

VEBA HRA **Solution**



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. 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. Employees rollover unused account balances, access funds at any time, and make their own investment decisions.

The VEBA HRA doesn't replace your group health insurance plan; it works with your plan to provide additional coverage options.

The BPAS VEBA HRA is a one-stop shopping approach that offers significant savings in time, money, and administration. We bring you a vertically integrated VEBA HRA complete with daily valuation record keeper, administrator, clearing firm, actuary, claims processing, and custodial services.



Who We Are

BPAS is a national provider of retirement plans, benefit plans, fund administration, and collective investment trusts. We support 3,800 retirement plans, \$100 billion in trust assets, \$1.3 trillion in fund administration, and more than 450,000 participants. With our breadth of services, depth of creative talent, and financial resources, we are well positioned to help our clients solve all their benefit plan challenges without the need to engage multiple providers. One Company. One Call.

BPAS Family of Services

Plan Administration & Recordkeeping | Actuarial & Pension | Collective Investment Trusts | Fund Administration | Custody Transfer Agency | Fiduciary | Healthcare Consulting | IRA | HSA | VEBA HRA | Consumer-Driven Health Plans

BPAS Specialty Retirement Plan Practices

Auto Enrollment Plans | Multiple Employer Plans/Trusts (MEP/MET) | Plans with Employer Securities | Puerto Rico 1081 Plans | VEBA HRA 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."**



a seamless operational environment

BPAS has been serving client needs since 1973. Let us handle your VEBA HRA details using our expansive knowledge and success in the consumer-driven health arena and retirement plans. Employers rely on BPAS as the provider who will:

- Deliver one-stop VEBA HRA administration so everything you need to setup and maintain a VEBA HRA can be done through BPAS in a seamless operational environment with:
 - **Streamlined Administrative Services** so it's easier to stay on top of plan issues with one service provider.
 - **Time Saving/Cost Effective** because everything is coordinated through one company, one point of contact so there's less overhead and fewer people involved in the process.
- Offer **true open architecture on investments**, allowing clients to use the strongest possible menu of investments, while eliminating conflicts of interest in fund selection, review and monitoring.
- Allow employees to customize their plans, prepare for retirement, save money with tax-free contributions, and employ web self-service to manage their accounts.
- Simplify life for Human Resources with technology that streamlines administration and eliminates time-consuming paperwork.
- Help employers meet compliance and fiduciary obligations and provide continuing educational, regulatory compliance updates, and an annual plan survey to assess performance.
- Ensure **proactive and responsive service**, with accurate, high-quality plan administration.

VEBA

VEBA is a tax-advantaged account that allows employers to deposit funds, tax free, on behalf of employees. Participants are not taxed on the employer contributions to the account. Participants may use funds in the account to pay for current or future out-of-pocket health care related expenses through the HRA.

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 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 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 debit 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 the plan to provide additional coverage options. A VEBA is be funded with employer dollars; employees may not contribute. Funds in the accounts continue to grow until claims are processed and funds are withdrawn. 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 to 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 a VEBA HRA to help employees and their eligible dependents pay for medical expenses after retirement. The employer may 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

Employers may tailor the VEBA HRA to meet the needs of their employees and provide greater benefits without the 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.

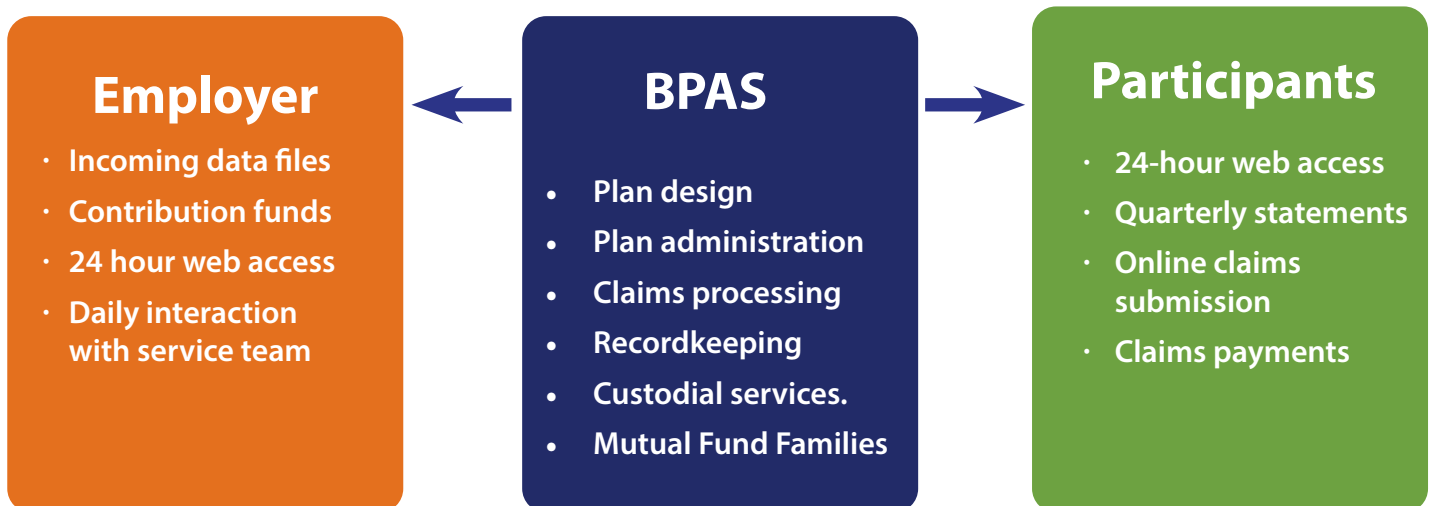



Use the VEBA HRA to create funding for post-employment premiums and expenses as a Retiree Health Savings Account (RHSA).

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

Create a 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, over-the-counter medications, 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:

- VEBAs are authorized by Internal Revenue Code § 501(c)(9).
- An HRA may only be funded with employer dollars; employees may not contribute
- BPAS tracks HRA reimbursements of all participating employees
- Employees submit an insurance Explanation of Benefits (EOB) or other appropriate documentation to get reimbursed for eligible expenses
- 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 employees to accumulate and accrue interest with the VEBA
- HRAs are subject to COBRA

Participant Service

Our commitment to providing a consistent, high-level of participant service sets BPAS apart. **We don't outsource any of our participant service functions.**

Our Participant Service team fields calls directly from participants to offer help with all types of questions, including account access or login questions, balance information, 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.

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. No waiting.

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.

BPAS ClaimFinder

BPAS ClaimFinder automatically collects receipts (substantiation) for HRA claims without all the paperwork. Participants simply connect their insurance accounts with BPAS ClaimFinder and we'll auto substantiate their claims. No need to upload receipts—we'll do it for them! We'll send participants an email with a link to setup BPAS ClaimFinder after they complete enrollment. Super fast and easy.

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

Our Participant Service Center center operates from 8 am to 8 pm ET. 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. **can get answers via email and voicemail.**

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

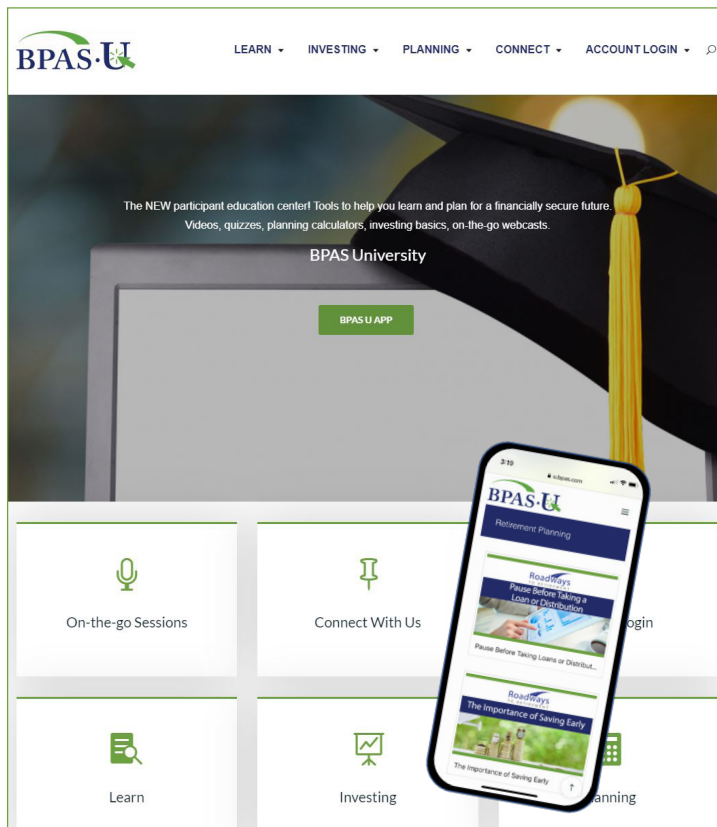


BPAS University

BPAS University (BPAS U) is a proprietary online library offering participants a diverse array of free planning tools, articles, calculators, videos, links, and more to guide them in their journey to a secure future.

The **BPAS U mobile app puts account information into the palm of participants' hands** allowing them to:

- Utilize a variety of free educational multimedia tools and resources,
- Participate in **workshops and webcasts** to learn to apply critical financial concepts to their own lives
- Receive notification when new information is available to explore
- Access their secure online account along with forms, plan guides, regulatory updates, and more



BPAS delivers a multi-channel, holistic approach to financial wellness and participant education with coordinated in-person and technology-enabled learning opportunities

Financial Wellness

BPAS delivers one of the **most robust participant education models in the industry**. In partnership with SS&C, we provide employees with an **integrated approach to financial planning** that helps address all aspects of financial stresses.

Our Financial Wellness platform is designed specifically to encourage users to engage with the site and to continue learning about topics relevant to their unique needs. Employees are encouraged to complete a financial education profile to get a personalized learning experience. It offers three key modules:

ASK

By asking free-form text questions (e.g., How much do I need to retire? or When should I start saving for my kids' college?) Participants can get a variety of content to help answer their questions fast. In addition to targeting the content to help them answer questions, we're able to automatically refine the content so it tailors to their preferences, profile, and habits.

DISCOVER

Our DISCOVER component walks users through the different life stage paths (Getting Ready, On the Road, Almost There and You Have Arrived) while letting them view topics like budgeting, setting goals, managing debt, home ownership and large purchases, investment types and strategies, family and career, Social Security, and more.

RECOMMEND

The recommendation page delivers content, questions, and topics pertinent to participant interests and goals. Using a personalization and predictive behavior engine, it takes into account things like learning style, knowledge level, and other items to guide users down paths they might not have even imagined.

Online Services

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

- 24/7 account access through our website and Mobile App
- Investment elections/reallocate account balance
- Fund fact sheets and prospectuses
- Online statements
- Online claim submission
- Claims status and history
- Plan documents
- Pertinent forms
- Educational materials
- Legislative information

Participants are able to 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.

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.

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.

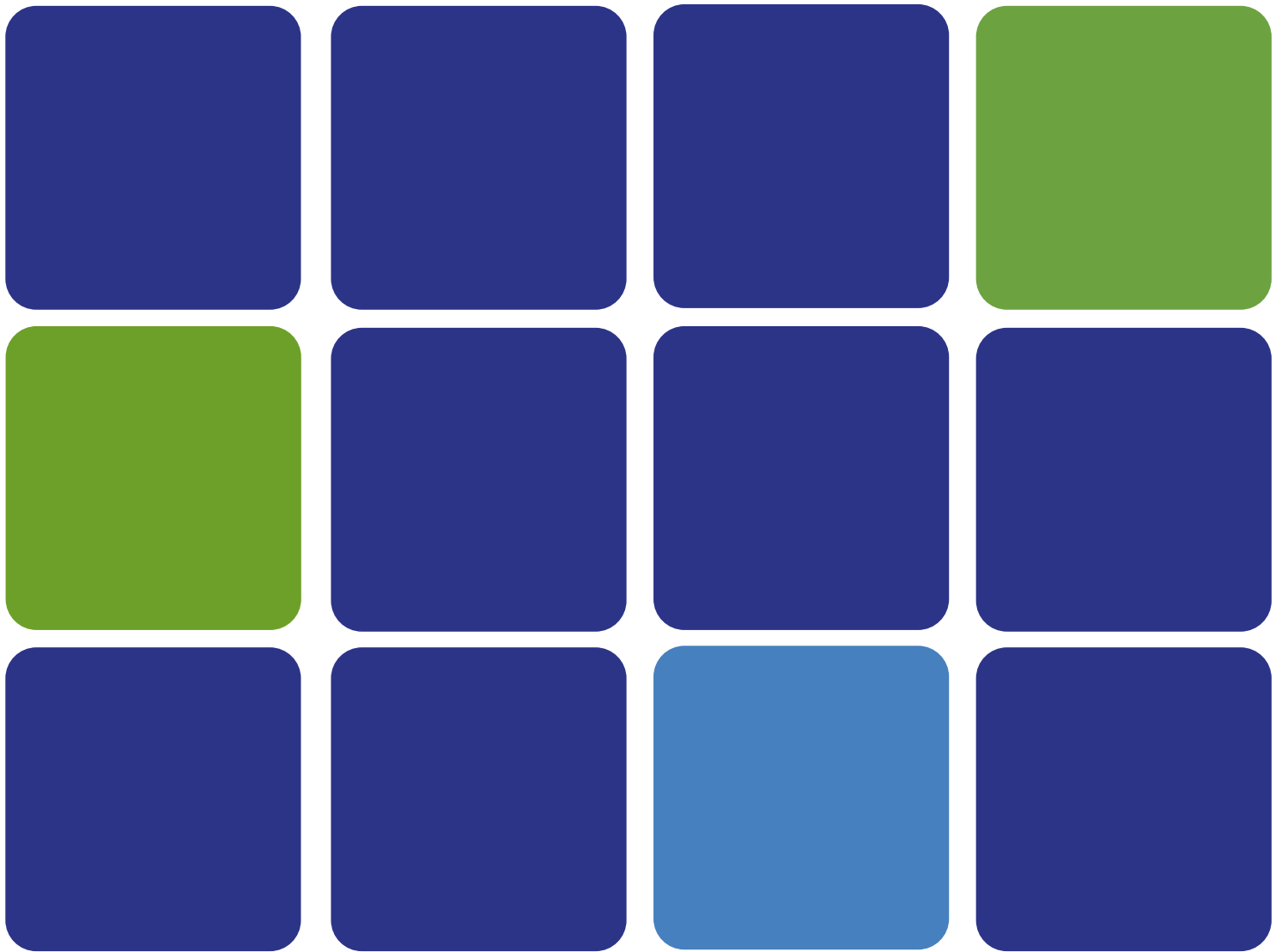
We are experts in administering VEBA HRAs. We'll keep your plan in compliance and always keep you apprised of changing regulations and guidelines.

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.

- Sungard Omni recordkeeping system with Envisage™ participant website
- Wex 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
- Online fund fact sheets and prospectuses
- On-demand statements and reports
- Plan level branding
- Interactive banner messaging
- Online enrollment wizard
- Online Resource Center
- Debit card management





Let's Get Started.

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