

GRAYS HARBOR COLLEGE
Administrative Procedure

Subject: Volunteer Employee Benefit Association (VEBA) Procedure for Pre-Retirement and Post-Retirement.

Administrative Procedure Number: 650.1

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Pre-Retirement VEBA Procedure:

Grays Harbor College will provide employee groups the opportunity to transfer funds to a VEBA Trust Account. The VEBA Pre-Retirement GHC Medical Benefits Plan is a health reimbursement account, also referred to as an HRA. A VEBA Pre-Retirement GHC account may be used to pay any qualified medical, dental or vision out-of-pocket expenses (deductibles, co-payments, co-insurance, etc.). Money transferred to VEBA accounts is tax free and there are strict IRS guidelines on how employers participate in these plans.

Definitions:

The following definitions are specific to the terms of this procedure and do not modify or revise similar terms as used in related procedures or collective bargaining agreements.

Eligible employee groups are:

Administrators
Professionally Exempt Staff
Faculty
Non-represented classified staff

Each eligible employee group will have the opportunity to vote on the Pre-Retirement VEBA Contribution Payroll deduction option. If the option is adopted by a majority of the employees in that group, all eligible employees must participate. This is not an individually elected benefit. It is a mandatory participation plan.

The following contribution option is available:

Monthly contributions: If adopted by a majority of the employee group, monthly contributions will be transferred to the VEBA trust, tax free, to be used for pre-retirement qualified out-of-pocket medical, dental and vision expenses incurred by the employee or their eligible dependents, including deductibles, co-payments, co-insurance, etc. VEBA contributions do not affect the employee's ability to make tax-deferred contributions to a supplemental retirement account.

The Pre-Retirement VEBA Vote:

Employees will vote on whether or not they wish to contribute a percentage of salary to a VEBA trust account and, if so, will vote on a proposed payroll salary percentage deduction. If adopted by a majority (51%) of the employee group (with at least 5 employees voting), the plan will remain in effect indefinitely until 10% or more of the voting group petition for a vote to withdraw or change the plan.

The voting for the monthly payroll contribution plan to the Pre-Retirement VEBA trust account is a separate procedure from the Post-Retirement VEBA vote by those eligible to retire for sick and vacation leave cash out payments to the VEBA trust account.

Post-Retirement/Resignation VEBA Procedure:

When there is staff in one or more of the following groups eligible to retire or resign, a vote will be taken to determine whether or not the majority of employees in any of these groups want to participate in the VEBA Post-Retirement /Resignation medical account. The vote for each employee group will occur prior to the retirement or resignation date of the first person who submits their written intent to retire or resign. Please note that under Operational Policy 622, eligibility for **retirement** and to receive compensation for 25% of accumulated sick leave, is defined as being 55 years of age or having 30 years of service at any age.

A majority (51%) of the employees in each group must approve participation in the VEBA Post Retirement/Resignation Medical Expense Plan. In addition to plan participation, the eligible voting employees will also decide whether or not to have just their vacation leave or both their vacation and sick leave (retirement only) paid into the retirement VEBA Medical Expense Plan. Please note for the resignation option, only vacation leave can be paid into the VEBA Medical Expense Account.

A minimum of five employees in each group is necessary to hold an election. In the event of a tie, the College President will cast the deciding vote.

If an employee(s) provides written notice of his or her intent to retire or resign, the employee shall have two choices: (1) ask for a new election in which case all of the employees in this category who are eligible to retire will vote concerning whether or not to place their retirement/resignation cash outs into a VEBA post-retirement account OR (2) choose to be bound by the results of the previous VEBA vote for their employment group. If there are not 5 employees eligible to retire available to vote in any VEBA group, all employees in each VEBA group 55 or older will be eligible to vote.

All employees are encouraged to give the college notice of their intent to retire by January 1 of each year. Employees giving at least 60 days written notice to the college of their intent to retire or resign shall have the choice of going with the previous VEBA vote for their employment group or asking for a new VEBA election regarding how their sick and vacation leave cash out will be distributed. If the employee gives the college less than 60 days written notice of their intent to retire, he or she may be bound by the previous VEBA vote for their employment group.

Each eligible employee group will have the opportunity to vote on participating in the Post Retirement VEBA Medical Expense Plan. If participation is adopted by a majority of the employees in that group, all eligible employees must participate. This is not an individually elected benefit. It is a mandatory participation plan. The plan for each group will be in effect until the next VEBA election occurs for that employee group.

VEBA Account Administration:

Meritain of Minneapolis Minnesota is the VEBA Plan Administrator. Meritain provides all correspondence, accounting and benefit payment services.

The trust offers several fund options. The employee may choose to have all or a portion of the Pre and Post-Retirement VEBA accounts. The employee should go to the VEBA website, www.veba.org for a listing of current fund investment options.

As a condition of participation under the plan, the employee is required to complete an enrollment form and sign an agreement with the employer which includes a “hold harmless” provision.

Approved:

Dr. Edward Brewster, President

Date