

# Hybrid 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 Hybrid 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**.

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II. Employer name \_\_\_\_\_

Municipality number \_\_\_\_\_

Division number \_\_\_\_\_

Division name on file with MERS \_\_\_\_\_

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## III. Plan Eligibility

Only those employees eligible for MERS membership may participate in the MERS Hybrid Plan. 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.:

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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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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
<b>Temporary Employees:</b> Those who will work for the municipality fewer than ____ months in total.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Part-Time Employees:</b> Those who regularly work fewer than ____ per ____.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Seasonal Employees:</b> Those who will work for the municipality from ____ to ____ only.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Voter-Elected Officials</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Appointed Officials:</b> An official appointed to a voter-elected office.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Contract Employees</b>	<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 (for Defined Benefit portion of Hybrid)

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 and service credit qualification 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.

*Note:* For purposes of Defined Contribution, vesting is determined by elapsed time or hours reported.

### 2. Leaves of Absence (for Defined Benefit portion of Hybrid)

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/hour X 120 X .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.

*Note:* For the Defined Contribution portion of Hybrid service is not "granted" or "excluded" as elapsed time (or accumulated hours) are used to determine vesting. Contributions will be due only for months where wages are paid.

Type of Leave	Service Credit Granted	Service Credit Excluded
<b>Short-Term Disability</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Long-Term Disability</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Workers' Compensation</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Unpaid Family Medical Leave Act (FMLA)</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Other:</b> _____ For example, sick and accident, administrative, educational, sabbatical, etc.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Other 2:</b> _____ 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 1/1/07, IRC 401(a)(37). Military reporting requires historical wage and contribution reporting under both Defined Benefit and Defined Contribution portions.

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## 3. 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"/> Base Wages	<input type="checkbox"/> Box 1 Wages	<input type="checkbox"/> Gross Wages
<b>Types of Compensation</b>			
<b>Regular Wages</b> 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
<b>Other Wages</b> Shift differentials Overtime Severance issued over time (weekly/bi-weekly)	Excluded	All Other Wages included	All Other Wages included
<b>Lump Sum Payments</b> 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
<b>Taxable Payments</b> 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
<b>Reimbursement of Nontaxable Expenses</b> (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
<b>Types of Deferrals</b>			
<b>Elective Deferrals of Employee Premiums/Contributions</b> 457 employee and employer contributions 125 cafeteria plan, FSAs and HSAs IRA contributions	All Elective Deferrals included	Excluded	All Elective Deferrals included
<b>Types of Benefits</b>			
<b>Nontaxable Fringe Benefits of Employees</b> 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
<b>Mandatory Contributions</b> Hybrid Plan employee contributions MERS Health Care Savings Program employee contributions	All Mandatory Contributions included	Excluded	All Mandatory Contributions included
<b>Taxable Fringe Benefits</b> Clothing reimbursement Stipends for health insurance opt out payments Group term life insurance > \$50,000	Excluded	Excluded	All Taxable Fringe Benefits included
<b>Other Benefits / Lump Sum Payments</b> 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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## 4. Forfeiture (for Defined Contribution portion of Hybrid)

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 Hybrid 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)