

# New Partnership Delivers Valuable Benefits to Members

Brought to you by the Police Officers Association of Michigan

The POAM is pleased to announce a new partnership with Security Benefit Group (SBG) and Retirement Plan Advisors to provide members three exciting employee benefit programs. Under this endorsement SBG will provide the POAM Member Healthcare Reimbursement Account (HRA) Program, 457 Deferred Compensation Program, and 401(a) Defined Contribution Program. Retirement Plan Advisors has been selected to provide on-site service, financial education, and investment advice to participants for all three programs.

## What is a Healthcare Reimbursement Account?

One of the biggest issues facing our members today is paying for health insurance and related medical expenses such as prescription drugs during retirement. With medical costs rising two to three times faster than inflation, more members are facing the reality of approaching retirement age without enough dollars to cover their medical expenses.

As a result, more and more employees who are eligible to retire are "job-locked"; they simply cannot afford to retire because of rising healthcare costs.

To address this growing concern, we are introducing the POAM Healthcare Reimbursement Account (HRA). Our HRA program allows you to accumulate dollars to help cover the cost of healthcare in retirement (separation of service) for you, your spouse and your eligible dependents.

Because contributions are made on a pre-tax basis, your healthcare savings are *not* subject to Federal and State income or employment taxes. That immediate tax savings helps you accumulate more dollars to fund health insurance and medical expenses in retirement.

In order to qualify for the tax savings, IRS regulations require all members of your group participate in the program and be subject to the same contribution formula(s).

There are many potential sources of contributions. In addition to ongoing contributions, a group may elect to contribute dollars from unused sick, vacation, or compensatory time. Contributed on a regular basis, these dollars can grow to a meaningful account balance at retirement.

The examples below are hypothetical illustrations of accumulations over time using different contribution sources. Calculations are based on an annual salary of \$36,000 with all contributions invested at an assumed rate of return of 8%. Actual investment results will vary.

Contribution Sources	5 years	10 years	20 years
1 day of unused vacation, sick, or compensatory time deposited at year end	\$874	\$2,159	\$6,820
\$600 annual contribution deposited per paycheck	\$3,968	\$9,803	\$30,695
Annual sick leave buy-back of 6 days deposited at year end	\$5,246	\$12,954	\$40,922
At retirement contribution of accumulated unused benefits (sick, vacation or comp. time)	???		

Once you separate service, depending on the contribution formula, you may withdraw funds from the HRA for health insurance premiums, including long-term care insurance, and/or qualifying medical expenses not covered by your medical, dental or vision plans. Additionally, unused benefits are rolled over from year to year for future expenses.

## What's the Next Step?

Representatives from Retirement Plan Advisors will contact each group to explain how the HRA, as well as the other endorsed programs, can benefit you. Please take time to meet with them to learn about these important programs. Meanwhile, for more information call Retirement Plan Advisors at (734) 421-2212 or email: [POAMHRA@retirementplanadvisors.com](mailto:POAMHRA@retirementplanadvisors.com).

**If your group has a contract opening this year and is currently responsible for all or a part of your retiree health insurance premium, please contact Retirement Plan Advisors today!**