	-	0.87%	\$8.70
Short-Term Income		0.66%	2.71%	3.80%	1.48%	1.02%	0.91%	0.33%	\$3.30
Stable Value (not available for HCFB or IRA)		0.55%	1.64%	2.16%	1.08%	1.03%	-	0.58%	\$5.80



Impact on Account Balance

Growth of \$10,000 over 30 years (after fund expenses)



*This hypothetical example illustrates the effect fees can have on \$10,000 growing for 30 years, at an **annual return of 7%**, before the different investment costs are considered.*



Using Your Account

Leaving Employment Before Eligibility

- You may withdraw assets from the plan without tax penalty if you leave employment after Jan. 1 of the year you turn 55
- If you leave employment before this time, you must wait until age 59½ to take withdrawals without penalty

Keep account
with MERS

Full or partial
rollover

Withdraw the
account*

MERS Stable
Income Annuity

**Taxes and penalties may apply*

Locating Your Defined Contribution Plan in myMERS

The screenshot displays the myMERS: Home interface. On the left, a dark green sidebar contains the heading "Resources" and two links: "Edit Profile" with a pencil icon and "CentsAbility Blog" with a refresh icon. The main content area is titled "myMERS: Home" and features a "Select Plan" section with a hamburger menu icon. Below this is a dropdown menu with the placeholder text "Please select a Plan" and a green "GO" button. The dropdown menu is open, showing two options: "Sample City Defined Contribution" (highlighted in yellow) and "Sample City 457". To the right of the "Select Plan" section is an "Alerts" section with a bell icon and the text "You have no outstanding alerts."

Retirement / Using the Account

Plan Home Pending Activity File Upload My Profile Resource Library

myMERS

- Summary
- My Balance
- My Contributions
- Change my Investments
- Investment Performance
- Loan Center
- My Statements
- Distributions**

resources

- Voluntary In-Service Distribution Form
- Special Tax Notice
- Michigan Withholding Certificate W-40

Distributions Available to You

You are allowed to make withdrawals from your account under certain circumstances. The fee indicated will be deducted from your distribution. An outstanding loan balance may lower the amount of your requested distribution.

Select from the distribution options below:

Distribution	Documentation Required	Minimum Amount	Maximum Amount
<p>⚠ You are not currently eligible for any distributions.</p>			

Address Verification

All checks, confirms and tax forms will be issued to the following address. If this address is not current, please update your address by clicking change address link.

Submit your distribution request through myMERS.

Go to myMERS, click on your Defined Contribution plan, click on the dropdown menu, and then click on "Distributions".

Using Your Account in Retirement

Lump Sum

Substantially Equal Payments

Periodic

Amount Certain

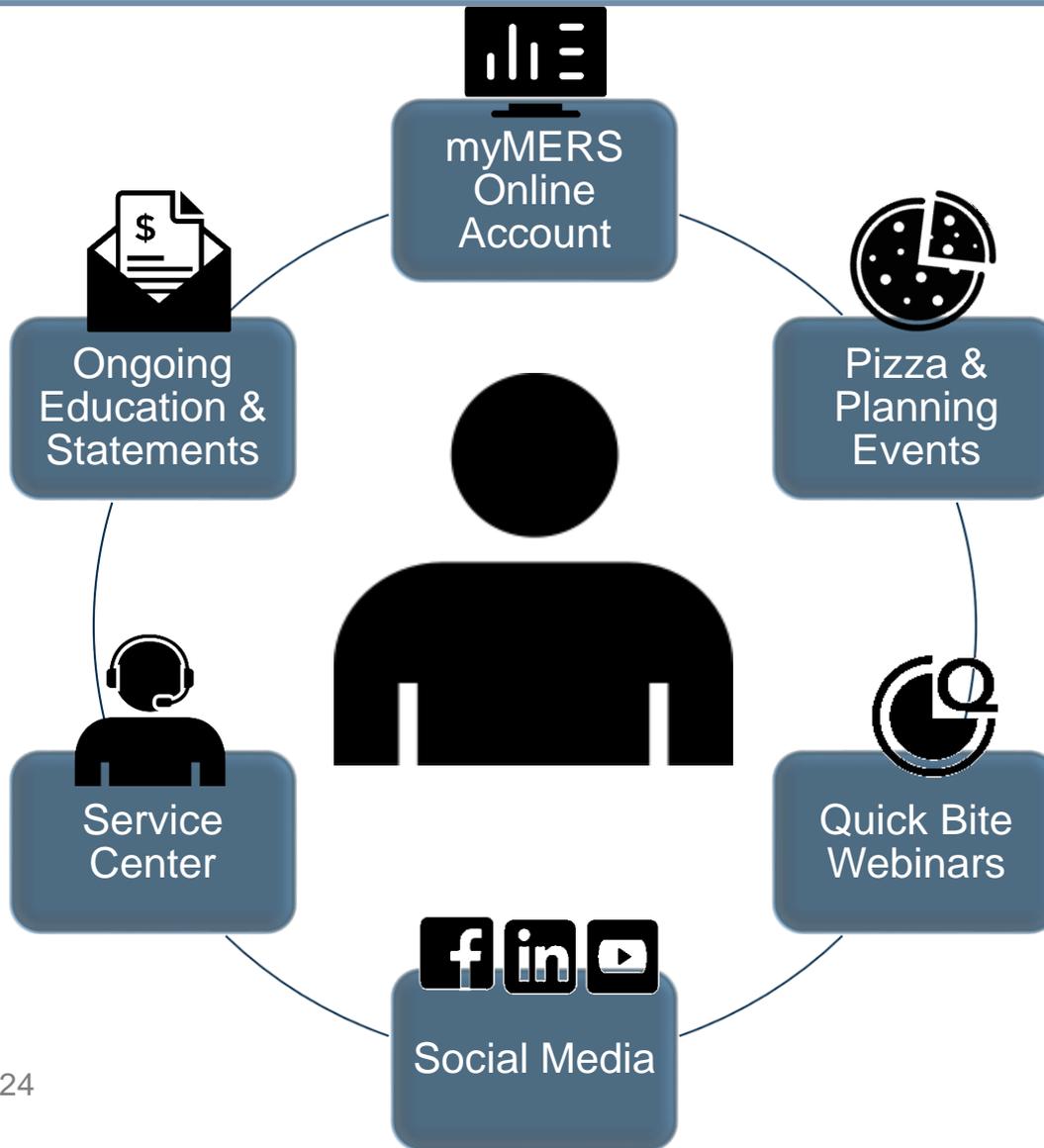
Period Certain

Minimum Required Distributions



MERS Resources

Your Resources



MERS Website

www.mersofmich.com



The MERS Video Library



Calculators



Publications and forms



Upcoming events live and online

Contacting MERS of Michigan

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

1134 Municipal Way

Lansing, MI 48917

800.767.MERS (6377)

www.mersofmich.com



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