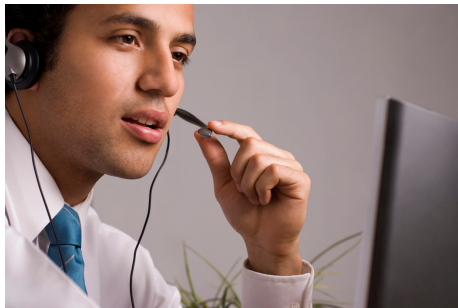


## HOW DO I GET STARTED?

EBC will provide employer with the “Employer/Employee Enrollment Kits”. EBC staff is available to make on-site visits to explain the benefit to administrators and employees alike in an effort to help you through the process.

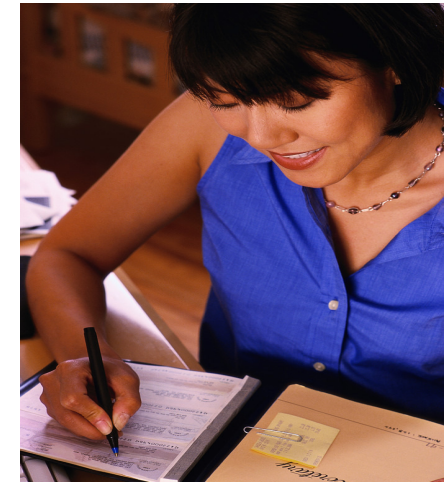
EBC will provide employer with a Plan Document which must be adopted by the employer. EBC will provide employer with ongoing advice, HIPAA notices and COBRA administration for this benefit.



3125 Airport Parkway, NE  
Cambridge, MN 55008

Metro: 763-552-6053  
Toll Free: 888-507-6053  
Fax: 763-552-6055  
[www.ebcsolutions.com](http://www.ebcsolutions.com)

## Health Reimbursement Arrangement (HRA)



3125 Airport Parkway, NE  
Cambridge, MN 55008

# Health Reimbursement Arrangement (HRA)

## WHAT IS A HEALTH REIMBURSEMENT ARRANGEMENT?

The Educators Benefit Consultants (EBC) Health Reimbursement Arrangement (HRA) is a savings program that allows employees to be reimbursed for their eligible health care expenses on a tax-free basis. An HRA is an employer-sponsored benefit, established through the collective bargaining process or through a mandated personnel policy for the benefit of employees and their legal dependents. Employer contributions made on behalf of employees into EBC's HRA will be placed in a trust arrangement commonly referred to as a VEBA (Voluntary Employee Beneficiary Association) as described in Internal Revenue Code 501(c)(9). All employer and employees participating in this program shall abide by the rules set out in the Plan and Trust Documents provided by EBC.

## WHAT IS THE ADVANTAGE OF AN HRA?

Funds placed in an HRA are done on a tax-free basis (no federal, state or FICA taxes are paid). Any interest you may earn, or gains you may realize from your investments are also tax-free. All reimbursements to you from your account for eligible health care expenses for you, your spouse, and legal dependents are also tax-free. This tax-free advantage could save you and your family a considerable amount of money.

For example, if you are eligible for a \$10,000 cash payout from your employer at termination of employment you may only receive about \$6,000 once deductions for federal, state and FICA taxes are deducted from the \$10,000 payout. However, if your employer has set up an HRA to receive that \$10,000 benefit, no taxes are paid and the full \$10,000 is placed in your HRA account.

Employers benefit as well because no FICA taxes (7.65%) are paid on any contributions made into an HRA.

## HOW DO I GET REIMBURSED FOR ELIGIBLE MEDICAL EXPENSES?

You must complete a "Reimbursement Claim Form" and submit to EBC with proper documentation of the eligible expenses. Once the claim is processed EBC will reimburse you via direct deposit to your checking or savings account whichever you prefer.

### *Out-Of-Pocket Expenses and Premium Expenses*

EBC reimburses eligible out-of-pocket and premium expenses on a monthly basis.

### *Auto Reimbursements*

EBC can set you up to receive an automatic monthly reimbursement for eligible premium expenses. All you need to do is fill out the proper section on the "Reimbursement Claim Form" and submit documentation that discloses the annual cost of your insurance coverage.

All claims submitted by the 20<sup>th</sup> of the month will be processed and posted in your account the first week of the next month.

## WHAT HAPPENS TO MY MONEY IF I DIE?

If you pass away your spouse and legal dependents continue to use the money in your HRA account tax-free for eligible health care expenses until the account is exhausted.

If you don't have a spouse or legal dependent any funds remaining in your account after the reimbursement of final health expenses will be returned to your employer. This distribution to the employer is mandated by IRS Revenue ruling 2006-36.

## EBC'S ADMINISTRATIVE FEES

### Post-Employment HRA

.19 basis points (.19%) will be charged against the assets in the participant's HRA account every quarter.

### Active HRA

.19 basis points (.19%) will be charged against the assets in the participant's HRA account every quarter and the Employer will pay EBC \$2.00 per participant per month.

## TD AMERITRADE'S INVESTMENT OPTIONS AND FEES

Your HRA funds will be placed in an interest bearing Money Market account until you have accumulated at least \$2,000. Once you have reached the \$2,000 threshold you may invest any amount in excess of the \$2,000 in any of the other options available. You may change your investment options once a month. TD Ameritrade will send you quarterly statements via an on-line arrangement or via U.S. Mail. You may also request a PIN and view your account on-line as often as you like.

To follow is the list of each investment option available to you and the investment cost associated with each expense.

Account Name	Annual Investment Fee
Money Market	.01%
American Funds Capital World G/I F-1	.75%
Artio International Equity II	1.29%
American Funds Growth Fund of Amer F-1	.63%
Artisan International Inv	1.21%
Calamos Growth & Income Account	1.06%
DWS Dreman High Ret Eq A	1.08%
ICON Long/Short Account	1.46%
Pimco Total Return	.96%
Royce Value Plus Svc	1.40%
Security Mid Cap Value	1.32%

Fees are subject to change.