



MidAmerica

Administrative & Retirement Solutions, Inc.

Health Reimbursement Arrangement (HRA)

Defined Contribution HRA Plan

OUR PLAN

Our Defined Contribution HRA Plan is a type of Health Reimbursement Arrangement (HRA) that allows Employers to make tax-free contributions on behalf of their current Employees to use post-employment.

Contributions earn interest tax-free and can be used at any time post-employment for eligible medical expenses based on plan provisions.

PLAN OBJECTIVES

These plans are most commonly used for:

- ♦ Reducing the Employer's OPEB liability by regularly funding their Employees' HRA accounts during active employment
- ♦ Converting from a defined benefit retiree health plan to a defined contribution plan funded during active employment
- ♦ Setting aside funds on a tax advantaged basis for retiree health care expenses

CONTRIBUTIONS AND ELIGIBILITY

Contributions are made by the Employer to help cover the cost of post-employment medical expenses incurred by the Employee and their covered dependents.

- ♦ Employers may determine which expenses the HRA funds can be used for, from all health related expenses to premium only expenses
- ♦ There is flexibility with plan eligibility and contribution formulas (subject to nondiscrimination rules)

- ♦ Vesting schedules can apply
- ♦ The Employer and Employee save 7.65% on FICA tax
- ♦ All reimbursements from the plan are tax-free

SPECIAL CONSIDERATIONS

For our Plan to comply with the ACA and other regulations, the following must be considered when structuring the plan:

- ♦ The Employee must be separated from service in order to access HRA funds
- ♦ Vesting schedule can apply, with forfeitures available to apply against future contributions
- ♦ If a Retiree returns to work in a capacity where they would otherwise qualify for health benefits, the HRA must be suspended for that participant until they reseparate from service
- ♦ In the event of a participant's death, HRA funds can be used for eligible health care expenses for their spouse or any other eligible dependent
- ♦ Participation in an HRA may affect eligibility to contribute to an HSA
- ♦ Participants are not eligible for a subsidy on the exchange if they have an HRA account balance

INVESTMENTS

Investments are provided by American United Life (AUL), a OneAmerica® partner. AUL is rated A+ with AM Best.

ADMINISTRATION AND COMPLIANCE

Full service administration and plan compliance is provided by MidAmerica Administrative & Retirement Solutions, Inc.. MidAmerica currently administers over 2,300 governmental and school district programs nationwide.

To find out more, contact MidAmerica's Marketing Department at:
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