

FIRST MERCHANTS CORP  
Form 11-K  
June 09, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016  
OR

TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-17071

A.Full title of the plan and the address of the plan, if different from that of the Issuer named below:

First Merchants Corporation  
Retirement Income and Savings Plan

B.Name of issuer of the securities held pursuant to the plan and the address of its principal office:

First Merchants Corporation  
200 East Jackson Street  
Muncie, Indiana 47305

---

First Merchants Corporation  
Retirement Income and Savings Plan  
EIN 35-1544218 PN 002  
Independent Auditor's Report and Financial Statements  
December 31, 2016 and 2015

---

First Merchants Corporation  
Retirement Income and Savings Plan  
December 31, 2016 and 2015

Contents

Report of Independent Registered Public Accounting Firm	1
Financial Statements	
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4
Supplemental Schedule	
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)	13

---

Report of Independent Registered Public Accounting Firm

Audit Committee and Employee Benefit Plan Administrative Committee  
First Merchants Corporation Retirement Income and Savings Plan  
Muncie, Indiana

We have audited the accompanying statements of net assets available for benefits of First Merchants Corporation Retirement Income and Savings Plan as of December 31, 2016 and 2015, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. Our audits also included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of First Merchants Corporation Retirement Income and Savings Plan as of December 31, 2016 and 2015, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets (held at end of year) at December 31, 2016, has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but include supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedules, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ BKD, LLP

Indianapolis, Indiana  
June 9, 2017



First Merchants Corporation  
 Retirement Income and Savings Plan  
 Statements of Net Assets Available for Benefits  
 December 31, 2016 and 2015

	2016	2015
Assets		
Investments, at fair value		
Common Stock	\$9,892,650	\$5,765,637
Mutual Funds	100,109,055	84,570,921
Money Market Funds	5,933,082	5,075,705
Collective Investment Fund	5,356,583	5,020,886
Total Investments	121,291,370	100,433,149
Receivables		
Accrued Income	65,117	1,040,617
Employer Contributions	616,301	682,973
Notes Receivable from Participants	2,014,193	1,797,601
Total Receivables	2,695,611	3,521,191
Non-interest Bearing Cash	698,350	342,263
Total Assets	124,685,331	104,296,603
Liabilities		
Excess Contributions Refundable	43,837	17,266
Net Assets Available for Benefits	\$ 124,641,494	\$ 104,279,337

See Notes to Financial Statements

First Merchants Corporation  
 Retirement Income and Savings Plan  
 Statements of Changes in Net Assets Available for Benefits  
 Years Ended December 31, 2016 and 2015

	2016	2015
Investment Income (Loss)		
Net Appreciation (Depreciation) in Fair Value of Investments	\$8,717,998	\$(4,827,396 )
Investment Dividends	3,263,959	4,335,274
Net Investment Income (Loss)	11,981,957	(492,122 )
Interest Income From Notes Receivable from Participants	74,588	78,428
Contributions		
Participants	5,009,495	5,125,123
Employer	3,391,724	4,059,673
Rollovers	2,841,642	3,271,490
Total Contributions	11,242,861	12,456,286
Total Additions	\$23,299,406	\$12,042,592
Deductions		
Benefits Paid to Participants	9,727,908	7,971,351
Administrative Expenses	2,759	91,003
Total Deductions	\$9,730,667	\$8,062,354
Net Increase	13,568,739	3,980,238
Transfer from Ameriana 401(k) Plan, Participant Loans	63,749	—
Transfer from Ameriana 401(k) Plan, In-Kind First Merchants Corporation Stock	1,694,371	—
Transfer from Ameriana 401(k) Plan	5,035,298	
Net Assets Available for Benefits, Beginning of Year	104,279,337	100,299,099
Net Assets Available for Benefits, End of Year	\$124,641,494	\$104,279,337

See Notes to Financial Statements

First Merchants Corporation  
Retirement Income and Savings Plan  
Notes to Financial Statements  
December 31, 2016 and 2015

Note 1: Description of Plan

The following description of First Merchants Corporation Retirement Income and Savings Plan (the Plan) provides only general information. Participants should refer to the Plan Document and Summary Plan Description for a more complete description of the Plan's provisions, which are available from the Plan Administrator.

General

The Plan is a defined-contribution plan sponsored by First Merchants Corporation (Corporation) for the benefit of all employees who are age 18 or older. On November 12, 2013, the Corporation acquired Citizens Financial Bank, on November 7, 2014, the Corporation acquired Community Bank, on April 17, 2015, the Corporation acquired Cooper State Bank and on December 31, 2015 First Merchants Corporation acquired Ameriana Bank. All eligible employees from all acquired banks were permitted to participate in the Plan effective the day following the respective acquisition dates. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). First Merchants Private Wealth Advisors (f/k/a First Merchants Trust Company), a division of First Merchants Bank is the trustee and record keeper of the Plan. First Merchants, as custodian, employs Fidelity to hold the majority of the Plan's assets on their behalf.

First Merchants Corporation acquired Ameriana Bank on December 31, 2015. The Ameriana 401(k) Plan merged into the Plan on July 8, 2016.

Contributions

The Plan permits eligible employees, through a salary deferral election, to contribute up to 75% of eligible compensation, not to exceed the maximum annual limit allowed by law. Employee rollover contributions are also permitted. The Plan also accepts Roth elective deferrals made on behalf of participants.

Prior to March 1, 2005, the Corporation made matching contributions of its employees' salary deferral amounts of 25% of the first 5% of employees' eligible compensation for all participating employees. After March 1, 2005, the matching contribution described above was the only type of employer contribution granted to grandfathered pension plan participants who were at least age 55 and credited with at least ten years of service on February 28, 2005.

Effective January 1, 2013, the structure of the matching contribution for grandfathered participants was changed to the same match structure as all other active employees as described below. The remaining participants could receive three different types of employer contributions. The Corporation's contributions are as follows:

Retirement security contributions: Effective January 1, 2013, the plan was amended to replace the previous service weighted contribution structure, which allowed for an employer contribution range from 2% to 7% of pay based on years of continuous service, to a non-elective 2% of pay annual contribution. The participant must have 1,000 hours of service and be employed at the end of the Plan year. Any employee who is hired or rehired after January 1, 2010 is not eligible for the Retirement Security Contribution.

Matching contributions: Effective January 1, 2013, the plan was amended to change the match structure to increase the employer match to a maximum of 4.5% of employees' eligible compensation. The matching employer contribution increased from 50% of the first 6% of employees' eligible compensation, to 100% of the first 3% of employees' eligible compensation plus 50% of contributions that exceed 3% but are less than 6% of eligible compensation for all participating employees.





First Merchants Corporation  
Retirement Income and Savings Plan  
Notes to Financial Statements  
December 31, 2016 and 2015

The end of year requirement does not apply for participants who have terminated due to normal retirement age, death, or disability. Prior to January 1, 2010, the end of year requirement did not apply for participants who terminated due to early retirement age, which was defined as age 55 and greater than five years of service. Effective January 1, 2010, there is no longer an early retirement provision under the Plan. Normal retirement is defined as age 65 if you are a participant in the Plan at March 1, 2005. If you became a participant in the Plan after March 1, 2005, then the normal retirement date is the later of age 65 or the 5<sup>th</sup> anniversary of your earliest participation date. Prior to January 1, 2010, the entry date for retirement security and transition contributions was March 1, 2005, and each subsequent January 1. Effective January 1, 2010, any employee who is hired or rehired after January 1, 2010 is not eligible for the retirement security contribution. Catch-up contributions are also available for participants in the year in which they turn 50 years of age.

The Plan Document also includes an automatic deferral feature whereby a participant will automatically be set up to defer 3% of eligible compensation on their third pay, unless the participant made an affirmative election otherwise. Contributions are subject to certain limitations.

#### Participant Investment Account Options

Investment account options available include various funds as well as Corporation common stock. Each participant has the option of directing his contributions into any of the separate investment accounts and may change the allocation daily. Allocations to the Corporation's common stock are generally limited to 25% of the applicable account balance.

#### Participant Accounts

Each participant's account is credited with the participant's contribution, the Corporation's contribution and Plan earnings. Allocations of Plan earnings are based on participant account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

#### Vesting

Participants are immediately vested in their voluntary contributions and rollover contribution accounts plus earnings thereon. Vesting in the Corporation's matching contribution portion of their accounts plus earnings thereon is based on years of credited service. A participant is fully vested in the matching contribution portion of their account after five years of credited service. Effective January 1, 2016, for acquired participants, predecessor employer service will be based on years of continuous service. The vesting in the retirement security contribution portion of their account plus earnings is 100% after three years of credited service and vesting in the transition contribution portion of their account plus earnings is immediate since all eligible participants have at least ten years of service. Former Ameriana 401(k) Plan participants are 100% vested in all former Ameriana 401(k) Plan contributions transferred to the Plan in 2016. The nonvested balance is forfeited upon termination of service. Forfeitures are used to reduce the Corporation's contribution or to pay reasonable administrative expenses of the Plan.

#### Payment of Benefits

Upon termination of service, participants may elect to receive a lump-sum amount or installments equal to the value of their accounts. Withdrawals other than for termination are permitted under certain circumstances provided by the Plan. Plan assets may include amounts allocated to accounts of terminated or retired participants who have elected to withdraw from the Plan but have not yet been paid.

First Merchants Corporation  
Retirement Income and Savings Plan  
Notes to Financial Statements  
December 31, 2016 and 2015

**Forfeited Accounts**

At December 31, 2016 and 2015, forfeited nonvested accounts totaled \$7,543 and \$628 respectively. These accounts will be used to reduce future employer contributions. Also, in 2016 and 2015, employer contributions were reduced by approximately \$167,000 and \$173,000, respectively, from forfeited nonvested accounts.

**Notes Receivable From Participants**

Effective January 1, 2010, the Plan Document includes provisions authorizing loans from the Plan to active eligible participants. The minimum amount of a loan shall be \$1,000. The maximum amount of a participant's loans is determined by the available loan balance restricted to the lesser of \$50,000 or 50% of the participant's vested account balance. All loans are covered by demand notes and are repayable over a period not to exceed five years (except for loans for the purchase of a principal residence) through payroll withholdings unless the participant is paying the loan in full. Interest on the loans is based on local prevailing rates as determined by the Plan Administrator.

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent notes receivable from participants are reclassified as benefits paid based upon the terms of the Plan Document.

**Plan Termination**

Although it has not expressed any intent to do so, the Corporation has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

**Note 2: Summary of Significant Accounting Policies**

**Basis of Accounting**

The accompanying financial statements are prepared on the accrual method of accounting.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and changes in net assets available for benefits. Actual results could differ from those estimates.

**Valuation of Investments and Income Recognition**

Quoted market prices, if available, are used to value investments. Mutual funds and the Plan's interest in the collective investment fund (Federated Capital Preservation Fund) are valued at the net asset value of shares held by the Plan at year end. Investment in the Corporation's common stock is valued at the quoted market price on the last business day of the plan year. The collective investment fund invests in investments that pursue multiple strategies to exceed the performance of certain industrial averages. The funds may invest in money market mutual funds and guaranteed investment contracts. The net asset value of the fund is determined as of the end of each month utilizing the values of the underlying assets. The fund provides daily liquidity at contract value for any participant withdrawing and transferring funds.

First Merchants Corporation  
Retirement Income and Savings Plan  
Notes to Financial Statements  
December 31, 2016 and 2015

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Plan Tax Status

The Plan obtained its latest determination letter on May 28, 2014, in which the Internal Revenue Service stated that the Plan and related trust, as then designed, were in compliance with the applicable requirements of the Internal Revenue Code and therefore not subject to tax. Although the Plan has been amended since receiving the determination letter, the Plan Administrator and the Plan's tax counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax exempt. The determination letter expires January 31, 2019.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

Administrative expenses may be paid by the Corporation or the Plan, at the Corporation's discretion.

Reclassifications

Certain reclassifications have been made to the 2015 financial statement to conform to the 2016 financial statement presentation. These reclassifications had no effect on changes in net assets available for benefits.

Note 3: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net assets available for benefits, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2016. The Plan has no liabilities measured on a recurring basis and has no assets or liabilities measured at fair value on a nonrecurring basis.

First Merchants Corporation  
 Retirement Income and Savings Plan  
 Notes to Financial Statements  
 December 31, 2016 and 2015

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include common stock, mutual funds and money market funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. There are no Level 2 securities held by the Plan. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There are no Level 3 securities held by the Plan.

The following table presents the fair value measurements of assets recognized in the accompanying statement of net assets available for benefits measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2016:

	Fair Value	2016 Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock	\$9,892,650	\$9,892,650		
Mutual Funds	100,109,055	100,109,055		
Money Market Fund	5,933,082	5,933,082		
Investments in the Fair Value Hierarchy	\$115,934,787	\$115,934,787		
Investment measured at net asset value (A)	5,356,583			
Investments at Fair Value	\$121,291,370	\$115,934,787	—	—

First Merchants Corporation  
 Retirement Income and Savings Plan  
 Notes to Financial Statements  
 December 31, 2016 and 2015

		2015		
		Fair Value Measurements Using		
		Quoted Prices		
		in Active	Significant	
		Markets for	Other	Significant
		Identical	Observable	Unobservable
	Fair	Assets	Inputs	Inputs
	Value	(Level 1)	(Level 2)	(Level 3)
Common Stock	\$5,765,637	\$ 5,765,637		
Mutual Funds	84,570,921	84,570,921		
Money Market Fund	5,075,705	5,075,705		
Investments in the Fair Value Hierarchy	\$95,412,263	\$ 95,412,263		
Investment measured at net asset value (A)	5,020,886			
Investments at Fair Value	\$ 100,433,149	\$ 95,412,263	—	—

A) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net assets available for benefits.

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient as of December 31, 2016 and 2015. There are no participant redemption restrictions for these investments; the redemption notice period is applicable only to the Plan.

	December 31, 2016		
	Fair Value	Unfunded Commitments	Redemption Frequency
			Redemption Notice Period
Collective Investment Fund	\$5,356,583	\$0	Daily
			None
	December 31, 2015		
	Fair Value	Unfunded Commitments	Redemption Frequency
			Redemption Notice Period
Collective Investment Fund	\$5,020,886	\$0	Daily
			None

First Merchants Corporation  
 Retirement Income and Savings Plan  
 Notes to Financial Statements  
 December 31, 2016 and 2015

Note 4: Party-in-Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, an employee organization whose members are covered by the Plan, a person who owns 50 percent or more of such an employer or employee association, or relatives of such persons.

The Plan paid \$78,031 investment fees to First Merchants Private Wealth Advisors during 2015. The Plan received investment fee rebates of \$51,060 and \$59,011 during 2016 and 2015 from mutual fund providers. Individually nonmaterial expenses paid to parties-in-interest aggregated \$2,759 for 2016 and \$12,972 for 2015. The Company provides certain administrative services at no cost to the Plan.

During 2015, the Corporation reimbursed the Plan approximately \$550,000 related to fees received by First Merchants Trust Company for portion of 2015 and prior years. This reimbursement also included a calculation for lost opportunity cost associated with these fees received.

The Plan invests in First Merchants Corporation common stock. Activity at fair value was as follows:

	First Merchants Corporation Common Stock
Balance at January 1, 2015	\$4,891,955
Total unrealized gain included in net increase in net assets available for benefits	396,788
Total realized gain included in net increase in net assets available for benefits	187,830
Purchases	809,427
Settlements	(520,363 )
Balance at December 31, 2015	5,765,637
Total unrealized gain included in net increase in net assets available for benefits	2,868,914
Total realized gain included in net increase in net assets available for benefits	624,735
In-Kind Transfer from Ameriana 401(k) Plan*	1,694,371
Purchases	660,096
Settlements	(1,721,103 )
Balance at December 31, 2016	\$9,892,650

\* As described in Note 1, Ameriana Bank was acquired in December 2015. The Ameriana Bank stock held by the Plan was converted to First Merchants Corporation Stock at that time. During 2016 the Ameriana Bank stock transferred in-kind to the Plan.

10

---



First Merchants Corporation  
Retirement Income and Savings Plan  
Notes to Financial Statements  
December 31, 2016 and 2015

#### Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

#### Subsequent Event

During 2017, the Corporation acquired The Arlington Bank and Independent Alliance Bank (iAB). The employees will become participants in the Plan during 2017.

Supplemental Schedule

12

---

First Merchants Corporation  
 Retirement Income and Savings Plan  
 Employer Identification Number: 35-1544218 Plan Number: 002  
 Schedule H, Line 4i - Schedule of Assets (Held at End of Year)  
 December 31, 2016

(a)(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment (e) Including Par or Maturity Value	(e) Current Value
Common Stock		
*First Merchants Corporation	262,753 shares	\$ 9,892,650
Mutual Funds		
American Europacific Growth Fund	37,157 shares	1,673,570
American Capital World Bond Fund	35,766 shares	678,122
Columbia High Yield Bond Fund	798,843 shares	2,324,633
Dodge & Cox International Fund	46,693 shares	1,779,020
Federated SH-Interm Total Return Bond Fund	46,165 shares	475,498
Federated Total Return Bond	429,720 shares	4,632,378
Fidelity Contra Fund	79,992 shares	7,875,993
Goldman Sachs Mid Cap Equity Fund	139,754 shares	5,182,077
MFS International Discovery Fund	31,904 shares	861,407
Nuveen Mid Cap Growth Fund	59,403 shares	2,478,298
Nuveen Real Estate Fund	84,201 shares	1,858,320
T Rowe Price Emerging Markets Fund	14,739 shares	466,926
T Rowe Price Dividend Growth Fund	132,230 shares	4,916,293
Vanguard 500 Index Fund	31,440 shares	6,494,487
Vanguard Balanced Index AD	3,384 shares	105,288
Vanguard High Div Yield Ind Fund	13,496 shares	404,481
Vanguard Inflation Protected Bond	17,675 shares	435,507
Vanguard International Growth Admiral	15,389 shares	1,036,148
Vanguard Total International Stock Admiral	9,265 shares	228,191
Vanguard Mid Cap Index Fund	29,443 shares	4,797,517
Vanguard Short Term Federal Admiral	164,635 shares	1,759,953
Vanguard Small Cap Growth Index Fund	42,817 shares	2,003,391
Vanguard Small Cap Index Admiral	59,853 shares	3,697,099
Vanguard Small Cap Value Index Fund	68,445 shares	3,557,098
Vanguard Target 2015 Fund	117,502 shares	1,704,954
Vanguard Target 2025 Fund	379,166 shares	6,199,359
Vanguard Target 2035 Fund	252,113 shares	4,472,489
Vanguard Target 2045 Fund	102,201 shares	1,930,579
Vanguard Target 2010 Fund	40,233 shares	1,019,514

Edgar Filing: FIRST MERCHANTS CORP - Form 11-K

Vanguard Target 2020 Fund	143,475 shares	4,054,599
Vanguard Target 2060 Fund	7,138 shares	207,291
Vanguard Target 2055 Fund	20,365 shares	670,211
Vanguard Target 2050 Fund	44,383 shares	1,348,802
Vanguard Target 2040 Fund	110,790 shares	3,346,979
Vanguard Target 2030 Fund	249,325 shares	7,280,296
Vanguard Target Income Fund	56,490 shares	723,632
Vanguard Windsor II Fund	119,144 shares	7,428,655
		100,109,055

13

---

First Merchants Corporation  
 Retirement Income and Savings Plan  
 Employer Identification Number: 35-1544218 Plan Number: 002  
 Schedule H, Line 4i - Schedule of Assets (Held at End of Year)  
 December 31, 2016

(a)(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Par or Maturity Value	(e) Current Value
Collective Investment Fund		
Federated Capital Preservation Fund	535,658 units	5,356,583
Money Market Funds		
Federated Government Obligation Fund	3,567,235 shares	3,567,235
Federated U.S. Treasury Cash Fund	2,365,847 shares	2,365,847
		5,933,082
*Participant Loans	4.0% - 4.25%, 01/2017 - 05/2023	2,014,193
		\$ 123,305,563
*Party-in-interest		

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

First Merchants Corporation Retirement Income and Savings Plan

Date: June 9, 2017

/s/ Mark K. Hardwick

Mark K. Hardwick

Executive Vice President,

Chief Financial Officer and Chief Operating Officer