



Health Care Savings Program

Participant Handbook

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Who is MERS?

The Municipal Employees' Retirement System (MERS) of Michigan is an independent public nonprofit organization that has partnered with Michigan municipalities for more than 65 years, helping them provide safe, secure retirement plans for their employees.

Today MERS proudly counts nearly 100,000 participants all across the state, many of them your friends and family, neighbors and coworkers. MERS members are police officers and fire fighters, lawyers, librarians and more, located everywhere from Marquette to Marshall, and plenty in between.

MERS Retirement Board

MERS is administered by a nine-member Retirement Board, made up of representatives from municipalities at the employer, employee, and retiree level, and the general public. It has the fiduciary responsibility for the investment of assets and oversees the System.

The Board appoints the Chief Executive Officer, who manages and administers MERS under the supervision and direction of the Board. The Board also oversees the MERS Health Care Savings Program Plan Document, which governs the Plan.

It Pays to Understand Rising Health Care Costs

The rising costs of health care can't be ignored. Consider these statistics:

- By the year 2050, life expectancy is expected to increase to between 89-93 years for women and to between 83-86 for men
- Studies show health care costs rank second only to food for retiree expenses, and can erode an individual's retirement savings without proper planning
- The standard Medicare Part B monthly premium continues to increase annually
- Medicare only covers 51% of costs, and does not include long term care, dental expenses, vision expenses or hearing aids

myMERS Online Account Access

Our website, www.mersofmich.com, provides you access to your individual account anytime, complete with up-to-date information, important forms, benefit calculators, and helpful tutorials.

1. Go to www.mersofmich.com
2. Click the login button
3. Enter your User ID and Password

4. If this is the first time accessing the account, use your temporary Personal Identification Number (PIN) that was mailed to you. You will be prompted to change your password. If you do not have a PIN, contact the MERS Service Center at 800.767.MERS (6377).

5. Select and answer the security questions, then click the Continue button. In the future, when prompted, you will enter your User ID, Password, and occasionally answer a security question to login.

A Closer Look at the MERS Health Care Savings Program

The MERS Health Care Savings Program is designed to help you prepare for the costs of health care after you leave your employer, with an invested account you manage. It's an employer-sponsored program providing a tax-free medical savings account for covering the costs of post-employment medical expenses. Your account is available to use for you, a spouse and any legal dependents, as well as a named beneficiary.

Your MERS Health Care Savings Program is not the same as a Health Savings Account, Flexible Spending Account, or Health Reimbursement Account.

The MERS Health Care Savings Program is a tax-exempt Section 115 Governmental Integral Part Trust, which ensures the assets are used for future expenses only:

- No requirements for a high-deductible health plan or any specific type of health plan
- The MERS Health Care Savings Program is only for post-employment use
- Trust is approved by an IRS Private Letter ruling, which clarifies its tax-exempt status

How it Works



Contributions

The money you will eventually use in your account starts with what's put into it — in the form of contributions. Your employer makes contributions to your account based on the provisions they've adopted. Please check myMERS for your program's specific provisions.

Basic Employer Contributions

Your employer may contribute either a fixed dollar amount or a percentage of salary on a pre-tax basis. Your employer's contributions may also have vesting requirements. Vesting is the required amount of service credit you must earn to gain ownership of your employer's contributions. MERS calculates your service based on whole calendar months of employment.

Employers may choose their vesting options, some examples are listed (please check myMERS for your program's vesting requirements):

- **Immediate Vesting** — You are fully vested in your employer's contributions upon participation in the MERS Health Care Savings Program
- **Cliff Vesting** — You are fully vested in your employer's contributions upon completion of a stated number of years of service
- **Graded Vesting** — For each year of service you complete, you are vested in a percentage of your employer's contribution account balance

Mandatory Salary Reduction

Your group may have a fixed dollar or required percentage for mandatory salary reductions. While you are actively working, you cannot suspend your reductions. These are withheld pre-tax and submitted by your employer through a payroll deduction.

Leave Conversion Contributions

Leave that is not used (either a portion or all leave) may be contributed to your MERS Health Care Savings Program account. Some examples of leave include vacation, personal time, sick time, or severance. The leave conversion is deposited into your MERS Health Care Savings Program account either annually or at separation of employment.

Post-Tax Voluntary Employee Contributions

The program also allows you to contribute to your account on a voluntary, post-tax basis, which means these contributions are submitted by your employer after taxes. You may start or stop these contributions at any time. The funds are invested after taxes, and investment returns and reimbursements are made on a tax-free basis.

You can begin making voluntary contributions by completing the Payroll/Investment Election Form (MD-102), available on myMERS, and returning it to us.



There are no federally mandated maximums for the Health Care Savings Program.

MERS Investments

The MERS Health Care Savings Program is an invested account, meaning you take an active role in determining your financial goals, making investment choices and monitoring your portfolio. The decisions you make today will affect the results you see tomorrow.

The MERS Investment Menu is simplified into two categories to help you find the investment mix that best meet your investment style.

You'll find additional information on our website, as well as forms, benefit calculators, and helpful tutorials.

You can also contact MERS Service Center weekdays by calling 800.767.MERS (6377).



"Do it for me"

The **Retirement Strategies** are a simplified way to invest. These options are fully diversified, professionally managed, and automatically adjust over time as you get closer to retirement.



"Help me do it"

These **Premium Selected Options** were actively chosen for you by MERS. Here you have access to pre-built portfolios that MERS helps you manage by monitoring the investment managers and rebalancing the portfolio quarterly. It also gives you access to selected funds to help you build your own portfolio.

Making Investment Changes

With myMERS www.mersofmich.com, you have access to your MERS Health Care Savings Program account anytime. By creating a free myMERS account, you can make investment changes to your MERS Health Care Savings Program, track fund performance, download forms, as well as many other useful benefits.

You can also download the *Payroll/Investment Election Form (MD-102)* from myMERS, or call us to help you.

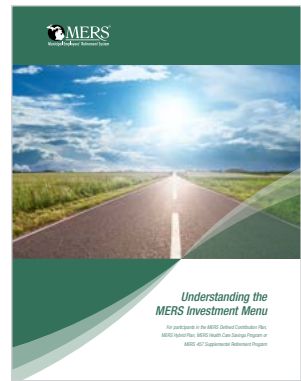
Investment Oversight — and Insight

While we've made investing easier with the MERS Investment Menu, there are other ways we help you, too.

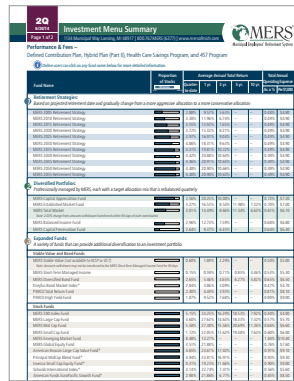
The MERS Retirement Board and Office of Investments provide oversight of the investment lineup, actively choosing and monitoring the fund menu, investment managers and index funds available to you. We review our investment menu on a regular basis and changes are made if appropriate. If a fund is removed, you will be given at least 30 days notice before the change.

You'll also find some insight in the *Understanding the MERS Investment Menu* publication, which offers a closer look at each of the investment sleeves, instructions on changing your investment selections, glossary and more.

In addition to the account statements we send you quarterly, another important publication we offer is the *MERS Investment Menu Summary*, which details the performance and fees of each of our funds. The summary is updated on a quarterly basis, making sure you have the most up-to-date investment information. You can download a copy of the publications on our website or myMERS, or call us to have them sent to you.



Understanding the MERS Investment Menu
 MERS Retirement Board
 MERS Office of Investments



2014 Investment Menu Summary
 Performance & Fees
 MERS Retirement Board
 MERS Office of Investments

Fund Name	Investment Objective	Assets Under Management	Investment Manager	Investment Style	Investment Focus	Investment Strategy	Investment Risk	Investment Return	Investment Fees
MERS 2014 Conservative Bond	Conservative Bond	\$1.2B	BlackRock	Bond	Conservative	Investment Grade	Low	5.5%	0.5%
MERS 2014 Conservative Equity	Conservative Equity	\$1.5B	BlackRock	Equity	Conservative	Large Cap	Low	8.5%	0.5%
MERS 2014 Conservative Growth	Conservative Growth	\$1.8B	BlackRock	Equity	Conservative	Large Cap	Low	9.5%	0.5%
MERS 2014 Conservative Income	Conservative Income	\$1.1B	BlackRock	Bond	Conservative	Investment Grade	Low	6.5%	0.5%
MERS 2014 Conservative International	Conservative International	\$1.3B	BlackRock	Equity	Conservative	Global	Low	7.5%	0.5%
MERS 2014 Conservative Mid-Cap	Conservative Mid-Cap	\$1.4B	BlackRock	Equity	Conservative	Mid-Cap	Low	8.5%	0.5%
MERS 2014 Conservative Small-Cap	Conservative Small-Cap	\$1.6B	BlackRock	Equity	Conservative	Small-Cap	Low	9.5%	0.5%
MERS 2014 Conservative Value	Conservative Value	\$1.7B	BlackRock	Equity	Conservative	Value	Low	8.5%	0.5%
MERS 2014 Conservative Dividend	Conservative Dividend	\$1.9B	BlackRock	Equity	Conservative	Dividend	Low	7.5%	0.5%
MERS 2014 Conservative Healthcare	Conservative Healthcare	\$2.1B	BlackRock	Equity	Conservative	Healthcare	Low	8.5%	0.5%
MERS 2014 Conservative Technology	Conservative Technology	\$2.3B	BlackRock	Equity	Conservative	Technology	Low	9.5%	0.5%
MERS 2014 Conservative Energy	Conservative Energy	\$2.5B	BlackRock	Equity	Conservative	Energy	Low	8.5%	0.5%
MERS 2014 Conservative Financial	Conservative Financial	\$2.7B	BlackRock	Equity	Conservative	Financial	Low	7.5%	0.5%
MERS 2014 Conservative Consumer	Conservative Consumer	\$2.9B	BlackRock	Equity	Conservative	Consumer	Low	8.5%	0.5%
MERS 2014 Conservative Industrial	Conservative Industrial	\$3.1B	BlackRock	Equity	Conservative	Industrial	Low	7.5%	0.5%
MERS 2014 Conservative Real Estate	Conservative Real Estate	\$3.3B	BlackRock	Equity	Conservative	Real Estate	Low	6.5%	0.5%
MERS 2014 Conservative Global	Conservative Global	\$3.5B	BlackRock	Equity	Conservative	Global	Low	7.5%	0.5%
MERS 2014 Conservative Emerging Markets	Conservative Emerging Markets	\$3.7B	BlackRock	Equity	Conservative	Emerging Markets	Low	8.5%	0.5%
MERS 2014 Conservative Fixed Income	Conservative Fixed Income	\$3.9B	BlackRock	Bond	Conservative	Fixed Income	Low	6.5%	0.5%
MERS 2014 Conservative Multi-Sector	Conservative Multi-Sector	\$4.1B	BlackRock	Equity	Conservative	Multi-Sector	Low	7.5%	0.5%
MERS 2014 Conservative Alternative	Conservative Alternative	\$4.3B	BlackRock	Equity	Conservative	Alternative	Low	8.5%	0.5%
MERS 2014 Conservative Hedge Fund	Conservative Hedge Fund	\$4.5B	BlackRock	Equity	Conservative	Hedge Fund	Low	9.5%	0.5%
MERS 2014 Conservative Private Equity	Conservative Private Equity	\$4.7B	BlackRock	Equity	Conservative	Private Equity	Low	10.5%	0.5%
MERS 2014 Conservative Real Estate	Conservative Real Estate	\$4.9B	BlackRock	Equity	Conservative	Real Estate	Low	6.5%	0.5%
MERS 2014 Conservative Infrastructure	Conservative Infrastructure	\$5.1B	BlackRock	Equity	Conservative	Infrastructure	Low	7.5%	0.5%
MERS 2014 Conservative Natural Resources	Conservative Natural Resources	\$5.3B	BlackRock	Equity	Conservative	Natural Resources	Low	8.5%	0.5%
MERS 2014 Conservative Environmental	Conservative Environmental	\$5.5B	BlackRock	Equity	Conservative	Environmental	Low	9.5%	0.5%
MERS 2014 Conservative Socially Responsible	Conservative Socially Responsible	\$5.7B	BlackRock	Equity	Conservative	Socially Responsible	Low	8.5%	0.5%
MERS 2014 Conservative Sustainable	Conservative Sustainable	\$5.9B	BlackRock	Equity	Conservative	Sustainable	Low	7.5%	0.5%
MERS 2014 Conservative Impact	Conservative Impact	\$6.1B	BlackRock	Equity	Conservative	Impact	Low	8.5%	0.5%
MERS 2014 Conservative ESG	Conservative ESG	\$6.3B	BlackRock	Equity	Conservative	ESG	Low	7.5%	0.5%
MERS 2014 Conservative Carbon	Conservative Carbon	\$6.5B	BlackRock	Equity	Conservative	Carbon	Low	8.5%	0.5%
MERS 2014 Conservative Water	Conservative Water	\$6.7B	BlackRock	Equity	Conservative	Water	Low	7.5%	0.5%
MERS 2014 Conservative Pollution	Conservative Pollution	\$6.9B	BlackRock	Equity	Conservative	Pollution	Low	8.5%	0.5%
MERS 2014 Conservative Nuclear	Conservative Nuclear	\$7.1B	BlackRock	Equity	Conservative	Nuclear	Low	7.5%	0.5%
MERS 2014 Conservative Space	Conservative Space	\$7.3B	BlackRock	Equity	Conservative	Space	Low	8.5%	0.5%
MERS 2014 Conservative AI	Conservative AI	\$7.5B	BlackRock	Equity	Conservative	AI	Low	9.5%	0.5%
MERS 2014 Conservative Robotics	Conservative Robotics	\$7.7B	BlackRock	Equity	Conservative	Robotics	Low	8.5%	0.5%
MERS 2014 Conservative Cybersecurity	Conservative Cybersecurity	\$7.9B	BlackRock	Equity	Conservative	Cybersecurity	Low	7.5%	0.5%
MERS 2014 Conservative Blockchain	Conservative Blockchain	\$8.1B	BlackRock	Equity	Conservative	Blockchain	Low	8.5%	0.5%
MERS 2014 Conservative Quantum	Conservative Quantum	\$8.3B	BlackRock	Equity	Conservative	Quantum	Low	9.5%	0.5%
MERS 2014 Conservative Nanotechnology	Conservative Nanotechnology	\$8.5B	BlackRock	Equity	Conservative	Nanotechnology	Low	8.5%	0.5%
MERS 2014 Conservative Biotechnology	Conservative Biotechnology	\$8.7B	BlackRock	Equity	Conservative	Biotechnology	Low	7.5%	0.5%
MERS 2014 Conservative Space Exploration	Conservative Space Exploration	\$8.9B	BlackRock	Equity	Conservative	Space Exploration	Low	8.5%	0.5%
MERS 2014 Conservative Mars	Conservative Mars	\$9.1B	BlackRock	Equity	Conservative	Mars	Low	9.5%	0.5%
MERS 2014 Conservative Moon	Conservative Moon	\$9.3B	BlackRock	Equity	Conservative	Moon	Low	8.5%	0.5%
MERS 2014 Conservative Venus	Conservative Venus	\$9.5B	BlackRock	Equity	Conservative	Venus	Low	7.5%	0.5%
MERS 2014 Conservative Jupiter	Conservative Jupiter	\$9.7B	BlackRock	Equity	Conservative	Jupiter	Low	8.5%	0.5%
MERS 2014 Conservative Saturn	Conservative Saturn	\$9.9B	BlackRock	Equity	Conservative	Saturn	Low	9.5%	0.5%
MERS 2014 Conservative Uranus	Conservative Uranus	\$10.1B	BlackRock	Equity	Conservative	Uranus	Low	8.5%	0.5%
MERS 2014 Conservative Neptune	Conservative Neptune	\$10.3B	BlackRock	Equity	Conservative	Neptune	Low	7.5%	0.5%
MERS 2014 Conservative Pluto	Conservative Pluto	\$10.5B	BlackRock	Equity	Conservative	Pluto	Low	8.5%	0.5%
MERS 2014 Conservative Asteroids	Conservative Asteroids	\$10.7B	BlackRock	Equity	Conservative	Asteroids	Low	9.5%	0.5%
MERS 2014 Conservative Comets	Conservative Comets	\$10.9B	BlackRock	Equity	Conservative	Comets	Low	8.5%	0.5%
MERS 2014 Conservative Meteoroids	Conservative Meteoroids	\$11.1B	BlackRock	Equity	Conservative	Meteoroids	Low	7.5%	0.5%
MERS 2014 Conservative Space Debris	Conservative Space Debris	\$11.3B	BlackRock	Equity	Conservative	Space Debris	Low	8.5%	0.5%
MERS 2014 Conservative Space Colonization	Conservative Space Colonization	\$11.5B	BlackRock	Equity	Conservative	Space Colonization	Low	9.5%	0.5%
MERS 2014 Conservative Space Mining	Conservative Space Mining	\$11.7B	BlackRock	Equity	Conservative	Space Mining	Low	8.5%	0.5%
MERS 2014 Conservative Space Tourism	Conservative Space Tourism	\$11.9B	BlackRock	Equity	Conservative	Space Tourism	Low	7.5%	0.5%
MERS 2014 Conservative Space Exploration	Conservative Space Exploration	\$12.1B	BlackRock	Equity	Conservative	Space Exploration	Low	8.5%	0.5%
MERS 2014 Conservative Space Research	Conservative Space Research	\$12.3B	BlackRock	Equity	Conservative	Space Research	Low	9.5%	0.5%
MERS 2014 Conservative Space Education	Conservative Space Education	\$12.5B	BlackRock	Equity	Conservative	Space Education	Low	8.5%	0.5%
MERS 2014 Conservative Space Inspiration	Conservative Space Inspiration	\$12.7B	BlackRock	Equity	Conservative	Space Inspiration	Low	7.5%	0.5%
MERS 2014 Conservative Space Motivation	Conservative Space Motivation	\$12.9B	BlackRock	Equity	Conservative	Space Motivation	Low	8.5%	0.5%
MERS 2014 Conservative Space Encouragement	Conservative Space Encouragement	\$13.1B	BlackRock	Equity	Conservative	Space Encouragement	Low	9.5%	0.5%
MERS 2014 Conservative Space Support	Conservative Space Support	\$13.3B	BlackRock	Equity	Conservative	Space Support	Low	8.5%	0.5%
MERS 2014 Conservative Space Assistance	Conservative Space Assistance	\$13.5B	BlackRock	Equity	Conservative	Space Assistance	Low	7.5%	0.5%
MERS 2014 Conservative Space Help	Conservative Space Help	\$13.7B	BlackRock	Equity	Conservative	Space Help	Low	8.5%	0.5%
MERS 2014 Conservative Space Aid	Conservative Space Aid	\$13.9B	BlackRock	Equity	Conservative	Space Aid	Low	9.5%	0.5%
MERS 2014 Conservative Space Relief	Conservative Space Relief	\$14.1B	BlackRock	Equity	Conservative	Space Relief	Low	8.5%	0.5%
MERS 2014 Conservative Space Comfort	Conservative Space Comfort	\$14.3B	BlackRock	Equity	Conservative	Space Comfort	Low	7.5%	0.5%
MERS 2014 Conservative Space Security	Conservative Space Security	\$14.5B	BlackRock	Equity	Conservative	Space Security	Low	8.5%	0.5%
MERS 2014 Conservative Space Protection	Conservative Space Protection	\$14.7B	BlackRock	Equity	Conservative	Space Protection	Low	9.5%	0.5%
MERS 2014 Conservative Space Defense	Conservative Space Defense	\$14.9B	BlackRock	Equity	Conservative	Space Defense	Low	8.5%	0.5%
MERS 2014 Conservative Space Safety	Conservative Space Safety	\$15.1B	BlackRock	Equity	Conservative	Space Safety	Low	7.5%	0.5%
MERS 2014 Conservative Space Well-Being	Conservative Space Well-Being	\$15.3B	BlackRock	Equity	Conservative	Space Well-Being	Low	8.5%	0.5%
MERS 2014 Conservative Space Health	Conservative Space Health	\$15.5B	BlackRock	Equity	Conservative	Space Health	Low	9.5%	0.5%
MERS 2014 Conservative Space Happiness	Conservative Space Happiness	\$15.7B	BlackRock	Equity	Conservative	Space Happiness	Low	8.5%	0.5%
MERS 2014 Conservative Space Joy	Conservative Space Joy	\$15.9B	BlackRock	Equity	Conservative	Space Joy	Low	7.5%	0.5%
MERS 2014 Conservative Space Peace	Conservative Space Peace	\$16.1B	BlackRock	Equity	Conservative	Space Peace	Low	8.5%	0.5%
MERS 2014 Conservative Space Harmony	Conservative Space Harmony	\$16.3B	BlackRock	Equity	Conservative	Space Harmony	Low	9.5%	0.5%
MERS 2014 Conservative Space Balance	Conservative Space Balance	\$16.5B	BlackRock	Equity	Conservative	Space Balance	Low	8.5%	0.5%
MERS 2014 Conservative Space Stability	Conservative Space Stability	\$16.7B	BlackRock	Equity	Conservative	Space Stability	Low	7.5%	0.5%
MERS 2014 Conservative Space Order	Conservative Space Order	\$16.9B	BlackRock	Equity	Conservative	Space Order	Low	8.5%	0.5%
MERS 2014 Conservative Space Cleanliness	Conservative Space Cleanliness	\$17.1B	BlackRock	Equity	Conservative	Space Cleanliness	Low	9.5%	0.5%
MERS 2014 Conservative Space Neatness	Conservative Space Neatness	\$17.3B	BlackRock	Equity	Conservative	Space Neatness	Low	8.5%	0.5%
MERS 2014 Conservative Space Tidiness	Conservative Space Tidiness	\$17.5B	BlackRock	Equity	Conservative	Space Tidiness	Low	7.5%	0.5%
MERS 2014 Conservative Space Organization	Conservative Space Organization	\$17.7B	BlackRock	Equity	Conservative	Space Organization	Low	8.5%	0.5%
MERS 2014 Conservative Space Planning	Conservative Space Planning	\$17.9B	BlackRock	Equity	Conservative	Space Planning	Low	9.5%	0.5%
MERS 2014 Conservative Space Preparation	Conservative Space Preparation	\$18.1B	BlackRock	Equity	Conservative	Space Preparation	Low	8.5%	0.5%
MERS 2014 Conservative Space Readiness	Conservative Space Readiness	\$18.3B	BlackRock	Equity	Conservative	Space Readiness	Low	7.5%	0.5%
MERS 2014 Conservative Space Alertness	Conservative Space Alertness	\$18.5B	BlackRock	Equity	Conservative	Space Alertness	Low	8.5%	0.5%
MERS 2014 Conservative Space Awareness	Conservative Space Awareness	\$18.7B	BlackRock	Equity	Conservative	Space Awareness	Low	9.5%	0.5%
MERS 2014 Conservative Space Attention	Conservative Space Attention	\$18.9B	BlackRock	Equity	Conservative	Space Attention	Low	8.5%	0.5%
MERS 2014 Conservative Space Focus	Conservative Space Focus	\$19.1B	BlackRock	Equity	Conservative	Space Focus	Low	7.5%	0.5%
MERS 2014 Conservative Space Concentration	Conservative Space Concentration	\$19.3B	BlackRock	Equity	Conservative	Space Concentration	Low	8.5%	0.5%
MERS 2014 Conservative Space Determination	Conservative Space Determination	\$19.5B	BlackRock	Equity	Conservative	Space Determination	Low	9.5%	0.5%
MERS 2014 Conservative Space Commitment	Conservative Space Commitment	\$19.7B	BlackRock	Equity	Conservative	Space Commitment	Low	8.5%	0.5%
MERS 2014 Conservative Space Dedication	Conservative Space Dedication	\$19.9B	BlackRock	Equity	Conservative	Space Dedication	Low	7.5%	0.5%
MERS 2014 Conservative Space Devotion	Conservative Space Devotion	\$20.1B	BlackRock	Equity	Conservative	Space Devotion	Low	8.5%	0.5%
MERS 2014 Conservative Space Loyalty	Conservative Space Loyalty	\$20.3B	BlackRock	Equity	Conservative	Space Loyalty	Low	9.5%	0.5%
MERS 2014 Conservative Space Faithfulness	Conservative Space Faithfulness	\$20.5B	BlackRock	Equity	Conservative	Space Faithfulness	Low	8.5%	0.5%
MERS 2014 Conservative Space Trustworthiness	Conservative Space Trustworthiness	\$20.7B	BlackRock	Equity	Conservative	Space Trustworthiness	Low	7.5%	0.5%
MERS 2014 Conservative Space Reliability	Conservative Space Reliability	\$20.9B	BlackRock	Equity	Conservative	Space Reliability	Low	8.5%	0.5%
MERS 2014 Conservative Space Dependability	Conservative Space Dependability	\$21.1B	BlackRock	Equity	Conservative	Space Dependability	Low	9.5%	0.5%
MERS 2014 Conservative Space Accountability	Conservative Space Accountability	\$21.3B	BlackRock	Equity	Conservative	Space Accountability	Low	8.5%	0.5%
MERS 2014 Conservative Space Responsibility	Conservative Space Responsibility	\$21.5B	BlackRock	Equity	Conservative	Space Responsibility	Low	7.5%	0.5%
MERS 2014 Conservative Space Integrity	Conservative Space Integrity	\$21.7B	BlackRock	Equity	Conservative	Space Integrity	Low	8.5%	0.5%
MERS 2014 Conservative Space Honesty	Conservative Space Honesty	\$21.9B	BlackRock	Equity	Conservative	Space Honesty	Low	9.5%	0.5%
MERS 2014 Conservative Space Sincerity	Conservative Space Sincerity	\$22.1B	BlackRock	Equity	Conservative	Space Sincerity	Low	8.5%	0.5%
MERS 2014 Conservative Space Authenticity	Conservative Space Authenticity	\$22.3B	BlackRock	Equity	Conservative	Space Authenticity	Low	7.5%	0.5%
MERS 2014 Conservative Space Transparency	Conservative Space Transparency	\$22.5B	BlackRock	Equity	Conservative	Space Transparency	Low	8.5%	0.5%
MERS 2014 Conservative Space Openness	Conservative Space Openness	\$22.7B	BlackRock	Equity	Conservative	Space Openness	Low	9.5%	0.5%
MERS 2014 Conservative Space Accessibility	Conservative Space Accessibility	\$22.9B	BlackRock	Equity	Conservative	Space Accessibility	Low	8.5%	0.5%
MERS 2014 Conservative Space Availability	Conservative Space Availability	\$23.1B	BlackRock	Equity	Conservative	Space Availability	Low	7.5%	0.5%
MERS 2014 Conservative Space Usability	Conservative Space Usability	\$23.3B	BlackRock	Equity	Conservative	Space Usability	Low	8.5%	0.5%
MERS 2014 Conservative Space Practicality	Conservative Space Practicality	\$23.5B	BlackRock	Equity	Conservative	Space Practicality	Low	9.5%	0.5%

Divorce

The MERS Health Care Savings Program is not considered a legal marital asset unless specifically outlined in a Domestic Relations Order as part of the Judgment of Divorce.

If you find yourself in the process of a divorce, please follow these steps:

1. Download a model domestic relations order (DRO/QDRO/EDRO*) from our website — your attorney may find it helpful.
2. Send us a copy of your proposed order for review and approval.
3. Send us a complete copy of your Judgment of Divorce and a copy of the final Domestic Relations Order after your divorce is granted.

Once we have received the documentation for review and approval, we will distribute the account as directed.

** Domestic Relations Order (DRO), Qualified Domestic Relations Order (QDRO) and Eligible Domestic Relations Orders (EDRO) are specific types of court orders. Processing fees may apply.*

Changing the Beneficiary

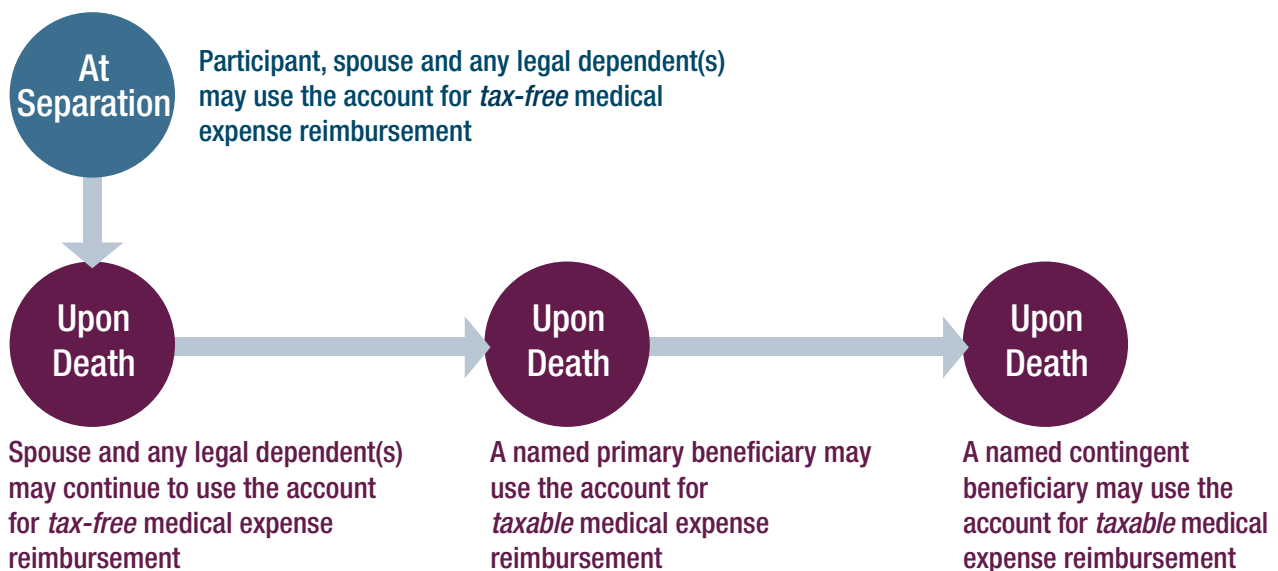
It's easy to change or update a beneficiary in the MERS Health Care Savings Program. Log in to myMERS to change it online, or download the *Beneficiary Change Request Form (MD-103)* on our website and fax or mail it back to us at the address provided. Changes to your beneficiary can be made at any time, before or after you leave current employment.

Extended Medical Leave

If you take an extended medical leave from your employer, you will be eligible to use your account after six months. If you return from extended medical leave, you must stop using your account, although any eligible medical expenses from your leave period will still qualify for reimbursement.

A Benefit That Keeps Working

The ability for a designated beneficiary to use the balance of your MERS Health Care Savings Program account after you pass away is unique to MERS.



Changing Jobs Within Your Municipality

If you change jobs within your municipality, there are two possible scenarios:

Moving into a Division That Offers MERS Health Care Savings Program

- Vesting is calculated from your original hire date, not the date of your transfer.
- Your MERS Health Care Savings Program account will transfer to the current division's provisions.
- Your MERS Health Care Savings Program account will be accessible to you upon separation of employment.

Moving into a Division That Does Not Offer MERS Health Care Savings Program

- Vesting is calculated using your original date of hire (not date of inactive status change).
- Your MERS Health Care Savings Program account is only accessible to you for medical expenses after separation of employment (either termination or retirement).

Reimbursement Options

You may begin receiving reimbursements for qualified medical reimbursements after you leave employment. There are three different ways you can be reimbursed for purchases using the MERS Health Care Savings Program:

mySourceCard® Debit Card

A great way to use your MERS Health Care Savings Program account is the mySourceCard® debit card. This MasterCard® card automatically debits your account when making qualified medical expense purchases. You must have a minimum balance of \$500 to be eligible for use. Unlike traditional debit and ATM cards, the mySourceCard® debit card does not require you to have a PIN, and automatically identifies qualified medical expenses.

To request a mySourceCard®, please visit myMERS.

For your security, the mySourceCard® debit card has a daily swipe limit. Please see the Debit Card link under Manage My Claims on myMERS to review this current amount.

Online Reimbursements

You can also request reimbursements online by using myMERS. From here, you can update banking information for direct deposit, and upload third party receipts, showing which expenses have been paid. Processing your request takes two business days. All reimbursements are processed by direct deposit.

Reimbursement by Mail or Fax

You can also submit your requests by mail or fax. A reimbursement form along with a copy of the applicable receipts is required. All reimbursements are processed by direct deposit within 10 business days. You can access Reimbursement and Direct Deposit forms through your myMERS online account or request them through our Service Center at 800.767.MERS (6377).

You may receive information from Alerus Financial, which has partnered with MERS to provide trading and custodial services for several of our plans, as well as banking services for plan deposits and withdrawals.

Account Eligibility

You can begin using the money in your MERS Health Care Savings Program account after you have a separation from employment, if collecting disability from a public pension plan, or on extended medical leave (six months or longer). Please refer to the previous section for more information about disability and medical leave.

Once we're notified by your employer of your separation, you'll receive information on how to begin receiving reimbursements from your account.

Eligible Medical Expenses

An eligible medical expense is defined as those expenses paid for care as described in Section 213(d) of the Internal Revenue Code. Eligible medical expenses may include:

- Ambulance
- Artificial limbs
- Blood tests
- Blood transfusions
- Braces
- Cardiographs
- Chiropractor
- Contact lenses
- Crutches
- Dental treatment
- Dentures
- Dermatologists
- Diagnostic fees
- Drug addiction therapy
- Drugs (prescription)
- Elastic hosiery (prescription)
- Eyeglasses
- Healing services
- Hearing aids
- Health care insurance premiums
- Insulin treatment
- Lab tests
- Long-term care insurance
- Medicare B premium
- Operating room costs
- Ophthalmologist
- Orthopedist
- Osteopath
- Pediatrician
- Physician
- Podiatrist
- Practical nurse for medical services
- Prescription medicines
- Splints
- Surgeon
- Therapy equipment
- Vaccines
- X-rays

For more detailed information, please refer to www.mersofmich.com.

Who Can Use My Account?

Your account is available for reimbursement for you, a spouse, or legal dependents. The definition of legal dependent has been expanded to include any children less than 26 years of age. This means adult children can use your MERS Health Care Savings Program account whether or not they are:

- married
- living with you
- in school
- financially dependent on you

In the event of death with no spouse or legal dependent to use your funds, your account may be available to use by a named beneficiary on a taxable basis. See page 6 for details.

Helping You Prepare

The road to a sound financial future is paved with preparation, and we're here to help you. As you learn more about your program, there are always questions and concerns that arise. We provide you with quality, unbiased educational resources so you can make thoughtful, informed choices.

Seminars and Workshops

Whether you're in the middle of your career and need help preparing for retirement, or are ready to retire, we're here to help. MERS has a variety of seminars to help meet your needs.

- Group presentations and one-on-one consultations at municipalities
- Seminars and workshops are offered at different times and locations throughout the year
- Visit www.mersofmich.com for up-to-date information

Statements

Every quarter, you'll receive a statement detailing all your account information and the performance of your fund choices. You can also log in to your account at myMERS to find up-to-date information about your MERS account.

Service Center

MERS Service Center offers friendly, knowledgeable, over-the-phone assistance for a wide variety of benefit questions and issues. The Service Center staff is available weekdays at 800.767.MERS (6377).



Municipal Employees' Retirement System of Michigan
1134 Municipal Way • Lansing, MI 48917
800.767.MERS (6377)
www.mersofmich.com

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 as of 9/16/2015. 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. Past performance is not a guarantee of future returns. Please make independent investment decisions carefully and seek the assistance of independent experts when appropriate.

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