

MERS standard participant transfer rules
A REFERENCE GUIDE



*Helping you transfer an employee to
a different MERS division within
your municipality*

Participant Standard Transfer Rules

This reference guide provides step-by-step details on how a member's benefit plan is affected if they are transferred into a different division within your municipality.

The standard structure places the transferred participant into the active plan at the time of a transfer. Treating transferred members the same will provide consistency and effortless recordkeeping during transitions. Employers may adopt an alternative transfer provision through the Employer Resolution Establishing a Uniform Transfer Provision.

Please note that DB means Defined Benefit, and DC means Defined Contribution.



Transferring **to** a division with:

Transferring **from** a division with:

	Defined Benefit Plan (DB)	Defined Contribution Plan (DC)	Hybrid Plan
Defined Benefit Plan	<ul style="list-style-type: none"> The member's DB accrual under the first plan is entirely transferred to the new DB Plan Entire service will be calculated under the DB provisions of the new division upon retirement 	<ul style="list-style-type: none"> DC is the new plan DB account is frozen Future service from DC is used to help meet vesting and retirement eligibility under the previous DB Plan Frozen service from the DB account is used to help meet the vesting schedule for employer contributions under the new DC Plan 	<ul style="list-style-type: none"> Hybrid is the new plan DB account is frozen Hybrid – Part I (DB) service begins for future service only Future service from Hybrid is used to meet vesting and retirement eligibility under the previous DB Plan Frozen service from the previous DB account is used to help meet vesting under new Hybrid Plan Part I (DB) and Part II (DC) vesting schedule for employer contributions
Defined Contribution Plan	<ul style="list-style-type: none"> DB is the new plan DC account remains invested; however, no new contributions are deposited DC service time is used to help meet vesting and retirement eligibility under the new DB Plan Future service from the DB Plan is used to help meet the vesting schedule (for prior employer contributions) under the previous DC Plan 	<ul style="list-style-type: none"> The participant will be placed in the new DC Plan and the entire account balance from the previous plan will be transferred into the new plan Service from both DC Plans will be combined into the new plan The vesting schedule from the new plan will apply, and all combined service is used to meet the vesting schedule 	<ul style="list-style-type: none"> Hybrid is the new plan Hybrid – Part I (DB) service will begin for future service only, and service under the previous DC Plan is used to meet vesting The participant's DC account balance will be transferred to the Hybrid – Part II (DC) account The vesting schedule from the new plan will apply, and all combined service is used to meet the vesting schedule
Hybrid Plan	<ul style="list-style-type: none"> DB is the new plan Hybrid – Part I (DB) is frozen Hybrid – Part II (DC) account remains invested however, no new contributions are deposited DB-only service begins for future service in new plan Frozen service from Hybrid Plan is used to help meet vesting and retirement eligibility under the new DB Plan Future service from the DB Plan is used to help meet vesting under the previous Hybrid Plan Part I (DB) and Part II (DC) vesting schedule (for prior employer contributions) 	<ul style="list-style-type: none"> DC is the new plan Hybrid – Part I (DB) is frozen Hybrid – Part II (DC) account balance will be transferred to the new DC Plan Frozen service from the Hybrid Plan is used to help meet the vesting schedule for employer contributions under the previous <i>and</i> new DC Plan 	<ul style="list-style-type: none"> The entire first Hybrid account is transferred to the new Hybrid Plan Entire service will be calculated under the new Hybrid Plan provisions upon retirement age 60 Combined service under previous and new Hybrid Plan is used to help meet vesting in Part I (DB) and Part II (DC) vesting schedule for employer contributions

Q&A

Does a member have a choice to enroll into any available plan?

No, the member must be placed into the active plan within the division in which the member is being hired or transferred.

Can a member begin drawing from their employer's old Defined Benefit Plan or Hybrid Plan if they are transferred to a new plan of the same employer?

No. A member is considered an active employee and is not eligible to begin drawing their frozen Defined Benefit or Hybrid Plan with the same employer unless a termination of service has occurred. However, if the frozen accrued benefit is from a different employer, the member may begin drawing that benefit at the time of eligibility under the other plan.

If a member has frozen service under the Defined Benefit Plan and has transferred to a Defined Contribution Plan, what kind of statements will they receive?

Once MERS has frozen a member's Defined Benefit Plan, they will receive a deferred estimate. This estimate will give the member the benefit payable under the plan at their earliest retirement age. This estimate will not change unless the member returns to a Defined Benefit Plan with the same employer.

The member will also begin receiving a quarterly statement from their new Defined Contribution Plan.

If a member has assets under a Defined Contribution Plan and has transferred to a Defined Benefit Plan, what kind of statements will they receive?

As long as a member has a balance in the Defined Contribution Plan, they will receive a quarterly statement. Members will also have the ability to continue to invest their account into the funds of their choice.

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