

VEBA Plan Enrollment Kit

For public employees in Washington



veba.org



BASIC PLAN INFORMATION & ENROLLMENT FORM

Enrollment Kit contents:

1. Basic Plan Information & Enrollment Form
2. Investment Fund Information
3. Investment Fund Overview (available from your employer or at veba.org; performance updated quarterly)

Introduction

Congratulations! You are enrolling in the VEBA Plan, a health reimbursement arrangement for public employees in Washington.

You can use your VEBA account to reimburse eligible out-of-pocket healthcare costs and premiums for you, your spouse, and qualified dependents. Generally, dependents must satisfy the IRS definition of “qualifying child” or “qualifying relative” as of the end of the calendar year in which expenses were incurred. See Definition of Dependent at veba.org.

The tax objectives are:

1. To enable your employer to make tax-free contributions to the plan on your behalf;
2. For your account to be credited with tax-free investment earnings; and
3. To enable you to obtain tax-free reimbursements for your eligible out-of-pocket healthcare expenses and insurance premiums.

Contributions, earnings, and withdrawals (claims) are not tax reportable. You will not receive a Form 1099 for earnings or withdrawals (claims). Unused funds in your account carryover from year to year.

Enrollment

Now that you are eligible to enroll, simply complete the attached Enrollment Form and return it to your employer. IRS rules require that all employee group members defined as eligible must participate.

You will become a Participant under the Plan on either: (1) the date specified by your employer on your Enrollment Form; or (2) the date upon which both a fully completed and signed Enrollment Form and a contribution have been received by the third-party administrator (TPA).

Once the above items are received, the TPA will send you a welcome packet. Your welcome packet will provide you with:

- Your participant account number
- Welcome letter confirming your employer’s initial contribution
- Plan Summary
- Login directions for myVEBA Plan online
- Claim Form

Investment Options

You can choose either one of two participant-directed investment options. The enclosed Investment Fund Information brochure contains detailed information. Fund fact sheets and prospectuses are available at veba.org.

Option A: Do-it-yourself

Build your own portfolio using funds from six individual asset classes.

Option B: Choose a pre-mix

Select any one of four professionally designed, pre-mixed asset allocation portfolios.

You can change your investment fund allocation up to once per calendar month.

Net investment earnings (or losses) after fund management and trust administrative expenses have been deducted are credited tax-free to your account daily.

Third-party Administrator

Contact the TPA, Meritain Health, for information regarding your account, questions about claims, or to request forms. Meritain Health has more than 30 years of experience

and is available to serve you from its Minneapolis service center.

Please immediately notify the TPA of any changes to your name, contact information, or systematic premium reimbursement details.

Qualified Expenses & Premiums

Common qualified expenses include co-pays, coinsurance, deductibles, prescriptions, etc. Eligible insurance premiums include medical, dental, vision, tax-qualified long-term care (subject to IRS limits), Medicare Part B, Medicare Part D, and Medicare supplement plans. Go to veba.org for a more detailed list.

Insurance premiums paid by an employer or deducted pre-tax through a Section 125 cafeteria plan, are not eligible for reimbursement. When requesting reimbursement of premiums deducted from your paycheck, you should include a letter from your employer that confirms a pre-tax option for the deduction of such premiums is not available.

If you or your spouse have a Section 125 healthcare flexible spending account (FSA), you must exhaust the FSA benefits before submitting claims.

Claims

Withdrawals (claims) from your account can be made only for eligible out-of-pocket healthcare expenses and premiums.

Simply e-mail, fax, or mail a completed Claim Form or Systematic Premium Reimbursement Form to the TPA. Get these forms online at veba.org, or by contacting the TPA.

Qualified expenses and premiums submitted for reimbursement must be incurred after your account is first activated and you become eligible to file claims.

BASIC PLAN INFORMATION & ENROLLMENT FORM

Claims - continued

To expedite your claims:

1. Fully complete all requested information
2. Attach itemized verification for each expense or service. Cancelled checks or balance forward statements are not acceptable. Acceptable forms of verification include:
 - a. Explanation of benefits (EOB)
 - b. Itemized billing or statement
 - c. Detailed receipt
3. Documentation required for qualified insurance premium reimbursement includes:
 - a. Name(s) of individual(s) covered
 - b. Premium amount(s)
 - c. Policy period
 - d. Insurance provider name and address
4. Sign up for direct deposit; its faster and more secure.

Plan Expenses

Effective October 1, 2011, all expenses of operating VEBA Trust are paid by a \$1.50/month per participant fee, plus an annualized fee of approximately 1.50% of your average participant account balance. This fee is adjusted periodically as plan expenses change. The annualized fee is paid by a reduction to investment earnings or, if there are no earnings, charged as a deduction to participant accounts.

Trust operating and administrative expenses include legal fees, consulting, local servicing, printing, postage, auditing, claims processing, account administration, etc.

Survivor Benefit

If you pass away, remaining funds in your account may continue to be used by your surviving spouse and qualified children and dependent(s) to reimburse eligible healthcare

expenses and premiums. Surviving spouses and qualified dependents enjoy the same tax advantages as participants.

If you have no eligible survivors, the executor of your estate will be given an opportunity to file claims for any unreimbursed expenses you incurred prior to your death. Any remaining funds will then be forfeited and redistributed pro rata among the remaining participants from the employer that made your contribution(s). IRS Revenue Ruling 2006-36 does not permit the payment of benefits to non-dependent heirs.

Online Services

When you receive your welcome packet, go to **veba.org** and click the link to **myVEBA Plan online**. After logging in, you can:

- View account details and investment performance
- Track the status of claims in progress and view claims history
- Set up a systematic premium reimbursement
- Update account preferences, investment allocations, and other information

You do not have to login to access general plan information and fillable forms at **veba.org**.

Account Statements

If you provide a valid e-mail address and elect to receive electronic communication (recommended), you will be notified when your quarterly participant activity statement is available online. Otherwise, paper participant activity statements will be mailed to you in January and July.

Board of Trustees

The VEBA Plan is offered by the non-profit, tax-exempt VEBA Trust which is managed

by a board of trustees appointed by the plan sponsors:

- Association of Washington School Principals (AWSP)
- Washington Association of School Administrators (WASA)
- Washington Association of School Business Officials (WASBO)

Contact Information

Contact the TPA for:

- Account information
- Paper forms
- Claims and systematic premium reimbursement inquiries

Third-party Administrator (TPA)

Meritain Health
PO Box 27810
Minneapolis, MN 55427-0810
Phone: 1-888-828-4953
Fax: (763) 582-3471
E-mail: myVEBAPlan@meritain.com

Plan Consultant & Local Service

Contact the VEBA Service Group, LLC office near you.

Spokane
1-800-VEBA (8322)

Sumner
1-800-422-4023

Tri-Cities
1-855-735-7713

Vancouver
1-877-695-3945

Legal Counsel

Katten Muchin Rosenman LLP
Russell Greenblatt

Enrollment Form Checklist

Did you...

- Provide your e-mail address and elect e-communication (sections 2 and 5)?
- Enroll in direct deposit (section 7)?
- Make your investment selection (section 3)?
- Sign your Enrollment Form (section 4)?

Enrollment Form

Return completed form to your employer. Fillable version available online at veba.org. Direct deposit enrollment on reverse.



TO BE COMPLETED BY EMPLOYER: Employer ID No. _____ Employer Name: _____

Enrolling employee is: Active or Separating/retiring on _____ (Date). You may specify this enrolling employee's participant effective date, provided such date is not prior to September 1, 2010 and not prior to the employee's hire date. If no date is specified, the employee shall become a participant when a completed and signed Enrollment Form and contribution have been received by the third-party administrator.

Participant Effective Date (optional): _____ Authorized Employer Signature: _____

1. EMPLOYEE, SPOUSE, DEPENDENT INFORMATION

NOTE: Your spouse and qualified children and dependent(s) are automatically covered under this plan. Federal law requires the third-party administrator to have on file the full name, Social Security number, gender, and date of birth of all covered individuals. List any additional dependents on an attached sheet of paper.

First Name	Middle Initial	Last Name	Gender (M/F)	Date of Birth (mm/dd/yyyy)	Social Security Number
Employee					
Spouse					
Child/Dependent 1					
Child/Dependent 2					
Child/Dependent 3					

2. EMPLOYEE CONTACT INFORMATION

E-mail address (home or personal recommended) _____ (_____) _____ - _____
 Area code and phone number

Mailing address _____ City _____ State _____ Zip _____

3. INVESTMENT SELECTION

Select and complete **OPTION A** or **OPTION B**, but not both. If you make no selection, your entire account will be allocated to the Stable Value fund. You should carefully read the Investment Fund Information brochure included with this enrollment kit (also available online). More information is contained on reverse.

OPTION A: Do-it-yourself. If you want to choose your own fund(s), select and complete Option A only. Use whole numbers—no fractions.

Asset Class / Fund Name	Allocation %
Stable Value / Dwight Separate Account	_____ %
Total Return Bond / PIMCO Total Return Institutional	_____ %
Large Cap Equity / Vanguard Institutional Index (S&P 500)	_____ %
Mid Cap Equity / Rainier Mid Cap	_____ %
Small Cap Equity / Champlain Small Company	_____ %
International Equity / Artio International Equity II	_____ %
Total must equal	100%

Yes. Rebalance my allocation percentages at the end of each calendar year.

NOTE: Rebalancing is an important feature that will redistribute your entire account balance according to your most recent allocation percentages on file with the third-party administrator (TPA). If selected, this option will continue until revoked online or via written notice to the TPA.

OPTION B: Choose a pre-mix. If you want an asset allocation strategy created by investment professionals, select and complete Option B only. Choose only **one** pre-mix. Multiple choices cannot be processed. Pre-mix investment allocation percentages on reverse. Quarterly rebalancing is automatic.

Pre-mix name (target time horizon / risk level)

- Immediate Use** (within 1 year / conservative)
- Short-term Use** (within 2-3 years / moderately conservative)
- Medium-term Use** (within 4-5 years / moderately aggressive)
- Long-term Use** (within 6+ years / aggressive)

NOTE: You can file claims at anytime after becoming claims-eligible no matter which pre-mix you choose. The target time horizon represents the length of time until you expect to begin using your account. The risk level of each pre-mix is designed with strong consideration to the portfolio's target time horizon.

4. HOLD HARMLESS AGREEMENT AND REQUIRED SIGNATURE

"I hereby become a Participant of the VEBA Plan. I realize that the parties involved in this Plan (including, but not limited to the Plan, my employer, my bargaining representative, the Trustees, and the agents of each, collectively referred to as the "Plan and its agents") cannot guarantee any federal or state tax results or investment results. I understand that should I fail to sign this agreement, I will (1) not become a Participant in the Plan; and (2) not be entitled to receive remuneration to which I may have otherwise been entitled to subsequent to implementation of the current Plan. I acknowledge that any benefits to which I may become entitled are subject to the terms and conditions of the governing Plan documents and applicable law, and that the Plan and its agents may withhold from such benefits (and may transmit to the government) any tax, charge, penalty, assessment, or other amount which is determined to be attributable to or allocable to such benefits or on account of the operations of the Plan and to hold the Plan and its agents harmless with respect to such actions taken in good faith. I have received, reviewed and understand the Plan and investment information provided in the Basic Plan Information and Investment Fund Information brochures."

Signed this _____ day of _____, _____ Year **X** _____
 Day Month Year Signature of Employee/Participant

5. ELECTRONIC COMMUNICATION CONSENT (recommended)

Check one: YES (be sure to provide your e-mail address in section 2) NO

To communicate and deliver information to you quickly and efficiently, electronic communication is recommended. Electronic documents include your welcome letter, Plan Summary, participant activity statements, explanation of benefits (EOBs), and general participant communication. Please note: (1) After logging in to **myVEBA Plan online** at **veba.org**, you (a) may withdraw your consent for electronic documents at any time without charge by updating your account preferences, (b) will be able to view and print copies of electronic documents (you may request paper copies at no charge by contacting the third-party administrator), and (c) can update your e-mail address on file by updating your personal information; (2) to access electronic documents, you will need a copy of Adobe Acrobat Reader software loaded on your computer. You can download and install a free copy at www.adobe.com; (3) documents provided electronically will not be mailed via U.S. Mail.

6. TPA CONTACT INFO

VEBA Plan Third-party Administrator
 Meritain Health
 PO Box 27810
 Minneapolis, MN 55427-0810
 1-888-828-4953
 Fax (763) 582-3471
 myVEBAPlan@meritain.com
 Trust Website: **veba.org**

7. DIRECT DEPOSIT ENROLLMENT (recommended)

When requesting direct deposit to a **checking account**, a voided check must be attached for routing and account number verification. For direct deposit to a **savings account**, please contact your financial institution for routing and account number verification if a voided check is not available. Funds availability is subject to your banking institution's policies and procedures.

Account type [check one]:

- Checking account
 Savings account

Name of financial institution (bank or credit union)

9-digit routing/transit number (see below check example)

Account number (do not include your check number)

Sample check

Memo _____		
⑆ 123456789 ⑆	9876543210 ⑆	1001
↓	↓	↓
9-digit routing/transit number	Account number	Check number

8. INVESTMENT OPTIONS

Asset Class / Fund Name	Pre-mixed Portfolios
<p>Stable Value / Dwight Separate Account Seeks to provide preservation of capital with competitive interest earnings. www.dwight.com</p>	<p>Immediate Use (within 0-1 years) <i>Conservative</i></p> <ul style="list-style-type: none"> 65% Stable Value 25% Total Return Bond 10% Large Cap Equity
<p>Total Return Bond / PIMCO Total Return Institutional Seeks maximum total return, consistent with preservation of capital and prudent investment management. www.pimcofunds.com</p>	<p>Short-term Use (within 2-3 years) <i>Moderately Conservative</i></p> <ul style="list-style-type: none"> 45% Stable Value 35% Total Return Bond 8% Large Cap Equity 3% Mid Cap Equity 3% Small Cap Equity 6% International Equity
<p>Large Cap Equity / Vanguard Institutional Index (S&P 500) Seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks. www.vanguard.com</p>	<p>Medium-term Use (within 4-5 years) <i>Moderately Aggressive</i></p> <ul style="list-style-type: none"> 30% Stable Value 30% Total Return Bond 17% Large Cap Equity 5% Mid Cap Equity 5% Small Cap Equity 13% International Equity
<p>Mid Cap Equity / Rainier Mid Cap Equity Seeks long-term capital growth by investing in common stocks of medium-capitalization companies. www.rainierfunds.com</p>	<p>Long-term Use (within 6+ years) <i>Aggressive</i></p> <ul style="list-style-type: none"> 5% Stable Value 20% Total Return Bond 35% Large Cap Equity 10% Mid Cap Equity 10% Small Cap Equity 20% International Equity
<p>Small Cap Equity / Champlain Small Company Fund Seeks capital appreciation by investing in small capitalization U.S. common stocks. www.cipvt.com</p>	
<p>Int'l Equity / Artio International Equity II Seeks long-term growth of capital by investing in a wide variety of international equity securities issued throughout the world, normally excluding the U.S. www.artioglobal.com</p>	

Participants are encouraged to consult their tax, investment or legal advisor regarding participation in this plan.

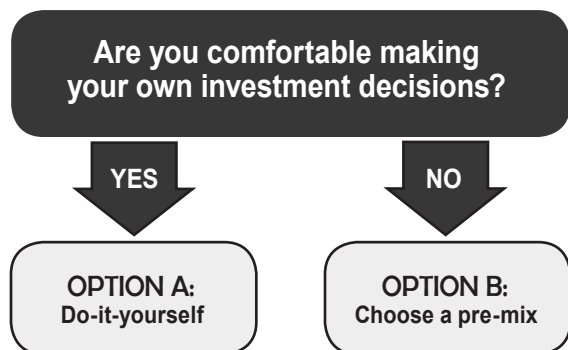
Please notify the TPA of any address changes.

Investment Fund Information

Performance results are contained on the [Investment Fund Overview](#) updated quarterly at [veba.org](#).



Which option is right for you?



Option A: Do-it-yourself	Build your own portfolio using funds from among six individual asset classes.
Option B: Choose a pre-mix	Select one of four professionally designed pre-mixed asset allocation portfolios each with a risk level that gives strong consideration to your projected time horizon (i.e. the length of time until you expect to begin filing claims).

Important Investment Guidelines

What is your asset allocation strategy?

Before making your investment decision, you should define your asset allocation strategy. A proper asset allocation strategy (i.e. choosing the right blend of asset classes for your financial situation) can help reduce risk and increase potential return over time.

What kind of investor are you?

Determining what kind of investor you are will help you define your asset allocation strategy. In other words, are you most interested in growing your account or preserving your account? If you are most interested in growing your account, you must be willing to tolerate more risk and accept potentially large fluctuations in value. Preserving your account generally involves less risk and should result in smaller fluctuation in value.

What is your time horizon?

Your time horizon is the number of years you have to invest, or the length of time until you anticipate filing claims. Investors with longer time horizons are often willing to tolerate more risk; investors with shorter time horizons tolerate less risk.

Time is very important when determining your asset allocation strategy. Investments may increase in value over time assisted by the power of compounding, and time can help smooth the ups and downs of the financial market. Your asset allocation strategy should depend heavily on how much time you have until you will begin filing claims.

Risk vs. potential reward

Risk is generally thought of as the possibility of losing money on investments. If your investment's value fluctuates significantly down and up, and you make a withdrawal for a qualified medical expense during a down market investment period, you may experience loss. You also need to consider inflation risk, the chance that your investments will not earn enough to keep pace with the rising cost of living, in this case, increasing health care costs. Consider the following general principals of risk:

- Reducing one type of risk generally requires you take on more of another
- The higher the risk, the higher the potential for reward; the lower the risk, the lower the potential for reward
- The shorter the time frame you have for investing, the more you should reduce investment risk

Asset class

Asset classes come in three general types: stocks, bonds, and short-term investments (stable value). Your overall investment strategy will help you determine what percentage you should allocate to each asset class.

Diversification

You know the old saying, "Don't put all your eggs in one basket"? With investing, this is called diversification. It's the process of spreading your money among different asset classes. In addition, mutual funds are diversified and if you invest your money in a stock mutual fund, you will hold stock in many different companies. Even if a few companies perform poorly, their losses may be offset by stocks that perform well.

Asset allocation

Choosing the right combination of investments for your portfolio is called asset allocation. This is an important step that can help you reach your retirement goals. When you allocate your assets, you spread your savings out among stable value, bond, and stock investments, but not in random amounts. Aggressive investors with long-term goals may prefer portfolios with more stocks, while more conservative investors are likely to use more stable value and bonds. As you build your investment portfolio, consider your personal situation. Your asset allocation decisions should be based on:

- When you will begin to file claims
- The amount of time you have to reach your goal
- Your own tolerance for risk
- Your other savings and investments

Important investment guidelines - *continued*

Importance of rebalancing

Over time, some of your investment fund selections may grow more quickly than others, some may even lose value, causing your portfolio to become out of alignment with your original allocation percentages.

Rebalancing periodically redistributes your entire account balance according to your most recent allocation percentages on file with the third-party administrator. This process aids in maintaining the level of risk you are willing to take and helps you achieve the goals and objectives of your asset allocation strategy.

Rebalancing at the end of each calendar year is optional under **Option A: Do-it-yourself**. The pre-mixed asset allocation portfolios offered under **Option B: Choose a pre-mix** are automatically rebalanced quarterly.

No guarantees

Keep in mind that the use of asset allocation or diversification as part of an investment strategy does not guarantee a profit or guarantee against a loss.

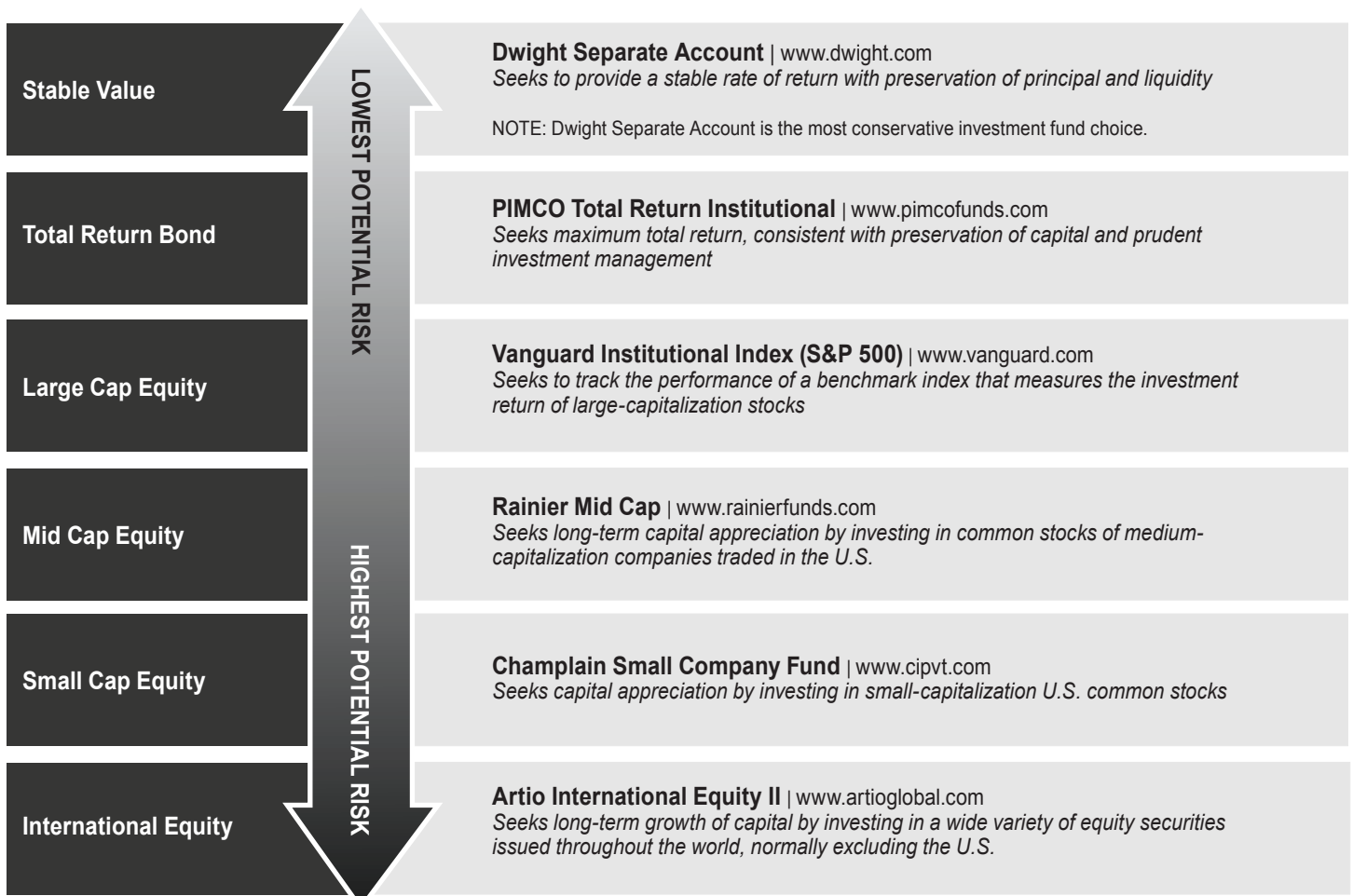
Funds are not FDIC insured, are not guaranteed by a bank, and may lose value. Even the most conservative investment fund option may lose value.

More information

Go to **veba.org** for more information, including historical fund performance. Fund fact sheets and prospectuses are available at **veba.org**.

Option A: Do-It-Yourself

Listed below are the available asset classes and funds you can use to build your own portfolio. Performance results are contained on the **Investment Fund Overview** updated quarterly at **veba.org**.



Not FDIC insured. No bank guarantee. May lose value.

Other Important Information

Contributions

Contributions received are allocated per your current investment fund allocation election on file with the TPA. If no investment fund allocation election is on file, funds will be allocated to the Stable Value fund.

Transfers

You may transfer among the investment funds up to once each calendar month. You can make fund transfer requests online or by submitting a completed and signed Account Change Form to the TPA. Transfer requests are generally effective within two to three business days.

Withdrawals

If your account is allocated among multiple investment funds, withdrawals from your account will be made proportionately based on your fund allocation election on file with the TPA unless you request otherwise.

Investment Risk

The Stable Value fund is invested among interest-bearing guaranteed investment contracts (GICs) and is the most conservative fund choice. The remaining funds are invested in securities that will fluctuate in value on a monthly basis, and withdrawals from these funds may be worth more or less than your original employer contribution. Prior to submitting your Participant Enrollment Form or Account Change Form to the TPA, please carefully review your selected investment fund choice(s).

Should your investment objectives change, you should reevaluate your fund selection(s) and make appropriate changes. Remember, any investment that contains stock market investments entails the risk of loss. We must stress that investment returns, particularly over shorter time horizons, are highly dependent on trends in various investment markets. Thus, investing in stocks and bonds is suitable primarily as a longer-term strategy and should not be used by participants who will begin filing claims immediately.

Using Multiple Investment Funds

You may use a single fund or multiple funds when creating your do-it-yourself portfolio. You may choose only one pre-mixed portfolio. You may not choose both a do-it-yourself portfolio and a pre-mixed portfolio.

Fund Management Expenses

Fund management expenses vary from fund to fund. Each investment fund's expense ratio can be found on the VEBA Trust Investment Fund Overview updated quarterly at veba.org, or by visiting each fund's respective website.

Investment Advice

Please read this information carefully and consult with your personal financial advisor before making an investment decision. The trustees, plan consultant, and third-party administrator do not give investment advice.

Investment Terms

Asset Allocation: An investment strategy with a goal of balancing risk and reward by investing a portfolio's assets according to an investor's predetermined goals, risk tolerance, and time horizon. Money invested is allocated among different asset classes that do not all react the same to events in order to meet the investment goals of the individual investor.

Bond: A debt investment in which an investor loans money to an entity (corporate or government) that borrows the funds for a defined period at typically a fixed interest rate. Bonds may also have variable interest rates. The bondholder does not have ownership rights to the bond issuer unlike a stockholder. Generally, bonds are used to finance various projects and activities.

Capitalization: The collective market value of the stock of a corporation. The market price of a share of stock, multiplied by the number of shares outstanding, equals the market capitalization of a corporation.

Diversification: Mixing a wide variety of investments within a portfolio.

Large Cap: Refers to companies with a "large market capitalization", generally with capitalization valued at more than \$10 billion.

Mid Cap: Refers to companies with market capitalization of between \$2-\$10 billion.

Modern Portfolio Theory: Theory on how risk-averse investors can construct portfolios to optimize or maximize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward.

Mutual Fund: Investment vehicle made up of a pool of money collected from different investors to invest in securities. Mutual funds are operated by money managers who invest the fund's capital and attempt to produce

capital gains and income for the fund's investors.

Principal Value: The amount of the original investment.

Prospectus: Document that provides details about an investment offering for sale to the public. Required by Securities Exchange Commission (SEC).

Rebalancing: The process of buying or selling assets in a portfolio to maintain the investor's desired levels of investment allocation between asset classes.

Security: An instrument representing ownership, a debt agreement, or the rights to ownership. Examples of a security are Treasury Bills, Commercial Paper, Certificates of Deposit (CDs), bonds, stocks, and derivative contracts.

Separate Account: A private investment account opened through a brokerage or financial advisor that is used to buy individual assets.

Stock: A type of security that signifies ownership in a corporation and represents a claim on part of the corporation's assets and earnings.

Time Horizon: The length of time over which an investment is made or held before it is liquidated.

Total Return: The actual rate of return of an investment over a given evaluation period, includes interest, capital gains, dividends, and distributions.

Volatility: Statistical measure of dispersion of returns for a given security or market index.