

THE 401Rx RETIREE HEALTH PLAN



*Think your business is too small
for a Post-Retirement Health Plan?*

Think Again!



The 401Rx Retiree Health Benefit Plan® offers employers the opportunity to design a personalized Retiree Health Plan to match their primary business objectives. Employers select from an “a la carte” menu to design a benefit package that is as unique as their signature!

Customization is the key word in retiree health care planning and The 401Rx Plan® is the vehicle of choice for professionals and small to mid-size business owners. As a single employer plan, each employer is able to personalize many key elements including, level of benefits, contribution amounts, classes of excluded employees, contribution timing, and the funding and investment vehicles.

The 401Rx Plan® offers employers the flexibility to select from among six different benefits. They may select one, any combination, or all of them if they choose. For Long Term Care there are even three different levels of LTC funding (Silver, Gold, Platinum) depending upon the extensiveness of benefits desired. The example below illustrates the annual contribution for the specified benefits. Employers select the desired retirement age from 55 to 65. The following example illustrates the first year’s funding for retirement at age 60 or 65.

Sample Case		Retirement Age - 65				Retirement Age - 60			
Employee	Age	Medicare Supplement	Vision & Dental	LTC (Platinum)	Total	Medicare Supplement	Vision & Dental	LTC (Platinum)	Total
Ima Professional	59	\$13,488	\$3,172	\$37,433	\$54,093	\$170,809	\$26,631	\$237,624	\$435,064
Bob Bookkeeper	45	\$1,826	\$810	\$5,066	\$7,702	\$5,264	\$821	\$7,324	\$13,409
Amy Assistant	40	\$1,045	\$429	\$2,899	\$4,373	\$2,842	\$443	\$3,953	\$7,238
Sally Secretary	35	\$494	\$246	\$1,366	\$2,106	\$1,298	\$202	\$1,806	\$3,306
Carl Clerk	30	\$187	\$132	\$519	\$838	\$486	\$76	\$676	\$1,238
Totals		\$17,040	\$4,789	\$47,283	\$69,112	\$180,699	\$28,173	\$251,383	\$460,255

Each year the Plan Actuary calculates the amount of contribution needed to reach the target funding amount for each employee at the selected retirement age. The maximum contribution amount can be expected to change every year based upon actuarially considered factors such as attrition, inflation and investment earnings. This amount is determined in accordance with the limits of the Internal Revenue Code. Contributions are tax deductible when made and benefits paid for qualified medical expenses are received income tax free. Employers are permitted to adjust their contributions each year and can skip a year if necessary.

As an employee welfare benefit plan under ERISA, there are no vesting requirements. Employees who leave the business prior to retirement may forfeit all benefits. Contributions previously made on behalf of those employees will be reallocated to the account of the remaining employees

**For More Information and to Obtain a Quote
Contact:**



(800) 939-0644 Ext. 2

or your Financial Advisor

www.AlliedRiskGroup.com.com

IRS Circular 230 regulates written communications about federal tax matters. Any tax statements contained in this communication is not intended to be used and cannot be used, for purposes of avoiding penalties imposed under the United States Internal Revenue Code. Tax statements herein are made in support of the promotion and marketing of The 401Rx Plan®. This information is provided for general informational and educational purposes only and readers are advised to consult with their own attorney or tax advisor regarding applicability to their particular circumstances.



THE
401_{Rx}
RETIREE HEALTH PLAN

Overview of Plan Benefits

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

- A. **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.
- B. **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.
- C. **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.
- D. **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.
- E. **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.
- F. **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 insurance expenses, which typically are not covered under Medicare. There are three different levels of Long Term Care funding available with The 401RX Plan®:
 - a) **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.
 - b) **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.
 - c) **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, non-facility care at 100% of the facility care rate, and informal care at 50% of the facility rate.

Employer contributions to the Plan create a fund from which benefits may be paid for employees and spouses. It is important to note that The 401Rx Retiree Health Benefit Plan® 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 type 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.



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