



## National Insurance Services' Retirement Income Division Summary of Products

### Helping Public Sector Groups with Retirement Benefits

National Insurance Services (NIS) created the Retirement Income Division in 2003. The division was founded to help public-sector groups:

- Make payments to retirees in a tax favorable manner
- Develop strategies for reducing health insurance costs for active employees and retirees
- Address issues related to GASB 43/45 and Other Post Employment Benefit (OPEB) liabilities

Please contact one of our Retirement Income Division professionals for more information on:

#### Health Reimbursement Arrangements (HRAs)

HRAs are accounts set up and funded by the employer to allow employees to pay for eligible medical expenses and premiums tax-free. Our Active HRA can be used to help employers save money on health insurance or provide an incentive for employees to access health insurance through a spouse's plan. Our Retirement HRA can be used to help groups transition from employer-provided retiree health insurance to a less costly defined contribution plan. Our Retirement HRA can also be used in exchange for payments made for unused sick leave or vacation time allowing both the employer and retiree to save the 7.65% FICA taxes required with the traditional payment method.

#### 403(b) Employer Sponsored Special Pay Plan

NIS's Special Pay Plan saves the employer the 7.65% FICA tax (Social Security and Medicare)\* on payments owed to active employees and retirees for unused sick leave pay, unused vacation pay and other retirement incentives. The employee also saves 7.65% FICA tax, has an ongoing deferral opportunity and immediate access to funds upon retirement.

*\*Note: This tax represents most states that NIS services. However, the Social Security portion of the FICA tax is state specific.*





## **GASB 43/45 Actuarial Valuation**

GASB 43/45 requires that public-sector groups perform an actuarial valuation to identify costs associated with OPEB liabilities. NIS is pleased to offer the outstanding services of experienced actuaries who specialize in OPEB valuations. Once the valuation is completed and the liability is known, GASB recommends that you start funding this liability and take steps to make the benefit affordable over the long term. The experts at NIS will recommend ways to modify your benefit design and delivery, thereby reducing your liability.

## **Employee Benefit Trusts**

GASB recommends that an irrevocable employee benefit trust be used when funding your OPEB liability. There are several advantages to funding which include: segregating these assets from the general assets of the employer; being able to invest these assets in longer term vehicles that generally provide higher investment returns; and reducing the liability that must be recorded on the financial statements which may affect bond ratings and the ability to borrow money in the future.

## **Flexible Spending Accounts (FSAs)**

FSAs are accounts that allow employees to set aside money on a pre-tax basis to pay for certain designated expenses including dependent care expenses and health care expenses. Both the employer and employee benefit from this money being set aside on a pre-tax basis.

## **3121 Social Security Alternative Plans**

The 3121 Plan allows the employer to save the 6.2% Social Security tax on part-time, temporary and seasonal employees. Employees in this category often include substitute teachers, recreation department workers and student and summer employees.

*Note: In some states eligibility is determined on an individual employer basis.*

**Please note, not all products are available in all states.  
Our Retirement Income Division can determine applicability in your state.**

For more information, contact:



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