

# HRA VEBA Proposal



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The City's Medical Self Insurance Reserve has excess funding that is projected to be around \$5,000,000. The EBAC is proposing to deposit these funds into HRA VEBA accounts for our employees.

## HRA VEBA Trust

- Created in 1990
- Non-Profit, tax-exempt health & welfare benefit trust
- Provides benefits to 50,000+ public employees and retirees
- Clients in WA, OR, and ID

## HRA VEBA

- "HRA" = Health reimbursement arrangement
- "VEBA" = Voluntary employees' beneficiary association

## Triple Tax Free Benefit



### Employer Contributions

- one-time funding
- sick leave cash-out
- salary deferral



### Investment Earnings

- individual investment accounts
- diversify portfolio options



### Withdrawals for Qualified Expenses

- co-pays & deductibles
- prescription drugs
- retiree premiums

## Employees eligible for a distribution?

Eligible employees will receive a pro-rated share of the excess reserve funds into their individual HRA VEBA account

The pro-rated amount will be determined by the number of months the employee was covered under the City's medical plans (RedMed and/or Kaiser) from January 1, 2014 to December 31, 2018

If the employee is employed on December 31, 2018, but employment is terminated prior to funding of their account they are eligible for the contribution