

Retiree Medical Trust

To help you cover medical costs after retirement.

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

Eligibility & Benefits

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

- Earning 5 years of Active Service in the Trust (10 years for employees hired after their association joined the Trust)
- Having contributions made to the Trust on their 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.*

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 participant’s accrued leave which will be credited to their “Individual Accounts.” These contributions will fund the benefits that you receive after retirement.

Can an individual participant choose to contribute more?

No. A participant cannot elect to contribute more than what is set forth in their MOU.

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 January 1, 2022, and is amended hereafter, which will prevail in case of conflict with this brochure.

Benefit Levels

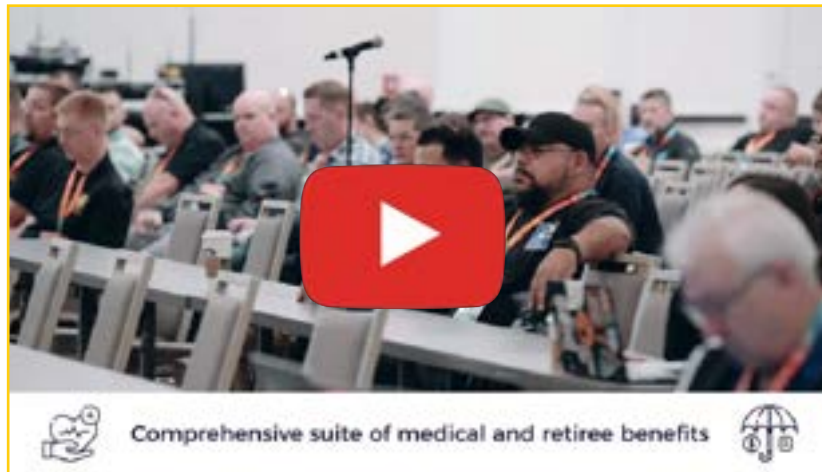
Each association determines its contribution rate. Higher contribution rates mean higher benefit levels after retirement. Benefit levels also go up the longer you participate in the Trust.

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 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.*



Click the above video to learn more.



About the Peace Officers Research Association of California (PORAC)

The Peace Officers Research Association of California was incorporated in 1953 as a professional federation of local, state, and federal law enforcement agencies. PORAC represents over 78,000 public safety members and over 950 associations, making it the largest law enforcement organization in California and the largest statewide association in the nation.



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