



# THE 401Rx RETIREE HEALTH PLAN

A RETIREE HEALTH PLAN FOR SMALL TO MID-SIZE EMPLOYERS

## Medicare... The High Cost Of Low Living

### Did you know that...

- All workers pay a tax of 1.45% of all earnings for Medicare and employers match that, for a total Medicare tax of 2.9% on all wages. Higher income individuals pay an additional 0.9% PLUS 3.8% on net investment income.
- Medicare covers only half of total health expenses for retirees.
- In 2006, all Retirees paid only \$88.50 per month for their share of Medicare Part B premiums. In 2013 they pay \$104.90 or more. Starting in 2007 Part B premiums became income adjusted and began increasing as follows:

Individual Income Couple Income	2007	2009	2011	2013	2016*	2021*
Up to \$85,000 Up to \$170,000	\$93.50	\$96.40	\$115.40	\$104.90	\$122.00	\$161.20
\$85,001 - \$107,000 \$170,001 - \$214,000	\$105.80	\$134.90	\$161.50	\$146.90	\$170.80	\$225.60
\$107,001 - \$160,000 \$214,001 - \$320,000	\$124.40	\$192.70	\$230.70	\$209.80	\$244.00	\$322.30
\$160,001 - \$214,000 \$320,001 - \$424,000	\$142.90	\$250.50	\$299.90	\$272.70	\$317.20	\$419.00
\$214,000 and Above \$428,000 and Above	\$161.40	\$308.30	\$369.10	\$335.70	\$390.40	\$515.70

\* Estimated. SOURCE: 2012 Report of the Medicare Trustees, Tables V.E2 and V.E3.

- 44% of Males and 72% of Females will qualify for Long Term Care after Age 65. Medicare does not cover Long Term Care.
- According to Fidelity Investments, a married couple age 65 retiring in 2012 is projected to need \$240,000 in the bank to cover their retiree health care expenses - assuming Medicare remains unchanged. This amount does not include dental, vision or long term care costs which would increase the amount to over \$500,000!

## The 401Rx Plan® Solution

- Ⓞ Customized Tax Advantaged Retiree Health Plan for Employers
- Ⓞ Not Subject to Qualified Plan Rules
- Ⓞ Non-discriminatory Retiree Health Benefit
- Ⓞ May Provide a Selective Death Benefit
- Ⓞ Assets are Secure from Creditors
- Ⓞ Employers can Pre-Fund Benefits in Profitable Years
- Ⓞ Contributions can be Adjusted Annually
- Ⓞ Benefits Forfeited if Employee Dies or Employment is Terminated
- Ⓞ Spousal Benefits Provided
- Ⓞ Must be Working at Benefit Payment Age to Qualify for Benefits
- Ⓞ Employers can Fund the Actuarially Projected Post-Retirement Costs for:

- Medicare Part B Premiums
- Medicare Deductibles and Co-Pays
- Vision & Dental (which are not covered by Medicare)
- Medicare Part D – Prescription Drugs
- Long Term Care (which is not covered by Medicare)

- Ⓞ Employers can Exclude Certain Classes of Employees
- Ⓞ Contributions are Deductible under IRC §162
- Ⓞ Contributions Not Taxable to Employees under IRC §§105 & 106
- Ⓞ Benefits Not Taxable when Paid for Medical Expenses, IRC §213

For More Information and to Obtain a Quote Contact:

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## Overview of Plan Benefits

The 401Rx Retiree Health Benefit Plan<sup>®</sup> provides employers with the ability to fund for any one, or more, of the six specified types of post-retirement health care benefits described below.

### Medicare Part B Premiums

The amount reserved is the sum which is actuarially projected to be necessary at the selected Retirement age for an employee to pay Post-Retirement Medicare Part B Premiums.

### Medicare Deductibles and Co-Pays

The amount reserved is the sum which is actuarially projected to be necessary at Retirement age for an employee to pay Post-Retirement medical expenses, which are not covered by Medicare Parts A and B. These are expenses typically covered through a Medicare Advantage or Medigap insurance policy.

### Medicare Part D Premiums

The amount reserved is the sum which is actuarially projected to be necessary at Retirement age for an employee to pay for a Medicare Part D prescription drug insurance policy through such employee's projected mortality.

### Medicare Part D Deductibles and Co-Pays

The amount reserved is the sum which is actuarially projected to be necessary at Retirement age for an employee to pay Post-Retirement prescription drug expenses, which are not covered by a Medicare Part D insurance policy.

### Vision and Dental

The amount reserved is the sum which is actuarially projected to be necessary at Retirement age for an employee to pay Post-Retirement vision and dental expenses, which typically are not covered under Medicare.

### Long Term Care

The amount reserved is the sum which is actuarially projected to be necessary at Retirement age for an employee to pay for Long Term Care expenses, which typically are not covered under Medicare. There are three different levels of Long Term Care funding available with The 401Rx Plan<sup>®</sup>

**Silver** - This benefit would fund a LTC insurance policy which provides a benefit duration of five years, 90 day elimination period, monthly skilled nursing or assisted living facility benefit of \$4,500, non-facility care (home care or adult day care) at 80% of the facility care rate, and informal care (care provided by family and friends) at 50% of the facility rate.

**Gold** - This benefit would fund a LTC insurance policy which provides a benefit duration of five years, 60 day elimination period, monthly skilled nursing or assisted living facility benefit of \$6,000, non-facility care at 100% of the facility care rate, and informal care at 50% of the facility rate.

**Platinum** - This benefit would fund, based upon current costs, a LTC insurance policy which provides a lifetime benefit duration, 20 day elimination period, monthly skilled nursing or assisted living facility benefit of \$9,000, nonfacility care at 100% of the facility care rate, and informal care at 50% of the facility rate.

Employer contributions to the 401Rx Plan<sup>®</sup> create a fund from which benefits may be paid for employees and spouses. It is important to note that The 401Rx Plan<sup>®</sup> is based upon a "defined contribution" model, as distinguished from a "defined benefit" model. As such, the Plan does not promise that specific types of retiree health benefits will be provided or that specific types of insurance policies will be obtained. Rather, the Plan creates a fund from which benefits can be paid, either directly to retirees as reimbursement, to health care providers, or through the purchase of insurance, consistent with the requirements of IRC section 213.

Note: For Pre-65 Retirees, the Plan funds for the payment of major medical insurance, deductibles, copays, dental, vision and LTC, through age 65.

For More Information  
&  
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or your Financial Advisor  
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