



A funded Health Reimbursement Arrangement for public employees in Washington



The **VEBA Plan** is a great way to save up for out-of-pocket medical expenses, including retiree insurance premiums. It's easy to use, and it helps you pay less in taxes.



It all started more than 30 years ago when a retired Washington school administrator expressed concern over the growing cost of his retiree medical insurance. This led to development of the VEBA Plan¹—the nation’s first multiple-employer HRA program for public employees. Today, the VEBA Plan serves 60,000 participants from nearly every school district and community and technical college in the state of Washington.

Here’s how it works:

- 1 Your employer sends money to your HRA.
- 2 You invest those funds.
- 3 You use your HRA to reimburse medical expenses now or later².

Health Reimbursement Arrangement

An HRA is a type of health plan that puts **you in control**. It’s a savings account for your family’s medical care expenses and premiums. The money comes from your employer. Depending on your HRA’s plan design, you can begin spending your funds right away, or save them up until you meet certain eligibility requirements, such as separation from service or retirement².

Investment Options

You get to put your money to work by choosing from a menu of available investment funds. To learn more, read our [Investment Fund Information](#) brochure. Also, our [Investment Fund Overview](#) contains quarterly performance data for each fund. To get the most current versions of these items, go to veba.org and click [Investments](#).

Keep More for Yourself — tax free

Here’s the really neat part: **Your HRA is tax-free!** This includes federal income tax and FICA taxes (Social Security and Medicare). By paying less in taxes, you get to keep more for yourself. Money goes in tax-free, is invested tax-free, and comes out tax-free. That’s the best tax advantage you can get — *even better than tax-deferred programs like 457, 401(k), and 403(b) plans!*



Instead of starting out with \$100 and ending up with just \$70 after taxes, **you get to keep the whole \$100 in your HRA!** You could save up to \$30 or more in taxes for every \$100 your employer puts in your HRA³.

¹The VEBA Plan is offered by the VEBA Trust, a voluntary employees’ beneficiary association (VEBA). VEBA Trust is managed by a board of trustees appointed by these founding associations: Association of Washington School Principals (AWSP); Washington Association of School Administrators (WASA); and Washington Association of School Business Officials (WASBO). ²Your HRA may be subject to post-separation benefits only or other limitations, depending on your HRA’s plan design. ³Example is for illustrative purposes only and will vary based on your personal tax situation. Your tax savings may be more or less.

HRA Advantages

This section gets kind of technical, but don't worry! The point is that the **VEBA Plan** offers several advantages over other types of medical expense accounts, such as health savings accounts (HSAs) and flexible spending accounts (FSAs).

- Use any health insurance plan — *no high-deductible health plan (HDHP) required*
- No IRS contribution limits
- Other coverage doesn't impact contribution eligibility
- Reimburses medical premiums before and after age 65, including Medicare and Medicare supplement premiums
- Unused balances carry over — *no annual "use-it-or-lose-it" or limits on carryover amounts*



In addition, the **VEBA Plan** can provide many other benefits.

- **Tax-free**, not tax-deferred
- Participant-directed investments, similar to your 457, 401(k), or 403(b) plan
- Spouse and qualified dependents are covered — *even if you pass away*⁴
- Can be transferred to a beneficiary, if you pass away with no surviving spouse or dependents

⁴Your young adult children are covered through the end of the calendar year in which they turn age 26.

Common Medical Care Expenses

The growing cost of health care is a huge concern for most active employees and retirees in Washington. Insurance premiums, copays, and deductibles continue to rise while coverage levels are dropping, and the cost of medical care keeps going up. As these problems worsen, employees struggle to cope. Many Washington public employees are working past retirement age because they can't afford \$1,000 per month or more for medical insurance.

Fortunately, with the **VEBA Plan**, you can save up tax-free funds to help cover your out-of-pocket medical care expenses either now or during retirement, depending on your HRA's plan design. There are lots of different types of qualified medical care expenses. Several of the most common are listed below.

- | | | |
|-------------------|---------------------|--------------------------------|
| • Copays | • Vision | • Medicare Part B |
| • Deductibles | • Orthodontia | • Medicare Part D |
| • Prescriptions | • Laser eye surgery | • Medicare supplement |
| • Preventive care | • Retiree insurance | • TRICARE |
| • Chiropractic | premiums (medical, | • Tax-qualified long-term care |
| • Dental | dental, vision) | (subject to IRS limits) |

Internal Revenue Code Section 213(d) outlines qualified medical care expenses and premiums. For quick reference, read our **Qualified Expenses & Premiums** handout available upon request or online after logging in at **veba.org** and clicking **Resources**.

Common HRA Funding Sources

In many cases, your employer will contribute certain funds that would otherwise be paid to you as taxable income. Your employer may also provide contributions in connection with its own creative employee benefits goals and initiatives. Several common HRA funding sources are listed below.

- Mandatory employee contributions (group salary reduction)
- Direct employer contributions
- Unused leave cash-outs (annually, at separation, or retirement)
- Part or all of a future pay raise or COLA
- Early retirement incentives

Eligibility and funding sources are usually defined in writing within collective bargaining agreements, employer policies, etc. You should check with your employer, union, or employee group leadership if you have questions about what HRA funding sources may apply to you. Keep in mind that IRS rules do not permit individual elections. All employee group members defined as eligible must participate.



Enrollment Process

When you become eligible to participate, your employer will usually enroll you automatically, provide you with instructions to enroll online, or give you a paper Enrollment Form. We will send a welcome packet to you after your enrollment is complete and we have received a contribution from your employer. Your welcome packet will contain your account number, claims-eligibility status, investment allocation, and online registration instructions. If you are enrolled automatically, **your contribution(s) will be invested in the VEBA Stable Value fund until you make a change.** You can view available fund options and easily change your investment allocation online or from our mobile app, HRAgo®.

Using Your HRA

You may be thinking to yourself, “All of this sounds great, but how hard is it to manage my account and get my money out?” Well, we’ve got great news for you! Using your HRA is now easier than ever!

- 24-hour online account access at **veba.org**
- HRAgo® (mobile app)
- Online claims submission
- My Care CardSM (debit card)
- E-communication in lieu of paper
- Direct deposit of reimbursements
- Automatic reimbursement of monthly premiums
- Paper forms—*just in case you like doing things the old-fashioned way!*



Last but not least, our award-winning customer care team is located right here in Washington. We’re just a call or email away if you need help. You can contact us at **1-888-828-4953** or **customer care@veba.org**. Any one of our friendly representatives will be happy to answer your questions and help you sort out any problems.

Survivor Benefit

If you pass away, your surviving spouse and qualified dependents can continue using your remaining funds on a tax-free basis. You can name one or more beneficiaries in the event you have no surviving spouse or dependent. This is an important benefit most other HRA plans can’t provide!

Fees

Plan expenses include claims processing, customer service, account administration, printing, postage, legal, consulting, local servicing, auditing, etc. To cover these costs, a monthly per-participant fee of \$1.50 (if claims-eligible) or \$0.75 (if not claims-eligible), plus an annualized asset-based fee of approximately 1.25%, is charged to your account. The monthly fee is waived if your account balance is more than \$5,000. In addition, a 0.25% asset-based fee discount applies to any portion of your account balance in excess of \$10,000.

To the extent permitted or required by law, certain fees, assessments, or other amounts payable to the federal government may also be deducted from your account.

Investment fund manager fees and other fund expenses vary by fund. To view these fees, refer to our **Investment Fund Overview**. Go to **veba.org** and click **Investments** to get a current copy.



Customer Care Center

1-888-828-4953
customercare@veba.org
www.veba.org



Download our mobile app, HRAgo®, today!



Local Service

Plan education and local service provided by:



To learn more about the **VEBA Plan**, or to schedule a group presentation, contact a Gallagher office near you.

1-800-888-8322 Spokane
1-800-422-4023 Tacoma/Bellevue
1-855-565-2555 Tri-Cities

Enrollment



EMPLOYEE

1. Please complete all sections on pages 1 and 2 of this form.
2. Choose your investment allocation (Section 4)
3. Choose your e-services (Section 5).
4. Keep a copy of this completed form for your records.
5. Return completed form to your employer.

We will send you a welcome packet after we receive your Enrollment information and a contribution from your employer. Your welcome packet will contain:

- Confirmation of your employer's contribution;
- Your participant account number;
- Information on how to confirm, make, or change your investment allocation(s);
- A Plan Summary (please read carefully for important information);
- Instructions for online account access;
- Confirmation regarding which VEBA Plan your employer has directed its contribution for you; and
- Whether you are claims-eligible.

EMPLOYER USE ONLY

Employer ID Number: _____
(as assigned by the Plan)

Employer Name: _____

Authorized Employer Signature: _____

Submit completed form to:

enroll@veba.org
VEBA Plan, PO Box 80587, Seattle, WA 98108

Enrolling employee is:

☐ Active or ☐ Separating/retiring on: _____

Specified Claims Eligibility Date (Standard HRA Plan only):

You may specify the enrolling employee's Participant effective date. This date cannot be prior to the employee's hire date (or eligibility date). If no date is specified, the employee shall become a Participant as of the date we receive both a completed and signed VEBA Plan Enrollment form and a contribution.

Claims Eligibility Date: _____

1

PARTICIPANT INFORMATION

SOCIAL SECURITY NUMBER _____ DATE OF BIRTH mm / dd / yyyy _____

LAST NAME _____ FIRST NAME _____ M.I. _____

MAILING ADDRESS _____ CITY _____ STATE _____ ZIP _____

AREA CODE and PHONE NUMBER _____ EMAIL ADDRESS (use home or personal email address) _____

2

SPOUSE INFORMATION AND AUTHORIZATION

Your spouse and qualified dependents are eligible for coverage under this Plan. Please provide your spouse's information below. You can provide us with your dependent information later. Just follow the instructions in your welcome packet, or provide the information when you file a claim.

SPOUSE LAST NAME _____ FIRST NAME _____ M.I. _____

SOCIAL SECURITY NUMBER _____ DATE OF BIRTH mm / dd / yyyy _____

☐ I authorize my spouse listed above to be an authorized contact who may discuss my account and account activity and submit claims and certain account changes on my behalf, including changes to my contact and direct deposit information. Authorized contacts may be changed or revoked by me at any time.

3

CERTIFICATIONS: READ BEFORE SUBMITTING

By enrolling in the VEBA Plan, you agree to the following Terms & Conditions. You agree that the Plan and the parties involved in this Plan (including, but not limited to, the employer, your bargaining representative, the Trustees, Plan service providers, and the agents of each, collectively referred to as the "Plan and its agents") cannot guarantee any federal or state tax results or investment results. Any benefits to which you may become entitled are subject to the terms and conditions of the governing Plan documents and applicable law. The Plan and its agents may withhold from such benefits (and may transmit to the government if required by law) any tax, charge, penalty, assessment, or other amount that is determined to be attributable to or allocable to such benefits or on account of the operations of the Plan. You agree to hold the Plan and its agents harmless with respect to such withholding or any failure to withhold or pay such amounts and any other actions taken in good faith for the operation of the Plan. You understand that for proper administration of the Plan and compliance with applicable law, you must regularly confirm and update your enrollment information, including name, address, phone number, dependents, and Social Security numbers for yourself and eligible dependents. You also understand that it is your responsibility to review each statement to confirm that there are no investment or financial errors reflected on your account. Any errors must be reported by you to the Plan within ninety (90) days after the error is first viewed by you online or first reflected in a statement or other written information delivered to you by the Plan and its agents.

Investment selection, e-communication, My Care CardSM, and direct deposit elections on reverse ►►

QUESTIONS? 1-888-828-4953 | customer@veba.org | veba.org

Enter Participant Name from Section 1: _____

4 INVESTMENT ALLOCATION SELECTION

Select and complete **OPTION A** or **OPTION B**, but not both. If you make no selection, your entire account will be allocated to the Stable Value fund. You should carefully read the **Investment Fund Information** brochure available online at **veba.org**. If you are already enrolled or have more than one participant account, any investment allocation you choose on this form will update your most current allocation already on file and will be applied uniformly to all of your accounts, unless your investment allocation includes reference to a specific account number(s).

☐ **OPTION A: Choose a pre-mix**

Select and complete this option if you want your asset allocation portfolio designed and managed by professionals. **Choose only one pre-mix.** If you select multiple funds your entire account will be invested in the most conservative fund selected. Read the **Investment Fund Information** brochure available online at **veba.org** for more information.

The pre-mixed asset allocation portfolios are managed to stay on their respective target allocations. Each fund maintains its growth- or income-oriented asset mix; you never have to rebalance to keep your selected strategy on track.

Fund Name	Risk	Target Allocation
<input type="checkbox"/> Vanguard LifeStrategy® Income	Low-to-moderate	80% bonds; 20% stocks
<input type="checkbox"/> Vanguard LifeStrategy® Conservative Growth	Moderate	60% bonds, 40% stocks
<input type="checkbox"/> Vanguard LifeStrategy® Moderate Growth	Moderate-to-high	40% bonds, 60% stocks
<input type="checkbox"/> Vanguard LifeStrategy® Growth	High	20% bonds, 80% stocks

☐ **OPTION B: Do-it-yourself**

Select and complete this option if you want to build your own portfolio. **Enter only whole numbers—no fractions. Your allocation must equal 100%.** Allocations that are not whole numbers will be rounded to the nearest whole number. Generally, if your allocation exceeds 100%, the excess will be subtracted from your least conservative fund choice. If your allocation is less than 100%, the shortage will be added to your most conservative fund choice.

Rebalance my allocation percentages:

☐ **Quarterly** ☐ **Annually** (end of each calendar quarter/year)

Rebalancing is an important feature that will redistribute your entire account balance according to your most recent allocation percentages on file. If selected, this option will continue until revoked online or via written notice to the Plan.

Asset Class / Fund Name	Allocation %
Stable Value / VEBA Stable Value	_____ %
Total Return Bond / Metropolitan West Total Return Bond	_____ %
Large Cap Equity / Vanguard Institutional Index (S&P 500)	_____ %
Mid Cap Equity / Scout Mid Cap	_____ %
Small Cap Equity / Champlain Small Company	_____ %
International Equity / American Funds EuroPacific Growth	_____ %
Total Must Equal 100% ►	_____ %

Your **Welcome Letter** will contain confirmation of your investment elections. After receiving your Welcome Letter, please log in to your account at **veba.org** and click **Investments** on the menu bar to check that your elections have been applied to your balance and future contributions as you intended. If you find an error or problem, you must contact us at the mailing address, email address, or phone number shown on this form within 90 days after you first view an error or problem online or receive the first statement on which an error or problem appeared, whichever occurs first. If we do not hear from you within 90 days, the account will be considered correct.

5 E-SERVICE ELECTIONS

E-COMMUNICATION: GO GREEN! Sign up for **e-communication** and avoid the paper clutter: Make your election online. After getting your welcome packet in the mail, log in at **veba.org** and click **My Profile** to update your **Account Preferences**.

MY CARE CARDSM:

- ☐ **Yes, I want to elect a My Care Card.** Swipe your My Care Card as you would a traditional credit or debit card to pay for qualified medical care items and services directly from your participant account. **You may still need to submit supporting documentation for certain purchases**, per IRS rules. **Be sure to provide your email address in section 1 of this form.** Your My Care Card will be automatically mailed to you after you have a claims-eligible account balance of \$50 or more and we have on file for you a valid email address and U.S. mailing address. A \$1 per month fee will apply upon card activation. To learn more, log in at **veba.org**, and click **My Care Card** on the menu bar.

DIRECT DEPOSIT (for claims-eligible participants):

- ☐ **Yes, I want to elect direct deposit for my medical care expense and premium reimbursements.** Direct deposit is faster and more convenient than waiting to receive paper check reimbursements in the mail. A voided check is not required.

Account type: ☐ CHECKING ☐ SAVINGS

NAME OF BANK or CREDIT UNION _____

9-DIGIT ROUTING/TRANSIT NUMBER _____

ACCOUNT NUMBER (do not include check number) _____

