

Defined Benefit Plan Agreement Confirmation



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www.mersofmich.com

The employer, a participating municipality or court within the state of Michigan, hereby confirms that the following provisions accurately and fully reflect the terms of the employer's MERS Defined Benefit (DB) Plan adopted by the employer and provided by the Municipal Employees' Retirement System of Michigan, as authorized by 1996 PA 220, in accordance with the MERS Plan Document, as both may be amended.

I. Effective Date

The effective date is the first day of **January, 2021**.

II. Employer name _____

Municipality number _____

Division number _____

Division name on file with MERS _____

III. Plan Eligibility

Only those employees eligible for MERS membership may participate in the MERS Defined Benefit. If an employee classification is **included** in the plan, then employees that meet this definition will receive service credit if they work the required number of hours to meet the service credit qualification defined below. All eligible employees must be reported to MERS.

Using your Division Name above, expand on the employee classifications that are eligible to participate in MERS. For example, if Division is "General," please insert specific classifications that are eligible for MERS such as "Clerical Staff," "Elected Officials," "Library Director," etc.:

This division includes **public safety employees**: Yes No

Public safety employees include: law enforcement, parole and probation officers, employees responsible for emergency response (911 dispatch, fire service, paramedics, etc.), public works, and other skilled support personnel (equipment operators, etc.).

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Please record whether any individuals in the employee division under the following classifications are *included* or *excluded* from eligibility. For classifications in which you have no such employees in the division, please check “Not Employed.”

To further define eligibility (select all that apply):

| Employee Classification | Included | Excluded | Not Employed |
|--|--------------------------|--------------------------|--------------------------|
| Temporary Employees: Those who will work for the municipality fewer than _____ months in total. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Part-Time Employees: Those who regularly work fewer than _____ per _____. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Seasonal Employees: Those who will work for the municipality from _____ to _____ only. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Voter-Elected Officials | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Appointed Officials: An official appointed to a voter-elected office. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Contract Employees | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Probationary Periods (select one):

- Please indicate whether this division is subject to any probationary period. Probationary periods are allowed in one-month increments, no longer than 12 months. During this probationary period, the employer will not report or provide service. The probationary period will be _____ month(s).

Comments:

- Service will begin with the employee’s date of hire (no Probationary Period). Effective with the date of hire, wages paid and any associated contributions must be submitted to MERS.

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IV. Provisions

1. Service Credit Qualification

To clarify how eligible employees earn service credit, please indicate how many hours per month an eligible employee needs to work. For example, if you require 10 eight-hour days, this would be 80 hours per month. If an 'hour per day' has been defined (like ten 7-hour days), electing 70 hours will be required. Employees must meet the definition of Plan Eligibility in order to earn service credit under the plan.

To receive one month of service credit, an employee shall work (or be paid for as if working) _____ hours in a month.

2. Leaves of Absence

Indicate by checking the boxes below, whether service credit is granted for eligible employees for any of the following types.

Regardless whether an eligible employee is awarded service credit while on the selected type(s) of leave:

- MERS will skip over these months when determining the FAC amount for benefit calculations.
- Third-party wages **are not** reported for leaves of absence.
- Employers **are not** required to remit employer contributions based on leaves of absence when no wages are paid by the employer.
- For **contributory divisions**, employee contributions are required where service credit is granted and due at the time of monthly wage and contribution reporting. Employers may use the following formula to calculate employee contributions: the employee's current hourly rate (prior to leave), multiplied by service credit qualification (hours) multiplied by employee contribution. For example, if employees' hourly rate is \$20, the division requires 120 hours to obtain service credit, and employee contributions are 5%, the calculation will look like: $\$20/\text{hour} \times 120 \times .05 = \120 in employee contribution for that leave month. Employers may use another internal formula, if they choose and MERS will make note of it.

| Type of Leave | Service Credit Granted | Service Credit Excluded |
|--|--------------------------|--------------------------|
| Short-Term Disability | <input type="checkbox"/> | <input type="checkbox"/> |
| Long-Term Disability | <input type="checkbox"/> | <input type="checkbox"/> |
| Workers' Compensation | <input type="checkbox"/> | <input type="checkbox"/> |
| Unpaid Family Medical Leave Act (FMLA) | <input type="checkbox"/> | <input type="checkbox"/> |
| Other: _____ For example, sick and accident, administrative, educational, sabbatical, etc. | <input type="checkbox"/> | <input type="checkbox"/> |
| Other 2: _____ Additional leave types as above | <input type="checkbox"/> | <input type="checkbox"/> |

Leaves of absence due to military service are governed by the Federal *Uniformed Services Employment and Reemployment Rights Act* of 1994 (USERRA), IRC 414(u), effective January 1, 2007, IRC 401(a)(37).

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3. Definition of Compensation

The Definition of Compensation is used to calculate a participant's final average compensation and is used in determining both employer and employee contributions. Wages paid to employees, calculated using the elected definition, must be reported to MERS.

Record your Definition of Compensation here if it meets any of these Standard Options. If it does not, please skip this table to proceed to page 5.

| | <input type="checkbox"/> Base Wages | <input type="checkbox"/> Box 1 Wages | <input type="checkbox"/> Gross Wages |
|--|---|--------------------------------------|---|
| Types of Compensation | | | |
| Regular Wages Salary or hourly wage X hours PTO used (sick, vacation, personal, bereavement, holiday leave, or unclassified) On-call pay | All Regular Wages included | All Regular Wages included | All Regular Wages included |
| Other Wages Shift differentials Overtime Severance issued over time (weekly/bi-weekly) | Excluded | All Other Wages included | All Other Wages included |
| Lump Sum Payments PTO cash-out Longevity Bonuses Merit pay Job certifications Educational degrees Moving expenses Sick payouts Severance (if issued as lump sum) | Excluded | All Lump Sum Payments included | All Lump Sum Payments included |
| Taxable Payments Travel through a non-accountable plan (i.e. mileage not tracked for reimbursement) Prizes, gift cards Personal use of a company car Car allowance | Excluded | All Taxable Payments included | All Taxable Payments included |
| Reimbursement of Nontaxable Expenses (as defined by the IRS) Gun, tools, equipment, uniform Phone Fitness Mileage reimbursement Travel through an accountable plan (i.e. tracking mileage for reimbursement) | Excluded | Excluded | Excluded |
| Types of Deferrals | | | |
| Elective Deferrals of Employee Premiums/Contributions 457 employee and employer contributions 125 cafeteria plan, FSAs and HSAs IRA contributions | All Elective Deferrals included | Excluded | All Elective Deferrals included |
| Types of Benefits | | | |
| Nontaxable Fringe Benefits of Employees Health plan, dental, vision benefits Workers compensation premiums Short- or Long-term disability premiums Group term or whole life insurance < \$50,000 | All Nontaxable Fringe Benefits included | Excluded | All Nontaxable Fringe Benefits included |
| Mandatory Contributions Defined Benefit employee contributions MERS Health Care Savings Program employee contributions | All Mandatory Contributions included | Excluded | All Mandatory Contributions included |
| Taxable Fringe Benefits Clothing reimbursement Stipends for health insurance opt out payments Group term life insurance > \$50,000 | Excluded | Excluded | All Taxable Fringe Benefits included |
| Other Benefits / Lump Sum Payments Workers compensation settlement payments | Excluded | Excluded | All Other Lump Sum Benefits included |

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SKIP THIS TABLE if you selected one of the Standard Definitions of Compensation on page 4.

CUSTOM: Please select boxes in each section that reflect your Definition of Compensation.

Types of Compensation

Regular Wages (paid time, or time as though working, within the pay period)

- | | |
|---|---------------------------------------|
| <input type="checkbox"/> Salary or hourly wage X hours | <input type="checkbox"/> On-call pay |
| <input type="checkbox"/> PTO used (sick, vacation, personal, bereavement, holiday leave, or unclassified) | <input type="checkbox"/> Other: _____ |

Other Wages apply: YES NO

- | | |
|--|--|
| <input type="checkbox"/> Shift differentials | <input type="checkbox"/> Severance issued over time (weekly/bi-weekly) |
| <input type="checkbox"/> Overtime | <input type="checkbox"/> Other: _____ |

Lump Sum Payments apply: YES NO (check all that apply)

- | | |
|--|--|
| <input type="checkbox"/> PTO (Paid Time Off) | <input type="checkbox"/> Comp time |
| <input type="checkbox"/> Vacation | <input type="checkbox"/> Annual holiday pay |
| <input type="checkbox"/> Personal | <input type="checkbox"/> Hazard pay |
| <input type="checkbox"/> Longevity | <input type="checkbox"/> Job certifications |
| <input type="checkbox"/> Bonuses | <input type="checkbox"/> Educational degrees |
| <input type="checkbox"/> Merit pay | <input type="checkbox"/> Moving expenses |
| <input type="checkbox"/> Sick payouts | <input type="checkbox"/> Severance |
| | <input type="checkbox"/> Other: _____ |

Taxable Payments apply: YES NO

- | | |
|---|--|
| <input type="checkbox"/> Travel through a non-accountable plan (i.e. mileage not tracked for reimbursement) | |
| <input type="checkbox"/> Prizes, gift cards | <input type="checkbox"/> Car allowance |
| <input type="checkbox"/> Personal use of a company car | <input type="checkbox"/> Other: _____ |

Reimbursement of Nontaxable Expenses (as defined by the IRS) apply: YES NO

- | | |
|---|---|
| <input type="checkbox"/> Gun, tools, equipment, uniform | <input type="checkbox"/> Mileage reimbursement |
| <input type="checkbox"/> Phone | <input type="checkbox"/> Travel through an accountable plan (i.e. tracking mileage for reimbursement) |
| <input type="checkbox"/> Fitness | <input type="checkbox"/> Other: _____ |

Types of Deferrals

Elective Deferrals of Employee Premiums/Contributions apply: YES NO

- | | |
|--|--|
| <input type="checkbox"/> 457 employee and employer contributions | <input type="checkbox"/> IRA contributions |
| <input type="checkbox"/> 125 cafeteria plan, FSAs and HSAs | <input type="checkbox"/> Other: _____ |

Types of Benefits

Nontaxable Fringe Benefits of Employees apply: YES NO

- | | |
|--|--|
| <input type="checkbox"/> Health plan, dental, vision benefits | |
| <input type="checkbox"/> Workers compensation premiums | <input type="checkbox"/> Group term or whole life insurance < \$50,000 |
| <input type="checkbox"/> Short- or Long-term disability premiums | <input type="checkbox"/> Other: _____ |

Mandatory Contributions apply: YES NO

- | | |
|--|---------------------------------------|
| <input type="checkbox"/> Defined Benefit employee contributions | |
| <input type="checkbox"/> MERS Health Care Savings Program employee contributions | <input type="checkbox"/> Other: _____ |

Taxable Fringe Benefits apply: YES NO

- | | |
|---|---|
| <input type="checkbox"/> Clothing reimbursement | <input type="checkbox"/> Group term life insurance > \$50,000 |
| <input type="checkbox"/> Stipends for health insurance opt out payments | <input type="checkbox"/> Other: _____ |

Other Benefits / Lump Sum Payments apply: YES NO

- | | |
|---|---------------------------------------|
| <input type="checkbox"/> Workers compensation settlement payments | <input type="checkbox"/> Other: _____ |
|---|---------------------------------------|

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V. Execution

Authorized Designee of Governing Body of Municipality or Chief Judge of Court

I _____, representing _____,
(Reporting Contact Name) (Employer Name)

certify that the information documented in this confirmation is accurate. I further certify that the provisions indicated in this document accurately and fully reflect the terms of the employer's MERS Defined Benefit Plan adopted by the employer and provided by the Municipal Employees' Retirement System of Michigan, as authorized by 1996 PA 220, in accordance with the MERS Plan Document, as both may be amended. If discrepancies in plan provisions are discovered after returning this signed certification, the most recent Adoption Agreement will control and correction will be required.

Dated: _____, 20____ Signature: _____

Received and Approved by the Municipal Employees' Retirement System of Michigan

Dated: _____, 20____ Signature: _____
(Authorized MERS Signatory)