

## **Section 2: Calculation Assumptions**

### **1. Projected Earliest Eligible Retirement Date**

This date is calculated using the participant's date of birth, the amount of service credit reported by the employer, and other service credit that we have on record (such as MERS-to-MERS or Act 88 time). If any of this data is incomplete or inaccurate this can affect the cost estimate. If the participant chooses to retire on a different date, it may increase/decrease the actual cost.

### **2. Projected Final Average Compensation (FAC)**

Future increases in the FAC are assumed to be a 3.00% annual increase. This calculation is dependent on the wages reported by the employer to MERS. If the actual increases end up being different than the assumption, it may increase/decrease the actual cost.

### **3. Projected Service Credit**

It is assumed the participant will continue to work until the earliest date for unreduced retirement benefits unless a specific termination date is shown. Any deviation from the earliest eligibility date may increase/decrease the actual cost.

### **4. Benefit Program**

The current benefit plan provisions are used to calculate the cost of purchasing service credit. If the participant transfers into a different division and is eligible for a benefit plan with different provisions, then the cost may differ from the initial calculation. Likewise costs may differ if the municipality adopts different benefits in the future for any participant that has purchased service credit. These changes will be reflected in the actuarial valuation required to adopt any benefit increase.

### **5. Investment Assumption**

The current investment return assumption for service credit purchase is 6.35%.

### **6. Mortality Rate**

Assumptions are made on the life expectancies of the participant and their surviving spouse, using tables generated by actuarial professionals.

## **Section 3: Certification and Authorization**

### **PARTICIPANT CERTIFICATION**

I certify the above information is correct and accurate. If this is a purchase of qualifying "other governmental" service, I certify the service has not and will not be recognized for the purposes of obtaining or increasing a pension under another defined benefit retirement plan.

\_\_\_\_\_  
Participant Signature

\_\_\_\_\_  
Date

### **GOVERNING BODY RESOLUTION**

By Resolution of its Governing Body, at its meeting on \_\_\_\_\_, as provided by the MERS Plan Document, and in accordance with the employer's policy, the employer hereby authorizes the participant named above to make a service credit purchase from MERS as described above. The employer understands this is an estimated cost, calculated using actuarial assumptions approved by the Retirement Board. Any difference between the assumptions and actuarial experience will affect the true cost of the additional service to the employer. The calculation assumptions are outlined above and the employer understands and agrees it is accountable for any difference between estimated and actual costs.

\_\_\_\_\_  
Signature of Authorized Official

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

### **MERS Use Only**

Payment Received:	Participant Payment:
Service Credit:	ER Payment:
Signed:	