

# Montana VEBA Health Reimbursement Account (HRA) Plan

## Summary of Benefits for Unused Sick-Leave Contributions

<b>What types of leave cash-outs may I contribute?</b>	Retirement/separation from service sick-leave accumulation or active employee contributions including annual hours over 240.
<b>Why participate in the Montana VEBA HRA?</b>	Tax savings on contributions, tax-free earnings, and tax-free reimbursements.
<b>What does the Montana VEBA HRA do?</b>	Reimburses health care costs such as monthly premiums and qualified out-of-pocket expenses.
<b>How do I participate?</b>	Plan must be set up by your employer and then vote with your employee group.

### TAX SAVINGS:

The following tax savings example has been calculated assuming you earn \$25 per hour and are:

- a) in a 35% income tax bracket; (Federal & State)
- b) subject to 7.65% FICA Taxes; and
- c) retiring with 1,600 hours of accumulated sick leave, 400 of which are eligible for cash-out (1/4 of 1,600 = 400)

Without Montana VEBA HRA		With Montana VEBA HRA		Savings
Gross Cash-out	\$10,000 (400 hrs x \$25/hr)	Gross Cash-out	\$10,000 (400 x \$25/hr)	<b>Montana VEBA saves \$4,265 in taxes!</b>
Less Taxes Due	- 4,265 (Inc Tax 35% FICA 7.65%)	Less Taxes Due	- 0 (Zero Taxes Due)	
<b>Net Cash-out</b>	<b>\$ 5,735</b>	<b>MT VEBA HRA Contribution</b>	<b>\$10,000</b>	

## USE YOUR MONTANA VEBA HRA ACCOUNT TO PAY HEALTH CARE COSTS

Out-of-pocket health care costs for yourself, your spouse and/or your IRS qualified dependents are eligible for tax-free reimbursement from your Montana VEBA HRA account. Following are a few examples of qualified expenses:

- Medical, dental, vision and long-term care insurance premiums;
- Medicare part B and Medicare Supplement Plan premiums,
- Non-covered medical, dental or vision costs such as deductibles, co-payments, co-insurance, prescriptions, certain over-the-counter items and other non-covered expenses.

### CLAIMS PAYMENT

Claims payment is efficient and hassle free. The Montana VEBA HRA Plan Administrator pays claims weekly. You may submit a Montana VEBA HRA Medical Claim Form for qualified expenses incurred after your Montana VEBA HRA account is opened. You may also have your retirement/post employment monthly insurance premiums paid automatically by using the Montana VEBA HRA Systematic Payment Form.

### DEATH BENEFIT

Upon employee death, the surviving spouse, and any qualified dependent(s) and/or heir(s) may continue to use the account for qualified expenses.

### VEBA INVESTMENTS

The Montana VEBA HRA offers a variety of investment options. Please review the Investment Fund Overview.

### ENROLLMENT

*The following information assumes an agency/employee group has already adopted the Montana VEBA HRA Plan.*

If your employer has adopted the Montana VEBA HRA Plan and has made the plan available to your employee group, and you are eligible for a contribution, simply fill out the Montana VEBA HRA Enrollment Form and return it to your employer's human resource/employee benefit department.

Upon receipt of a contribution and a completed Enrollment Form on your behalf from the employer, the Montana VEBA HRA Plan Administrator will mail a welcome packet to your home address.

**Important Note:** All employee group members who retire during the term of the Montana VEBA HRA Agreement must participate. Failure to enroll will result in a forfeiture of the entire sick leave payout.

**Visit the Montana VEBA HRA Website at: [www.montanaveba.org](http://www.montanaveba.org)**