

The OkMRF Retiree Medical Program

(OkMRF RM Program)

This plan assists retirees with insurance premium expenses. The Employers must sponsor an OKMRF DB Program to offer this type of benefit. This plan type, funded by employers, pays a monthly benefit based on a formula that the employer defines. For example, an employer could define the benefit as a payment of \$10 a month for each year of service.

This plan is similar in structure to a defined benefit plan, and offers the following features:

- Qualified plan status establishing a sub-account inside a defined benefit plan (IRC 401h)
- Plan is funded with employer contributions only
- Plan costs are actuarially determined and updated annually
- Benefit amount is based on the length of service with the municipality
- Benefits are paid to the Employer to offset the individual's insurance premiums
- Benefits must be paid only for the medical plan sponsored by the municipality
- Benefits are tax-free to the retiree
- Benefits are paid upon retirement, until Medicare age (65)
- Benefits might be continued for a spouse upon retiree's death
- Plan assets are invested in the OkMRF Defined Benefit pool