

# HealthSecure HRA<sup>®</sup>

A tax-advantaged program that funds pre- and post-retirement healthcare expenses

An HRA provides a tax-free source of funds to reimburse the cost of medical care expenses for you, your spouse and qualified dependents. An HRA may be used to reimburse you for qualified medical, dental or vision out-of-pocket expenses (deductibles, co-payments, co-insurance, etc.). It also covers premiums for qualified medical, dental or vision insurance, Medicare Part B and Part D, Medicare supplement plans and tax-qualified long-term care insurance.

## **An HRA is a health reimbursement arrangement that is funded by your employer.**

The specific terms of your HealthSecure HRA depend on your employer's plan design. Generally reimbursements will be available:

- During and/or after leaving employment
- or**
- Only after leaving employment

Contributions to an HRA are not subject to federal income tax or FICA tax. Earnings credited to your HRA are not subject to federal income tax. Benefits paid out for qualified medical expenses to participants, their spouses or qualified dependents are also generally excluded from taxable income.

## **HRA tax advantages**

- Enables employers to make pretax contributions to the plan on your behalf
- Credits your account with tax-free investment earnings
- Enables you to obtain tax-free reimbursements for qualified medical expenses and insurance premium payments once you meet all eligibility requirements of your employer's plan

Federal regulations do not currently require HRA contributions to be reported on your W-2, or earnings or benefit payments to be reported on your individual 1040 federal income tax form.

### Contributions

After your employer sets up its HRA plan, your account is opened when a contribution on your behalf is received by the plan. IRS rules do not permit you to elect to make contributions on an individual basis from your salary to the HRA plan. Employer contributions to an HRA are typically the result of collective bargaining or employer policy.

### Your HRA account

You can choose from among the investment funds listed on the enrollment form or investment change form. You can invest your account in any combination of the listed investment funds, and you can change your investment allocations as often as once per calendar month. An investment overview with investment performance history and fund objectives is available online after logging in to your account at [healthsecurehra.com](http://healthsecurehra.com). In addition, you can view up-to-date fund fact sheets and prospectuses on each fund's website. Website addresses are listed on the investment overview. You will receive a quarterly statement detailing all activity in your account. You can also call or email the customer care center and request additional statements at any time. If you have questions about your account or a pending claim, or need claim forms, contact the customer care center.

### Vesting

Your HRA account may contain vesting provisions and depends on your employer's plan. Please check with your employer to determine if vesting applies to you. Your employer will notify the plan when you are vested and eligible to file claims.

### Separation from service

If you separate or retire from the employer that made contributions to your HRA account, you will retain any vested account balance and may continue to file claims until your account is exhausted, regardless of whether you have moved to a different state or country.

### Status of funds in your HRA account in case of death

If you pass away with a vested, positive account balance and are survived by a spouse or qualified dependents who are covered under your plan, they may submit requests for medical care expense reimbursements until your account is exhausted. In the unlikely event you pass away with an unused account balance and have no eligible survivors, the executor of your estate can spend down your account by filing claims for any unreimbursed medical care expenses you may have incurred prior to your death. Remaining funds (if any) after all final claims have been reimbursed would then be forfeited and recontributed per the terms of the HealthSecure HRA plan document or otherwise applied as directed by your employer. IRS Revenue Ruling 2006-36 does not permit the payment of benefits to non-dependent heirs.

### Out-of-pocket expenses eligible for reimbursement (depending on your employer's plan design)

- Qualified medical, dental and vision expenses not covered by your insurance plans
- Medical, dental and vision insurance premiums, including Medicare Part B and Part D and Medicare supplement plans
- Tax-qualified long-term care insurance premiums (subject to IRS limits)
- Prescription and certain over-the-counter drugs, if properly substantiated

Eligible expenses are defined in Internal Revenue Code Section 213(d). A list of qualified expenses is available online after logging in at [healthsecurehra.com](http://healthsecurehra.com).

Eligible expenses that may be reimbursed under your HRA plan will depend on your employer's plan design or certain elections you may make to limit coverage under your HRA plan. Some plan designs limit reimbursements to qualified premiums only or certain excepted benefits. Also, you may decide to elect "limited-purpose" coverage to become eligible for health savings account contributions or "pre-Medicare limited-scope" coverage to become eligible for a premium tax credit.\* Either of these two forms of limited coverage will limit your benefits to certain qualified dental, vision, and long-term care expenses and premiums.

### Filing HRA claims

Some plans allow employees to file claims while in-service. Others require an employee to separate from service and be vested in all or a portion of his or her account prior to filing a claim. Your employer's plan design determines which applies. A completed paper or electronic enrollment is required before you may begin filing claims.

When claims eligible, you can submit an HRA claim form for eligible expenses. You can even choose direct deposit for your reimbursement (recommended).

You should receive a claims packet when eligible and you can file claims for expenses, but not for more than your account balance and subject to any limitation on benefits applicable to your plan.

You can arrange for your HRA account to automatically reimburse you for your insurance premiums by completing and submitting an automatic premium reimbursement form. Direct deposit is available and recommended.

### Customer care center

Specially trained and experienced teams provide all correspondence, accounting and benefit payment services. Please notify the customer care center of any address, name or automatic premium reimbursement changes. HRA forms can be obtained from your benefits department or online after logging in at [healthsecurehra.com](http://healthsecurehra.com) or by writing:

#### HealthSecure HRA Plan

P.O. Box 80587

Seattle, WA 98108

or by calling toll-free, **1-888-364-5027**

or by emailing [customercare@healthsecurehra.com](mailto:customercare@healthsecurehra.com)

\* If your HRA is claims-eligible and you (or a family member) purchase insurance through a marketplace exchange and want to qualify for the Premium Tax Credit, you should: (1) read the Facts About Premium Tax Credit Eligibility handout available from the customer care center; and (2) consider whether you will first need to use up, limit or waive your HRA plan benefits.

### Plan expenses

Plan expenses are paid by a flat-fee deduction from participant accounts and a reduction of invested assets each month. The fees vary depending on your employer's plan design selection and the size of your employer's plan.

Any applicable per-participant account fees will be reflected on your quarterly participant statement. To the extent permitted or required by law, certain fees, taxes or other assessments payable to the federal government under healthcare reform law may also be deducted from participant accounts. For each investment fund, investment management costs and other fund expenses are based on the fund(s) selected. Please refer to the investment overview to review these expenses.

### Plan development and management

Your employer is the plan sponsor and has joined an experienced team of HRA service providers to offer you a program supported by professionals who provide the best in local educational services and experienced HRA plan administration services. This team includes the following:

#### Customer care center

HealthSecure HRA Plan  
P.O. Box 80587  
Seattle, WA 98108  
Toll-free: 1-888-364-5027  
customer care@healthsecurehra.com

#### Plan administration services

HRA Administrator, LLC  
906 West 2nd Avenue, Suite 400  
Spokane, WA 99201-4537

For more information on our HRA plan and its investments, contact your local financial advisor. If you would like information regarding your current HRA account (including filing a claim), please contact the customer care center.

**Your Future is Calling. Meet It with Confidence.**

**CLICK** [aig.com/RetirementServices](http://aig.com/RetirementServices) **CALL** 1-800-426-3753 **VISIT** your financial advisor

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