

Defined Contribution 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 Contribution (DC) 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 Contribution Plan. If an employee classification is **included** in the plan, then employees that meet this definition are required to participate in the plan and earn time toward vesting. 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, such as "Clerical staff working more than 160 hours in a month," "Elected Officials" or "Admin working >32 hours per week," etc.:

Employee classification contains **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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DIV:

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:

- Contributions 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. Leaves of Absence

Regardless of whether an employee is earning a wage while on the following types of leave:

- Third-party wages are not used in determining contributions for periods of leave.
- Vesting under elapsed time continues to accrue even if wages are not earned and contributions are zero.

Note: Employers who determine vesting based on an “hours-reported” method, should report actual worked hours for the month where there was a leave.

Types of leave include:

- Short Term and Long Term Disability
- Workers Compensation
- Unpaid Family Medical Leave Act (FMLA)

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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2. Definition of Compensation

The Definition of Compensation selected must be used when determining both employer and employee contributions. Employers may include wage information along with employee and employer contributions when submitting wage/contribution reports 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"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Base Wages	Box 1 Wages	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	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: If you choose this option, you must select boxes in each section you would like to include in your Definition of Compensation. You will be responsible for additional reporting details to track custom definitions.

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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3. Forfeiture

A forfeiture occurs when a participant separates from employment prior to meeting the associated elapsed time (or hours reported) to receive vesting. The percentage of his/her employer contribution account balance that has not vested as of the date of termination will forfeit after 12 consecutive months following the termination date reported by the employer, or earlier, if the System distributes the participant's vested portion. MERS will utilize an available forfeiture balance as an automatic funding source applied to reported employer contributions at the time of reporting.

V. Execution

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

I _____, representing _____,
(Primary 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 Contribution 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)