

Description of Plan Benefits

Q What is the Indiana HRA Plan?

A The Indiana HRA Plan is a health reimbursement arrangement (HRA). Your employer makes tax-free contributions to the Indiana HRA Plan on your behalf. The funds are held in a non-profit, tax-exempt voluntary employees' beneficiary association (VEBA) trust authorized under Internal Revenue Code (IRC) § 501 (c)(9). You can use these tax-free funds to reimburse eligible out-of-pocket healthcare costs and premiums for yourself, your spouse, your qualified dependents, and your eligible young-adult children.

Q What is an HRA?

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

Q What is a VEBA?

A VEBA stands for voluntary employees' beneficiary association and is a tax-exempt trust authorized by Internal Revenue Code Section 501(c)(9).

Q Why should I participate in the Indiana HRA Plan?

A The Indiana HRA provides a source of funds to pay for the cost of health 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 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 expenses and insurance premiums. Contributions, earnings, and withdrawals are not tax reportable on your personal Form 1040. You will not receive a Form 1099 for any earnings or withdrawals.

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tax-free, whereas 403(b)s, 457 plans, IRAs, etc., are tax-deferred, meaning that payments are taxable when funds are withdrawn.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 member in the HRA Plan?

A Your HRA account is opened when your employer sends a completed Enrollment Form and a contribution on your behalf to the third-party administrator (TPA). Enrollment Forms are available from your employer or your local VALIC financial advisor.

Q When and how do I get money out of my Indiana 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.

Simply e-mail, fax, or mail a completed Claim Form to the TPA. 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. Withdrawals from your account can be made only for eligible out-of-pocket healthcare expenses and premiums.

Direct deposit is available to make your claims reimbursement even more convenient and secure. You can even set up automatic payment or reimbursement of your eligible insurance premiums by submitting a Systematic Withdrawal Form.

Please check with your employer to determine whether or not you may file claims prior to separation from service. Indiana HRA forms may be obtained from your benefits department, online at indianahra.com or by writing:

Indiana HRA Third-party Administrator
Meritain Health
PO Box 27810
Minneapolis, MN 55427-0810

or by calling: 1-888-711-9182

or e-mail: myIndianaHRA@meritain.com

Q What expenses are eligible for reimbursement?

A Qualified out-of-pocket expenses include office visit copays; certain 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 premiums that are or could be deducted pre-tax through a Section 125 cafeteria plan, are not eligible for reimbursement. Qualified expenses and premiums are defined in IRC § 213(d). Contact the TPA for a sample list.

Q Whose expenses are eligible for reimbursement?

A Your Indiana HRA plan covers you, your spouse, your qualified dependents, and your eligible young-adult children. Qualified dependents are defined in IRC § 105(b) and described in IRS Publication 502. IRS publications may be obtained by calling 1-800-TAXFORM, or by visiting www.irs.gov. Contact the TPA for more details.

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

A Yes. Simply submit a completed Systematic Withdrawal Form to the TPA 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 die before I use up my HRA account?

A If you are survived by a spouse or qualified dependent(s), they may file claims until your account is used up. Surviving spouses and dependents enjoy the same tax advantages as members.

If you have no eligible survivors, remaining funds will be forfeited and reallocated as directed by the contributing 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 account is used up.

Q Is my 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 TPA 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 to the Plan.

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 monthly. 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 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 login to your account online to view account activity, or call or e-mail the TPA and request additional statements at any time. If you have questions about your account, a pending claim, or need claim forms, contact the TPA.

Q May I view my account information online?

- A** Yes. You may view your personal account information online after logging in at indianahra.com including:
- View account details and investment performance
 - Track the status of claims in progress and view claims history
 - Set up a systematic withdrawal
 - Update account preferences, investment allocations, and other information

Q What are the plan expenses and how are expenses paid?

- A** Plan expenses include the following costs: TPA, consultant, attorney, printing of plan forms, annual audit, trustee services, investment management, postage, etc. These plan expenses are paid by fee deductions from member 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 member account, plus .38% - 1.0% of assets on an annualized basis. Any applicable per member account fees will be reflected on your quarterly member activity 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 TPA (third-party administrator)?

- A** Meritain Health is the TPA. Meritain Health is an experienced employee benefits administrator and employs a specially-trained service team to assist you. The TPA provides customer service, claims processing, and account administration. Please immediately notify the TPA of any

address, name, or systematic withdrawal changes.

Q Who is the Trustee of the Plan?

- A** Washington Trust Bank in Spokane, Washington is the Trustee of the Plan. The Trustee assists with selection of the investment funds to be made available to Plan members. 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 sponsor of the program and is responsible for plan oversight. VALIC, Meritain Health, and HRA Consultants, A Division of VEBA Service Group, LLC – an experienced HRA VEBA consulting firm – have teamed up to provide you with a program supported by professionals offering the best in local educational services and experienced HRA / VEBA plan administration.

VEBA Service Group, LLC has been administering these types of plans for more than 25 years for governmental employers in the Pacific Northwest and is regarded nationwide as a leader in HRA plan design.

Q How do I find out more about the Plan?

- A** Please contact your local VALIC financial advisor for Plan information. If you have a current account and would like information regarding your account or about filing a claim, please contact the TPA.

Securities and investment advisory services are offered by VALIC Financial Advisors, Inc., member NASD, SIPC and an SEC-registered investment advisor. VALIC represents The Variable Annuity Life Insurance Company and its subsidiaries, VALIC Financial Advisors, Inc., and VALIC Retirement Services Company.

Plan Service Providers

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