



Application for Defined Benefit *Deferred Retirement Option Program (DROP)*

Please print • Retain a copy for your records

Instructions: Section 30 of the MERS Plan Document requires an affirmative election of *Benefit Program DROP* by a participant and signature of the participant's spouse (if applicable). Please note that filing this form does not guarantee DROP participation. All applications will be subject to a determination of eligibility by MERS. MERS will audit your service credit and benefit provisions and you will be notified as to whether you meet DROP eligibility requirements. **MERS will not accept this form if it is incomplete or the signatures in Sections 2 or 10 are missing.**

- Proof of name change is required for individuals who have changed their name during their employment history.

1. Information about you

Last name*	First name*	MI	Social Security Number*
Email address		Retirement date (mm/dd/yyyy)	Phone number (with area code)
Marital status* <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married but previously divorced <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed			
Have you been divorced at any time following your date of employment with this employer? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, you must submit a copy of the judgment of divorce and domestic relations order to MERS before your application can be processed.			

2. Employer certification (must be completed prior to submission)

Name of employer*	
I certify on behalf of the employer this employee is eligible to enroll in the employer's DROP program. The employer agrees with the employee's DROP participation period listed in Section 3 and understands that after the DROP participation period has elapsed, the employer/employee relationship will be completely severed on that date, in accordance with the MERS Plan Document, Article II, Section 9, and the Internal Revenue Code. The employer further understands employee contributions must continue to be withheld from the employee (based on wages paid) and reported to MERS monthly as an Employer Extra Voluntary payment.	
Authorized employer representative (first and last name)	Title
Date (mm/dd/yyyy)	Employer's signature

3. DROP participation period

I wish to participate in the DROP program beginning on the first of: _____ (mm/yyyy).

As of this date, I understand I will cease to accrue any additional retirement benefits. My service, final average compensation, and benefit provisions will be calculated by MERS staff as of the day prior to my participation. I understand my benefit will not be adjusted or recalculated upon my termination of my participation in the DROP program. My calculated monthly pension benefit will be placed into my DROP account (accruing interest annually) until I have terminated DROP participation and employment from my employer. I further understand upon entry into the DROP program, I will be responsible to continue my employee contributions, if applicable (based on wages paid to me). I also understand, my employee contributions, if applicable, will not be a part of my DROP account balance.

I will terminate my employment and participation in the DROP program on the last day of:

_____ (mm/yyyy **6 to 60 months, in monthly increments, from DROP participation date**).

I understand I shall receive a one-time lump sum distribution of the amount in my DROP account. My monthly pension benefit will begin the month following my termination from DROP and employment from my employer. I will not receive any prorated retirement benefits for my month of termination from the DROP program. If I voluntarily terminate employment prior to the end of the DROP period, a 20% penalty may be applied.

* Required field

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Last name* (please print clearly)

Social Security Number*

4. DROP Beneficiary designation (for lump sum distribution)

Please designate one individual to receive the distribution of the funds in your DROP account in the event you die prior to your termination date (the "DROP Beneficiary"). This person may be different than the individual named to receive your monthly pension benefit. If you are married, your spouse is automatically your DROP Beneficiary (unless there is a court order that requires designation of a former spouse as a beneficiary). If you wish to name someone other than your spouse, your spouse must sign in the "Spousal consent of forfeiture" box to waive their rights - see Section 10 of this form.

DROP Beneficiary last name

DROP Beneficiary first name

MI

DROP Beneficiary SSN

DROP Beneficiary relationship

DROP Beneficiary date of birth (mm/dd/yyyy)

DROP Beneficiary gender

Male

Female

DROP Beneficiary address

5. Retirement benefit payment option

Your retirement benefit is for your lifetime regardless of the option you elect. You may leave a benefit for a beneficiary by taking a reduction to your pension benefit. Once you have chosen your payment option and receive your first payment, you may not change your election. (Refer to Section 4 of the Guide for details.)

Select one form of payment*:

Regular – Straight Life

Option IIA – 75% to Survivor

Option IV – Period Certain Guarantee
(Select one below)

Option II – 100% to Survivor

Option III – 50% to Survivor

5 years

10 years

15 years

20 years

6. Retirement beneficiary information

If you have elected a payment option (Option II, IIA, III) that provides a monthly benefit to a beneficiary, your named beneficiary cannot be changed once you have received your first payment. If you are married, your spouse's signature is required in Section 10 prior to MERS issuing your first payment. Your spouse's signature is required and indicates agreement with your election made. (See Section 6 in the Guide for an explanation of options.)

Beneficiary last name*

Beneficiary first name

MI

Beneficiary Social Security Number

Relationship

Date of birth (mm/dd/yyyy)

Daytime contact phone (area code and number)

Mailing address

City

State

Zip code

If you have elected Option IV and want to add more beneficiaries, please attach a separate list that you have signed and dated.

* Required field

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Last name* (please print clearly)

Social Security Number*

7. Retirement banking information

MERS will deposit your retirement benefit by direct deposit into the designated financial institution(s) as specified below the month following your termination from DROP participation.

Primary account

Amount of deposit*		Type of account*	
<input type="checkbox"/> All <input type="checkbox"/> Partial \$ _____		<input type="checkbox"/> Savings account <input type="checkbox"/> Checking account	
Financial Institution name*		Phone number (with area code)*	
ABA routing number (9 digit)*	Account number* (do not include check number)		

Secondary account: If you chose a partial payment above, the remainder of your pension payment will be directly deposited into a secondary account. Please provide that account information below.

Type of account	
<input type="checkbox"/> Savings account <input type="checkbox"/> Checking account	
Financial Institution name	Phone number (with area code)
ABA routing number (9 digit)	Account number (do not include check number)

MERS reserves the right to recover money electronically deposited in your account in error, either by adjusting the account or withholding from future payments. We will notify you in writing if adjustments are being made. Please notify any joint account holder(s) of the obligations to repay any overpayment to this account if the overpayment is not repaid by the financial institution.

8. Retirement federal income tax withholding

Marital tax status* Single Married Married, but withhold at higher "Single" rate

Note: If no election is made, MERS will default to a standard withholding rate of Married with 3 exemptions.

- I DO NOT want any federal income tax withheld from my pension. (Proceed to Section 9.)
 I DO want federal income tax withheld from my pension. (Complete lines below.)

The total number of exemptions I am claiming to be withheld from each pension payment is listed below.

Total number of exemptions: _____ (If blank, zero will be used)

Optional additional amount, if any, I want withheld from each pension payment
 (If requesting an additional amount, you must enter a number of exemptions above – even if it is zero.): \$ _____

Withholding will begin with your first payment following receipt and processing of this form.

If you wish to specify a different month, indicate month: _____

For additional instructions, see IRS Form *W-4P, Withholding Certificate for Pension or Annuity Payments*. (See Section 8 of the Guide for details.)

* Required field

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Last name* (please print clearly)

Social Security Number*

9. Retirement Michigan income tax withholding

Marital tax status* Single Married Married, but withhold at higher "Single" rate

Select ONE option below that applies to you (or your spouse)		Tax withholding will occur on:
1. <input type="checkbox"/>	Your pension payments are not taxable and/or you wish to opt out of Michigan state tax withholding <i>(Opting out may result in a balance due on your MI-1040 as well as penalty and/or interest.)</i>	None of your pension benefits
2. <input type="checkbox"/>	You (or spouse) were born before 1946	None of your pension benefits
3. <input type="checkbox"/>	You (or spouse) were born during the period 1946–1952	Benefits over \$20,000 if single; over \$40,000 if filing jointly
4. <input type="checkbox"/>	You were born 1946–1952 and your retirement benefits were from employment with a governmental agency not covered by Social Security - OR - You were born after 1952, your benefits were from employment not covered by Social Security and you were retired as of January 1, 2013.	Benefits over \$35,000 if single; over \$55,000 if filing jointly
5. <input type="checkbox"/>	You (and spouse) were born after 1952, either of you are now age 62, and your retirement benefits were from a governmental agency not covered by Social Security	Benefits over \$15,000
6. <input type="checkbox"/>	You (and spouse) were born after 1952	All pension benefits
7. <input type="checkbox"/>	You want taxes withheld at the current tax rate	All pension benefits

If you reside in Michigan and you do not complete this section, MERS will withhold based on Michigan tax regulations. For additional information, visit www.michigan.gov/taxes. (See Section 8 of the Guide for details.)

Optional – Select exemptions and additional withholding

If you checked 3, 4, 5, 6 or 7 above, enter number of exemptions, if desired (this will reduce the amount withheld for taxes): _____

If you checked 3, 4, 5, 6 or 7 above, enter *additional* percentage, if any, you want withheld from your pension or annuity payment. This amount will be in addition to the withholding calculated by your selections above: _____%

10. Required signatures

By signing this Application for DROP Retirement, I understand my DROP participation is an irrevocable election and I am voluntarily making this election to enroll in this program. I further understand I cannot make changes to my election after submission of this form to MERS. I agree to terminate my employment with my employer on the last day of my DROP participation date specified above. I understand my DROP participation will end upon: termination of my employment (including retirement); acceptance of a MERS disability benefit; death; or early termination (whether voluntary or involuntary) after my DROP effective date. I cannot receive a distribution from my DROP account until I have terminated participation in the program. Furthermore, I affirm I have read this application carefully and understand the election I have made. I acknowledge, prior to signing this form, I had the opportunity to ask questions and obtain additional information from MERS regarding the effect the election may have on my retirement benefits. I understand MERS will provide me with a calculation of benefits to be paid and other information regarding my payment options.

I understand that certain restrictions exist if I return to work with this employer, including: (1) A minimum separation period of 60 days between my last day of employment and the first day I return to work; (2) A minimum separation period of 2 years for an official returning to the SAME elected/appointed position; (3) If rehired to a non-elected/appointed position, I will be restricted to 1,000 hours in a calendar year, and once my hours exceed this amount, my pension payments will be suspended until subsequently separated; and (4) I will notify MERS when rehired by completing the *Working in Retirement Certification form (F-29c)*.

Participant signature*

Date (mm/dd/yyyy)

Spouse's signature – Required only if participant is married. If not married, write NONE in the field below.

By my signature, I agree with my spouse's election in this DROP application form and the beneficiary designations listed in both Sections 4 and 6 above. I understand that I am giving up my automatic right as the participant's spouse.

Spouse's name

Spouse's signature

* Required field

Guide to Completing the Application for Defined Benefit *Deferred Retirement Option Program (DROP)*

Additional information

- In the event I become disabled during my DROP participation period, I understand I must meet the requirements of Section 31 of the MERS Plan Document and apply for approval of disability benefits. My DROP participation will terminate upon the approval of my disability application, I will receive a distribution of the funds in my DROP account, and I will begin receiving my monthly pension benefit.
 - **Voluntary termination** – If I elect to terminate my employment, my participation in the DROP program will also immediately terminate. I understand I will receive 80% of my total DROP account balance for withdrawing from the DROP program prior to my DROP end date. This reduction will be applied upon distribution of the funds in my DROP account. My monthly pension benefit will be issued in accordance with my payment option elected at the time of DROP enrollment.
 - **Involuntary termination** – If my employer elects to terminate my employment, my participation in the DROP program will also immediately terminate. I will immediately begin receipt of my monthly pension benefit and will receive a distribution of the funds in my DROP account.
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1. Information about you

Enter your legal name, Social Security Number, contact information, and marital status.

2. Employer certification *(this section must be completed by employer prior to submitting application to MERS)*

This section must be completed and signed by your employer. Your employer's signature certifies your eligibility to enroll in this program.

3. Your DROP participation

Your DROP participation period is an irrevocable election. Your effective date of DROP participation is the first day of the month indicated in Section 3 of this form. In this section you will also specify the date in which you plan to terminate employment and participation in the DROP program. Once you elect to enroll in the DROP program, your employer will report all final wages and service credit to MERS. Your final average compensation will be calculated using the benefit provisions as of the day prior to your DROP participation. There will be no adjustment or recalculation of your benefit after your termination from the DROP program. Employee contributions, if applicable, will continue (based on wages paid) until your termination from the DROP program.

Upon termination from the DROP program, you will complete MERS form, Defined Benefit DROP Distribution Request form (F-56, found on the MERS website) within 60 days of your termination to specify how you wish to have your lump sum DROP account balance issued.

4. DROP beneficiary

This section allows you to designate one individual to receive a one-time lump sum payment of the funds in your DROP account in the event of your death prior to your termination from employment and DROP participation. This person may be different than the individual named in Section 6 for your monthly retirement benefit. If you are married, your spouse must understand and agree with your election. Your spouse's signature is required in Section 10 of this form.

5. Retirement benefit payment option

Regular – Straight Life: The highest benefit amount you are eligible to receive. Benefits end the month following your death.

If you have contributed to your retirement and elect this option, it is suggested you name a beneficiary(ies). In the event you pass away prior to exhausting your contributions, a refund will be paid to your named beneficiary(ies). You may also name a trust, estate or charity. If you do not name a beneficiary, a refund will go to your estate.

If your employer provides an **RS benefit** and you elect this option, select Regular – Straight Life as your payment option in Section 4. Your spouse at the time of retirement is your beneficiary. An RS is an employer-adopted benefit that allows your spouse to receive a percent (defined by your employer) of your Straight Life benefit upon your death without your benefit having a reduction. To be eligible, you must be married to your spouse for at least one year before you retire, and still be married at the time of your death.

Option II – 100% ; IIA – 75%; and III – 50% to Survivor: Upon your death your beneficiary will receive 100%, 75%, or 50% of the amount you were receiving for your lifetime.

Once your first payment is distributed to your DROP account, you may not name a new beneficiary. If your beneficiary predeceases you, your retirement benefit will revert to the Regular – Straight Life amount for the remainder of your life.

Option IV – Period Certain Guarantee (5, 10, 15, or 20 years):

This option allows you to provide a beneficiary(ies) with survivor benefits for a temporary period of time. The number of years elected cannot exceed your life expectancy.

This option allows you to name one or more beneficiaries. You may change your beneficiary(ies) at any time by completing the *Option IV Beneficiary Change* (Form 41). If you are married, your spouse must consent to any changes that are made.

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The certain period begins with the date of your retirement. If there is time remaining to the option you have elected, upon your death, payments will continue to be made in the same amount to your beneficiary(ies). For example if you elect the 10-year period, and die after 8 years, your beneficiary will receive your monthly benefit for the remaining 2 years. Once the period certain has expired there is no continuing benefit for your beneficiary. If you have named more than one beneficiary, the benefit will be paid equally to each named survivor.

6. Retirement beneficiary information

Your retirement benefit is for your lifetime regardless of the option you elect. You may leave a benefit for a beneficiary by taking a reduction to your pension benefit. Once you have chosen your option and receive your first payment, you may not change your election. In certain instances, you may change your beneficiary. Please refer to Section 5 in this guide for details.

If you are married, your spouse must understand and agree with the retirement option you have elected, and the named beneficiary if other than your spouse. Their signature is required in Section 10 prior to MERS issuing your first payment.

7. Retirement banking information

Please provide routing and account information for the financial institution you would like your pension payments directly deposited to.

If you choose to have only one direct deposit account, only fill out the *Primary account* information. If you choose to have two direct deposit accounts, please fill out both the *Primary* and *Secondary account* information.

See below for a sample check and where to find routing and account numbers.



Routing number

Account number

If you select a partial payment, the remainder will be directly deposited into a secondary account. Please fill in the *Secondary account* section with the financial institution's information.

8. Retirement federal income tax withholding

The Tax Reform Act of 1996 established a requirement that withholding and/or estimated tax payments must approximate 90% of your tax liability to escape penalty.

If there is not enough federal income tax withheld from your retirement allowance, you may be required to file quarterly estimated income tax payments or pay a penalty imposed by the Internal Revenue Service. If your circumstances change, you may file a new withholding authorization.

If you do not submit this form, MERS must withhold on the basis of Married with 3 exemptions.

9. Retirement Michigan income tax withholding

In 2012, Michigan's tax treatment of pension and retirement benefits changed and these benefits are subject to income tax for many recipients. For additional information, visit www.michigan.gov/taxes.

10. Required signature(s)

Your signature acknowledges that you have read and agree to the terms of all elections. This voids all prior designations.

Spousal consent

If you are married, your spouse must understand and agree with your DROP participation, beneficiary designations, and the retirement option you have elected. Their signature is required in Section 10 prior to MERS issuing your first payment.

Note: Tax withholding and banking elections can be changed at any time by logging into myMERS or submitting a form.

Requests for changes to direct deposit, federal tax withholding, or state tax withholding must be received by MERS by the 1st of the month you are requesting change to be effective.

You can submit this form online!

If you already have a myMERS account, you can upload this form online. Look for the **File Upload** feature to easily and securely submit completed forms.

You may also mail completed form to:

**Municipal Employees'
Retirement System of Michigan**
1134 Municipal Way
Lansing, MI 48917
Fax: 517.703.9706