

Executive HRA Benefits

For Highly Compensated Employees

Gallagher is one of the nation's leading developers of health reimbursement arrangement (HRA) platforms. With our **Gallagher HealthInvest HRA** plan, you can provide your employees with a source of tax-free funds to reimburse their out-of-pocket medical care expenses.

Now, you can take your HRA program a step further with our executive "post-separation/premium-only" HRA plan design for your top-level employees, including highly compensated employees (HCEs).

- Provide more valuable and competitive benefits packages
- Attract and retain the best talent
- Reward your executive team
- Offer retirement incentives to senior administrators
- Take advantage of employer payroll tax savings on contributions*

*IRS rules do not allow individual choice between taxable wages and HRA contributions.

Under this special HRA plan design, HRA eligibility criteria and contribution amounts for your HCEs can be more favorable and exceed what you provide to your non-HCEs. This gives you added flexibility to reward employees without violating applicable non-discrimination rules.

- Make additional HRA contributions
- Base contributions on a percentage of salary
- Implement more favorable HRA eligibility criteria

Your defined employee group for this plan design can include both HCEs and non-HCEs.

Post-separation/Premium-only Benefits

HRA eligibility criteria and contribution amounts that favor HCEs are permissible and can be tax-exempt by adopting our turnkey Section 115 trust solution along with our executive HRA benefits plan design. All of our standard HRA features and services are included, except that reimbursements for participants, spouses, and dependents are limited to qualified post-separation insurance premiums only.

- Medical
- Dental
- Vision
- Tax-qualified long-term care (subject to IRS limits)
- Medicare Part B
- Medicare Part D
- Medicare Supplements

This special HRA plan design is based upon the retiree-only exception for insured plans under IRC Section 105(h) non-discrimination rules for employer-provided medical benefits. This exception is not an option for voluntary employees' beneficiary associations (VEBAs), which are subject to additional non-discrimination rules under IRC Section 505(b).

Section 105(h) non-discrimination rules do not prohibit you from providing varying levels or more favorable HRA benefits to employees who are not

HCEs. However, if you want to offer more favorable benefits to your executive team or other HCEs without violating the non-discrimination rules, you should take advantage of our executive HRA plan design.

Who is an HCE?

Most of your top-level employees are likely HCEs. HCEs are defined as the highest paid 25% of an employer’s non-excludable employees. When determining your top 25%, certain employees may be excluded if they are not covered by your HRA plan. These include employees who: (1) are part of a collective bargaining unit; (2) have completed less than three years of service; (3) are under age 25; or (4) work part time. A summary of nondiscrimination requirements applicable to HRAs is available upon request.

Contact Us Today

Your key employees will welcome this special HRA benefit. For many, the cost of health insurance during retirement will be their largest single expense. Give us a call today. One of our representatives will be happy to speak with you.

Minimum Participation Requirements and Fees

Minimum number of participants ¹	25
Minimum annual contributions ¹	\$25,000
Employer one-time set-up fee	\$800
Employer annual fee (begins in year two)	\$600
Participant account monthly fee ²	\$2.75
Participant account asset-based fee ²	1.25%

¹ Waiver of minimum may apply. ² Participant fees shown are standard and may be adjusted based on plan enrollment.

MORE INFO?

HealthInvestHRA.com

QUESTIONS?

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