



MidAmerica

Administrative & Retirement Solutions, Inc.

Health Reimbursement Arrangement (HRA)

Quality Solutions for Educational Employers

OUR PLAN

Our Plan is a type of Health Reimbursement Arrangement (HRA). A HRA allows the Employer to make deposits on behalf of active Employees and/or Retirees. Deposits are made tax-free, carry over year-to-year, earn interest tax-free and are used tax-free for qualified medical expenses and premiums. Our Plan can also be used in conjunction with our Special Pay Plan.

SOURCE OF FUNDS

The source of funds can be based on unused sick leave, unused vacation or other incentives. Applications can also include deposits in lieu of health insurance or as an incentive for plan design changes. Our Plan can also be used when transitioning from a defined benefit, such as continuing retiree health insurance, to a defined contribution by making annual deposits on behalf of Employees. There is flexibility as to eligibility and vesting schedules can apply.

BENEFITS TO THE EMPLOYER

The Employer obtains the intangible benefits of providing to participants a tax-free method of reimbursement for qualified medical expenses and premiums. The Employer also permanently saves the 7.65% FICA taxes (Social Security and Medicare) over the traditional payment method. Employers may also be able to reduce health insurance claims experience and premiums.

BENEFITS TO THE EMPLOYEE

Employer contributions on behalf of participants are made on a tax-free basis. Because there are no taxes, the participant receives 100% of the value of each benefit dollar. Funds are invested in a fixed annuity with a guaranteed minimum rate of return. Other investments are also available. All earnings are tax-free! The participant has flexibility on the timing and eligible use of funds. The Plan Administrator provides a list of eligible fund uses as defined in IRS Publication 502 and IRC Section 213(d).

ADMINISTRATION

Simplicity of plan design reduces administrative costs. Plan documents, implementation materials and Plan Administration are provided to the Employer. Our Plan is a HRA, Health Reimbursement Arrangement, as described in IRS Revenue Ruling 2002-41 and IRS Notice 2002-45. Employer representatives have direct access to our administrative and management personnel.

EMPLOYEE COMMUNICATIONS/ ACCOUNT INFORMATION

Employee needs are serviced by a national service center through a toll-free number. Deposit confirmation and quarterly statements are provided. Employees also have access to their personal account information via the internet.



The Health Reimbursement Arrangement is provided by:



MidAmerica

Administrative & Retirement Solutions, Inc.

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