



Defined Benefit Retirement



DEFINED BENEFIT FORMULA

Your defined benefit plan is made up of three components:



Final average compensation (FAC) is the average of your highest consecutive wages earned over a period of time determined by your employer.

Service credit is earned for each month of work that meets your employer's requirements.

Your **benefit multiplier** is a specific percentage adopted by your employer.

Your FAC, service credit and benefit multiplier can be found in your myMERS account.

CALCULATING YOUR PERSONAL BENEFIT

You can run projections of your benefit at retirement using the "Calculate My Benefit" option in your myMERS account.

The screenshot shows the myMERS website interface. On the left, a navigation menu includes 'ACCOUNT DETAIL', 'CALCULATOR', 'INBOX', 'FILE UPLOAD', 'STATEMENTS', '1099 RECORDS', 'FORMS', 'PUBLICATIONS', and 'CONTACT US'. Below this is a section titled 'I Want To...' with a calculator icon and the text 'CALCULATE MY BENEFIT', which is circled in red. The main content area shows 'Account Detail - Summary' with a 'Retirement Benefit' section. This section displays: Estimated Date (7/1/2020), Retirement Age (60), Years Until Retirement (1 Year 1 Months), and Earned Monthly Benefit (\$1,100.00). A 'Details' button is visible, and a 'Calculate My Benefit' button is circled in red with a mouse cursor pointing to it.

BENEFICIARIES

One of the most important things you can do for yourself and your family is to name your beneficiaries for your retirement benefit, and keep them updated.

Three types of beneficiary designations:

1. **Monthly Pension Beneficiary**
One person who would receive a lifetime benefit if you are vested and die before you are eligible to receive your benefits. Your spouse is always your *Monthly Pension Beneficiary* unless they waive their right in writing.

The screenshot shows the myMERS website interface. The left navigation menu is the same as in the previous screenshot. The main content area shows 'Account Detail - Summary' with a 'Retirement Benefit' section and a 'Benefit Provisions' section. The 'Beneficiaries' section is highlighted in yellow and contains the following information: Monthly Pension Beneficiary (Joe Smith), Primary Refund Beneficiary (Sarah Jones), and Contingent Refund Beneficiary (Bill Smith). A 'Details' button is circled in red with a mouse cursor pointing to it.



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2. Refund Beneficiary

A person, trust, estate, or charity that receives a refund of your employee contributions (plus interest) if you die *before* you are vested. If married, your spouse must be named your *Primary Refund Beneficiary* unless they waive this right in writing.

You'll also be asked to provide a *Contingent Refund Beneficiary* in case your Primary Refund Beneficiary is deceased.

You can locate and change your beneficiaries in your online myMERS account at www.mersofmich.com.

RETIREMENT INFORMATION

Eligibility

You are eligible to receive full retirement benefits once you meet the age and service requirements defined by your employer.

Payment Options

Straight Life

- Provides the largest benefit at retirement
- Benefit applies only to you (no beneficiaries)

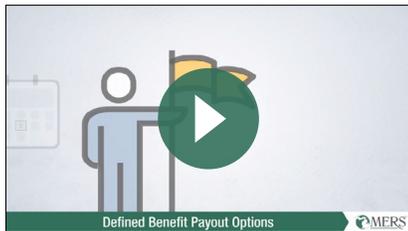
Life with 100%, 75% or 50% to Monthly Pension Beneficiary

- Provides a benefit for the you and one beneficiary
- Reduction in benefit amount based on life expectancy of both lives
- If your monthly pension beneficiary predeceases you, your benefit reverts to Straight Life option
- Beneficiary may not be changed after retirement

Life with 5, 10, 15 or 20 Years Certain

- You receive the benefit for life
- If you die before the period certain ends, the beneficiary(s) will equally share in the benefit until the period certain ends
- Multiple beneficiaries allowed
- Beneficiaries can be changed

View a short video explaining the three payment options.
(www.mersofmich.com/video-library)



Steps to Apply for Retirement

1. Apply for Defined Benefit Retirement Online

You should complete the online retirement application through your myMERS account 45 – 90 days before your desired retirement date.

2. MERS Processes Your Application

It can take up to six weeks to review your file and begin processing your information. During this time, we are reviewing your application and verifying important information provided by you and your employer.

3. Receive Preliminary Benefit Calculation Estimate

We'll send a personalized preliminary calculation of benefits and a letter confirming your retirement elections.

What is the difference between termination date and retirement date?

Your **termination date** is the last day in which you are compensated. Your **retirement date** will always be the first of the month following your termination.

This publication contains a summary description of MERS benefits, policies or procedures. MERS has made every effort to ensure that the information provided is accurate and up to date. If this publication conflicts with the relevant provisions of the Plan Document, the Plan Document Controls. MERS, as a governmental plan, is exempted by state and federal law from registration with the SEC. However, it employs registered investment advisors to manage the trust fund in compliance with Michigan Public Employee Retirement System Investment Act.

Receiving Your Benefit

- Once your employer has reported your final wage and service information, we will review and recalculate your benefit
- Your pension may increase with a one-time retroactive adjustment, based on your final calculation
- Funds will be direct deposited in your bank account on the 18th of each month

Living in Retirement

- You'll receive a quarterly statement of your benefit, which also includes important information and updates about your benefits
- Each January, MERS will mail you a 1099-R form, which is necessary to file your income tax
- Your pension is subject to applicable federal and state taxes
- You choose how you want taxes to be withheld

Working in Retirement

- There are no restrictions if you are hired anywhere other than the employer you retired from
- If you do return to work with the same employer, you must have bona fide separation before returning to work, per IRS rules. This means no formal or informal agreement to return to work prior to retirement
- You must complete the appropriate Dual Certification form, signed by both you and your employer, and submit it to MERS

ACCESS YOUR ACCOUNT:

1. Visit www.mersofmich.com
2. (a). If this is your first time logging in, click on "Create myMERS account" link.
—OR—
(b). If you already have an account, click on the green "Log In" button.
3. Once logged in, you will see all of your MERS plans located in the dropdown menu. Click on the plan you would like to view information on, and click "Go."

