



What is a Retiree Medical Trust?

The Trust is a financial tool that allows current members to save money tax-free to pay for medical expenses they will incur during retirement.

Your Association can bargain to participate in the Trust as part of its solution to the problem of rising health care costs, and the budget strains on cities and counties.

The Trust provides you (and your surviving spouse) with monthly cash payments after retirement toward your retiree medical costs.

Tax Advantages

- Salary transfers (called the “contribution rate”) to the Trust are not taxable as wages
- Trust assets earn income tax-free
- You will not owe taxes on the benefit payments you receive after retirement from the Trust

To help you cover medical costs after retirement

Peace Officers Research Association of California

Non-profit organization by Peace Officers for Peace Officers, established in 1953

PORAC is a professional federation of local, state and federal public safety associations. We are the largest statewide public safety association in the Nation

PORAC is *The* leader in fighting to enhance public safety, uphold professional training standards and to protect the rights of peace officers



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Retiree Medical Trust



Funding the Plan

Your retiree medical benefits are funded with regular payroll transfers and/or lump-sum transfers of sick and vacation leave that you make during active employment pursuant to your MOU. The unions and employers must negotiate a set contribution rate (at a \$25 increment), with \$100 per month as a minimum. For lump-sum transfers of sick and/or vacation leave, the Association must transfer the same percentage of each employee's accrued leave which will be credited to individual "employee accounts." These contributions will fund the benefits that you receive after retirement.

Can an individual participant choose to contribute more?

No, an individual employee cannot elect to contribute more than what is set forth in their MOU.

Eligibility & Benefits

Eligibility for monthly benefits to the retiree and surviving spouse generally requires*:

- Earning 5 years of Active Service in the Trust (10 years for employees hired after his or her Association joined the Trust)
- Having contributions made to the Trust on his behalf for all years of Active Service
- Attaining age 55, for both sworn and non-sworn
- Ceasing employment as an Employee under the Plan

**Retirees who do not meet these eligibility requirements will still be eligible for medical expense reimbursement up to the amount they paid into the Trust.*

Note: This brochure is designed to provide you with key information regarding the Plan, but does not provide all the details and limitations of the Plan. Exact specifications are provided in the "Medical Expense Reimbursement Plan of the PORAC Retiree Medical Trust" that was issued April 1, 2018 and as amended hereafter, which will prevail in case of conflict with this brochure.

Benefit Levels

Each Association determines its contribution rate. Higher contribution rates mean higher benefit levels after retirement. Benefit levels also go up the longer you participate in the Trust.

How Can Our Association Enroll?

To comply with IRS guidelines, your Association must enroll as a bargaining unit, and may not allow individual election. You need an MOU in which the employer agrees :

- To transfer monthly contributions* from salary to the pooled Trust account, whether paid by the employer, employees, or both; and/or
- To transfer accrued sick and vacation leave into the Trust, which will be credited to individual "Employee Accounts" administered by the Trust

**Monthly contributions must be in the same dollar amount for all members in the bargaining unit. Lump-sum transfers of leave must be in the same percentages for all members .*