

# MERS Health Care Savings Program Participation Agreement



1134 Municipal Way Lansing, MI 48917 | 800.767.2308 | Fax 517.703.9707

www.mersofmich.com

The Employer, a participating municipality or court within the state of Michigan, hereby agrees to adopt and administer the MERS Health Care Savings Program provided by the Municipal Employees' Retirement System of Michigan, in accordance with the [MERS Health Care Savings Program Plan Document](#), subject to the terms and conditions herein.

## I. PARTICIPATING EMPLOYER

**Employer Name:** City of Gladstone

(Name of municipality or court)

**Municipality Number:** 2106

**Division Number:** 301648

## II. EFFECTIVE DATE

1. If this is the initial Participation Agreement relating to the MERS Health Care Savings Program for this covered group, the effective date of the program here adopted shall be the 1st day of \_\_\_\_\_, 20\_\_\_\_.  
(Month) (Year)
2. If this is an amendment and restatement of an existing Participation Agreement relating to the MERS Health Care Savings Program for this covered group, the effective date of this amendment and restatement shall be effective the 1st day of \_\_\_\_\_, 20\_\_\_\_.  
(Month) (Year)

*Note:* You only need to mark **changes** to your plan throughout the remainder of this Agreement.

## III. COVERED EMPLOYEE GROUPS

A participating Employer may cover all of its employee groups, bargaining units, or personnel/employee classifications ("Covered Group") in the same Health Care Savings Program plan.

**Contributions shall be made on the same basis within each Covered Group according to the associated [HCSP Contribution Addendum](#), remitted as directed by MERS.** This agreement encompasses the following group(s):

Supervisors hired before 3/31/08

(Name/s of HCSP covered group/s)

*Note:* To maintain the tax-favored status of the employer's Health Care Savings Program and to comply with federal law, the Employer may not provide coverage or benefit levels to highly-compensated employees that are not provided to non highly-compensated employees.

## IV. ELIGIBLE EMPLOYEES

Only Employees of a "municipality" may be covered by the Health Care Savings Program Participation Agreement. Independent contractors may not participate in the Health Care Savings Program.

The Employer shall provide MERS with the name, address, Social Security Number, and date of birth for each Eligible Employee, as defined by the Participation Agreement.

**Probationary Periods** (select one):

- ☐ Contributions 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, contributions will not be reported and service toward vesting will begin when probationary period has ended.

The probationary period will be \_\_\_\_\_ month(s).

- ☐ No probationary period.

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## V. EMPLOYER CONTRIBUTIONS

The Participating Employer hereby elects to make contributions to the Plan. Contributions shall be made on the same basis within each Covered Group specified in this agreement, and remitted to MERS as directed by the employer, to be credited to the individual accounts of Eligible Employees according to the associated [Contribution Addendum](#).

### Frequency:

Contributions will be remitted according to Employer's "Payroll Period" which represents the actual period amounts are withheld from participant paychecks, or within the month during which amounts are withheld. Contributions will be submitted (check one):

- ☐ Weekly ☐ Semi-Monthly (twice each month)  
☐ Bi-Weekly (every other week) ☐ Monthly

**Vesting Cycle For Basic Employer Contributions Only.** The employer contributions identified in this Participation Agreement are subject to the following vesting cycle (where vesting is different, separate participation agreement must be completed).

- ☐ Immediate Vesting upon Participation
- ☐ Cliff Vesting: The participant is 100% vested upon \_\_\_\_\_ year(s).  
(Stated years)
- ☐ Graded Vesting Percentage per year of service: Employers can select the percentage of vesting with the corresponding years of service:

Years of Service	Percent Vested
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	100%

**FORFEITURE PROVISION.** Upon separation from service with the Employer prior to meeting the required vesting schedule set out above or in the event a Participant dies without Dependent(s) and/or a named Beneficiary, a Participant's account assets shall (where forfeiture is different, separate participation agreement must be completed):

### Check only one:

- ☐ Remain in the HCSP sub-trust to be reallocated among all Plan participants equally
- ☐ Remain in the HCSP sub-trust to be used to offset future Employer Contributions
- ☐ Be transferred to the Retiree Health Funding Vehicle ("RHFV")

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## VI. MODIFICATION OF THE TERMS OF THE PARTICIPATION AGREEMENT

If a Participating Employer desires to amend any of its previous elections contained in this Participation Agreement, including attachments, the Governing Body by official action must adopt a new Participation Agreement and forward it to the Board for approval. The amendment of the new Participation Agreement is not effective until approved by the Board and other procedures required by the Plan Document have been implemented.

## VII. APPOINTING MERS AS THE PROGRAM ADMINISTRATOR

The Employer hereby agrees to the provisions of the [MERS Health Care Savings Program Plan Document](#) ("Plan Document"). The Employer also agrees that in the event of any conflict between the Plan Document and this Participation Agreement, the Plan Document controls.

## VIII. FEES AND EXPENSES

Employer acknowledges that investment selection and associated participant fees and operating expenses are established and charged by MERS as set forth in the Investment Fund and Fee Summary sheets available at [www.mersofmich.com](http://www.mersofmich.com) and may be amended by MERS.

## IX. STATE LAW

To the extent not preempted by federal law, this agreement shall be interpreted in accordance with Michigan law.

## X. TERMINATION OF THE PARTICIPATION AGREEMENT

This Participation Agreement may be terminated only in accordance with the Plan Document.

## XI. ENFORCEMENT

1. This Participation Agreement may be terminated only in accordance with the [MERS Health Care Savings Program Plan Document](#).
2. The Employer hereby agrees to the provisions of the [MERS Health Care Savings Program Plan Document](#).
3. The employer hereby acknowledges it understands that failure to properly fill out this Participation Agreement may result in the ineligibility of the program.

## XII. EXECUTION

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

The foregoing Participation Agreement is hereby approved by City of Gladstone  
on \_\_\_\_\_ (Name of Approving Employer)  
(MM/DD/YYYY)

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

Name (printed): \_\_\_\_\_

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

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

Dated: \_\_\_\_\_, 20\_\_\_\_ Signature: \_\_\_\_\_  
(Authorized MERS Signatory)

# Contribution Addendum for MERS Health Care Savings Program (HCSP)



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This is an Addendum to the Participation Agreement completed by City of Gladstone  
Name of Participating Employer  
for Supervisors hired before 3/31/08 of 301648  
Covered Employee Group Division Code

The Addendum modifies the *MERS Health Care Savings Program Participation Agreement*. Please complete this addendum for each contribution structure associated with the covered employee group.

## Check one or more (A or B, C and/or D):

- A. ☐ **Employer Contributions for Retirees / Former Employees.** Employer contributions may be made according to any frequency. Identify below the contribution formula or amount that will apply to all in this covered group. *Note: If this contribution is selected, Sections B, C, and D do not apply.*

Contribution structure (specify \$ or %): \_\_\_\_\_

For active employees, please check one or more below (B, C, and/or D).

- B. ☐ **Basic Employer (Before-Tax) Contributions.** Before-tax employer contributions may be made as a percentage of salary and/or by a specified dollar amount. Identify below the basic employer contribution formula to be applied to the covered groups within the Health Care Savings Program identified in this addendum.

Contribution structure (**specify \$ or %** and, if a %, include the basis for that contribution. For example: Employer will contribute 3% of base wages):

- C. ☐ **Mandatory Salary Reduction (Before-Tax) Contributions.** Before-tax Employer Contributions shall be made that represent a mandatory salary reduction resulting from collective bargaining or the establishment of a personnel policy. These reductions may be made as a percentage of salary or a specific dollar amount.

Contribution structure (**specify \$ or %** and, if a %, include the basis for that contribution. For example: Employees will contribute 3% of base wages):

## Contribution Addendum for MERS Health Care Savings Program (HCSP)

- D. ☒ Mandatory Leave Conversion (Before-Tax) Contributions.** Before-tax Employer Contributions shall be made that represent a mandatory conversion of accrued leave including, but not limited to vacation, holiday, sick leave, or severance amounts otherwise paid out, to a cash contribution. These contributions may be calculated as a percentage of accrued leave or a specific dollar amount representing the accrued leave. Leave conversions may be made on an annual basis or at separation from service, or at such other time as the Employer indicates. *(Note: The leave conversion program shall not permit employees the option of receiving cash in lieu of the employer contribution.)*

☒ Check here if the covered employee group has the option to direct any/all of the leave conversion lump sum to an existing 457 program.

**Check one or more:**

- ☒ As of retirement, 100 % of eligible sick and vacation  
Annual date or X weeks before termination      Percentage      Type of Leave Conversion (sick, vacation, etc.)  
must be contributed to the HCSP.
- ☐ As of \_\_\_\_\_, \_\_\_\_\_ % of \_\_\_\_\_  
Annual date or X weeks before termination      Percentage      Type of Leave Conversion (sick, vacation, etc.)  
must be contributed to the HCSP.
- ☐ As of \_\_\_\_\_, \_\_\_\_\_ % of \_\_\_\_\_  
Annual date or X weeks before termination      Percentage      Type of Leave Conversion (sick, vacation, etc.)  
must be contributed to the HCSP.
- ☐ As of \_\_\_\_\_, \_\_\_\_\_ % of \_\_\_\_\_  
Annual date or X weeks before termination      Percentage      Type of Leave Conversion (sick, vacation, etc.)  
must be contributed to the HCSP.

**Post-Tax Employee Contributions.** Post-tax Employee Contributions made by Eligible Employees within the Covered Group(s) shall be remitted as directed by the Program Administrator, to be credited to the individual accounts of Eligible Employees. All Employee Contributions must be remitted to MERS along with the Participation Report.