



Michigan Professional Firefighters Union Educational Seminar October 28 & 29, 2024



IAFF Medical Expense Reimbursement Plan (MERP)

BASIC INFORMATION

The IAFF MERP plan was originally established by the Washington State Firefighters Association in 1999 as a way to pre-fund for retiree healthcare costs for their members. It has since been rolled out nationally by the IAFF.

Participation:

- MERP is ONLY available to dues paying IAFF Members. Your membership can be broken into classes of employees, if a member falls within a defined class there is NO OPT OUT option. Once members promote out of the bargaining group, they cease plan participation without a special agreement negotiated and in place

Class Division examples:

- **Level Across Bargaining Unit:** All members contribute same amount. (Fixed Dollar or Percentage)
- **Tiered Based on Length of Service:** contributions increase with years of service. (<10yrs = \$150/mo, 10-20 yrs = \$300/mo, 20+ yrs = \$400/mo)
- **By Defined Class:** Contribution levels by Date of Hire (Hired before 12/31/2009 = \$300/ mo, hired between 1/1/2010 – 12/31/2019 = \$200, hired after 1/1/2020 = \$150/mo)

Contributions:

- You earn ONE (1) Active Service Unit (ASU) for every \$25 contributed MINIMUM contribution level is \$75/month (\$900/yr), there is no maximum contribution. IRS rules require contribution levels to be the same across the membership (can break into multiple classes with differing contributions through CBA – *see above*)
- Can set contribution levels as a set dollar amount, a percentage of a specific base pay (i.e. 5% of top pay FF wage), a fixed portion of sick/vacation sellback, Cash-in-lieu of insurance monies, **a set number of FLSA pay hours, etc.**
- Lump Sum Transfers (including accumulated sick and/or vacation leave) into the MERP will earn ASU's based on an actuarial age table (as low as \$7.60/ASU at age 20)
- Contributions can be Employer OR Employee paid.
- Contributions have a Triple Tax Advantage, contributions are pre-tax, investment gains are not taxed, and disbursements are not taxed.



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Vesting:

- 5 years (60 months) needed to earn a monthly benefit, no early withdraw penalty after age 53. You can purchase up to 18 months of Service credits towards vesting at the end of your career, but the cost is higher (age-based pricing).

Benefit:

- Current Unit Multiplier (UM) is 0.41 (Total ASU's x UM = Monthly Benefit)
- Multiplier could be increased/decreased (even after you retire) as determined by Trustees in order to maintain plan solvency.
- Disbursements can be selected, at retirement, to pay more in early years (pre-65), later years (post-65), or remain the same throughout retirement. There is a 50% reduced survivor benefit for surviving spouse/children under 26.
- Monthly benefit can be used to pay insurance premiums, dental/vision plans, items covered by Internal Revenue Code Sec 213(d) (HSA/FSA/HRA eligible expenses) and costs of long-term care.
- Unused portion of monthly benefit rolls over into your individual account for your use. Once your individual account reaches \$2,000 those funds can be invested in your account to maximize your value for future use.

Monthly Benefit Examples:

- \$75/month minimum contribution x 12 months = \$900/yr x 25 years = \$22,500 / \$25 (ASU) = 900 ASU x 0.41 (UM) = \$369 Monthly Benefit
- \$75/pay w/ employer match = \$150/pay x 26 pays = \$3,900/yr x 25 years = \$97,500 total contributions / \$25 (ASU) = 3,900 ASU x 0.41 (UM) = \$1,599 monthly benefit
- Contribute 5% of Top Pay FF rate (ex \$80,000) = \$4,000/yr OR \$333/mo OR \$153/pay
- In order to receive a \$2,000 monthly benefit after 25 years of contributions requires \$4,878/yr in contributions (\$406/mo OR \$187.62/pay)

Locals with the MERP:

Canton, Dearborn, Sumit/Jackson, Shelby Twp, Harrison Twp, *Ypsilanti

MERP Contact Info:

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