



June 2019 | Solutions that matter. Partnerships that last.

## Could a Special Pay Plan be right for your client?



**A** Special Pay Plan (a type of 403(b) or 401(a) retirement plan) is a simple, cost-effective retirement plan that benefits both the employer and the employee. Designed to handle special forms of compensation like unused sick leave or vacation pay, funds are contributed pre-tax into the participant's retirement account upon their retirement or separation of service.

The following benefits of a Special Pay Plan illustrate how employers could enhance their current benefits package while saving them money:

### How an Employer Benefits from a Special Pay Plan

#### Tax Savings

Employers avoid 7.65% in FICA taxes that they would have otherwise paid if they did not place the funds in a Special Pay Plan.

#### Unique Funding

Special Pay Plans are funded using unique forms of compensation like unused sick and vacation leave. Payments may also be based on years of service and severance.

## Recruitment & Retention Tool

Contributions into the retiree’s plan are made pre-tax, providing the full, untaxed value of the unused compensation. Funds are invested to grow as well, which means increased account value over time. This creates an impactful retirement benefit that can help employers attract and retain talent.

## How a Special Pay Plan Can Supplement a Health Reimbursement Arrangement (HRA)

Employers who currently offer an HRA to their retirees can provide an added benefit to their

retirement package by implementing a Special Pay Plan. HRA funds must be used to pay for eligible medical expenses. A Special Pay Plan can supplement that post-retirement income by providing access to money that can be used for any purpose once the retiree has reached the distribution eligibility age\*. This means an employer could potentially place unused sick leave into an HRA and the unused vacation pay into a Special Pay Plan, creating two buckets of post-retirement funds for the retiree. Both plans utilize an investment vehicle that allows the funds to accrue interest tax-free.

*\* Special Pay funds are eligible for distribution once the participant has reached age 55 and separated from service.*

## Special Pay Plan/HRA Comparison Chart

	Retiree HRA	Special Pay Plan
Taxes	<ul style="list-style-type: none"><li>Earns interest tax-free</li><li>Tax-free reimbursements</li></ul>	<ul style="list-style-type: none"><li>Tax-deferred</li><li>Applicable taxes applied at time of distribution</li></ul>
Use	Reimburse qualified medical expenses	Funds can be used for any purpose
Investments	Interest-bearing account	Interest-bearing account
Access to Funds	Retirees can access the HRA at any age	<ul style="list-style-type: none"><li>Retirees must be 59 1/2 to take a distribution without a penalty OR</li><li>At least 55 at retirement and separated from service</li></ul>

**Log into the Alliance Partner Portal** to access Special Pay Plan resources and presentations today!

# The Alliance Partner Portal is LIVE!

Log into our easy-to-use portal today

Through the Alliance Partner Portal, you'll gain on-the-go access to turnkey tools and meaningful resources that drive sales. The Portal also includes educational materials, sales support, pipeline management, plus:

- 24/7 access to a robust content library
- PowerPoint templates for all of our solutions
- Request forms for proposals and marketing materials



**Download our Alliance Partner Portal quick guide** to get started.

We appreciate any questions and feedback our partners provide. If you have any, please email [marketing@myMidAmerica.com](mailto:marketing@myMidAmerica.com).

## PCORI Letters Sent Week of June 3

To remain compliant with the regulations and rules associated with Health Reimbursement Arrangements (HRA), the Internal Revenue Service (IRS) requires that HRA plan sponsors report and remit payment for the Patient-Centered Outcomes Research Institute Trust Fund (PCORI) fee each year.

We make sure your clients have the resources in place to complete that reporting. Letters were sent to HRA plan sponsors the week of June 3 that provided the following:

- Details on PCORI and how the fee is calculated.
- A snapshot count method calculated specifically for the respective plan sponsor.
- Instructions on how to complete Form 720 and remit payment.
- Form 720

To request a copy of your client's PCORI letter, or for additional information, please email [accountmanagement@myMidAmerica.com](mailto:accountmanagement@myMidAmerica.com).

# Enhanced Employer Upload Site

Simplifying how your clients upload data.

Our enhanced Employer Upload Site has been live since April and has streamlined how plan sponsors upload their contribution, census and forfeiture data! If your clients have questions on how to use the site, we have a dedicated resources page that you can share. This page includes:

- New Data Requirements Templates and Administrative Procedures
- Quick videos on each of the upload forms (Contributions, Census and Forfeiture)
- A Best Practices Overview for tips and tricks on uploading data

**Click here** to access the Employer Upload Site Resources page!

## Employer Upload Site Benefits

- Streamlined processes and upgraded controls



that improve consistency and reduce time to completion

- Clean, easy-to-navigate secure online forms that make it easier than ever to submit files
- Comprehensive funding options for contribution files that offer flexibility and improve accuracy
- Auto-notifications that include submission confirmations and friendly reminders if we need additional information.



**We want to hear from you!**

As our Alliance Partner, your feedback is critical to the success of our organization. We ask that you take a few moments to let us know how we're doing. **Click here to access the survey.**