



Health**Invest** HRA



Take control of your family's medical costs.

**Gallagher HealthInvest HRA** is a great way to save up for out-of-pocket medical expenses, including retiree insurance premiums. It's easy to use, and it helps you pay less in taxes.

# Health Reimbursement Arrangement

An HRA is a type of health plan that puts **you in control**. It's a savings account for your family's medical care expenses and premiums. The money comes from your employer. Depending on your employer's plan design, you can begin spending your HRA right away or save it up until you meet certain eligibility requirements, such as separation from service or retirement<sup>1</sup>.

## Here's how it works:

- 1 Your employer sends tax-free money to your HRA.
- 2 You invest those funds.
- 3 You use your HRA to reimburse medical expenses now or later<sup>1</sup>.

Gallagher is one of the nation's leading developers of health reimbursement arrangement (HRA) platforms. It all started more than 30 years ago when a retired school administrator expressed concern over the growing cost of his retiree medical insurance. This led to our development of the nation's first multiple-employer HRA program for public employees. Today, we serve over 150,000 HRA participants from more than 1,100 employers.

## Investment Options

You get to invest your HRA by choosing from a menu of available investment funds. The **Investment Fund Overview** for your plan is updated quarterly and contains historical performance data for each fund. The most current Investment Fund Overview is available upon request or online after logging in at [healthinvesthra.com](http://healthinvesthra.com) and clicking **Resources**.

## Keep More for Yourself — tax free

Here's the really neat part: Your HRA is exempt from federal income tax and FICA taxes (Social Security and Medicare). It is also exempt from state income tax in most cases (state income tax may apply in some states)<sup>2</sup>. You pay no taxes on contributions, investment earnings, or medical care expense reimbursements (claims). Money

goes in tax-free, is invested tax-free, and comes out tax-free. That's the best tax advantage you can get—even better than tax-deferred programs like 457, 401(k), or 403(b) plans!

\$70  
or  
\$100?

Instead of starting out with \$100 and ending up with just \$70 after taxes, **you get to keep the whole \$100 in your HRA!** You could save up to \$30 or more in taxes for every \$100 your employer puts in your HRA<sup>3</sup>.

<sup>1</sup>Your HRA may be subject to vesting, post-separation benefits only, or other limitations depending on your employer's plan design. <sup>2</sup>Check with your employer if you want to confirm whether HRA contributions are subject to state income tax in your state. <sup>3</sup>Example is for illustrative purposes only and will vary based on your personal tax situation. Your tax savings may be more or less.

## HRA Advantages

This section gets kind of technical, but don't worry! The point is that **HealthInvest HRA** offers several advantages over other types of medical expense accounts, such as health savings accounts (HSAs) and flexible spending accounts (FSAs).

- Use any health plan — *no high-deductible health plan (HDHP) required*
- No IRS contribution limits
- Other coverage doesn't impact contribution eligibility
- Reimburses medical premiums before and after age 65, including Medicare and Medicare supplement premiums
- Unused balances carry over — *no annual "use-it-or-lose-it"*

In addition, HealthInvest HRA can provide many other benefits.

- Significant tax savings
- Participant-directed investments, similar to your 457, 401(k), or 403(b) plan
- Spouse and dependents or eligible survivors are covered if you pass away

<sup>4</sup>Your young adult children are covered through the end of the calendar year in which they turn age 26.



## Common Medical Care Expenses

The growing cost of health care is a huge concern for most active employees and retirees. Insurance premiums, copays, and deductibles are on the rise. Coverage levels are dropping, and the cost of medical care keeps going up. As these problems worsen, employees struggle to cope. Many are working past retirement age because they can't afford \$1,000 per month or more for medical insurance.

Fortunately, with **HealthInvest HRA**, you can save up tax-free funds to help cover your out-of-pocket medical care expenses either now or during retirement, depending on your employer's plan design. There are lots of different types of qualified medical care expenses. Several of the most common are listed below.

- Copays
- Deductibles
- Prescriptions
- Preventive care
- Chiropractic
- Dental
- Orthodontia
- Vision exams
- Laser eye surgery
- Retiree insurance premiums (medical dental, vision)
- Medicare Part B
- Medicare Part D
- Medicare supplement
- TRICARE<sup>®</sup> premiums (medical, dental)
- Qualified long-term care (subject to IRS limits)

Internal Revenue Code Section 213(d) outlines qualified medical care expenses and premiums. For quick reference, read our **Medical Care Expenses** handout available upon request or online after logging in at [healthinvesthira.com](http://healthinvesthira.com) and clicking **Resources**.

## Common HRA Funding Sources

In many cases, your employer will contribute certain funds that would otherwise be paid to you as taxable income. Your employer may also provide contributions in connection with its own creative employee benefits goals and initiatives. Several of the most common types of HRA funding sources are listed below.

- Unused leave cash-outs (annually, at separation, or retirement)
- Mandatory employee contributions (group salary reduction)
- Direct employer contributions (to help offset increased medical costs for employees)
- Excess or leftover benefit dollars
- Financial incentive to:
  - Enroll in lower-cost medical plan
  - Opt out of employer-sponsored medical plan
  - Participate in wellness plan activities
  - Retire early

Eligibility and funding sources are usually defined in writing within collective bargaining agreements, employer policies, etc. You should check with your employer, union, or employee group leadership if you have questions about what HRA funding sources may apply to you. Keep in mind that IRS rules do not permit individual elections. All employee group members defined as eligible must participate.



## Enrollment Process

When you become eligible to participate, your employer will usually enroll you automatically. We will send a welcome letter to you after your enrollment is complete and we have received a contribution from your employer. Your welcome letter will contain your account number, claims-eligibility

status, investment allocation, and online registration instructions. **Your contribution(s) will be invested in your plan's default investment fund until you make a change.** You can view available fund options and easily change your investment allocation online or from our mobile app, HRAgo®.



## Using Your HealthInvest HRA

You may be thinking to yourself, “All of this sounds great, but what about the hassle factor? How hard is it to manage my account and get my money back when I’m ready?” Well, we’ve got great news for you! We’ve been doing this longer than just about anybody. We understand this is your money, and we offer many forms of service to help make things easy for you.

- 24-hour online account access at [healthinvesthira.com](https://healthinvesthira.com)
- HRAgo® (mobile app)
- Debit card (if available under your plan)
- Online claims submission
- E-communication in lieu of paper
- Direct deposit of reimbursements
- Automatic reimbursement of monthly premiums
- Paper forms—*just in case you like doing things the old-fashioned way!*

Last but not least, our friendly and award-winning customer care team is just a call or email away if you need help. You can contact us at **1-844-342-5505** or [customercare@healthinvesthira.com](mailto:customercare@healthinvesthira.com). Any one of our representatives will be happy to answer your questions and help sort out any problems you may have.

## Fees

Plan administrative fees usually include a flat monthly account fee and/or an asset-based percentage fee. Fee structures vary by employer based on plan design and size. Check with your HealthInvest HRA representative or your employer if you want to confirm account fees. If you are already an enrolled participant, plan administrative fees are listed on your account statements under **Important Notes** or can be found online after logging in at [healthinvesthira.com](https://healthinvesthira.com) and clicking **Resources**.

To the extent permitted or required by law, certain fees, assessments, or other amounts payable to the federal government may also be deducted from your account.

Investment fund manager fees and other fund expenses vary by fund. To view these fees, refer to the **Investment Fund Overview** for your employer’s plan. You can get the most current Investment Fund Overview upon request or online after logging in at [healthinvesthira.com](https://healthinvesthira.com) and clicking **Resources**.

## Survivor Benefit

If you pass away, your surviving spouse and qualified dependents may continue using remaining funds to reimburse their eligible medical care expenses and premiums on a tax-free basis. In the unlikely event you have no eligible survivors, the executor of your estate can spend down your account by filing claims for any unreimbursed medical care expenses you incurred prior to your death. Remaining funds, if any, after all final claims have been reimbursed would be redistributed according to the terms of your employer’s plan.

## HealthInvest HRA Customer Care Center

1-844-342-5505  
customer care@healthinvesthra.com  
[www.healthinvesthra.com](http://www.healthinvesthra.com)



Download our mobile app, HRAgo®, today!

## Plan Adoption Information

To learn more about adopting HealthInvest HRA for your group, visit [www.ajg.com/us/healthinvest-hra](http://www.ajg.com/us/healthinvest-hra) or contact:

Dawson Mortimore  
Senior HRA Consultant, Gallagher HealthInvest HRA

D 509.818.3093 | M 509.939.4941  
dawson\_mortimore@ajg.com  
[www.linkedin.com/in/dawsonmortimore](http://www.linkedin.com/in/dawsonmortimore)



"World's Most Ethical Companies" and "Ethisphere" names and marks are registered trademarks of Ethisphere LLC.



# Gallagher

Insurance | Risk Management | Consulting

Investment advisory, named and independent fiduciary services are offered through Gallagher Fiduciary Advisors, LLC, an SEC Registered Investment Adviser. Gallagher Fiduciary Advisors, LLC may pay referral fees or other remuneration to employees of AJG or its affiliates or to independent contractors; such payments do not change our fee. This document contains confidential and proprietary information that belongs to Gallagher Fiduciary Advisors, LLC and is protected by copyright, trade secret and other State and Federal laws. Any copying, redistribution or retransmission of any of the contents without the written consent of Gallagher Fiduciary Advisors, LLC is expressly prohibited. Gallagher Fiduciary Advisors, LLC is a single-member, limited liability company, with Gallagher Benefit Services, Inc. as its single member. Neither Arthur J. Gallagher & Co., Gallagher Fiduciary Advisors, LLC nor their affiliates provide accounting, legal or tax advice.

Consulting and insurance brokerage services to be provided by Gallagher Benefit Services, Inc. Gallagher Benefit Services, Inc. is a licensed insurance agency that does business in California as Gallagher Benefit Services of California Insurance Services and in Massachusetts as Gallagher Benefit Insurance Services. Neither Arthur J. Gallagher & Co., nor its affiliates provide accounting, legal or tax advice.