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POST EMPLOYMENT HEALTH REIMBURSEMENT ARRANGEMENT (HRA VEBA)

I. INTRODUCTION

A Post Employment Health Reimbursement Arrangement (HRA VEBA or VEBA) is a 501(c)9 plan under the Internal Revenue Code that provides each eligible member with an individual account to pay health/dental insurance contributions and/or unreimbursed medical expenses after separation of employment with the City of Boise ('city'). These accounts are funded by the employer and it is the intention of the city to provide a target benefit.

Employees who are eligible for this benefit include all general, regular employees who are regularly scheduled to work twenty (20) hours or more per week.

The city reserves the right to make changes to or to cancel this benefit at any time. Nothing in this regulation shall create an employment contract or be construed to modify the employment relationship between the city and the employee, or to restrict the city's management rights.

II. EMPLOYER FUNDING

There are four (4) potential funding sources for an employee's VEBA:

- A. Based on an eligible employee's status at the end of the final pay period of each calendar year, an employer contribution in the amount of 0.25% of the employee's annual salary will be made in January.
- B. Eligible employees shall annually convert all accrued sick leave in excess of 600 hours into the employee's Post Employment Health Reimbursement Arrangement (VEBA) account. The conversion will be done on a 2:1 ratio at the employee's regular hourly rate of pay. Conversion of hours shall occur at the end of the calendar year and shall be based upon December 31 balances.
- C. Beginning October 1, 2006, when an employee who is eligible for this benefit retires, a value will be given to all accrued sick leave hours and will be converted at a 4:1 ratio.
- D. Beginning October 1, 2019, when a police contract employee promotes to a non-contract position, their accrued compensatory time is converted into their HRA-VEBA.

Eligible employees, who separate from the city prior to retirement, will have no further contributions made by the city.

Eligible exempt employees who retire from the city whose VEBA account balance at retirement is below the minimum funding standard shall have funds transferred by the city from accrued vacation leave in the amount necessary to meet the minimum funding standard until such funds are exhausted. Eligible non-exempt employees who retire from the city whose VEBA account balance at retirement is below the minimum funding standard shall have funds transferred by the city from accrued vacation leave and accrued compensatory time in the amount necessary to meet the minimum funding standard until such funds are exhausted.

Employees who retire from the city with balances exceeding the minimum funding standard shall have no further contributions made by the city on their behalf. Balances from accrued vacation leave and compensatory time shall be paid to eligible employees in accordance with current city policy.

III. MINIMUM FUNDING STANDARD

The target benefit, or Minimum Funding Standard (MFS), represents the amount of funds necessary to pay for fifteen (15) years of single person Medicare supplement premiums after subtraction of the city's per month contribution toward the premium. The premium amounts for the city-provided retiree Medicare supplement premium will be used to create the minimum funding standard calculation. For more information about the minimum funding standard, please go to the MyBenefits page on BoiseHome (mybenefits.cityofboise.org) under "Saving for Retirement".