



BRI

HRA VEBA

Part 1: What are they and what role do they play?



Featured Speakers



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Welcome

Today's Agenda

1. What is an HRA VEBA?
2. What you need to know about an HRA VEBA.
3. Where does an HRA VEBA fit into retirement and benefit strategies?
4. Five key questions to ask about an HRA VEBA.



What is an HRA VEBA?



HRA VEBA



VEBA allows HRA funds, held in trust by BPAS, to be invested & earn interest.

3x

Triple Tax
Advantage

- ✓ Contributions
 - ✓ Earnings
 - ✓ Withdrawals
- ...all **tax-free!**

3 Ways to Fund Your HRA VEBA:

1. Flat Dollar Funding
2. Mandatory Salary Deferrals
3. Leave Conversion

Who should consider an HRA VEBA?

Public Entities and Unions:

- Cities
- Countries
- Special Districts
- Utilities
- Transit
- Schools
- Ports
- Unions
- Hospital Systems
- Fire Fighters

Note: While for-profits can technically have an HRA VEBA, they are subject to full ERISA requirements which makes them less attractive.



By the Numbers

7



88,000

Number of Public
Sector Employers



They employ

23.8 million
employees






<5%

Number of employers
that have taken action to
address health care cost
issues for both active
employees and retirees.

Which is

16%

of the total US
population!



Why public entities and unions like HRA VEBA's?



Understanding the 'why'

- **Manage rich benefit promises.** Public sector entities have rich benefit promises to employees and retirees
- **Budget crisis.** Public sector entities are in budget crisis-can't afford healthcare benefits
- **Funded Benefit.** Provides funded benefits which appeals to unions and can help manage future benefit liabilities
- **Flexibility.** Provides design flexibility not currently available through HSAs
- **Participant value the convenience.** Provides workers with real dollars to fund their healthcare now and into retirement, while giving them control over the invested dollars

Who can have them and what they can be used for?



Active employees:

- Out of pocket health medical, dental and vision expenses



Post employment:

- Medical, dental & vision COBRA and retiree insurance premiums
- Medicare parts B, C, D, Medigap
- Qualified long-term care insurance premiums

What you need to know about an HRA VBA



What you need to know about HRA VEBAs



1. Funded by the employer and can be funded while covered by Medicare.



2. Funds held in trust and earn interest or can be invested.



3. Must be used for eligible expenses and require substantiation



4. Employers set many of the rules regarding usage and funds availability. Most HRA VEBAs will roll from year-to-year and be available to spend down post employment



5. More flexible funding and plan design options to meet the specific needs of an entity. Uniquely suited to aid public sector entities address benefit short-falls.

Submit your Response

What are the main reservations or challenges you have regarding an HRA VEBA?

Submit your response through the “Questions” section in the panel.

Submissions will have a chance to receive a Rocketbook.



**Where does an HRA VEBA
fit into retirement and
benefit strategies?**



Medical expenses in retirement



\$295,000

Amount a 65-year-old couple who retired in 2020 can expect to spend in health care and medical expenses throughout retirement.



\$105,852

Median annual cost of long-term care in 2020 for a private room in a nursing home, according to long-term care insurer Genworth.



Half of U.S. households have no money in their retirement savings, and of the families that have *some* retirement savings, the median amount is just \$60,000.

HRA VEBA and Medicare eligible employees

- Medicare eligible employees are eligible for an HRA VEBA
- If enrolled in an Medicare, individuals are not eligible to contribute to an HSA.



54%

of workers plan to work past age 65¹

Managing short and long-term budget concerns

- **Identify the problem**
 - Government Accounting Standards Board (GASB) requires pension plans to retain actuaries to project future assets and liabilities.
- **Create a plan**
 - Calculate the employer contributions needed to cover liabilities
- **Begin funding**
 - Converting unfunded benefit obligations to funded arrangements



\$1 trillion

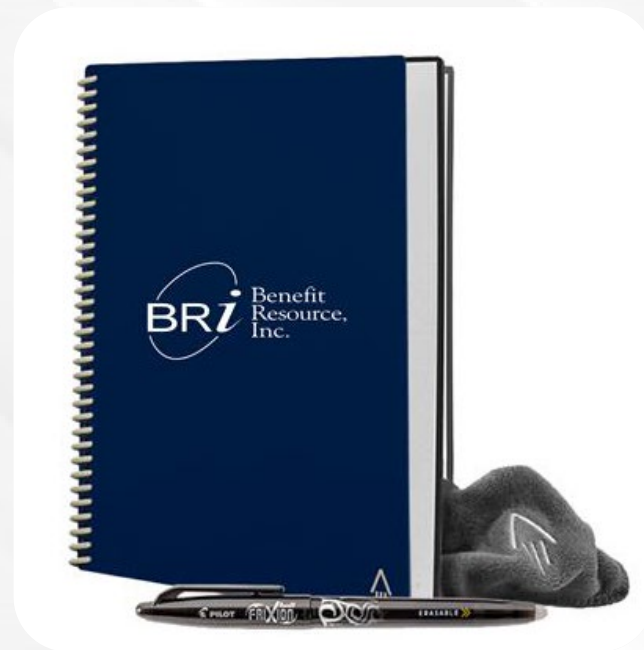
Estimated underfunded
state and local pension
plans¹

Submit your Response

**Other than pre-tax savings,
what do you see as the primary
advantages of an HRA VEBA?**

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Five Key Questions to Ask about an HRA VEBA



What should you look for regarding HRA VEBA administration?

- **What are plan participant fees?**
- **Is there a stable value guarantee?**
- **How do participants access funds?**
- **What investment opportunities exist?**
- **How will the HRA VEBA interact with other benefits?**



Winners

Congratulations!

We will contact you to send you your new Rocketbook.



What does BRI offer for HRA VEBA administration?

- **Single, Multi-Account Platform**
 - Card Integration, including HRA VEBA, FSA, HSA and transit options
 - Centralized website and customer support
- **Robust Investment Options**
 - Open architecture
 - Ability to match funds to retirement plan
 - Investment advisory services-ERISA 3(38)
 - Serves as co-fiduciary with client (Assumes risk)
 - Lower asset fees
- **COBRA/Retiree Billing Provider with Employer Single Sign On**
 - Unique continuation requirements for public sector
- **Extensive Experience** with public sector/HRA VEBA clients

Thank You

Join us March 31, 2021 for
HRA VEBA Part 2
How to Maximize your HRA VEBA
with Guest Speaker Darcy Hitesman

