

What happens if I pass away?



Survivor Benefit

It's important to know what will happen to your health reimbursement arrangement (HRA) if you pass away. You're doing the right thing by learning more about this key feature of the HRA VEBA Plan.

Don't worry! We'll make sure any remaining funds in your HRA are used up or properly transferred to your loved ones. With the HRA VEBA Plan, you get a unique and flexible survivor benefit that can't be offered by most other HRA plans.

How it Works

You've probably named beneficiaries before, like on a life insurance plan. The HRA VEBA Plan is different. That's because it's a type of health plan. In fact, if you're happy with your HRA automatically going to your surviving spouse and children, you might not need to name an HRA beneficiary at all.

Our standard survivor benefit progression is shown below. It's simple and works well for most participants. If this standard order meets your needs, you don't need to do anything. You're good to go!

Spouse	→	Children	OR	Beneficiaries	OR	Other Survivors
Your HRA will transfer to your surviving spouse if you pass away. Any qualified dependents will remain eligible for coverage.		After your surviving spouse passes away, or if you have no spouse, your HRA will transfer equally to each of your surviving children . This includes your dependent and non-dependent (adult) children and any other dependents. It <u>does not</u> include non-dependent stepchildren, unless you elect to include them.		If you have no surviving dependents or non-dependent (adult) children, your HRA will transfer equally to your designated beneficiaries . If you have not named a beneficiary, your HRA will transfer to your other eligible survivors.		If you have no surviving spouse, children, or beneficiaries, or if none can be located, your HRA will transfer equally (and only once) to the first eligible group of other survivors as follows: state-registered <u>non-dependent</u> domestic partner; grandchildren; siblings; parents; nieces and nephews; aunts and uncles; or cousins.

If you decide that you need to name one or more beneficiaries, log in at HRAveba.org and click **My Profile**. You should regularly review your beneficiary information and update it as needed. You can add, update, or delete beneficiaries at any time.

Want something different?

We can probably help if you have a special situation. For example, maybe you want to:

1. Make sure your HRA goes to just one of your non-dependent (adult) children;
2. Direct that your significant other, a relative, or friend receives your HRA ahead of your non-dependent children; or
3. Include your non-dependent stepchildren.

If you decide to name one or more beneficiaries and want them to be placed in line before your non-dependent children, complete Sections 4 and 5 of our **Survivor Benefit Elections** form. Complete Section 3 of the form if you want to include or exclude non-dependent stepchildren. Read **Transfer to Survivors** below for more details.

Account Spend Down

Your surviving spouse or estate may be able to spend down (use up) your remaining HRA funds by submitting claims. Medical, dental, and vision expenses and premiums incurred by you (prior to your passing), your spouse, and any dependents will remain eligible for tax-free reimbursement.

Transfer to Survivors

If funds still remain after all claims have been reimbursed, your HRA will be transferred to your **surviving spouse**. All of your dependents will remain eligible for coverage.

After your spouse passes away, or if you have no spouse, any remaining portion of your HRA may be transferred equally (and only once) to your survivors in the order listed below.

1. Dependents and Non-dependent (Adult) Children

Your HRA will be split equally among each of your children and any other dependents. This does not include your non-dependent stepchildren, unless you elect to include them in Section 3 of our **Survivor Benefit Elections** form.

Read our **Definition of Dependent** handout to learn more about who qualifies for HRA coverage as a dependent. To get a current copy, log in at **HRAveba.org** and click **Resources**.

2. Designated Beneficiaries

If you have no dependents or non-dependent children, your HRA will be split equally among your designated beneficiaries, if any. To name one or more beneficiaries, complete Section 4 of our **Survivor Benefit Elections** form, or log in at **HRAveba.org** and click **My Profile**. Remember, you don't need to name your spouse, dependents, or non-dependent children. These survivors will automatically have continued rights to your HRA funds. Your beneficiaries will be placed in line after your non-dependent children. To place your beneficiaries in line before your non-dependent children, complete Section 5 of our **Survivor Benefit Elections** form.

3. Other Survivors

If you have no dependents, non-dependent children, or designated beneficiaries, or if none of these individuals can be located, your HRA will be split equally among the first eligible group of other survivors as follows: state-registered non-dependent domestic partner; grandchildren; siblings; parents; nieces and nephews; aunts and uncles; or cousins.

A detailed **Survivor Benefit Progression** flow chart is available upon request.

Account Usage

Transferred HRA funds can be used by your survivors to reimburse only their own medical, dental, and vision expenses or premiums—not the expenses of their spouses or dependents.

Tax Treatment

Reimbursements for your surviving spouse and dependents will remain tax-free. Coverage for any other survivors will be taxable. Coverage for your dependents will become taxable on January 1 of the year after they turn age 26 or when they otherwise lose dependent status.

We'll issue a tax statement to your survivors who have taxable HRA coverage. The tax statement will report their HRA coverage as taxable income. The value of HRA coverage for tax purposes is updated annually and is not based on individual account balances or reimbursements received. Contact us if you need to know the current value of HRA coverage.

Redistribution Among Survivors

If one of your survivors passes away with remaining HRA funds, those funds will be reallocated equally among your remaining eligible survivors.

Forfeitures

Our survivor benefit progression is designed to eliminate almost any possibility of your HRA funds ever being forfeited. We'll do our best to find an eligible survivor. Some or all of your HRA funds would be forfeited only if:

1. Your surviving spouse passed away, or you had no spouse, and you had no surviving dependents, non-dependent children, designated beneficiaries, or other eligible survivors; or
2. One of your survivors passed away with remaining funds and there were no other survivors eligible to receive a transfer.

More Information HRAveba.org

Ask Questions 1-888-659-8828



Definition of Dependent

Your spouse and dependents are eligible for coverage under your health reimbursement arrangement (HRA). Dependents must meet the definition of Qualifying Child or Qualifying Relative. These requirements are defined by Internal Revenue Code Sections 105(b) and 152.

A **Qualifying Child** is someone who:

1. Is the participant's son or daughter, stepchild, foster child; and
2. Is a citizen, national, or resident of the U.S. or a resident of Canada or Mexico; and
3. Is either:
 - a. Age 26 or younger at the end of the calendar year in which expenses were incurred; or
 - b. Permanently and totally disabled.

OR _____

1. Is a brother, sister, stepbrother, stepsister, or a descendant of the participant's son, daughter, stepchild or foster child; and
2. Is either:
 - a. Under age 19; or
 - b. Under age 24 and a full-time student; or
 - c. Permanently and totally disabled; and
3. Is younger than the participant; and
4. Lives with participant for more than half the year; and
5. Does not provide more than half of his or her own support; and
6. Will not file a joint tax return for the year in which the expense was incurred; and
7. Is a citizen, national, or resident of the U.S. or a resident of Canada or Mexico

Qualifying Child of Divorced or Separated Parents. A participant's child is treated as the dependent of both parents for the purposes of health plan coverage if during the calendar year in which expenses were incurred: (1) the participant's child is in the custody of the participant or their other parent for more than half the year; (2) the participant's child receives over half of his or her support during the year from the participant or their other parent.

A **Qualifying Relative** is someone who:

1. Is the participant's:
 - a. Son, daughter, stepchild, foster child, or a descendant of any of them (for example, a grandchild); or
 - b. Brother, sister, or a son or daughter of either of them; or
 - c. Father, mother, or an ancestor or sibling of either of them (for example, the participant's grandmother, grandfather, aunt, or uncle); or
 - d. Stepbrother, stepsister, stepfather, stepmother, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; or
 - e. Any other person (other than the participant's spouse) who lived with the participant all year as a member of the household if such relationship did not violate local law; and
2. Will not be a qualifying child (see Qualifying Child above) of any other person as of the last day of the calendar year in which expenses were incurred; and
3. For whom the participant provided over half the support for the calendar year; and
4. Is a citizen, national, or resident of the U.S. or a resident of Canada or Mexico

Domestic Partners. Unless your domestic partner qualifies as a legal spouse under state law, a domestic partner must meet all of the **Qualifying Relative** requirements to be eligible for coverage under your HRA. If you need to list your domestic partner as a dependent, please give us a call.

Survivor Benefit Elections

Use this form to include or exclude your non-dependent stepchildren elections, designate beneficiaries, or list potential survivors



Submit completed form through our Secure Message Center. It's faster and more secure.

(1) Log in at [HRAgo®](#) (mobile app) or [HRAveba.org](#); (2) Click the **envelope icon** (✉); and (3) Click **Compose New Message**.

Or, mail to: HRA VEBA Plan, PO Box 4389, Clinton, IA 52733-4389.

IMPORTANT! READ THIS FIRST: You might not need to name a beneficiary if you're happy with your health reimbursement arrangement (HRA) automatically going to your surviving spouse and children. If you do decide to name a beneficiary, complete Section 4 of this form.

If you pass away, your surviving spouse or estate may be able to use up (spend down) your remaining HRA funds by submitting claims. Medical, dental, and vision expenses and premiums incurred by you (prior to your passing), your spouse, and any dependents will remain eligible for tax-free reimbursement.

If funds still remain after all claims have been reimbursed, your HRA will be transferred to your surviving spouse. All of your dependents will remain eligible for coverage. After your spouse passes away, or if you have no spouse, any remaining funds may be transferred equally (and only once) to your dependents and non-dependent (adult) children, designated beneficiaries, or other survivors.

Read our **What happens if I pass away?** handout for more details. To get a current copy, log in at [HRAveba.org](#) and click **Resources**.

1 CERTIFICATIONS: READ BEFORE SUBMITTING

If you already have beneficiary designations listed on your account, the designation(s) below will replace any previous designations on file. To view and update your most current beneficiary designations online, log in at [HRAveba.org](#) and click **My Profile**. You can update this information at any time.

Before completing this form, you should review our **What happens if I pass away?** handout to ensure you understand what will happen to your HRA if you pass away. To get a current copy, log in at [HRAveba.org](#) and click **Resources**.

By completing and submitting this form, you agree to the **Terms and Conditions**, as amended from time to time, which can be found in the **Plan Summary**. To get a current copy, log in at [HRAveba.org](#) and click **Resources**, or contact our Customer Care Center at 1-888-659-8828.

2 PARTICIPANT ACCOUNT AND CONTACT INFORMATION

ACCOUNT NUMBER or SOCIAL SECURITY NUMBER

DATE OF BIRTH mm / dd / yyyy

LAST NAME

FIRST NAME

M.I.

MAILING ADDRESS

CITY

STATE

ZIP

AREA CODE and PHONE NUMBER

EMAIL ADDRESS (use home or personal email address)

3 NON-DEPENDENT STEPCHILDREN ELECTIONS

Skip this section if you don't have any stepchildren. If you do have stepchildren, check one or both boxes below and enter the required information. If you do not check a box, any non-dependent stepchildren you may have will be excluded from the survivor benefit progression.

☐ **INCLUDE my stepchild(ren).** In the event my stepchild(ren) listed below are non-dependents at the time of my passing, I direct the Plan to treat them the same as my non-dependent children in the survivor benefit progression.

List the name(s) of your stepchild(ren) to which this **INCLUDE** election should apply:

☐ **EXCLUDE my stepchild(ren).** In the event my stepchild(ren) listed below are non-dependents at the time of my passing, I direct the Plan to exclude them from the survivor benefit progression. These stepchildren, if non-dependents at the time of my passing, will not receive any portion of my HRA.

List the name(s) of your stepchild(ren) to which this **EXCLUDE** election should apply:

Continued next page ►►

Enter Participant Name from Section 2: _____

4

BENEFICIARY DESIGNATION

IMPORTANT! READ THIS FIRST: You might not need to name a beneficiary if you're happy with your HRA automatically going to your surviving spouse and children. If you do decide to name one or more beneficiaries:

1. **Don't name your spouse, dependents, or non-dependent children.** These individuals will automatically have continued rights to your HRA funds. List them in Section 6 of this form instead.
2. The beneficiaries you name below will be placed in line after your non-dependent (adult) children. To place them in line before your non-dependent children, also complete Section 5 of this form.
3. If you name more than one beneficiary, your HRA will be split equally among each of them.
4. HRA coverage will become taxable for designated beneficiaries and all other non-dependent survivors.
5. You should regularly review your beneficiary information and update it as needed. Log in at HRAveba.org and click **My Profile**.

Enter all required information. Check to make sure your entries are complete and accurate. This helps us find and communicate with your beneficiaries. If you need to add more than four beneficiaries, please provide the required information on a separate sheet of paper.

Beneficiary's Full Legal Name and Information

LAST NAME _____

FIRST NAME _____ M.I. _____

SOCIAL SECURITY NUMBER _____ DATE OF BIRTH mm / dd / yyyy _____

MAILING ADDRESS _____

CITY _____ STATE _____ ZIP _____

AREA CODE and PHONE NUMBER _____ EMAIL ADDRESS (use home or personal email address) _____

RELATIONSHIP _____

Beneficiary's Full Legal Name and Information

LAST NAME _____

FIRST NAME _____ M.I. _____

SOCIAL SECURITY NUMBER _____ DATE OF BIRTH mm / dd / yyyy _____

MAILING ADDRESS _____

CITY _____ STATE _____ ZIP _____

AREA CODE and PHONE NUMBER _____ EMAIL ADDRESS (use home or personal email address) _____

RELATIONSHIP _____

Beneficiary's Full Legal Name and Information

LAST NAME _____

FIRST NAME _____ M.I. _____

SOCIAL SECURITY NUMBER _____ DATE OF BIRTH mm / dd / yyyy _____

MAILING ADDRESS _____

CITY _____ STATE _____ ZIP _____

AREA CODE and PHONE NUMBER _____ EMAIL ADDRESS (use home or personal email address) _____

RELATIONSHIP _____

Beneficiary's Full Legal Name and Information

LAST NAME _____

FIRST NAME _____ M.I. _____

SOCIAL SECURITY NUMBER _____ DATE OF BIRTH mm / dd / yyyy _____

MAILING ADDRESS _____

CITY _____ STATE _____ ZIP _____

AREA CODE and PHONE NUMBER _____ EMAIL ADDRESS (use home or personal email address) _____

RELATIONSHIP _____

Continued next page ►►

Enter Participant Name from Section 2: _____

5 ALTERNATE SURVIVOR DIRECTIVE

IMPORTANT! READ THIS FIRST: Unless you check the box below, your HRA will transfer to your non-dependent children ahead of any beneficiaries designated in Section 4 of this form. **Check the box below only if you want to place your beneficiaries in line ahead of your non-dependent children.** This directive can be used to transfer your HRA to one or more specifically designated non-dependent family members (sister, uncle, cousin, etc.) or other individuals (friend, significant other, etc.), but will apply only if you have no surviving dependents after both you and your spouse have passed away. If you don't check the box, our standard survivor benefit progression will apply.

Read our **What happens if I pass away?** handout for more details. To get a current copy, log in at HRAveba.org and click **Resources**.

- ☐ By checking this box, I direct the Plan to transfer my HRA to my beneficiaries designated in Section 4 of this form **ahead of any distribution to my non-dependent children** as provided in the Plan's standard survivor benefit progression. I agree that the Plan shall have the right to rely on this directive and shall not be liable to any survivor or to my estate for any claims or other losses or damages that arise as a result of this alternate survivor directive. I hereby agree to indemnify and hold harmless the Plan, Trust, and all Trust service providers from any claims or actions that arise as a result of this directive to the Plan, which indemnity shall be binding on my estate, any survivors, and all of my successors and assigns.

6 SURVIVOR INFORMATION

IMPORTANT! READ THIS FIRST: You may have survivors, such as a surviving spouse and dependents, who may be in line to receive your HRA ahead of your designated beneficiaries. Although we may already have their information on file, you can provide it below. Information you provide in this section is INFORMATIONAL ONLY to help us determine who your potential survivors may be. If you pass away, we will confirm your eligible survivors according to Plan rules.

Enter all requested information. Check to make sure your entries are complete and accurate. If you need to list more than four potential survivors, please provide their information on a separate sheet of paper.

Survivor's Full Legal Name and Information

LAST NAME _____

FIRST NAME _____ M.I. _____

SOCIAL SECURITY NUMBER _____ DATE OF BIRTH mm / dd / yyyy _____

MAILING ADDRESS _____

CITY _____ STATE _____ ZIP _____

AREA CODE and PHONE NUMBER _____ EMAIL ADDRESS (use home or personal email address) _____

RELATIONSHIP _____

Survivor's Full Legal Name and Information

LAST NAME _____

FIRST NAME _____ M.I. _____

SOCIAL SECURITY NUMBER _____ DATE OF BIRTH mm / dd / yyyy _____

MAILING ADDRESS _____

CITY _____ STATE _____ ZIP _____

AREA CODE and PHONE NUMBER _____ EMAIL ADDRESS (use home or personal email address) _____

RELATIONSHIP _____

Survivor's Full Legal Name and Information

LAST NAME _____

FIRST NAME _____ M.I. _____

SOCIAL SECURITY NUMBER _____ DATE OF BIRTH mm / dd / yyyy _____

MAILING ADDRESS _____

CITY _____ STATE _____ ZIP _____

AREA CODE and PHONE NUMBER _____ EMAIL ADDRESS (use home or personal email address) _____

RELATIONSHIP _____

Survivor's Full Legal Name and Information

LAST NAME _____

FIRST NAME _____ M.I. _____

SOCIAL SECURITY NUMBER _____ DATE OF BIRTH mm / dd / yyyy _____

MAILING ADDRESS _____

CITY _____ STATE _____ ZIP _____

AREA CODE and PHONE NUMBER _____ EMAIL ADDRESS (use home or personal email address) _____

RELATIONSHIP _____