



From the State Budget Agency:

## 501 Benefit eligibility extended – Changes to June 30, 2017 retirement deadline

The 2015 General Assembly has made changes to the “501” Retirement Medical Benefits program, a plan that allows the state to contribute funds to a dedicated employee account to be used for medical insurance premiums upon retirement.

SEA 501-2007 (IC 5-10-8.5) established a Retirement Medical Benefits Account Plan, a tax-advantaged health reimbursement arrangement (HRA), for participating “eligible employees”[1] who receive normal unreduced retirement benefits from the State. That law provided for State funding through:

1. Annual contributions of amounts that vary based on a participant’s age[2]; and,
2. A bonus contribution of \$1,000 for each year of service for qualified individuals who retire before June 30, 2017.

The newly enacted legislation (Sections 59 and 60 of HEA 1001-2015) in effect provides that:

1. If on June 30, 2017 you are eligible for a normal unreduced retirement and have 15 years of service, then your HRA benefit will be frozen as of that date, including the \$1,000/year of service bonus; and, you will receive that amount when you retire at a later date. You will receive no further contributions to the account if you continue to work past June 30, 2017.
2. If on June 30, 2017 you are not eligible for normal unreduced retirement or do not have 15 years of service.
  - (a) You will continue to have the annual contribution credited to your account each June 30; and, you will receive the accumulated annual contributions[2] if you ultimately receive normal unreduced retirement benefits from the State.
  - (b) You will not receive the \$1,000/year of service bonus when you retire.

Additional information about the Retirement Medical Benefits Account Plan is available at [www.in.gov/sba/2357.htm](http://www.in.gov/sba/2357.htm) or from Key Benefit Administrators at: (800) 558-5553 or (317) 284-7150 or Greg Strack at (317) 232-5623.

### Footnotes

[1] Qualifications for participation are explained in Section 2 of the Plan Document [www.in.gov/sba/files/Version\\_6\\_HRA\\_Plan\\_Document.pdf](http://www.in.gov/sba/files/Version_6_HRA_Plan_Document.pdf) and IC 5-10-8.5.

Note: If an individual terminates employment with the State before being eligible for normal unreduced retirement, all monies in the account revert back to the State upon termination.

| [2] | Age          | Amount  |
|-----|--------------|---------|
|     | Less than 30 | \$500   |
|     | 30 - 39      | \$800   |
|     | 40 - 49      | \$1,100 |
|     | 50 or older  | \$1,400 |