



simple

smart

solutions

VEBA HRA Solution



BPAS

BPAS VEBA HRA

VEBA (Voluntary Employees' Beneficiary Association) is a type of tax-exempt irrevocable trust arrangement used to hold plan assets for employee benefits. VEBAs are authorized by Internal Revenue Code § 501(c)(9). The VEBA is paired with a Health Reimbursement Arrangement (HRA) which allows employees to use VEBA funds for current or future out-of-pocket health-related expenses. The VEBA HRA doesn't replace your group health insurance plan; it works with your plan to provide additional coverage options.

A VEBA may only be funded with employer dollars; employees may not contribute. Funds in the accounts continue to grow until claims are processed and funds are withdrawn.

The BPAS VEBA HRA one-stop shopping approach offers significant savings in time, money, and administration:

- **Streamlined Administrative Services:** Easier to stay on top of plan issues with one service provider.
- **Time Saving/Cost Effective:** Everything is coordinated through one company, one point of contact so there's less overhead and fewer people involved in the process.
- **Safe:** VEBA assets are protected from creditors.



Who We Are

BPAS is a national provider of retirement plan and fund administration, transfer agency, collective investment fund, and other institutional trust services. We support 3,800 retirement plans, \$77 billion in trust assets, \$1 trillion in fund administration, and more than 400,000 participants. With our breadth of services, depth of creative talent, and financial resources, we are well positioned to help our clients solve their benefit plan challenges without the need to engage multiple providers. One company. One call.

BPAS Family of Services

Plan Administration & Recordkeeping | Actuarial & Pension | TPA | Fiduciary | Healthcare Consulting | VEBA & HRA/HSA AutoRollovers & MyPlanLoan | Transfer Agency | Fund Administration | Collective Investment Funds

BPAS Specialty Retirement Plan Practices

Auto Enrollment Plans | Multiple Employer Plans and Multiple Employer Trusts | Plans with Employer Securities | Puerto Rico 1081 Plans | VEBA & HRA/HSA Plans | Cash Balance Plans | Collective Investment Funds | Fund Administration

BPAS Subsidiaries

BPAS Trust Company of Puerto Rico | Hand Benefits & Trust | NRS Trust Product Administration | Global Trust Company

BPAS is a subsidiary of Community Bank System, Inc. (CBSI, NYSE: CBU).

As a solutions-oriented national practice, we are committed to “Solving Tomorrow’s Benefit Challenges Today.”



“...seamless operational environment.”

Introduction

BPAS has been serving client needs since 1973. As we have seen changes in the industry – including new developments in technology and evolving client needs – we have continued to refine our services and respond to the new marketplace. Plan Sponsors can rely on BPAS as the provider who will:

- Deliver a seamless operational environment, with the latest technology and features in the marketplace.
- Ensure proactive and responsive service, with accurate, high-quality plan administration.
- Offer true open architecture on investments, allowing clients to use the strongest possible menu of investments, while eliminating any conflicts of interest in fund selection, review and monitoring.
- Deliver attractive features and benefits, including the participant web site, quarterly statements and newsletters, educational tools including a state-of-the-art Participant Education Center.
- Offer a comprehensive solution for participant education, including the efforts of local advisors and trustees who work onsite with participants, along with education delivered through print, web and technology-based medias.
- Simplify life for Human Resources by gathering more data, using participant self-service technologies, eliminating paper and allowing BPAS to assume a higher profile in the daily administration of the plan.
- Help the Plan Sponsor meet its compliance and fiduciary obligations.

VEBA

Voluntary Employee Benefits Association is a tax-advantaged account that allows the employer to deposit funds, tax free, on behalf of the employee. Participants are not taxed on their employer's contributions to the account. Funds in the account may be used to pay for current or future out-of-pocket health care related expenses.

HRA

A Health Reimbursement Account (HRA) is an account-based health plan funded solely by the employer; it cannot be funded through employee salary deductions. Participants can use HRA funds to cover qualified healthcare expenses and premiums. Employer contributions, earnings, and withdrawals (claims) are exempt from taxes.

VEBA Advantages

Simply put, a VEBA is a tax-exempt irrevocable trust arrangement on behalf of employees. Once funds are deposited, employees will see them credited to their accounts in the BPAS participant website.

Employees can invest in a menu of funds through the website to achieve long-term investment goals – similar to a 401(k), 403(b) or 457 plan. They may then use funds to pay for qualified health care expenses with a simple swipe of the Benny Card.

It's important to note that a VEBA is really the funding mechanism. Most employers tie the VEBA funding to an account-based Health Reimbursement Account (HRA), which governs the rules for eligible expenses.

VEBA HRA Basics

The VEBA HRA does not replace an employee's health insurance plan, but rather works alongside their plan to provide additional coverage options. You may choose to setup a VEBA HRA for active employees or post-retirement employees:

- **Active Employees:** Employer establishes the VEBA HRA to work with employee's current health care plan. The employer deposits funds on behalf of the employee, funds the employee can use to pay for deductibles, co-pays, coinsurance, etc. Available funds at the end of the year automatically roll-over into the next plan year. This rollover allows employees to accumulate funds over time and save them for retirement or post-employment.
- **Post-retirement Employees:** Employer contributes to employee's VEBA HRA to help them, and eligible dependents, pay for medical expenses after they have retired. The employer can make contributions to the account throughout the employee's tenure, or convert accumulated severance pay, sick pay, and other longevity-based benefits.

A VEBA HRA

is a money saving benefit plan that covers out-of-pocket health care costs incurred by employees, spouses, and dependents.

What makes it different from any other employee benefit? It's tax free. All contributions, investment earnings, and withdrawals?

**Not just tax deferred,
it's TAX FREE.**



Plan Design

With the VEBA/ HRA employers can tailor them to meet the needs of their employees and provide greater benefits without the heavy burden of inflated costs. Our expert BPAS advisors will work with you to design a customized VEBA HRA offering to meet your company's unique needs.



Use the VEBA HRA to create funding for post-employment premiums and expenses as a Retiree Health Savings Account (RHSA).

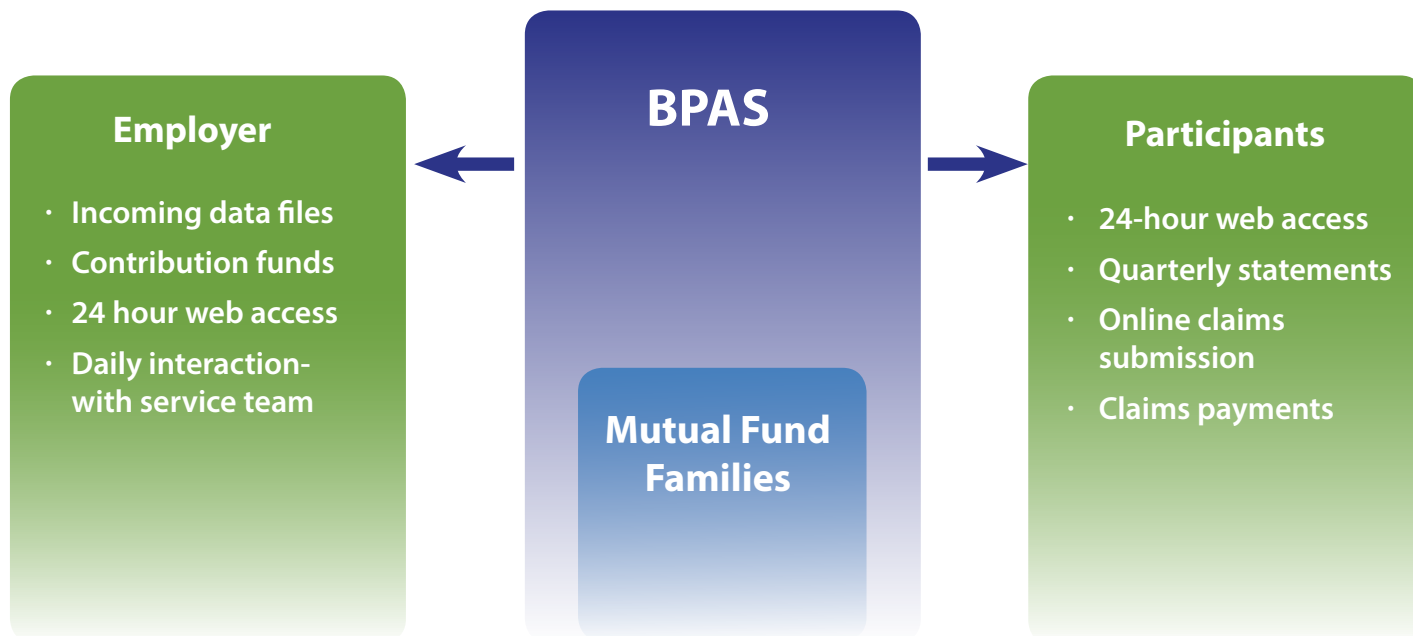



Hold health care and self-funded reserves for future medical expenses as a Governmental Accounting Standards Board (GASB) 45 Prefunding plan.



Create VEBA HRA to replace risky pension plans, 401(k)s, and IRAs.

How it Works





All medical expenses as defined by the IRS Code Section 213(d) are eligible expenses under a typical VEBA HRA, as well as certain insurance premiums:

1. Co-pays: prescription drugs, office visits, and deductibles
2. Active and post-employment dental, medical, and vision services
3. Medicare Part B and D
4. Long-term Care insurance

Funding

Funding for VEBA HRAs is through employer contributions only. The amount, frequency, and type of employer contributions apply to all employee groups. Employer contributions may include:

- Specific dollar amount at specific intervals (e.g., \$100 per month or per pay period)
- Conversion of accrued, unused sick time upon termination of employment
- Different contribution structures for employee groups (e.g., Collective Bargaining contributions differ from Exempt staff)
- Percentage of pay

Below are some of the regulations that affect HRAs:

- An HRA may only be funded with employer dollars; employees may not contribute
- BPAS tracks HRA reimbursements of all participating employees
- Employees need to submit an insurance Explanation of Benefits (EOB) or other appropriate documentation with a claim form to get reimbursed for eligible expenses under the HRA
- HRAs must have a separate plan document from any other plans
- Communication materials must be separate from other plan materials
- HRA funds may rollover allowing the employee's account to accumulate and accrue interest with the VEBA
- HRA is subject to COBRA

Customer Service

Our commitment to providing a consistent, high-level of customer service sets BPAS apart.

Our Customer Service team fields calls directly from participants directly to offer help with all types of questions, including account access or login questions, balance information, claims status, debit card matters, and more. Our fully staffed, US-based call center is powered by state-of-the-art technology, including call recording, next available routing, real time queue reporting, multilingual capabilities, 'request a callback' features and more.

Our US-based call center operates from multiple time zones under the direction of a senior manager. Plus, it's comprised exclusively of highly-trained BPAS employees. We don't outsource any of our customer service functions.

We also offer a 24-hour Voice Response System (VRS) so participants can get immediate answers to automated information like balance details or distribution status.

Claims & Reimbursement

We process claims on a daily basis so participants don't have to wait for their reimbursements. Funds in the accounts continue to grow until claims are processed and funds are withdrawn.

Participants may receive instant reimbursement under the VEBA HRA simply by using their debit card at the point of purchase. Participants may also submit claims for reimbursements one of three ways:

- Online or through the BPAS Mobile App
- FAX
- Mail

To ensure IRS compliance, 100% of claim requests are substantiated. We send reimbursement for eligible expenses to participants either through direct deposit or with a manual check.

"Our commitment to providing consistently good customer service is what makes working with BPAS different."

In addition to our toll-free telephone service, participants can get answers 24/7/365 via email and voicemail.

We employ Spanish speaking representatives and offer translation services for more than 100 languages.



Participant Education Center

Login to Your Account >

New User? Click Here

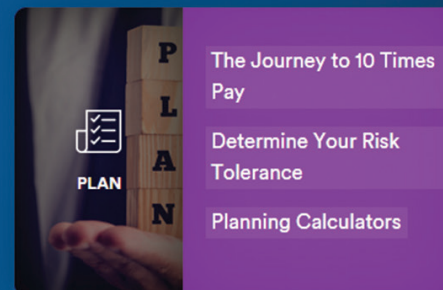
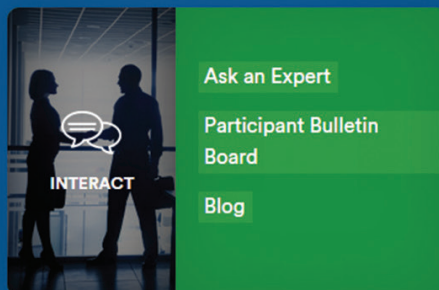
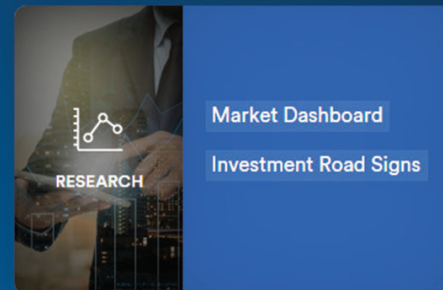
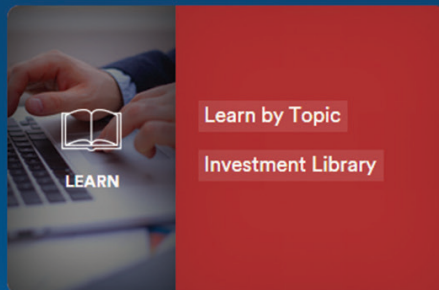
Need Help? View our Participant FAQ's

Contact Us

Consumer Complaint Notice

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Roadways
TO RETIREMENT



Education and Communication

We offer a full library of educational and communication tools to help participants understand their HSA to get maximum value including:

- Interactive Participant Education Center featuring an ongoing interactive e-learning process designed around four learning modules:
 - 1 Learn
 - 2 Research
 - 3 Interact
 - 4 Plan
- Enrollment booklets
- Quarterly statements with newsletters and numerous targeted communication pieces
- Tax savings worksheets and calculators

Enrollment

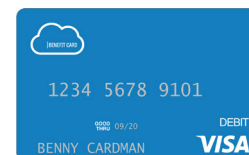
Our technology streamlines administration and eliminates time-consuming paperwork. Plus, with our one-stop administration, everything you need to setup and maintain a VEBA HRA can be done through BPAS.

Compliance

We are experts in administering VEBA HRAs. We'll keep your plan in compliance and always keep you apprised of changing regulations and guidelines.

Debit Card

We offer debit cards as part of our standard service that makes accessing the VEBA HRA balance easy. There are no administrative fees charged to employees for the debit card. Participants simply pay for eligible expenses at the point of purchase just as if it were a credit card. Funds are automatically paid to the provider out of their VEBA HRA.



With the free debit card, there are no transaction fees.

No claim forms.

Online Services

With BPAS, participants have all of the tools they need to manage their account at the click of a mouse:

- Investment elections/ Reallocate account balance
- Interactive banner messaging
- Fund fact sheets and prospectuses
- Online statements
- Statement on demand capabilities
- Plan level branding
- Online claim submission
- Claims status and history
- Plan documents
- Pertinent forms
- Educational materials
- Legislative information

Security

We are dedicated to safeguarding data and have strict protocols on privacy, security, and transaction standards. These standards address who is authorized to access and control information, as well as protect information from accidental or intentional disclosure to unauthorized persons. We are fully HIPAA compliant. All data transactions including file transfers, administrative tasks, and web portal access are encrypted using industry standard encryption policies.

Participants may check account balances, file claims, and even upload receipts using the camera on their phones with the FREE BPAS Mobile app for Android or iPhones.

Technology

In administering the VEBA HRA program, we've invested in the best technology to ensure your experience with us is simple, smooth, and secure.

- 24/7 account access through our website and Mobile App
- Sungard Omni recordkeeping system with Envisage™ participant website
- Evolution1/1 Cloud for HRA claims approval and payment processing
- Integrated debit card simplifies payment of expenses (instead of claim forms)
- Same day/late day trading across funds with 4 pm (ET) cut-off time
- Features and technology that continuously evolve to bring superior technology solutions to Plan Sponsors and participants



Why choose BPAS?

Only BPAS can offer you the expertise in all facets of retirement plans and employee benefits. We bring you a vertically integrated VEBA HRA complete with daily valuation record keeper, administrator, clearing firm, actuary, claims processing, and custodial services.

One company. One call.

Sit back and relax.

Let us handle the details using our expansive knowledge of the consumer-driven health arena and retirement plans:

- A proven track record in flexible benefits plan administration, including HRAs.
- One-stop VEBA HRA administration. Everything you need to setup and maintain a VEBA HRA can be done through BPAS.
- We allow employees to customize their own plan, prepare for retirement, save money with tax-free contributions, and web self-service to manage their accounts.
- Employers receive continuing educational, regulatory compliance updates, and an annual plan survey to assess performance.
- Our technology streamlines administration and eliminates time-consuming paperwork.
- Employees can rollover unused account balances, access funds at any time, and make their own investment decisions.

Let's get started.

Visit: bpas.com

Call: 1-866-401-5272

email: trustsales@bpas.com

Plan Setup Fee	Includes plan documents and assistance with preparing IRS 1024	
Recordkeeping	<input type="checkbox"/> Invoice Plan Sponsor <input type="checkbox"/> Charge Participant Accounts	
Platform Fee	Received from Plan Assets	

Assumptions

Recordkeeping fees based on approximately: \$ _____ assets _____ participants
 A material change in the number of employees may result in an adjusted fee schedule.
 The Platform Fee is offset by any revenue sharing received at the level of each mutual fund.

Service Highlights



- Recordkeeping
- HRA Administration
- FSA Administration
- Trustee/Custodial Services
- Participant-directed Investment
- Call Center
- Debit Card
- MobileApp
- Online Services for Employees and Plan Sponsor
- Quarterly Statements
- Direct Deposit
- Full Compliance including Form 5500 and 990

The fine print: If required due to the scope or nature of a nonstandard request, hourly fees would be assessed at \$125 per hour plus materials (at cost) for the services requested (This rate includes time spent on conversion if the plan sponsor authorizes us to begin, then later cancels the plan conversion). The above elections will govern the way fees are established on our recordkeeping system; changes may be made on a prospective basis, but we will not reverse prior fees in participant accounts provided the instructions were followed correctly. *Many funds cover the platform fee directly through various forms of revenue sharing, while others may not. To the extent a fund is utilized which pays less than the platform fee, a "platform fee true up" will be charged to that fund to make up the difference (in monthly installments); if any funds pay revenue sharing in excess of the platform fee, BPAS will retain any excess. Revenue sharing figures are updated monthly based on current data from fund families, with an adjustment made automatically in the platform fee calculation. Signed Administrative Services Agreement (ASA) must be received from plan sponsor by recordkeeping effective date; without a signed ASA, BPAS will not have authority to trade new contributions or implement a go-live date.



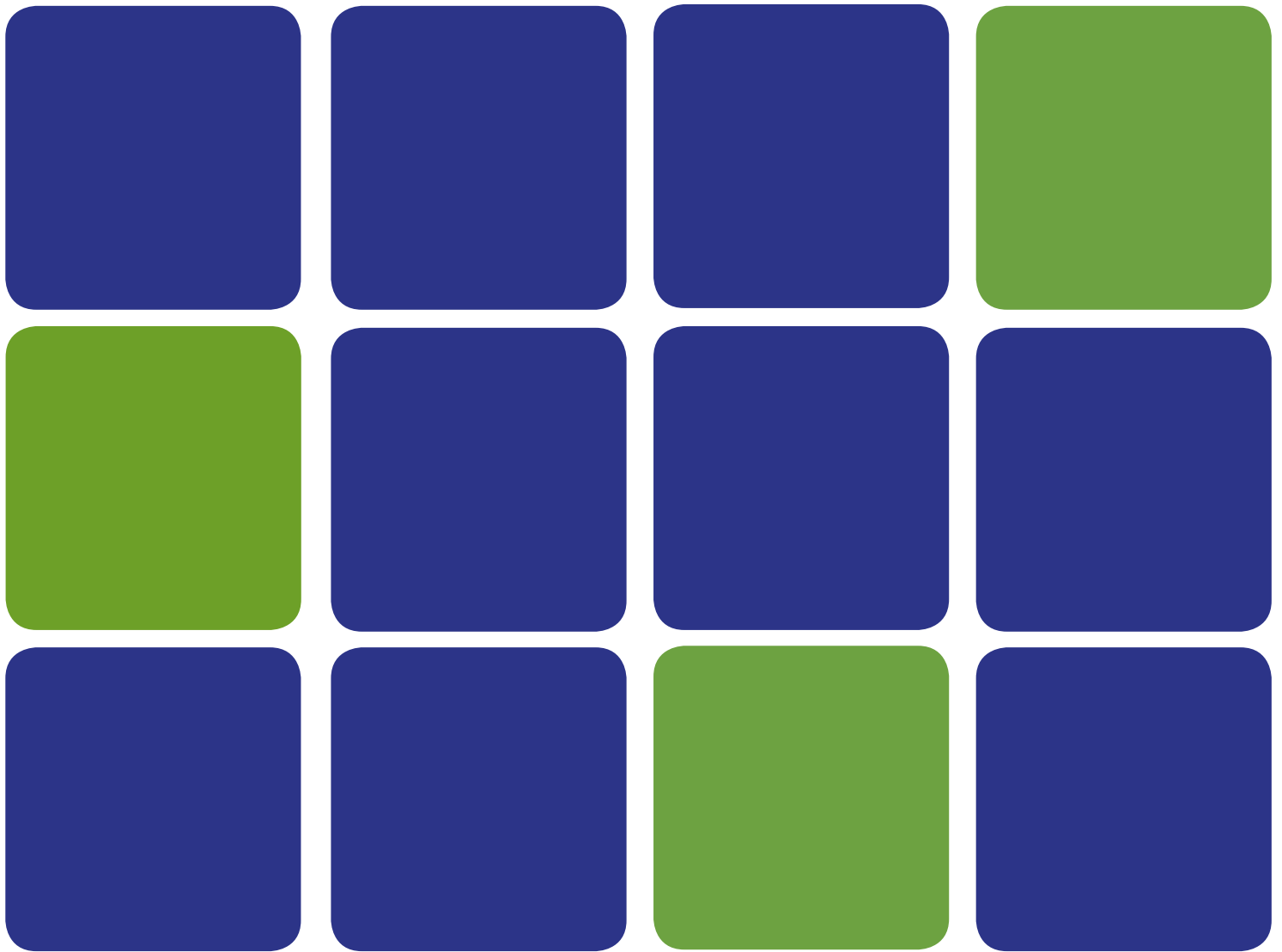
Authorization

The terms of the proposed fee schedule are acceptable to me. I have indicated how fees should be handled above. I authorize BPAS to begin work on our plan conversion.

Authorized Signature _____ Date _____

Print Name/Title _____

Please fax a signed copy of this page to 315-266-1287, or email a PDF scan of this page to TrustSales@bpas.com.



Let's Get Started.

P 1-866-401-5272

E trustsales@bpas.com

W bpas.com



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BPAS offices in: Rochester, Syracuse, Utica, and New York, NY | Philadelphia, and Pittsburgh, PA | Houston, TX | E. Hanover, NJ | Boston, MA | San Juan, PR