



# COUNTY OF ORANGE HEALTH REIMBURSEMENT ACCOUNT (HRA)

ICMA-RC does not provide tax or legal advice.

AC: 0316-8258-W1175/W1176 This presentation is the property of ICMA-RC and may not be reproduced or redistributed in any manner.

# County Of Orange Health Reimbursement Arrangement

- ▶ Health Reimbursement Arrangement (HRA) Overview
- ▶ Investment Fund Line-Up
- ▶ Claims Reimbursement Process



# What is the HRA?

The HRA is a medical expense reimbursement program designed in cooperation with the County, OCAA and ICMA-RC to benefit you

- ▶ A program that allows you to:
  - ▶ accumulate assets to pay for medical expenses in retirement on a **tax-free** basis
  - ▶ enjoy tax savings on both contributions and payments
  - ▶ invest contributions appropriately based on your circumstances



# What does the HRA do for me?

## County of Orange HRA Plan

- ▶ Helps you pay for future health-care costs
- ▶ Covers you, your spouse, and dependents
- ▶ Provides a tax-advantaged saving and investing vehicle



# How does the HRA work?



**PARTICIPATION** – your participation is automatic based on your MOU



**CONTRIBUTIONS** – Based on negotiated amount with bargaining unit

**REIMBURSEMENTS** – After separation of employment from the County, you receive reimbursement for qualifying health expenses



**INVESTMENTS** – you select & manage the investments in your account, choosing from the available funds in the plan.



**AFTER YOUR DEATH** – assets may transfer to eligible survivors



# Tax Benefits



1. Pre-tax contributions lower taxable income
2. Earnings build up tax-deferred
3. Withdrawals for qualifying expenses are tax-free

# How is my account funded?

- ▶ Automatic Enrollment
- ▶ Currently both you and the County contribute a fixed percentage of your biweekly salary towards your HRA
- ▶ Contribution percentages are based upon the negotiated amount with your bargaining unit.
- ▶ Contributions are made into your HRA account on a tax-free basis.

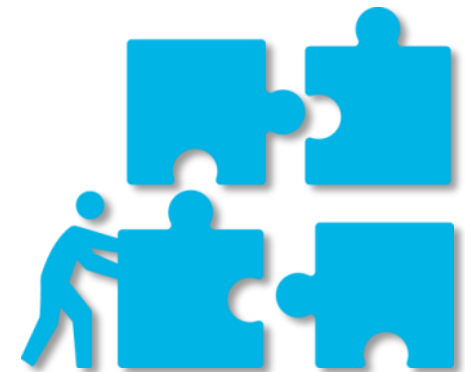




# What Investment Options are Available?

Investment Options Available include:

- ▶ Actively Managed Funds (Equity & Fixed Income)
- ▶ Passively Managed Funds (Equity & Fixed Income)
- ▶ Money Market Fund
- ▶ Target Date Funds





# OC HRA FUND LINE-UP

Fund Name:	Ticker:	Fund Exp:
<b>Stable Value/Cash Management</b>		
Fund Name: Vanguard Federal Money Market	VMFXX	0.11%
<b>Bond</b>		
Fund Name: Vanguard Ttl Bond Mkt Idx Adm	VBTLX	0.07%
Fund Name: Prudential Total Return Bond Q	PTRQX	0.43%
Fund Name: Vanguard Inflation-Prot Secs	VAIPX	0.10%
<b>Balanced/Asset Allocation</b>		
Fund Name: BlackRock LifePath® Idx Retire	LIRKX	0.11%
Fund Name: BlackRock LifePath® Index 2020	LIMKX	0.13%
Fund Name: BlackRock LifePath® Index 2025	LIBKX	0.14%
Fund Name: BlackRock LifePath® Index 2030	LINKX	0.14%
Fund Name: BlackRock LifePath® Index 2035		0.14%
Fund Name: BlackRock LifePath® Index 2040	LIKKX	0.14%
Fund Name: BlackRock LifePath® Index 2045	LIHKX	0.14%
Fund Name: BlackRock LifePath® Index 2050	LIPKX	0.14%
Fund Name: BlackRock LifePath® Index 2055	LIVKX	0.14%
<b>U.S. Stock</b>		
Fund Name: Dodge & Cox Stock	DODGX	0.52%
Fund Name: Vanguard Large-Cap Index Adm	VLCAx	0.09%
Fund Name: T Rowe Price® Instl Lrg-Cap Gr	TRLGX	0.56%
Fund Name: Vanguard Extended Mkt Idx Adm	VEXAX	0.10%
Fund Name: William Blair Sm-Mid Cap Gr I	WSMDX	1.10%
Fund Name: DFA US Targeted Value Instl	DFFVX	0.37%
<b>International/Global Stock</b>		
Fund Name: Vanguard Total Intl Stock Idx	VTIAX	0.12%
Fund Name: Artisan International	ARTIX	1.17%



# Target Date Funds

- ▶ Strategic Mix of Stock & Bond Funds
- ▶ Based on projected Retirement Date
- ▶ Select the Fund with year closest to your planned retirement date
- ▶ Automatically adjust over time



<sup>1</sup> A target-date fund is not a complete solution for all of your retirement savings needs. An investment in the fund includes the risk of loss, including near, at or after the target date of the fund. There is no guarantee that the fund will provide adequate income at and through an investor's retirement. Selecting the fund does not guarantee that you will have adequate savings for retirement.

# Fees

- ▶ Explicit & Transparent Fee Structure
- ▶ Reflected on your Quarterly Statement
- ▶ Asset Fee – **0.40% Annually**
- ▶ Account Fee – **\$80 Annually**
- ▶ Investment Management Expenses
  - ▶ Vary by Fund
  - ▶ Refer to individual Fund's expense ratio



# How Do I Manage My Account?

- ▶ You can transfer assets & manage your account online at: [www.icmarc.org/ocrhs](http://www.icmarc.org/ocrhs)
- ▶ You can transfer assets & manage your account by phone and/or make an appointment with a dedicated HRA Retirement Plan Specialist.
- ▶ Tish Neal is your dedicated HRA Retirement Plan Specialist, she is available to assist with your questions and assist you with choosing an appropriate asset allocation for your account.
- ▶ Contact her to make an appointment:
  - ▶ Tish Neal – (866) 620-6065 or [tneal@icmarc.org](mailto:tneal@icmarc.org)



# When are Expenses Eligible for Reimbursement?

- ▶ At retirement or separation from service from the County with no restrictions
- ▶ Expense must be incurred after you become benefit eligible



# Reimbursement Requests

Request reimbursements – you, or eligible survivors, must:



## BE ELIGIBLE FOR BENEFITS\*

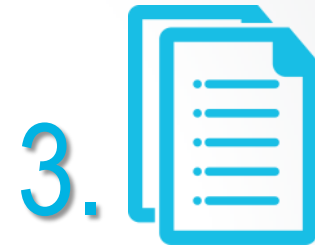
- ▶ Have separated from service
- ▶ Reached retirement age
- ▶ Disabled

INSURANCE



## HAVE QUALIFYING BENEFITS\*

- ▶ Medical, Dental, Vision Insurance Premiums
- ▶ Medical Out-of-Pocket Expenses
- ▶ Medicare Part B/D Insurance Premiums

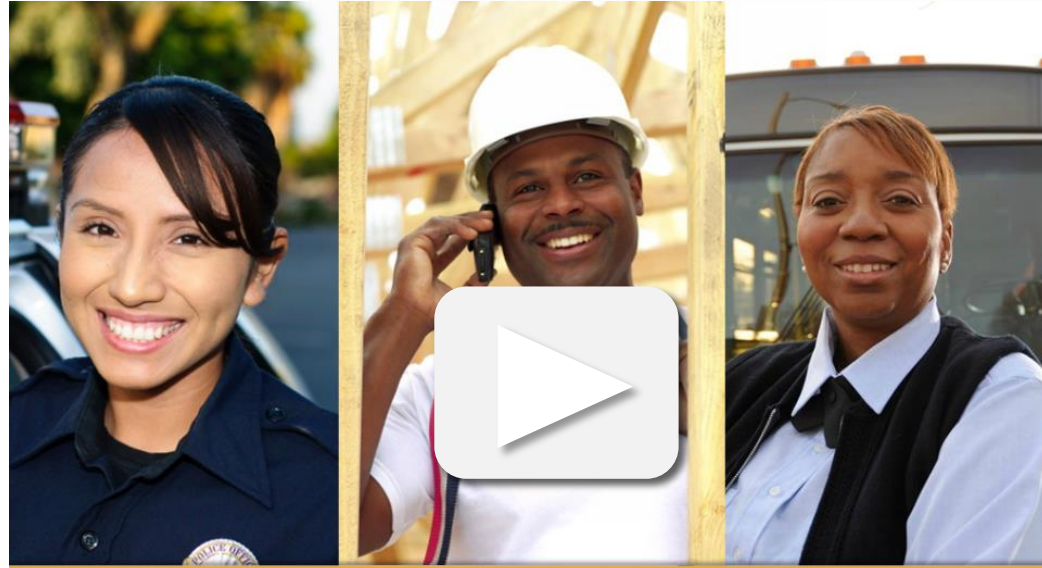


## SUBMIT NECESSARY FORMS, SUPPORTING DOCUMENTS

**MOST CLAIMS – 10 DAY TURNAROUND TIME**



# Reimbursements



GET REIMBURSED FOR HEALTH-CARE COSTS –  
YOUR RETIREMENT HEALTH SAVINGS (RHS) PLAN

AC: 0613-6602





# What Expenses are Eligible for Reimbursement from my HRA?

- All IRC §213 medical expenses for you, your spouse and eligible dependents.
  - ✧ Medical Insurance Premiums
  - ✧ Medical Out-of-Pocket expenses
  - ✧ Medicare Part A Insurance Premiums
  - ✧ Medicare Part B Insurance Premiums
  - ✧ Medicare Part D Insurance Premiums
  - ✧ Medicare Supplemental Insurance Premiums
  - ✧ Prescription Drug Insurance Premiums
  - ✧ COBRA Insurance Premiums
  - ✧ Dental Insurance Premiums
  - ✧ Dental Out-of-Pocket Expenses
  - ✧ Vision Insurance Premiums
  - ✧ Vision Out-of-Pocket Premiums
  - ✧ Qualified Long Term Care Insurance Premiums
  - ✧ Non-Prescription medication under IRS Guidance
  - ✧ Other Qualifying medical expenses

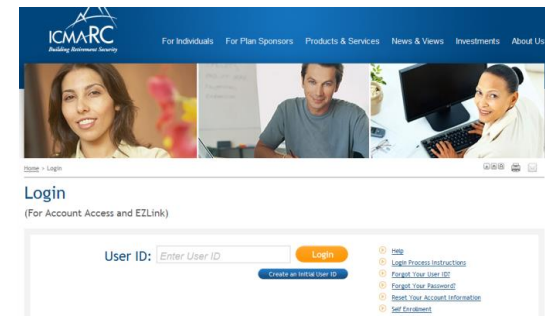
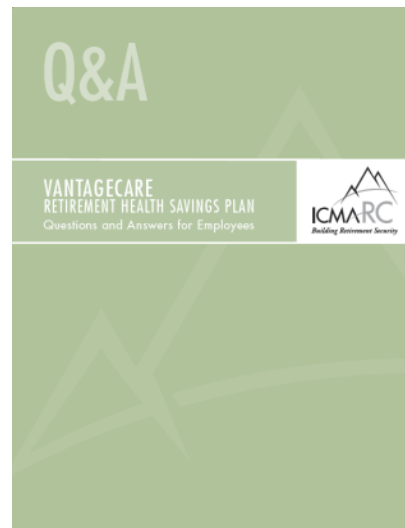
# Who Can use the HRA?

## *Participant and Survivors*

- ▶ While Participant is living
  - ▶ Participant
  - ▶ Spouse
  - ▶ Dependents
    - ▶ Qualifying Child
    - ▶ Qualifying Relative
  
- ▶ After Participant's Death
  - ▶ Surviving spouse
  - ▶ Surviving dependents
    - ▶ Once eligible, always eligible

# KEY RESOURCES

- ▶ Your ICMA-RC Representative – Tisha Neal
  - ▶ [tneal@icmarc.org](mailto:tneal@icmarc.org)
  - ▶ 866-620-6065
- ▶ Manage your account online – [www.icmarc.org/ocrhs](http://www.icmarc.org/ocrhs)
- ▶ Meritain Health – claims questions



# QUESTIONS

