

## **Background**

Last year, the BDL Board of Trustees approved a 2026 budget that included a new staff benefit: a matching retirement contributions of up to 3% of the employee's gross wages for eligible BDL employees to choose to make contributions to the library-provided 457(b) plan. Subsequently, the BDL Personnel Committee met to make recommendations as to how that plan might be implemented. What followed was some back and forth between our legal counsel at Foster Swift, our account reps at MERS, the Personnel Committee, and the BDL Director.

## **Implementation Details**

Please see the attached MERS documents for all of the details. Below is a summary.

### **Plan Type**

While our employees may voluntarily contribute to the library-provided 457(b) plan, matching contributions from the library will be made on a per-payroll basis into a 401(a) plan. This is known as a "defined contribution plan", since the library is committing to a specific amount to contribute. The actual benefit received will, of course, depend on many factors, not least of which is overall market performance.

### **Start Date**

Due to the transition for MERS's financial services provider from Alerus to Empower, we are currently in a "blackout" phase, during which we cannot make contributions to our accounts. Contributions from BDL may begin after the blackout is over and our payroll provider has had training on the process from MERS. This will likely be sometime in May.

### **Lump Sum Deposit**

Since this benefit was budgeted for the entire year, plan documents are dated January 1, 2026. This will allow the BDL Board to authorize, should they elect to do so, a 1-time match of up to 3% of gross wages that participating employees have contributed up to the time when we can begin making automatic matches. Staff have been informed of this program coming up since the passage of the budget last November and encouraged to participate.

### **Who May Participate in the Matching Program**

All employees are eligible to participate in this matching program, provided they have been with the library for at least 12 months and work at least 20 hours per week on average. There is no minimum percentage required from the employee to receive the match.

**Vesting**

There is a vesting period of 4 years, with participating employees being vested 25% each year until they are fully vested. Vesting begins from time of hire, so anyone employed at BDL for four or more years will be automatically vested at the outset.

**BDL Board Tasks**

1. Vote on adopting the resolution that is on the final page of the attached MERS documents.
2. If the Board wishes to see any changes to the plan documents as presented and recommended by the Personnel Committee, motions to that effect should be made.
3. Vote on whether to allow a "look back" match of up to 3% of gross wages for participating employees from January 1, 2026 to the start of automatic payroll matches.

Once approved, and after any possible changes are made by the Board, we will have draft language for the *Employment Handbook* for the Board to examine at the April Meeting.

Submitted by John Rucker

# MERS Defined Contribution (DC) Adoption Agreement



1134 Municipal Way Lansing, MI 48917 | 800.767.6377

mersofmich.com

## I. EMPLOYER INFORMATION

Municipality Name: Branch Dist Library

Municipality Address:

Street: 10 E. Chicago Street

City: Coldwater Zip: 49036

Municipality Phone: 517-278-2341 Municipality Number: 1209

Plan Number: \_\_\_\_\_ Reporting Unit: 01

Payroll Frequency:

If **Other** is selected, provide details here: \_\_\_\_\_

## II. EFFECTIVE DATE

New Plan  
Effective Date: January 1, 2026

Amended Plan  
The agreement is a substitution and amendment of an existing MERS Defined Contribution Plan.  
*Note* You only need to mark **changes** to your plan throughout the remainder of this Agreement.  
Effective Date: \_\_\_\_\_

This municipality or division is new to MERS, so vesting credit prior to the **initial** MERS effective date by each eligible employee shall be credited as follows (choose one):

- Vesting credit from date of hire
- No vesting credit prior to initial MERS effective date

**Plan Transfer, Merger, or Closure** (select below if applicable)

To separate employees from an existing DC division into a new one:

Effective Date: \_\_\_\_\_

Existing Plan Numbers: \_\_\_\_\_

To merge existing divisions:

Effective Date: \_\_\_\_\_

Existing Plan Numbers: \_\_\_\_\_

Merged Plan Number: \_\_\_\_\_

This division is the open plan receiving new hires, rehires, transfers from a closed division:

Effective Date: \_\_\_\_\_

Closed (Defined Benefit or Hybrid) Division/Plan Number(s) : \_\_\_\_\_

**III. PLAN ELIGIBILITY**

Only those employees eligible for MERS membership may participate in the MERS Defined Contribution Plan. If an employee classification is included in the plan, then employees that meet this definition are required to participate in the plan and earn time toward vesting. All eligible employees must be reported to MERS and earn time toward vesting. Some excluded classifications require additional information below. Please describe the specific classifications that are eligible for MERS within the division:

Eligible Employees (examples: Full-Time, Clerical, Union Employees participating in XXXX Union):

All EEs

This plan will be named: All EEs

**Probationary Period** (Note: Vesting begins with Date of Hire regardless of the selection below.)

No probationary period. Contributions begin with date of hire, at which point, all wages and associated contributions must be submitted to MERS

Contributions will begin after the probationary period has been satisfied. Probationary periods are allowed in one-month increments, no longer than 12 months. Participant wages must be reported to MERS from the time of hire, including during the probationary period.

Probationary months: 12

**Public Safety**

This division includes public safety employees:  Yes  No

**Employee Classification**

	Included	Excluded	Not Employed
<b>Temporary Employees:</b> Those who will work for fewer than ___ months in total			●
<b>Part-Time Employees:</b> Those who regularly work fewer than <u>20</u> per <u>week</u>		●	
<b>Seasonal Employees:</b> Those who are employed for tasks that occur at specific times of the year			●
<b>Voter-Elected Officials</b>			●
<b>Appointed Officials:</b> Official position not elected by voters			●
<b>Contract Employees:</b> Municipal or judicial employees working under an employment contract with the municipality (excluding a collective bargaining agreement) and whose wages are reported under IRS Form W-2			●
Other: _____			
Other: _____			

**IV. VESTING**

**Vesting Crediting**

Vesting in employer contributions will occur on the following schedule (check one below):

- Elapsed Time Method – Employees will be credited with one vesting year for each 12 months continuous employment from date of hire.
- Hours Reported Method – Employers will be credited with one vesting year for each calendar year in which they meet a minimum number of hours worked. Hours: \_\_\_\_\_

**Vesting Schedule**

Vesting will be credited using (check one below):

- Immediate**
- Cliff Vesting** – Fully vested after specific number of whole years, not to exceed 15 years. Years: \_\_\_\_\_
- Graded Vesting** – The % of vesting acquired after employment for the designated number of whole years, not to exceed 10 years; or, where full vesting is attained between 10 and 20 years, graded vesting must begin no later than 3 years of service. (Fill out the table provided.)

% Vested	Years of Service
25%	1
50%	2
75%	3
100%	4

*Note* All mandatory pre-tax employee contributions are immediately 100% vested.

**Vesting Acceleration**

In the event of disability or death of an active employee, their (or beneficiary’s) entire employer contribution account shall be 100% vested, to the extent that the account balance hasn’t previously been forfeited.

If an employee is still employed with the municipality at the age specified here, their entire employer contribution balance will become 100% vested regardless of years of service.

Normal Retirement Age (Must be a whole number): \_\_\_ (MERS’ default for normal retirement age is 60)

## V. CONTRIBUTIONS

### Definition of Compensation

This must be used when determining both employer and employee contributions.

Check one below.

- Base Wages
- Box 1 Wages of W-2
- Gross Wages
- Box 5 Medicare Wages of W-2
- Custom Definition. If selected, you must submit a [Custom Definition of Compensation Addendum \(MD-008\)](#)

### Mandatory Contributions

Required Employee and Employer Contributions are outlined within the [Contribution Addendum \(MD-070b\)](#) for MERS Defined Contribution.

## VI. LOANS

Loans are permitted:

- No
- Yes – If Yes, your signature on this document confirms you have received and reviewed the [Defined Contributions & 457 Loan Addendum \(MD-071\)](#). Also, the election of loans for any plan automatically applies to all divisions of your DC Plan.

## VIII. APPOINTING MERS AS THE PLAN ADMINISTRATOR

The Employer hereby agrees to the provisions of this MERS Defined Contribution Plan Adoption Agreement and appoints MERS as the Plan Administrator pursuant to the terms and conditions of the Plan. The Employer also agrees that in the event of any conflict between the MERS Plan Document and the MERS Defined Contribution Plan Adoption Agreement, the provisions of the Plan Document control.

## IX. MODIFICATION OF THE TERMS OF THE ADOPTION AGREEMENT

If the Employer desires to amend any of its elections contained in this Adoption Agreement, including attachments, the Governing Body or Chief Judge, by resolution or official action accepted by MERS, must adopt a new Adoption Agreement. The amendment of this Agreement is not effective until approved by MERS.

**X. ENFORCEMENT**

1. The Employer acknowledges that the Michigan Constitution of 1963, Article 9, Section 24, provides that accrued financial benefits arising under a public Employer’s retirement plan are a contractual obligation of the Employer that may not be diminished or impaired.
2. The Employer agrees that, pursuant to the Michigan Constitution, its obligations to pay required contributions are contractual obligations to its employees and to MERS and may be enforced in a court of competent jurisdiction;
3. The Employer acknowledges that employee contributions (if any) and employer contributions must be submitted in accordance with the MERS Reporting and Contribution Enforcement Policy, the terms of which are incorporated herein by reference;
4. The Employer acknowledges that late or missed contributions will be required to be made up, including any applicable gains, pursuant to the Internal Revenue Code;
5. Should the Employer fail to make its required contribution(s) when due, MERS may implement any applicable interest charges and penalties pursuant to the MERS Reporting and Contribution Enforcement Policy and Plan Document Section 79, and take any appropriate legal action, including but not limited to filing a lawsuit and reporting the entity to the Treasurer of the State of Michigan in accordance with MCL 141.1544(d), Section 44 of PA 436 of 2012, as may be amended.
6. It is expressly agreed and understood as an integral and non-severable part of this Agreement that Section 43 of the Plan Document shall not apply to this Agreement and its administration or interpretation. In the event any alteration of the terms or conditions of this Agreement is made or occurs, under Section 43 or other plan provision or law, MERS and the Retirement Board, as sole trustee and fiduciary of the MERS plan and its trust reserves, and whose authority is nondelegable, shall have no obligation or duty to administer (or to have administered) the MERS Defined Contribution Plan, to authorize the transfer of any defined benefit assets to the MERS Defined Contribution Plan, or to continue administration by MERS or any third-party administrator of the MERS Defined Contribution Plan.

**XI. EXECUTION**

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

This Adoption Agreement is hereby approved by (municipality/court):

Branch Dist Library

Dated (DD/MM/YYYY): \_\_\_\_\_

Authorized signature: \_\_\_\_\_

Name (printed): John Rucker

Title: Director

**Approved by the Municipal Employees’ Retirement System of Michigan**

Dated (DD/MM/YYYY): \_\_\_\_\_

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

# Contribution Addendum for MERS Defined Contribution (DC)



1134 Municipal Way Lansing, MI 48917 | 800.767.6377

mersofmich.com

This is an addendum to the Adoption Agreement completed by the following municipality.

Municipality Name: Branch Dist Library

Plan Number: \_\_\_\_\_

The details below apply to  **ALL** covered employees –OR– a specific group of covered employees (specify here): \_\_\_\_\_

## MANDATORY PARTICIPANT CONTRIBUTIONS

Select one below:

**Required Fixed Contribution** – Employees are required to contribute (specify % or \$) \_\_\_\_\_ per pay period.

**One-Time Elective Contribution** – Up to 99% (or IRS limit) per pay period.

**Default Contribution Rate** – (only applicable if One-Time Elective Contribution is selected). Federal law requires employees only be offered a contribution choice at the time of first eligibility in any plan of the employer, and that choice is irrevocable and unchangeable. Therefore, the default employee contribution rate will apply when an eligible employee fails to make an election prior to their first payroll reporting in which they qualified for any plan of the employer, or in certain transfer situations.

The plan's standard default contribution rate of 10%

An amount of (specify % or \$) \_\_\_\_\_

**Both** – Employees are required to contribute (specify % or \$) \_\_\_\_\_ per pay period as well as making a one-time irrevocable election for an additional employee contribution up to 99% (or IRS limit) per pay period.

**No Employee Contributions** – No mandatory or one-time elective pre-tax employee contributions permitted.

EMPLOYER CONTRIBUTIONS

Select at least one employer option in Section 1 below:

1 Employer Matching Contributions

No - If No, skip to Section 2.

Yes - If Yes, complete 1.1 through 1.3 below.

1.1 Employer will make matching contributions into the DC Plan based on (Check all that apply):

Employee's 457 election (MERS or non-MERS)

Employee's MERS DC mandatory participant contributions

Other: \_\_\_\_\_

1.2 Employer Match Calculation

The employer elects the following matching contribution formula (check one):

Percentage: The employer will match 100% of the mandatory participant contributions at a rate of 0% (minimum) up to 3% (maximum).

For example, if an employer chooses a 50% match, they contribute 0.50% for every 1% the participant defers. For a 100% match with a 5% minimum and 10% maximum, the employer matches contributions dollar-for-dollar on amounts above 5% and below 10%.

Flat Dollar: The employer will match \_\_\_% of mandatory participant contributions as a flat dollar rate of \$\_\_\_\_\_ (minimum) up to \$\_\_\_\_\_ (maximum) per \_\_\_\_\_.

1.3 Employer Match Frequency

Employer match contributions will be made (check one):

Per Payroll Quarterly Annually Other: \_\_\_\_\_

2 Non-Matching Contributions

No

Yes - If Yes, complete 2.1 to 2.2 below.

2.1 Employer Non-Match Calculation

The employer hereby elects to make contributions to the participants' accounts without regard to a participant's contribution amount (check all that apply).

Compensation: a contribution of \$\_\_\_\_\_ or \_\_\_\_\_%

One-Time: \$\_\_\_\_\_

2.2 Employer Non-Match Frequency

Employer non-matching contributions will be made (check one):

Per Payroll Quarterly Annually Other: \_\_\_\_\_

# Resolution Adopting the MERS Defined Contribution Plan



1134 Municipal Way Lansing, MI 48917 | 800.767.MERS (6377) | Fax 517.703.9711

www.mersofmich.com

This Resolution is entered into under the provisions of 1996 PA 220 and the Municipal Employees' Retirement System of Michigan ("MERS") Plan Document, as each may be amended.

**WHEREAS**, the participating entity desires to adopt the MERS Defined Contribution Plan for its designated employees;

**WHEREAS**, the participating entity has furnished MERS with required data regarding each eligible employee and retiree;

**WHEREAS**, as a condition of MERS membership, and pursuant to the MERS Retirement Board's power as plan administrator and trustee under Plan Document Section 71 and MCL 38.1536, as each may be amended, it is appropriate and necessary to enter into a binding agreement providing for the administration of the Defined Contribution Plan, the reporting of wages, and the payment of the required contributions of a participating entity and withholding of employee contributions; now, therefore,

### IT IS HEREBY RESOLVED:

On behalf of the participating entity, the governing body of  
Branch Dist Library adopts the MERS Defined Contribution Plan in accordance with Plan Section 4 for its eligible employees as described in the MERS Defined Contribution Adoption Agreement, subject to the MERS Plan Document and as authorized by 1996 PA 220, as both may be amended;

I hereby certify that the above is a true copy of the Defined Contribution Resolution adopted at the official meeting held by the governing body of this municipality:

Dated: \_\_\_\_\_, 20\_\_\_\_. \_\_\_\_\_  
(Signature of Authorized Official)

Printed name: John Rucker  
(Authorized Official - printed)

This Resolution shall have no legal effect under the MERS Plan Document until a certified copy of this adopting Resolution is filed with MERS, MERS determines that all necessary requirements under the Plan Document, the Adoption Agreement, and this Resolution have been met, and MERS certifies the Resolution below.

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

Dated: \_\_\_\_\_, 20\_\_\_\_. \_\_\_\_\_  
(Signature of Authorized MERS Representative)