

# EMPLOYER GROUP WAIVER PLANS

## POTENTIAL PROSPECTS

Any employer presently filing for the Retiree Drug Subsidy (RDS), including:

- Private Corporations
- State & Local Government
- Taft Hartley Plans
- VEBA – Section 501(c) (9)
- Church Organizations – 501(c)(3)

## THE OPPORTUNITY

How you can deliver immediate savings:

- Potential 35% savings off RDS
- Fees associated with obtaining RDS are no longer tax deductible
- Able to put write-downs back on balance sheet
- More aggressive calculations for FASB/GASB

## BACKGROUND:

Effective January 1, 2013, the Retiree Drug Subsidy (RDS) will be taxable, eliminating the 28% tax break companies have been receiving from the federal government. For employers with Medicare-eligible retirees, this will significantly increase their FAS 106 liabilities, as this impacts their post retirement benefit obligations. AmWINS Group Benefits can provide you with the EGWP solutions you need to help your clients through the tough decisions they will need to make concerning their RDS liabilities.

Three of the largest write-downs are listed below, however all companies felt a similar impact, relative to their size.

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|-------------------------------|---------------|
| • AT&T Inc                    | \$1 Billion   |
| • Verizon Communications Inc. | \$970 Million |
| • Boeing Co.                  | \$150 Million |

## VALUE PROPOSITION

- Maintain current benefit and contribution option
- No additional expense for costs associated with RDS compliance
- Simplified administration and reporting
- Maximized Medicare D government contribution
- Maximizes flexibility in regard to contribution option