

Long-Term Medical Reserves

This article provides essential information regarding the **Long-Term Medical Reserves** requirement for Brotherhood members who are **Social Security Exempt (SSX)** under Form 4029.

Note: If you currently receive or contribute to Social Security (SS), this specific requirement **does not** apply to you.

The Long-Term Medical Reserves requirement is a foundational part of the structure that ensures the Brotherhood's Alms Plan works. "The Income Tiers" (see article in this newsletter) is the counterpart which provides funding for the Alms Plan. No mutual aid plan can succeed if individuals neglect the personal responsibility to save throughout life in preparation for their elderly years.

As an SSX member, it is your **personal responsibility** to save to cover potential medical and living expenses in your later years. This aligns directly with the Scripture in **Galatians 6:5**, "**For every man shall bear his own burden.**" The Long-Term Medical Reserves policy provides a much-needed structure to guide responsible, life-long savings for those exempt from the government's Social Security system.

Purpose of Long-Term Medical Reserves

Medical reserves accumulated throughout life are specifically intended to cover **medical and alms-related expenses** from age 65 to 85 years of age.

Per the CDC, the average life expectancy in the United States is approximately 78.4 years. For an extra margin of safety, we use an assumed lifespan of 85 years. For medical reserve calculations, this results in a **twenty-year span** from age 65 to 85.

These reserves are *not* intended for basic needs such as food, shelter, and clothing.

Items intended to be funded by the medical reserves include:

- Quarterly Medical Contributions
- Annual Alms Contributions
- Annual Unshared Amounts
- Ineligible Medical Expenses

Annual Saving and Reporting Requirement

Each year, **SSX members must save and report at least 8%** of their prior year's **Adjusted Gross Income (AGI)**.

1. Locate your AGI on **federal tax Form 1040, Line 11**.
 2. Multiply that amount by **8%** to determine the minimum annual amount to be saved for the following year.
 3. This amount is reported on the **Long-Term Medical Reserves Form**, along with the total accumulated amount.
- **Reporting is Mandatory:** Must be submitted annually.
 - **Honor System:** Reporting is based on the honor system; tax returns are not required to be submitted.
 - **Deadline:** Annually, a reminder is sent to members on October 1st. The Long-Term Medical Reserves Form must be submitted annually by **November 1st**.

Acceptable Types of Medical Reserves

You may hold your long-term medical reserves in either cash accounts or appreciating assets, provided they are readily accessible for use in elderly years.

Acceptable Types	Description
Savings Accounts and Investments	Held at any credible financial institution, including self-directed IRAs or general long-term savings/investment accounts.
Appreciating Assets	Funds can be saved by making extra loan payments (accelerating equity) on assets like your home, secondary property, or business property.

(Note: Anabaptist Brotherhood does not offer investment services or financial advice.)

Cumulative Savings Requirements

This is the required reserve amount to be accumulated by age 65:

Member Status	Minimum Cumulative Reserve
Individual	\$300,000
Couple	\$600,000

While reserves may be saved initially in an appreciating asset like your home, the minimum cumulative medical reserve amount must be **in addition to the equity of your primary residence** to ensure liquid access to the funds in elderly years.

Practical Outcomes

A cumulative medical reserve of **\$600,000** at age 65, with a modest 5% return on investment, yields an annual payout of approximately **\$47,628** over 20 years (using a declining balance calculation). Given that the maximum annual cost of medical and alms expenses is about **\$20,000 per year**, this provides a **margin** to cover additional, non-shareable medical costs such as extended Hospice Care (over 60 days), pharmacy costs (over 90 days), or long-term assisted living costs.

Compliance and Hardship Protocol

Scenario	Protocol
Noncompliance	Members under age 65 who miss the November 1st reporting deadline will receive a 30-day reminder. If the issue remains unresolved after 60 days, their membership will be canceled.
Financial Hardship	Withdrawals from Long-Term Medical Reserves prior to age 65 are not permitted under any financial hardship circumstances.

If a member experiences financial hardship, their church leaders or representative may request support on behalf of the member through Brotherhood's Alms Plan. 