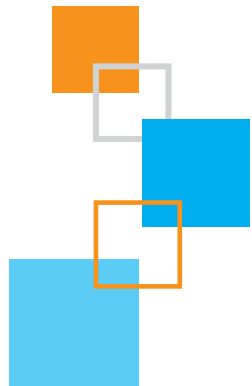


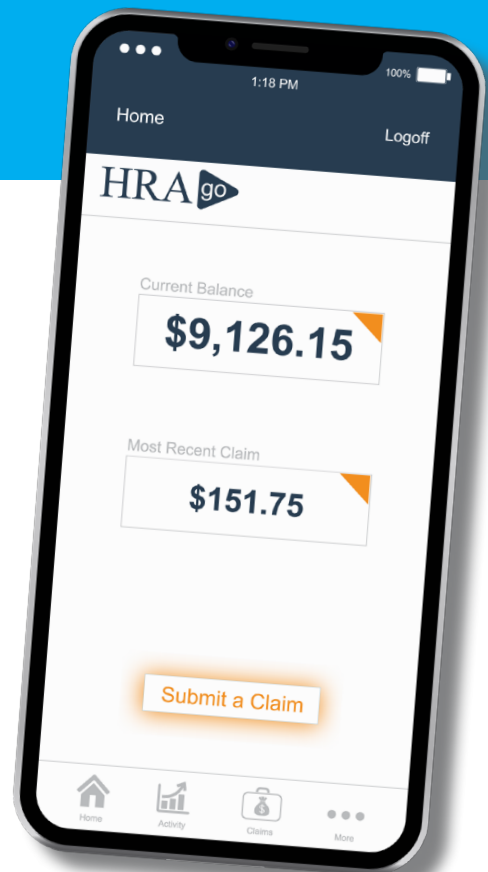


Save up Tax-free Money for Medical Bills

A funded health reimbursement arrangement for public employees in the Northwest

- 
- Copays
 - Deductibles
 - Prescriptions
 - Dental
 - Vision
 - Orthodontia
 - Chiropractic
 - Medicare premiums
 - Retiree medical premiums

...and hundreds more





Health Reimbursement Arrangement

A health reimbursement arrangement (HRA) is a **tax-free savings account** for health care. This valuable employee benefit is funded with contributions from your employer. It's easy to use, and it's a smart way to save up for future out-of-pocket **medical, dental, and vision bills**, including **retiree insurance premiums**.

If your HRA is under the **Standard HRA Plan**, you can use it now or later, even during retirement. If your HRA is under the **Post-separation HRA Plan**, you can use it for "excepted benefits" until you separate from service or retire and become fully claims eligible. Excepted benefits generally include dental, vision, and long-term care.

Your HRA covers you, your spouse, and dependents, including your young-adult children through the end of the calendar year in which they turn age 26.



How It Helps

You might be struggling to cope with the cost of **doctor visits, prescriptions, new glasses or contacts, and braces for the kids**. Maybe you're working longer than you had expected because you can't afford medical insurance—up to \$1,000 or more per month for a retiree and spouse before age 65!

Fortunately, the **HRA VEBA Plan**¹ can help. Many participants use their HRAs to reimburse **retiree insurance premiums** and the cost of medical items and services they wouldn't be able to afford otherwise. This includes things like **power chairs, hearing aids, expensive vision and dental care, and emergency medical bills**.

¹ The HRA VEBA Plan is offered by HRA VEBA Trust, a voluntary employees' beneficiary association (VEBA). This non-profit Trust is managed by a Board of Trustees elected by Plan participants, participating employers, or the Board itself, depending on the Trustee position.



How It Works

1. Your employer **sends tax-free money** to your HRA. Often, these funds would have otherwise been paid to you as taxable income. This means you're exchanging taxable income for tax-free money in your HRA—*a much better deal!* Your employer might also contribute funds in place of some other tax-free employee benefit.
2. You choose how you want to **invest your HRA funds** using the available fund lineup.
3. Depending on your HRA plan design², you can **use your money right away or save it up for later**, such as during retirement. Either way, you won't pay any taxes.

HRA eligibility and funding are usually subject to collective bargaining or employer policy. Check with your employer if you need to know more about your group's participation.



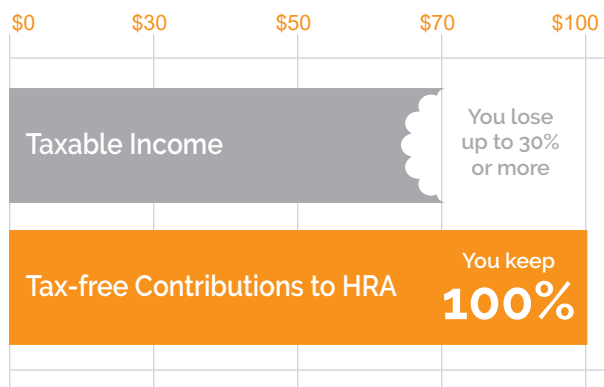
Best Tax Advantage

With an HRA, you get the **best possible tax advantage**—*even better than tax-deferred 457, 403(b), and 401(k) plans with taxable withdrawals.*

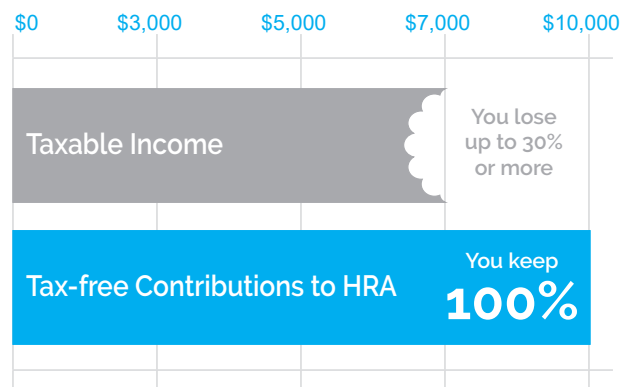
- No taxes on **employer contributions**;
- No taxes on **investment earnings** (if any); and
- No taxes on **claim reimbursements** (withdrawals).

This is sometimes called "triple" tax savings. You might save up to 30% or more, depending on your individual tax situation. With no tax bite, you get to keep a lot more for yourself! Tax savings includes state income tax (if applicable), federal income tax, and FICA taxes (Social Security and Medicare).

\$100 Monthly Contribution Example



\$10,000 Lump-sum Contribution Example



² Your HRA may be subject to vesting, post-separation benefits only, or other limitations depending on your employer's plan design or any limited HRA coverage elections you may make.



Investment Options

You get to choose from a menu of available investment funds, kind of like your deferred comp or similar retirement plan. You can make changes monthly.

Option A: Choose a Pre-mix lets you pick a professionally-managed pre-mixed portfolio. This is a great choice if you're not comfortable building your own portfolio. Many investment advisors recommend pre-mixes.

Option B: Do It Yourself lets you build your own portfolio. This is for those who know how to pick their own funds.

You can get more information online, including our **Choosing Your Investment Allocation** brochure, quarterly **Investment Fund Overview**, and links to fund fact sheets and prospectuses. You should read the fund prospectuses before making an investment decision.



HRA Advantages

HRAs have several advantages compared to **health savings accounts (HSAs)** and **flexible spending accounts (FSAs)**.

1. Your HRA **does not require coverage under a high-deductible health plan (HDHP)**. You can enroll in the medical plan of your choice.
2. Your HRA **covers retiree medical premiums before and after age 65**, including Medicare Part B, Part D, and supplement premiums.
3. There are **no annual use-or-lose or carryover limits** to worry about. All unused HRA funds roll over from year to year.
4. There are **no IRS contribution limits**. Contributions are usually determined by collective bargaining or employer policy.





Medical Care Expenses

Qualified "medical care" expenses and premiums are defined in Section 213(d) of the Internal Revenue Code. Several common examples are listed below. There are hundreds more.

Expenses

Copays	Laser eye surgery
Deductibles	Eye glasses
Prescriptions	Contacts
Preventative care	Hearing aids
Chiropractic	Physical therapy
Dental care	CPAP machines
Orthodontia	Insulin
Vision exams	Emergency services

Premiums

Retiree medical, dental, vision
Qualified long-term care
(subject to IRS limits)
Medicare Part B
Medicare Part D
Medicare supplement plans
TRICARE medical and dental

For a more detailed list, log in at HRAveba.org and click **Resources**.

Survivor Benefit

If you pass away, your HRA can transfer to your surviving spouse, children, designated beneficiaries, or other eligible survivors. This is a unique survivor benefit most other HRA plans can't offer. For more information, or to name a beneficiary, log in online, click **My Profile**, then click **Beneficiaries**.



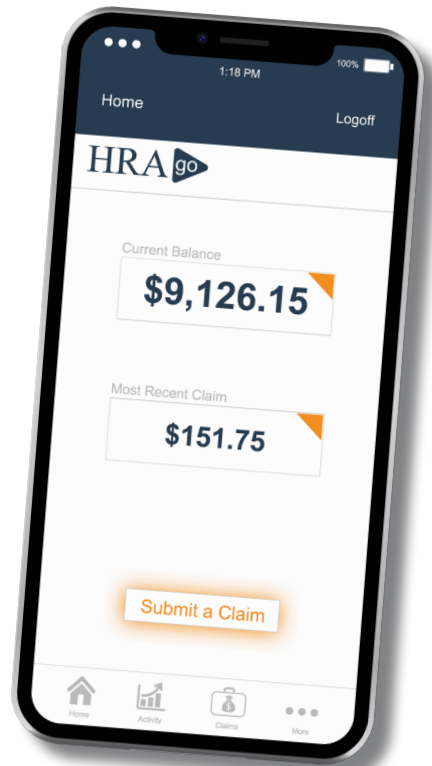
Using Your HRA

Using and managing your HRA is now easier than ever! We provide an effortless online experience and several convenient services.

- Easy **online and mobile** claims submission
- Handy mobile app, **HRAgo**®
- Free **debit card** (upon request)
- Convenient **direct deposit**
- Secure **e-statements**

Ready to file a claim? Log in online and click **Claims**, or use **HRAgo** and do it "on the go." With HRAgo, you can quickly snap pics of supporting documentation and submit claims right from your mobile device. We'll process your claim in about five to seven business days.

Are you a retiree? We can automatically reimburse your monthly insurance premiums, including Medicare premiums. Just log in online, click Claims, and then click the **Set up an Automatic Premium Reimbursement** button.



“ I like being able to take pictures of documents with my phone and send them to you when I make a claim. ”

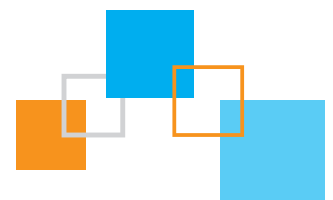
Amazing Customer Care

We work hard to provide you with top-notch service. If you get stuck or have a question, our friendly customer care team is located in Spokane. Live representatives answer 98% of all phone calls **within 30 seconds**. You don't have to put up with annoying phone trees that get you nowhere. We're here to take good care of you and your family!

“ I never have to wait very long, and the people are knowledgeable as well as courteous. I love talking to a human! ”

More Information HRAveba.org

Ask Questions 1-888-659-8828



Fees

Your HRA is a group health plan. Plan administrative 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 that averages around 1.00%, 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. Your account value changes daily based on activity, which includes investment earnings or losses, contribution and claims activity, and assessment of the asset-based fee.

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. Fund operating expenses vary by fund. You can view these fees on our quarterly **Investment Fund Overview** available online.



Customer Care Center

1-888-659-8828

www.HRAveba.org

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

1-800-888-8322 Spokane/Coeur d' Alene
1-800-422-4023 Tacoma/Bellevue
1-855-565-2555 Tri-Cities
1-877-695-3945 Portland

