

# ALLEGAN COUNTY EMPLOYEE HANDBOOK

<b>Category:</b>	<b>Employee Benefit Policy</b>
<b>Number:</b>	<b>501</b>
<b>Approved:</b>	<b>February 24, 2005, supersedes prior policy</b>
<b>Subject:</b>	<b>RETIREMENT – DEFINED BENEFIT and DEFINED CONTRIBUTION PLANS</b>

1. **DEFINED BENEFIT PLAN:** Non-bargaining employees who are participants in the Municipal Employees Retirement System Defined Benefit Plan shall receive benefits under the B-2 plan and contribute four percent (4%) of their gross wages. Excluded wages/earnings shall be determined by the Michigan Municipal Employees Retirement System. An eligible employee shall be vested following the completion of six (6) years of continuous employment.
  - 1.1 **Service Credit Purchase.** Generic or Governmental service may be purchased prior to vesting but will not be recognized until vesting requirements have been met. Total credited generic/governmental service shall not exceed more than five (5) years. The employee must pay one hundred percent (100%) of the required sum (employee & employer share), as determined by Michigan Municipal Employees' Retirement System (MERS.). This amendment applies to NON-BARGAINING EMPLOYEES ONLY. Bargaining groups must negotiate this benefit.
  - 1.2 **Non-Intervening Military Service Credit.** Service credit may be purchased prior to vesting but will not be recognized until the employee has acquired six (6) years service credit with Allegan County. The employee must pay one hundred percent (100%) of the actuarial cost (employee/employer share) of the purchase, as determined by the Municipal Employees Retirement System. Any service purchase must be according to MERS plan document and procedures.
  - 1.3 **Reciprocal Retirement Act.** On June 11, 1998 Allegan County adopted the provisions of the Reciprocal Retirement Act, being Act 88 of 1961, which provides for the preservation and continuity of retirement system services credits for public employees who transfer their employment between units of government in Michigan.
2. **DEFINED CONTRIBUTION PLAN:** Employees hired after the effective date of the plan (January 1, 1999) must be enrolled into the MERS Defined Contribution Plan (401A Money Purchase Plan). The Employer shall contribute a fixed amount of four percent (4%) of an eligible employee's Medicare earnings toward the defined contribution plan. Employees shall be permitted to contribute an additional amount up to the limits set forth in the plan. The Employer shall match, on behalf of each employee, up to two percent (2%) of Medicare earnings. If employee contributes up to two percent (2%) of Medicare earnings, contribution rates will occur in whole percentage amounts only (i.e. 0%, 1% or 2%). The first two percent (2%) the employee contributes is pre-taxed.

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**2.1 Vesting.** The Defined Contribution Plan shall have graduated vesting based upon the following vesting schedule:

<u>Years Of Service</u>	<u>Specified Percent Vesting</u>
One	10%
Two	20%
Three	40%
Four	60%
Five	80%
Six	100%

**2.2 Permissible Loans.** Each Employee shall be eligible to make loans against their vested retirement benefits subject to the following restrictions:

- 2.2.1** One (1) loan per employee per calendar year.
- 2.2.2** Each loan will require a fifty dollar (\$50) loan application fee, payable to the plan administrator.
- 2.2.3** Loans will be limited to a minimum of five hundred dollars (\$500) and a maximum of fifty percent (50%) of the employees vested benefits.
- 2.2.4** Interest to be paid on a loan will be determined by the loan administrator at the time of the loan application. Interest paid on loans will be credited to an employee's individual pension account.
- 2.2.5** Loans will be repaid by payroll deduction during a term not to exceed five (5) years.