

Orange County Fire Authority (OCFA) Guide on the Health Care Reimbursement Account (HCRA)

BACKGROUND

For those regular, limited-term, and probationary employees hired on or after January 1, 2007, the Orange County Fire Authority (OCFA) provides a “defined contribution plan” for retiree medical benefits. This Health Care Reimbursement Account (HCRA) requires an employee contribution of four percent (4%) of base salary, exclusive of overtime and specialty pay, on a bi-weekly basis.

At the time this program was implemented, all OCFA classifications received a salary range adjustment. This salary range adjustment, and subsequent salary increase for all employees by OCFA, was earmarked for this required employee contribution into the HCRA. Employees did not have the option to receive the salary increase as cash payment.

What is an HCRA? The HCRA is considered an employer-funded account, pursuant to either a bargaining agreement or a personnel policy. An individual employee may not decide to participate or not participate beyond the terms of the applicable agreement.

Why is the HCRA considered an employer-funded account? The HCRA is considered employer-funded because the employer (OCFA) has the tax- exempt status. The benefit of OCFA maintaining the tax-exempt status is that all employee contributions and withdrawals (at the time of retirement or separation) are tax-free to the employee.

What is the purpose of an HCRA? It is a retirement savings vehicle funded by the employer, tax-free, with no federal requirements for a health plan. The funds are saved to pay for future medical expenses in retirement. Non-qualified withdrawals are not allowed.

FOR NEW HIRES

Upon enrollment, what kind of information will I receive from Further? You will receive a verification form with your Spending Account ID number and an account verification mailer.

Where can I obtain forms and/or additional information about my HCRA? Further will send all information to you at the appropriate times. Once you have your account information, you can register online at HelloFurther.com and manage your account. Plan information is also available on TheHIVE.

Can I contribute more or less than four percent (4%) of my base earnings to my HCRA? No. Pursuant to a current bargaining agreement, all regular, limited-term and probationary employees hired on or after January 1, 2007, are required to contribute four percent (4%) of base salary to the HCRA. Employees are not permitted to contribute more or less to the plan.

STILL WORKING

What is the interest rate on the HCRA? OCFA is on Further's BasicSaver plan with tiered interest rates ranging from 0.25% to 1.25%, depending on your balance.

When can I begin directing my investments? Once you have reached the \$1,000 minimum balance threshold in the Further HCRA, any dollar amount over the \$1,000 threshold can be transferred to the Basic Investment Account. A link will appear in your online account to open a Basic Investment Account. Once your Basic Investment Account is open, the Investments portion of the service center will allow you to view your account balance, change the percentage of future HCRA contributions that automatically transfer to the investment account, request a specific funds transfer to your Basic Investment Account, view the mutual fund options available, buy and sell mutual funds, change investment elections, access investment planning tools, and view your personal performance.

Please note: If you take no action to transfer your funds that exceed \$1,000, your funds will continue to only earn the 0.25% to 1.25% interest rate. If you need assistance in setting up your investment account, please refer to "Navigating the Further HCRA Basic Investment Account Website" document on TheHIVE, or contact Further at (800) 859-2144.

What mutual funds are available to OCFA participants? Please see the OCFA Election Form and mutual funds listing. This is updated quarterly and available at: <https://hsainvestments.com/fundperformance/?p=V21>

What fees are associated with my HCRA? The HCRA has a monthly administrative fee of \$2.50. If you choose to open a Basic Investment Account with your HCRA funds, there is an additional monthly fee of \$1.50, or \$18 per year. This fee will be deducted from your investment account.

Can I receive reimbursement from this account while I'm employed at OCFA? No. Funds are not available until **after** you have retired and/or separated from employment.

Can I order a debit card? After you have set up your account with Further, you will see an option to order a debit card. However, if you request and receive a debit card while still employed at OCFA, any transactions will be declined because the funds are not yet available.

Can I designate a beneficiary to my account in the event of my death? Yes. HCRA account rules state that, upon an account holder's death, the money in the account will revert to the following (in this order, as available):

- 1) Spouse
- 2) If no spouse, eligible medical dependent
- 3) If no eligible medical dependent, the funds can be left to a beneficiary named by you at www.HelloFurther.com or by completing the HCRA beneficiary form.

FOR RETIRED OR SEPARATED FORMER EMPLOYEES

Upon retirement or separation from employment, what kind of information will I receive from Further? You will receive a letter from Further notifying you that your account is now available for spend down purposes, a list of eligible expenses, a debit card brochure, a claim form and Tips for Submitting Claims sheet. You will also receive a debit card to begin using the account to pay for qualified medical expenses.

When can I receive reimbursement from this account? Once Further has been notified by OCFA that you have retired or separated from employment, you can begin requesting use of the funds in your account.

Can I order additional debit card(s)? Yes. Debit cards may be ordered for your spouse and qualified tax dependents.

Upon retirement or separation from employment, what is considered an eligible expense under an HCRA? Medical deductibles, co-pay and coinsurance expenses, vision and dental expenses, and some insurance premiums are considered eligible expenses. A HCRA eligibility list is available for your reference on the HIVE.

Upon retirement or separation from employment, how long do I have to submit an expense for reimbursement? You must submit a claim for reimbursement no later than 18-months from the incurred date of the expense. Expenses must have been incurred after the date of separation/retirement.

Who is eligible to receive reimbursement? The HCRA can be used to cover post-employment/retiree expenses for the account holder, their spouse, or qualified tax dependents.