



## MERS 457 Program Highlights

### A Commitment to Transparency, Accountability and Results

MERS is a non-profit governed by an independent, elected board that operates without compensation. Our board is committed to accountability and transparency for members, holding the line on administrative costs and watching out for the best interests of our members. The MERS Retirement Board serves as the fiduciary of the funds and has oversight responsibilities for the System.

### Fiduciary Responsibility

With recent high-profile class-action suits alleging violation of fiduciary duty — and with the potential for personal liability — plan sponsors universally want to manage fiduciary risks. In particular, they're looking for tools to mitigate the risks associated with selecting and monitoring their plans' investment lineup. Unlike other 457 providers, we serve a fiduciary role for our customers by:

- Selecting and monitoring investment options used by participants within the 457 Program.
- Our in-house legal staff actively monitors state and federal laws, ensuring our 457 Program is in compliance.
- Actively maintaining our qualified status with the Internal Revenue Service.

## MERS Investment Menu Oversight

The MERS Retirement Board and Office of Investments actively select and monitor the fund lineup, investment managers, and index funds available. The menu allows investors of all types, regardless of experience, to easily create fully diversified portfolios that will meet their specific goals and investment styles. MERS actively monitors and, as needed, changes funds and investment managers on a continual basis, ensuring strict criteria are met for expense ratios and investment performance.

The following are some examples of the criteria used by MERS to guide decisions:

- Comparative risk ratio against peers and benchmark
- Comparative expense ratio against peers in its category
- Consistent investment style
- Stable investment management team
- Material legal regulatory or reputation changes

## Investment Menu Design

The design of the menu helps participants make clear choices and arrive at successful outcomes. We understand the behavioral economics behind participant decision-making, and have grouped our investments into logical categories that participants can identify with.

## Straightforward Cost

In 2011 MERS redesigned its structure to comply with the Department of Labor-required participant fee disclosure, which means fees are straightforward and not “hidden.”

We provide participants with a variety of resources to understand fees, including a Fund Fee Summary (based on the Department of Labor model) available online, and detailed summary sheets for each fund.

## Investment Menu Benefits for Participants

- An experienced team oversees the investment choices for participants
- This team does the necessary fund research, performs due diligence and monitors the different managers and funds
- There is a focus on driving successful outcomes
- Quality investment options are offered



## myMERS Online Account Access

We are continually improving the participant online experience, with the goal of delivering superior value to the MERS 457 Program. MERS provides online resources to help participants understand and monitor their accounts. Some of these helpful resources include a personalized rate of return calculation, access to each fund's performance and fee details, automatic account rebalancing, and online calculators to assess your retirement needs.

In addition, we are enhancing our online services for participants, based on feedback. Now participants can request distributions using an easy to use self-service online process. For our customers that offer loans, we will also offer an online self-service option that is coming soon.



## Expanding Our Services

### Retirement Readiness

We're committed to helping participants prepare for life in retirement, which is why we've created a new resource to help them. For participants, we provide a customized retirement planning report, offering a comprehensive view of how MERS benefits can work with other expected retirement income—and whether or not they're on track to meet their retirement goals.

Through the Retirement Readiness initiative, employers will soon receive reports that provide an overview of plan metrics, including the number of participants with a projected retirement income gap, average deferral rate, and the average participant age. These reports will help employers understand the advantages of having retirement-ready employees, and how MERS programs help make that happen.



## Cost Reduction

**The cost of the MERS 457 Program continues to decrease.** As a multi-employer plan, our members benefit from the economies of scale and low administrative costs that come with being part of a large pool of assets. Effective June 30, 2017, the Recordkeeping and Custodial costs were lowered 0.05%, making the weighted average fund cost just 0.44%, or \$4.40 for \$1,000 invested.\*

**This is good news for participants, as reduced costs allow them to put more of their invested dollars towards their retirements. Lower costs make a difference over time — as shown in the example below:**

## investing more dollars makes a lot of sense

MERS helps participants save by offering **lower investment fees** than many competitors, putting more retirement dollars to work. Those fees add up, and can **make a big difference** over time.

Let's take \$25,000 as an example:  
**\$25,000** growing for 30 years at an average return of 6%



Average Fees of **0.44%**  
 Balance = **\$132,303**



Average Fees of **1.00%**  
 Balance = **\$111,881**



Average Fees of **1.50%**  
 Balance = **\$96,323**

\*The MERS weighted average fund cost is determined by the percentage of assets participants invest in each fund offered on the MERS Defined Contribution Plan and MERS 457 Program Investment Menu.



## Participant Education and Resources

### **Publications, Statements, and Newsletters**

MERS provides each participant with a variety of publications and resources about their retirement plan.

### **Online Resources**

myMERS offers participants up-to-the-minute account information, online calculators, and other resources to help participants stay on the right retirement track.

### **MERS Events and Seminars**

Our Pizza & Planning events are free and open to all MERS participants and their beneficiaries. These events are held quarterly at convenient locations around the state.

### **On-site Education**

We are available to hold group presentations, attend benefit fairs, and hold one-on-one meetings for all MERS programs. If you are interested in setting up an educational meeting on location, please contact us at 800.767.MERS (6377).

### **MERS Service Center**

MERS Service Center offers friendly, knowledgeable, over-the-phone assistance for a wide variety of benefit questions, including support with participant online account information. The Service Center is available weekdays at 800.767.MERS (6377).

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*This publication 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 as of 08/28/2015. If this publication conflicts with the relevant provisions of the Plan Document, the Plan Document Controls. MERS, as a governmental plan, is exempted by state and federal law from registration with the SEC. However, it employs registered investment advisors to manage the trust fund in compliance with Michigan Public Employee Retirement System Investment Act. Past performance is not a guarantee of future returns. Please make independent investment decisions carefully and seek the assistance of independent experts when appropriate.*