

FIRST MERCHANTS CORP
Form 11-K
June 16, 2014

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, 2013
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
Auditor's Report and Financial Statements
December 31, 2013 and 2012

First Merchants Corporation
Retirement Income and Savings Plan
December 31, 2013 and 2012

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Report of Independent Registered Public Accounting Firm

Audit and 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, 2013 and 2012, 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 2013 and 2012, 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.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary 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. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ BKD, LLP

Indianapolis, Indiana
June 16, 2014

First Merchants Corporation
Retirement Income and Savings Plan
Statements of Net Assets Available for Benefits
December 31, 2013 and 2012

	2013	2012
Assets		
Investments, at fair value		
Common Stock	\$3,288,919	\$2,182,875
Mutual Funds	70,090,721	54,620,238
Collective Investment Fund	4,218,104	3,652,140
Money Market Funds	4,642,469	4,866,574
Total Investments	82,240,213	65,321,827
Receivables		
Accrued Income	67,543	309,455
Employer Contributions	841,547	1,626,542
Notes Receivable from Participants	1,774,910	1,417,270
Total Receivables	2,684,000	3,353,267
Cash	21,593	286
Total Assets	84,945,806	68,675,380
Liabilities		
Excess Contributions Refundable	44,110	—
Accrued Administrative Expenses	34,400	27,427
Total Liabilities	78,510	27,427
Net Assets Available for Benefits, at Fair Value	84,867,296	68,647,953
Adjustment from fair value to contract value for interest in collective investment fund relating to fully benefit-responsive investment contracts	(11,997	)(63,083)
Net Assets Available for Benefits	\$84,855,299	\$68,584,870

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, 2013 and 2012

	2013	2012
Investment Income		
Net Appreciation in Fair Value of Investments	\$ 10,298,886	\$ 6,148,256
Investment Interest and Dividends	3,817,529	1,675,324
Net Investment Income	14,116,415	7,823,580
Interest Income From Notes Receivable from Participants	67,235	69,629
Contributions		
Participants	3,931,399	3,577,961
Employer	3,099,579	2,914,420
Rollovers	469,029	433,541
Total Contributions	7,500,007	6,925,922
Total Additions	\$ 21,683,657	\$ 14,819,131
Deductions		
Benefits Paid to Participants	5,306,693	3,973,831
Administrative Expenses	106,535	123,300
Total Deductions	\$ 5,413,228	\$ 4,097,131
Net Increase	16,270,429	10,722,000
Net Assets Available for Benefits, Beginning of Year	68,584,870	57,862,870
Net Assets Available for Benefits, End of Year	\$ 84,855,299	\$ 68,584,870

See Notes to Financial Statements

First Merchants Corporation
Retirement Income and Savings Plan
Notes to Financial Statements
December 31, 2013 and 2012

Note 1: Description of Plan

The following description of First Merchants Corporation Retirement Income and Savings Plan (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. At that time, all eligible employees were permitted to participate in the plan. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). First Merchants Trust Company, a division of First Merchants Bank, N.A. 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.

Contributions

The Plan permits eligible employees through a salary deferral election to have the Corporation make annual contributions of up to 75% of eligible compensation up to the maximum 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 with a range from 2% to 7% of pay based on years of continuous service, to a non-elective 2% of pay contribution. The participant must have 1,000 hours of service and be employed at the end of the Plan year. Effective January 1, 2010, 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 will increase 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, 2013 and 2012

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 5th 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 is treated as electing to defer 3% of eligible compensation 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. 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. 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.

First Merchants Corporation
Retirement Income and Savings Plan
Notes to Financial Statements
December 31, 2013 and 2012

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 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. Plan assets include approximately \$0 and \$0, which were allocated to these accounts at December 31, 2013 and 2012, respectively.

Forfeited Accounts

At December 31, 2013 and 2012, forfeited nonvested accounts totaled \$1,583 and \$15 respectively. These accounts will be used to reduce future employer contributions. Also, in 2013 and 2012, employer contributions were reduced by approximately \$62,800 and \$59,500, 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.

Prior to January 1, 2010, new loans were not allowed by the Plan. The participant loan balances reported prior to January 1, 2010 were acquired from merged plans in March 1, 2005.

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.

First Merchants Corporation
Retirement Income and Savings Plan
Notes to Financial Statements
December 31, 2013 and 2012

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

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

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts, because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a collective trust. The Statement of Net Assets Available for Benefits presents the fair value of the investments in the collective trust as well as the adjustment from fair value to contract value relating to the investment. The statement of changes in net assets available for benefits is prepared on a contract value basis.

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 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 Plan's interest in the collective investment fund (Federated Capital Preservation Fund) is valued based on information reported by the investment advisor using the audited financial statements of the collective investment fund at year-end. 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.

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.

First Merchants Corporation
Retirement Income and Savings Plan
Notes to Financial Statements
December 31, 2013 and 2012

Plan Tax Status

The Plan obtained its latest determination letter on August 6, 2010, 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. The Plan has been amended since it received the determination letter. However, the Plan Administrator believes that the Plan and related trust are currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. With a few exceptions, the Plan is no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 2010.

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.

Note 3: Investments

At December 31, 2013, the Plan's investments are held by Fidelity and the Corporation. The Federated Capital Preservation Fund included in Plan assets may be subject to withdrawal charges upon contract termination. Crediting interest rates on the guaranteed interest portion of the investment contract are determined by the issuer. The Plan's investments (including investments bought, sold and held during the year) appreciated (depreciated) in fair value as follows:

First Merchants Corporation
Retirement Income and Savings Plan
Notes to Financial Statements
December 31, 2013 and 2012

	2013 Net Appreciation in Fair Value During Year	Fair Value at End Of Year
Common Stock	\$ 1,200,422	\$ 3,288,919
Mutual Funds	9,098,464	70,090,721
Collective Investment Fund	—	4,218,104
Money Market Funds	—	4,642,469
	\$ 10,298,886	\$ 82,240,213
	2012 Net Appreciation in Fair Value During Year	Fair Value at End Of Year
Common Stock	\$ 971,389	\$ 2,182,875
Mutual Funds	5,176,867	54,620,238
Collective Investment Fund	—	3,652,140
Money Market Funds	—	4,866,574
	\$ 6,148,256	\$ 65,321,827

Interest and dividends realized on the Plan's investments for the years ended December 31, 2013 and 2012 were \$3,817,529 and \$1,675,324, respectively.

First Merchants Corporation
Retirement Income and Savings Plan
Notes to Financial Statements
December 31, 2013 and 2012

The fair values of individual investments that represented 5% or more of the Plan's assets were as follows:

	2013	2012
Fidelity Contra Fund	\$6,880,133	\$5,274,689
Vanguard Windsor II Fund	6,619,211	5,058,801
Goldman Sachs Mid Cap Equity Fund	5,159,015	3,903,727
Federated Total Return Bond	4,354,906	4,850,994
Federated Capital Preservation Fund		3,652,140
Federated Government Obligations Fund		3,458,916

Note 4: 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, 2013. 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, 2013 and 2012

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. Level 2 securities include a collective investment fund. The inputs used to determine fair value of Level 2 investments may include market quotations or price, reported trades, broker/dealer quotes, bids and offers of the underlying investments obtained from external appraisals, independent pricing sources and market research publications. 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, 2013:

		2013 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	Fair Value \$3,288,919	\$3,288,919		
Mutual Funds				
Bonds	9,708,435	9,708,435		
Broad Market	43,066	43,066		
Emerging Market	475,238	475,238		
International Equities	5,326,761	5,326,761		
Large Cap Equities	21,000,003	21,000,003		
Lifecycle Funds	12,950,390	12,950,390		
Mid-Cap Equities	10,894,088	10,894,088		
Real Estate	1,358,252	1,358,252		
Small-Cap Equities	8,334,488	8,334,488		
	70,090,721	70,090,721		
Money Market Fund	4,642,469	4,642,469		
Collective Investment Fund	4,218,104		4,218,104	
	\$82,240,213	\$78,022,109	\$4,218,104	—

First Merchants Corporation
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Notes to Financial Statements
December 31, 2013 and 2012

		2012		
		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	\$2,182,875	\$2,182,875		
Mutual Funds				
Bonds	10,262,986	10,262,986		
Broad Market	32,521	32,521		
Emerging Market	464,726	464,726		
International Equities	4,102,675	4,102,675		
Large Cap Equities	15,436,134	15,436,134		
Lifecycle Funds	9,089,850	9,089,850		
Mid-Cap Equities	8,026,082	8,026,082		
Real Estate	1,198,717	1,198,717		
Small-Cap Equities	6,006,547	6,006,547		
	54,620,238	54,620,238		
Money Market Fund	4,866,574	4,866,574		
Collective Investment Fund	3,652,140		3,652,140	
	\$65,321,827	\$61,669,687	\$3,652,140	—

Note 5: 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 \$122,893 and \$107,416 of investment fees to First Merchants Trust Company during 2013 and 2012. The Plan received investment fee rebates of \$37,501 during 2013 from mutual fund providers. Individually nonmaterial expenses paid to parties-in-interest aggregated \$21,143 for 2013 and \$15,884 for 2012. The Company provides certain administrative services at no cost to the Plan.

First Merchants Corporation
Retirement Income and Savings Plan
Notes to Financial Statements
December 31, 2013 and 2012

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, 2012	\$1,260,912
Total unrealized gain included in net increase in net assets available for benefits	922,583
Dividends credited	15,120
Purchases	209,522
Settlements	(225,262)
Balance at December 31, 2012	2,182,875
Total unrealized gain included in net increase in net assets available for benefits	1,033,619
Dividends credited	27,414
Purchases	334,880
Settlements	(289,869)
Balance at December 31, 2013	\$3,288,919

Note 6: 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.

Supplemental Schedule

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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, 2013

(a)(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Par or Maturity Value	(d) Current Value
Common Stock *First Merchants Corporation	144,746 shares	\$3,288,919
Mutual Funds		
American Europacific Growth Fund	34,019 shares	1,667,932
American High Income Trust Fund	192,284 shares	2,184,345
Blackrock Small Cap Growth Fund	72,380 shares	1,677,040
Capital World Bond Fund	29,914 shares	601,578
Dodge & Cox International Fund	37,164 shares	1,599,524
Federated Intercontinental Fund	797 shares	43,066
Federated U.S. Government Fund	188,188 shares	2,083,245
Federated Total Return Bond	399,900 shares	4,354,906
Fidelity Contra Fund	71,564 shares	6,880,133
Fidelity Advisor Mid Cap Fund	8,247 shares	174,507
Fidelity Diversified International Fund	49,778 shares	1,008,994
Franklin Small Cap Value Fund	67,038 shares	4,116,832
Goldman Sachs Mid Cap Fund	116,116 shares	5,159,015
Invesco Small Cap Equity Fund	88,598 shares	1,593,882
MFS International Discovery Fund	37,087 shares	1,050,311
Nuveen Mid Cap Growth Fund	54,781 shares	2,769,707
Nuveen Mid Cap Index Fund	64,934 shares	2,790,859
Nuveen Real Estate Fund	68,947 shares	1,358,252
T Rowe Emerging Markets Fund	14,750 shares	475,238
T Rowe Price Dividend Growth Fund	109,902 shares	3,698,202
Vanguard 500 Index Fund	27,021 shares	3,802,457
Vanguard Inflation Protected Bond	19,017 shares	484,361
Vanguard Small Cap Index Fund	19,935 shares	946,734
Vanguard Target Retirement Fund	16,697 shares	208,717
Vanguard Target 2015 Fund	89,935 shares	1,328,344
Vanguard Target 2025 Fund	159,167 shares	2,506,875
Vanguard Target 2035 Fund	66,024 shares	1,121,079
Vanguard Target 2045 Fund	41,172 shares	731,212
Vanguard Target 2010 Fund	22,199 shares	568,294
Vanguard Target 2020 Fund	78,397 shares	2,125,336
Vanguard Target 2050 Fund	25,696 shares	724,358
Vanguard Target 2040 Fund	46,235 shares	1,309,369

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Vanguard Target 2030 Fund	84,183	shares	2,326,806
Vanguard Windsor II Fund	101,459	shares	6,619,211
			70,090,721

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, 2013

(a)(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Par or Maturity Value	(d) Current Value
Collective Investment Fund Federated Capital Preservation Fund	420,611 units	4,218,104
Money Market Funds Federated Government Obligation Fund Federated U.S. Treasury Cash Fund	3,191,041 shares 1,451,428 shares	3,191,041 1,451,428 4,642,469
*Participant Loans	4.0% - 6.0%; 03/2015 - 08/2025	1,774,910
*Party-in-interest		\$84,015,123

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 16, 2014

/s/Mark K. Hardwick

Mark K. Hardwick

Executive Vice President and Chief Financial Officer

(Principal Financial and Principal Accounting Officer)