

## Defined Benefit Plan Adoption Agreement Addendum



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www.mersofmich.com

The employer, a participating municipality or court within the state of Michigan, hereby agrees to adopt and administer the MERS Defined Benefit (DB) Plan provided by the Municipal Employees' Retirement System of Michigan, as authorized by 1996 PA 220, in accordance with MERS Plan Document, as both may be amended, subject to the terms and conditions herein.

### I. Effective Date

The effective date shall be the first day of **January, 2021**.

**II. Employer name** Pittsfield Chtr Twp

**Municipality number** 811001

This is an amendment of the existing Adoption Agreement for the MERS Defined Benefit.

Any changes to plan provisions apply to employees in the division on the effective date, as well as to new hires ongoing. Definitions will apply for all service accrued after the effective date.

**Division number** 81100115

**Division name on file with MERS** Utilities Dr

### III. Plan Eligibility

Only those employees eligible for MERS membership may participate in the MERS Defined Benefit. 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.:

Utilities Director

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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If you elect to include a special classification (chart below), then the employee will be required to meet the Service Credit Qualification as defined under section IV (Provisions) in order to earn a month of service. Excluded classification will require additional information below.

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 checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Part-Time Employees:</b> Those who regularly work fewer than _____ per _____.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Seasonal Employees:</b> Those who will work for the municipality from _____ to _____ only.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Voter-Elected Officials</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Appointed Officials:</b> An official appointed to a voter-elected office.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Contract Employees</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Probationary Periods** (select one):

- ☐ Service will begin after the probationary period has been satisfied. 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

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 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)  
80 hours in a month.

#### 2. Leaves of Absence

Indicate by checking the boxes below, whether the potential for service credit will be allowed if an eligible employee is on one of the following types of leave, regardless of meeting the service credit qualification criteria.

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. However, an employer may submit additional voluntary contributions for the period of the leave in an amount determined by the employer.
- For **contributory divisions**, employee contributions are required for service credit to be retained. Employee contributions will be collected based on the Service Credit Qualification. Employers will calculate employee contributions due using the employee's current hourly rate (prior to leave). For example if 120 hours is required for service credit, then employee contributions shall be equal to 120 hours times the employee's hourly rate. Employees have three times the length of leave, to a maximum of five years, to pay required employee contributions. Leaves of absence are required to be reported to MERS, including the employee's start and end date per month, along with the employee's hourly rate.

Type of Leave	Service Credit Granted	Service Credit Excluded
<b>Short- and Long-Term Disability</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Workers' Compensation</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Unpaid Family Medical Leave Act (FMLA)</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Other:</b> <u>Unpaid Leave</u> For example, sick and accident, administrative, educational, sabbatical, etc.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Other 2:</b> <u>Military Leave</u> Additional leave types as above	<input checked="" 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 January 1, 2007, IRC 401(a)(37).

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### 3. Definition of Compensation

The Definition of Compensation is used to calculate a participant's final average compensation and is used in determining both employer and employee contributions. Wages paid to employees, calculated using the elected definition, must be reported to MERS.

Select your Definition of Compensation here. If you choose to customize your definition, skip this table and proceed to page 5.

	<input type="radio"/> Base Wages	<input type="radio"/> Box 1 Wages	<input type="radio"/> 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> Defined Benefit 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:** 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

☒ Salary or hourly wage X hours

☐ On-call pay

☒ PTO used (sick, vacation, personal, bereavement, holiday leave, or unclassified)

☐ Other: \_\_\_\_\_

**Other Wages** apply: YES ☐ NO ☒
☐ Shift differentials

☐ Severance issued over time (weekly/bi-weekly)

☐ Overtime

☐ Other: \_\_\_\_\_

**Lump Sum Payments** apply: YES ☒ NO ☐
☒ PTO cash-out

☐ Educational degrees

☒ Longevity

☐ Moving expenses

☒ Bonuses

☐ Sick payouts

☐ Merit pay

☐ Severance (if issued as lump sum)

☐ Job certifications

☐ Other: Vacation PTO max. 240 hrs

**Taxable Payments** apply: YES ☐ NO ☒
☐ Travel through a non-accountable plan (i.e. mileage not tracked for reimbursement)

☐ Prizes, gift cards

☐ Car allowance

☐ Personal use of a company car

☐ Other: \_\_\_\_\_

**Reimbursement of Nontaxable Expenses** (as defined by the IRS) apply: YES ☐ NO ☒
☐ Gun, tools, equipment, uniform

☐ Mileage reimbursement

☐ Phone

☐ Travel through an accountable plan (i.e. tracking mileage for reimbursement)

☐ Fitness

☐ Other: \_\_\_\_\_

### Types of Deferrals

**Elective Deferrals of Employee Premiums/Contributions** apply: YES ☒ NO ☐
☒ 457 employee and employer contributions

☐ IRA contributions

☒ 125 cafeteria plan, FSAs and HSAs

☐ Other: \_\_\_\_\_

### Types of Benefits

**Nontaxable Fringe Benefits of Employees** apply: YES ☐ NO ☒
☐ Health plan, dental, vision benefits

☐ Workers compensation premiums

☐ Group term or whole life insurance < \$50,000

☐ Short- or Long-term disability premiums

☐ Other: \_\_\_\_\_

**Mandatory Contributions** apply: YES ☒ NO ☐
☒ Defined Benefit employee contributions

☒ MERS Health Care Savings Program employee contributions

☐ Other: \_\_\_\_\_

**Taxable Fringe Benefits** apply: YES ☐ NO ☒
☐ Clothing reimbursement

☐ Group term life insurance > \$50,000

☐ Stipends for health insurance opt out payments

☐ Other: \_\_\_\_\_

**Other Benefits / Lump Sum Payments** apply: YES ☐ NO ☒
☐ Workers compensation settlement payments

☐ Other: \_\_\_\_\_

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### V. Execution:

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

This foregoing Addendum is hereby approved by Pittsfield Charter Township

at a Board Meeting which took place on: \_\_\_\_\_  
(mm/dd/yyyy)

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

**Printed Name:** \_\_\_\_\_

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

**Date:** \_\_\_\_\_

