

Description of Plan Benefits

Q **What is the Indiana HRA Plan?**

A The Indiana HRA Plan is a funded health reimbursement arrangement (HRA). Depending on your employer's plan design, your HRA plan assets may be held in a voluntary employees' beneficiary association (VEBA) trust authorized under Internal Revenue Code (IRC) Section 501(c)(9) or in a trust that is exempt from taxation based upon your employer's tax-exempt status under IRC Section 115 (a Section 115 trust), or, in some cases, a combination of both. You can use these tax-free funds to reimburse qualified out-of-pocket medical care costs and premiums for yourself, your spouse, and your qualified dependents.

Q **What is an HRA?**

A An HRA is a type of health plan that reimburses qualified out-of-pocket medical care costs and insurance premiums. All contributions, investment earnings, and reimbursements (claims) are tax-free.

Q **Why should I participate in the Indiana HRA Plan?**

A The Indiana HRA Plan provides a source of funds to pay for the cost of medical care expenses for you, your spouse, and your qualified dependents. The specific terms and benefits offered under your plan depend on your employer's plan design. Most employers only offer post-retirement benefits. When claims eligible, your HRA may be used to reimburse qualified medical, dental, or vision out-of-pocket expenses (deductibles, co-payments, co-insurance, etc.), plus premiums for post-retirement medical, dental, or vision insurance, Medicare Part B, Medicare Part D, Medicare supplement plans, and tax-qualified long-term care insurance premiums (subject to IRS limits).

Q **What are the tax objectives of the Indiana HRA Plan?**

A Generally, the tax objectives of this type of plan are to enable your employer to make tax-free deposits to the Plan on your behalf, to credit your account with tax-free investment earnings, and to enable you to obtain tax-free reimbursements for qualified medical care expenses and insurance premiums. Contributions, earnings, and reimbursements are not tax reportable on your personal Form 1040. You will not receive a Form 1099 for any earnings or withdrawals.

Q **What is the difference between a VEBA trust and a Section 115 trust?**

A Depending on your employer's plan design, your HRA assets may be held in either a VEBA trust, a Section 115 trust, or a combination of both. A VEBA is a non-profit, tax-exempt trust authorized under IRC Section 501(c)(9). A Section 115 trust is exempt from taxation based upon the tax-exemption of your employer under IRC Section 115. Both forms of trust allow for tax-free accumulation of investment earnings on your HRA assets.

Q **How does an HRA plan compare to a 403(b) or 457 plan?**

A Benefit payments for qualified expenses from HRA plans are generally tax-free, whereas 403(b)s, 457 plans, IRAs, etc., are tax-deferred, meaning that payments are taxable when funds are withdrawn.

Q **May I elect to make contributions from my salary to the Indiana HRA Plan?**

A No. You may not elect to make contributions from your salary to the Indiana HRA Plan on an individual basis.

Q **How and when do I become a participant in the Indiana HRA Plan?**

A Your HRA account is opened when your employer submits a completed Enrollment Form and a contribution on your behalf. However, you will not be eligible to file claims until you have satisfied any vesting or other conditions for eligibility described below. Enrollment Forms are available from your employer or your local VALIC financial advisor.

Q **When and how do I get money out of my HRA account?**

A Your eligibility to file claims depends on your employer's plan design. Some plans provide that employees may file claims immediately following enrollment in the program and some plans provide that an employee must separate from service and be vested in all or a portion of their account prior to filing a claim.

Once you are eligible to file claims, you can do so after logging in at indianahra.com or by simply e-mailing, faxing, or mailing a completed Claim Form to the Plan. You will need to include proper substantiation of your expense such as a detailed receipt or an EOB (Explanation of Benefits) from your insurance provider. Reimbursements from your account can be made only for eligible out-of-pocket medical care expenses and premiums.

Direct deposit is available to make your claims reimbursement even more convenient. You can even set up automatic payment or reimbursement of your qualified insurance premiums by submitting an Automatic Premium Reimbursement form.

Please check with your employer to determine whether or not you may file claims prior to separation from service. Indiana HRA plan forms may be obtained from your benefits department, online after logging in at indianahra.com or upon request from the Customer Care Center.

Q What expenses are eligible for reimbursement?

A Qualified out-of-pocket medical care expenses include office visit copays; prescription drugs and over-the-counter medications; annual deductibles; and many other medical, dental, and vision costs not covered by your insurance plan(s). All medical, dental, vision, tax-qualified long-term care (subject to IRS limits), Medicare Part B, Medicare Part D, and Medicare supplement plan premiums are also eligible.

Insurance premiums paid by an employer or deducted pre-tax through a Section 125 cafeteria plan, are not eligible for reimbursement. Qualified expenses and premiums are defined in IRC § 213(d).

Q Whose expenses are eligible for reimbursement?

A Your Indiana HRA Plan covers you, your spouse, and your qualified dependents. Qualified dependents are defined in IRC § 105(b). IRS publications may be obtained by calling 1-800-TAXFORM, or by visiting www.irs.gov.

Q Can my HRA account automatically reimburse or pay my insurance premiums?

A Yes. Simply submit a completed Automatic Premium Reimbursement form to begin automatic reimbursement or payment of your qualified insurance premium(s). Or, skip the form and submit your information online. Go to indianahra.com to login.

Q What if I pass away before I use up my HRA account?

A 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 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 re-contributed per the terms of the Indiana 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.

Q What happens if I move out of state, take a leave of absence, resign, or retire?

A You will retain any vested account balance and be able to continue to draw benefits until your HRA account is used up.

Q Is my HRA account vested?

A That depends upon your employer's policy or collective bargaining agreement. Please check with your employer to determine the applicable vesting schedule.

When you separate from service your employer will notify the Indiana HRA Plan that you have separated from service and whether or not you are vested. Your vested amount will then be available for you to submit claims.

Q How are my funds invested?

A You may choose from among the investment funds listed on the Enrollment Form. You may have your account invested in any combination of the listed investment funds, and you may change your investment allocations as often as once each calendar month. An Investment Fund Overview with investment performance history and fund objectives is available and updated quarterly. In addition, you may view up-to-date fund fact sheets and prospectuses on each fund's website as listed on the Investment Fund Overview.

Q Will I receive a statement of my HRA account?

A Yes. You will receive a quarterly statement detailing all activity in your account, and you can sign up for e-communication in lieu of paper (recommended). You may also log in to your account online to view account activity, or call or e-mail the customer care center and request additional statements at any time. If you have questions about your account, a pending claim, or need claim forms, contact the customer care center.

Q **May I view my HRA account information online?**

A Yes. You may view your HRA account information online after logging in at indianahra.com, including:

- View account details and investment performance
- View claims history
- Set up an automatic premium payment or reimbursement
- Update account preferences, investment allocations, and other information

Q **What are the Indiana HRA Plan expenses and how are expenses paid?**

A Plan expenses include the following costs: customer care center, consultant, attorney, printing of plan forms, annual audit, trustee services, investment management, postage, etc. These plan expenses are paid by fee deductions from participant accounts of a flat amount each month and a reduction of investment assets. The fees may vary from employer to employer and will generally range from \$0 to \$20 per year per participant account, plus 0.38% to 1.00% of assets on an annualized basis. In addition, there may be governmental fees prescribed by law that are charged to your account and paid by the plan to the federal government. Any applicable per participant account fees or governmental fees will be reflected on your quarterly participant account statement. Investment management costs and other fund expenses are based on the fund(s) selected. Please refer to the Investment Fund Overview to review fund manager expenses.

Q **Who is the Trustee of the Plan?**

A Washington Trust Bank in Spokane, Washington is the Trustee of the Indiana HRA Plan. The Trustee assists with selection of the investment funds to be made available to Indiana HRA Plan participants. Also, the Trustee safeguards and performs periodic valuations of the Plan's assets.

Q **Who is responsible for developing and managing the Indiana HRA Plan?**

A HRA Administrator, LLC, owned by The Variable Annuity Life Insurance Company (VALIC), is the Administrator of the program and is responsible for plan oversight.

Q **How do I find out more about the Indiana HRA Plan?**

A If you have a current HRA account and would like information regarding your account or about filing a claim, please contact the customer care center. For other plan information, please contact your local VALIC financial advisor.

Securities and investment advisory services offered through VALIC Financial Advisors, Inc. ("VFA"), member FINRA, SIPC and an SEC-registered investment advisor. VFA registered representatives offer securities and other products under retirement plans and IRAs, and to clients outside of such arrangements. VALIC, and VFA are members of American International Group, Inc. ("AIG"). American International Group, Inc. (AIG) is a leading global insurance organization. Founded in 1919, today AIG member companies provide a wide range of property casualty insurance, life insurance, retirement products and other financial services to customers in more than 80 countries and jurisdictions.

Plan Service Providers

Customer Care Center

1-888-711-9182

customercare@indianahra.com

- Claims
- Automatic premium reimbursements
- Investment Allocations
- Account balance and activity
- Address Changes
- And more

PO Box 80587, Seattle, WA 98108

Local Service & Plan Education

VALIC Financial Advisors
630 W. Carmel Drive, Suite 140
Carmel, IN 46032-9562

Northern Indiana/ Indianapolis Area

Amy Cummings
(317) 818-5904
amy.cummings@valic.com

Southern Indiana/ Indianapolis Area

Heith Moles
(317) 818-5928
heith.moles@valic.com

Trustee

Washington Trust Bank
P.O. Box 2127
Spokane, WA 99210-2127

Plan Sponsor

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

Plan Consultant

Gallagher VEBA, a Division of
Gallagher Benefit Services, Inc.
906 West 2nd Avenue, Suite 400
Spokane, WA 99201-4537