

	<i>Administrative Regulation</i>		
	Policy #:	9.03	
	Effective:	12/08/2015	
	Revised:	03/10/2021	
HRA VEBA PLAN		Owner:	Human Resources

Note: Terms that are ***bolded and italicized*** the first time they appear in this regulation are defined below. After the first occurrence, defined terms appear in *italics only*.

PURPOSE:

To provide a tax-free account, administered by the nonprofit tax-exempt ***Health Reimbursement Account (HRA) VEBA*** Trust, for eligible employee payouts upon retirement to be used for post-retirement health expenditures.

SCOPE:

This regulation applies to all employees eligible to retire from the City.

POLICY:

HRA VEBA enables the City to make tax-free contributions upon ***eligible retirement*** (as defined below).

Eligible contribution sources include:

- Sick Leave Cash-Out
- *HRA* Rollover
- Vacation Cash-Out
- PTO Cash-Out

PROCEDURE:

1. Determination of Participation

A. Labor Unions

- a. Bargaining units vote annually (by calendar year) to determine participation.
- b. If participating, the membership votes to adopt one or more of the contribution sources and to what extent or percentage.

B. Non-Represented Employees

- a. Non-represented employees must form IRS-approved groups for voting purposes.
- b. Groups vote annually, on a calendar-year basis, to participate or not participate.
- c. If participating, membership votes to adopt one or more of the contribution sources and to what extent or percentage.

C. IRS Regulations

- a. Per IRS regulation, individual employees may not opt in or out independently of the group decision.
- b. All employee group members defined as eligible must abide by the decision of the group.

2. Contribution Source Guidelines

A. Sick Leave Cash-Out

- a. The group determines the percentage of participation up to 100% of eligible cash-out limits.

B. Vacation Cash-Out:

- a. Group determines the percentage of participation up to 100% of eligible cash-out limits.

C. PTO Cash-Out:

- a. Group determines the percentage of participation up to 100% of eligible cash-out limits.

3. HRA rollover

- a. 90 days after retirement, any remaining *HRA* account balance will be rolled over to the retiree's *VEBA* account.

4. VEBA Membership Enrollment

- a. Eligible retirees complete an *HRA VEBA* Membership Enrollment Form at the time of retirement to open an account for direct deposit of their eligible leave cash-out.
- b. Failure to timely establish an account may result in delay or forfeiture of eligible cash-out contributions, consistent with plan rules and IRS requirements.

DEFINITIONS:

VEBA:

A voluntary employees' beneficiary association. A tax-exempt trust through which post-retirement benefits may be paid. VEBAs are authorized by IRS Code section 501(c)(9).

Eligible Retirement:

An employee who meets one of the following criteria:

- Employee age plus years of service with the City of Springfield equals or exceeds 70; or
- Employee is a member of the Public Employee Retirement System (PERS) and meets PERS retirement requirements for full or reduced benefits and has a minimum of two years of service with the City; or
- Employee is permanently disabled in all occupations as identified through the City's Long Term Disability carrier or by an Independent Medical Examiner hired by the City, and consistent with the PERS definition for employees covered under an equal-to-or-better plan.

Health Reimbursement Account (HRA):

A City-sponsored Health Reimbursement Account resulting from the City's annual contribution.

RESOURCES:

Documents:

- [Preparing for Retirement](#)

Website:

- [HRA VEBA Trust Website](#)