

Health Reimbursement Arrangement (HRA)

Presented to:

***Public School Districts, Community Colleges,
And Other Governmental Entities***

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Health Reimbursement (HRA)

- HRA is based on Health Reimbursement Account (HRA)
- The HRA allows the employer to make deposits on behalf of the employee for eligible medical expenses and premiums, at retirement, tax-free (no federal, state, or FICA taxes)
- Account balances carry-over year to year and earn interest

How Does the HRA Plan Work?

- The Retirees within a class are eligible for a payment at retirement. All retirees within a class must participate
- Instead of the payment being made to the retiree, the payment is made by the employer, on behalf of the employee:
 - Dollar for dollar, no deductions
 - Into an annuity with AUL – Guaranteed Return
 - Grows Tax-Free
- The payment schedule is the same as before implementing the Plan – However, monthly payments should be lumped into an annual payment
- There is no limit on contributions, but there is discrimination testing on non-bargained employees that are in the upper 25% of the pay scale – Premiums only

How Do I Get My \$ Out?

- HRA \$ can be used for eligible medical expenses and premiums based on IRS section 213 as described in Pub 502, and include:
 - Insurance Premiums – Co-pays, deductibles
 - Dental
 - Rx
 - Vision – eyeglasses, laser eye surgery, etc.
 - Long Term Care (LTC) Insurance
 - Medicare Supplement Premiums, and Premiums for Medicare Part B, Part D, etc.

How Do Get My \$ Out?

(Continued)

- Eligible claims are documented reimbursable medical expenses and health related premiums
- Claims can be submitted for the account owner, spouse, and eligible dependents as defined in Pub 502
- Eligible claims will be processed once / week, when the claim is over \$100.
- Claims are reimbursed weekly.
- The Administrative fee will be \$5 per issued reimbursement check, not to exceed \$30 per calendar year. Recurring premiums to providers will not be charged \$5.
- The account will earn interest, helping to offset fees

HRA Other Features

- The money is not use it or lose it.
 - Unlike a flex spending account, the money is not forfeited at the end of the year if it is not used
- Remaining funds continue to earn interest
- Even the interest is tax-free as long as it is used for 213 medical expenses and premiums
- Should the account owner pass away, the spouse and eligible dependents can continue to use the remaining funds

HRA Other Features (Continued)

- **IMPORTANT!** – As a retiree, the money in the HRA may not be accessed except as described in the previous slides!

HOW DO WE GET STARTED? ONE, TWO, THREE, FOUR!

- The Employer has to agree to offer the Health Reimbursement Arrangement (HRA) to individual employee groups, or classifications.
- The employer approves and signs the trust and adoption agreement as provided by National Insurance Services and Krehbiel Insurance
- *The IRS requires all participants have their money deposited in the plan.*
- Each year, a rep will sit down with your retirees and explain the entire program!

ABOUT US

To provide this unique plan *National Insurance Services* and *Krehbiel Insurance* has partnered with *MidAmerica Retirement & Administrative Solutions, Incorporated*, the plan administrator, and *American United Life Insurance Company (AUL)*, the annuity provider.

KREHBIEL INSURANCE is located in Mt. Pleasant, Iowa and is a full-service insurance agency providing group benefits and retirement products to school districts, public entities, and businesses across the state

NATIONAL INSURANCE SERVICES is headquartered in Brookfield, Wisconsin and has regional offices in 7 other states. We have been providing custom crafted insurance plans to school districts, cities, counties, and hospitals since 1969. NIS is well known as the administrator of Schools Insurance Fund, providing quality products and services to school groups.

MIDAMERICA ADMINISTRATIVE & RETIREMENT SOLUTIONS, INCORPORATED is located in Lakeland, Florida and is the plan administrator . They have extensive experience in plan development and administration. MidAmerica also uses the expertise of William M Mercer, Inc. the largest benefits consulting firm in the world.

AUL – A.M. Best’s (A+) Superior Rating
Standard & Poor’s (AA-) Very Strong

