

# MERS Health Care Savings Program Participation Agreement



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www.mersofmich.com

## I. PARTICIPATING EMPLOYER

**Employer Name:** \_\_\_\_\_  
(Name of municipality or court)

**Municipality Number:** \_\_\_\_\_ **Division Number:** \_\_\_\_\_

## II. EFFECTIVE DATE

1. If this is the initial Participation Agreement relating to the MERS Health Care Savings Program for this covered group, the effective date of the program here adopted shall be:

\_\_\_\_\_  
(Date)

2. If this is an amendment and restatement of an existing Participation Agreement relating to the MERS Health Care Savings Program for this covered group, the effective date of this amendment and restatement shall be effective: \_\_\_\_\_

(Date)

*Note:* You only need to mark *changes* to your plan throughout the remainder of this Agreement.

## III. COVERED EMPLOYEE GROUPS

A participating Employer may cover all of its employee groups, bargaining units or personnel/ employee classifications (“Covered Group”), in Health Care Savings Program. **Contributions shall be made on the same basis within each Covered Group identified by this agreement, and remitted as directed by the Program Administrator.** If the Employer has varying coverage or contribution structures between groups, a separate agreement will need to be completed for each covered group. This agreement encompasses the following group(s):

\_\_\_\_\_  
(Name/s of HCSP covered group/s)

*Note:* To maintain the tax-favored status of the employer’s Health Care Savings Program and to comply with federal law, the Employer may not provide coverage or benefit levels to highly-compensated employees that are not provided to non highly-compensated employees.

## IV. ELIGIBLE EMPLOYEES

Only Employees of a “municipality” may be covered by the Health Care Savings Program Participation Agreement. Independent contractors may not participate in the Health Care Savings Program.

The Employer shall provide MERS with the name, address, Social Security Number, and date of birth for each Eligible Employee, as defined by the Participation Agreement.

## V. EMPLOYER CONTRIBUTIONS TO THE HEALTH CARE SAVINGS PROGRAM

The Participating Employer hereby elects to make contributions to the Trust. Contributions shall be made on the same basis within each Covered Group specified in this agreement, and remitted to MERS as directed by the Employer, to be credited to the individual accounts of Eligible Employees as follows (next page):

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**Check one or more (A or B, C and/or D):**

**A.  Employer Contributions for Retirees / Former Employees.** Employer contributions may be made according to any frequency. Identify below the contribution formula or amount that will apply to all in this covered group. *Note: If this contribution is selected, Sections B, C, and D do not apply.*

Contribution structure (specify): \_\_\_\_\_

For active employees, please check one or more below (B, C, and/or D).

**B.  Basic Employer (Before-Tax) Contributions.** Before-tax employer contributions may be made as a percentage of salary and/or by a specified dollar amount. Identify below the basic employer contribution formula to be applied to the covered groups within the Health Care Savings Program identified in this agreement.

Contribution structure (specify):

**Vesting Cycle For Basic Employer Contributions Only.** The employer contributions identified in this Participation Agreement are subject to the following vesting cycle.

- Immediate Vesting upon Participation
- Cliff Vesting: The participant is 100% vested upon \_\_\_\_\_ year(s).  
(Stated years)
- Graded Vesting Percentage per year of service: Employers can select the percentage of vesting with the corresponding years of service:

Years of Service	Percent Vested
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	100%

**FORFEITURE PROVISION.** Upon separation from service with the Employer prior to meeting the required vesting schedule set out above or in the event a Participant dies without Dependent(s) and/or a named Beneficiary, a Participant's account assets shall:

**Check only one:**

- Remain in the HCSP sub-trust to be reallocated among all Plan participants equally
- Remain in the HCSP sub-trust to be used to offset future Employer Contributions
- Be transferred to the Retiree Health Funding Vehicle ("RHFV")

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- C.  **Mandatory Salary Reduction (Before-Tax) Contributions.** Before-tax Employer Contributions to the Health Care Savings Program Sub-Trust shall be made that represent a mandatory salary reduction resulting from collective bargaining or the establishment of a personnel policy. These reductions may be made as a percentage of salary or a specific dollar amount.

Contribution structure (specify):

- D.  **Mandatory Leave Conversion (Before-Tax) Contributions.** Before-tax Employer Contributions to the Health Care Savings Program Sub-Trust shall be made that represent a mandatory conversion of accrued leave including, but not limited to vacation, holiday, sick leave, or severance amounts otherwise paid out, to a cash contribution. These contributions may be calculated as a percentage of accrued leave or a specific dollar amount representing the accrued leave. Leave conversions may be made on an annual basis or at separation from service, or at such other time as the Employer indicates. *(Note: The leave conversion program shall not permit employees the option of receiving cash in lieu of the employer contribution.)*

- Check here if the covered employee group has the option to direct any/all of the leave conversion lump sum to an existing 457 program.

**Check one or more:**

- As of \_\_\_\_\_, \_\_\_\_\_% of \_\_\_\_\_  
Annual date or X weeks before termination      Percentage      Type of Leave Conversion (sick, vacation, etc.)  
must be contributed to the HCSP.
- As of \_\_\_\_\_, \_\_\_\_\_% of \_\_\_\_\_  
Annual date or X weeks before termination      Percentage      Type of Leave Conversion (sick, vacation, etc.)  
must be contributed to the HCSP.
- As of \_\_\_\_\_, \_\_\_\_\_% of \_\_\_\_\_  
Annual date or X weeks before termination      Percentage      Type of Leave Conversion (sick, vacation, etc.)  
must be contributed to the HCSP.
- As of \_\_\_\_\_, \_\_\_\_\_% of \_\_\_\_\_  
Annual date or X weeks before termination      Percentage      Type of Leave Conversion (sick, vacation, etc.)  
must be contributed to the HCSP.

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**Post-Tax Employee Contributions.** Post-tax Employee Contributions made by Eligible Employees within the Covered Group(s) shall be remitted as directed by the Program Administrator, to be credited to the individual accounts of Eligible Employees. All Employee Contributions must be remitted to MERS along with the Participation Report.

**VI. MODIFICATION OF THE TERMS OF THE PARTICIPATION AGREEMENT**

If a Participating Employer desires to amend any of its previous elections contained in this Participation Agreement, including attachments, the Governing Body by official action must adopt a new Participation Agreement and forward it to the Board for approval. The amendment of the new Participation Agreement is not effective until approved by the Board and other procedures required by the Trust Agreement and Plan Document have been implemented.

**VII. STATE LAW**

To the extent not preempted by federal law, this agreement shall be interpreted in accordance with Michigan law.

**VIII. TERMINATION OF THE PARTICIPATION AGREEMENT**

This Participation Agreement may be terminated only in accordance with the Trust Agreement.

**IX. EXECUTION BY GOVERNING BODY OF MUNICIPALITY**

The foregoing Participation Agreement is hereby adopted and approved on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ at the official meeting held by \_\_\_\_\_.  
(Name of approving employer)

Authorized Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

Dated: \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
(Authorized MERS signatory)