

CCS Administrative Procedure

2.20.01 – F VEBA

Implementing Board Policy [2.20.01](#)

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1.0 Voluntary Employee Benefit Association (VEBA) Administration (summary of Board of Trustees Policy 2.20.01)

Community Colleges of Spokane will provide employee groups the opportunity to transfer funds to a VEBA Trust account. The VEBA CTC Medical Benefits Plan is a Health Reimbursement Account, also referred to as an "HRA". A VEBA CTC account may be used to pay any medical, dental or vision out-of-pocket expenses (deductibles, co-payments, co-insurance, etc.), plus post-retirement medical and dental insurance premiums. Because money transferred to VEBA accounts is tax free, there are strict IRS guidelines on how employers participate in these plans.

2.0 Definitions

The following definitions are specific to the terms of this procedure and do not modify or revise similar terms as used in related procedures or collective bargaining agreements.

2.1 Eligible employee groups are:

- 2.1.1 Classified Head Start Bargaining Unit
- 2.1.2 Classified Custodial, Grounds and Trades and Crafts Bargaining Unit
- 2.1.3 Classified Office & Clerical Bargaining Unit
- 2.1.4 Classified Supervisors
- 2.1.5 Classified Non-represented Staff
- 2.1.6 Administrative and Exempt Employees
- 2.1.7 Institutional Executives
- 2.1.8 Annually Contracted Academic Employees
- 2.1.9 Adjunct Academic Employees

2.2 Each employee group has the opportunity to vote on each of the VEBA contribution options. If one or more of the options are adopted, all eligible employees must participate. This is not an individually elected benefit. It is a mandatory participation plan.

2.3 The following contribution options are available:

- 2.3.1 **Sick Leave:** Eligible retiring employees currently receive a cash-out of 25 percent of their compensable sick leave balance. This payment, subject to Federal Income Tax and Social Security tax, is paid to employees on their final paycheck. If adopted by a majority of the employee group, compensable sick leave cash-out payments will be transferred to a VEBA trust, tax free, to be used for post retirement medical/dental costs.
- 2.3.2 **Vacation Leave:** Retiring and separating employees currently receive a cash-out of 100 percent of their vacation leave balance. This payment, subject to Federal Income Tax and Social Security tax is paid to employees on their final paycheck. If adopted by a majority of the employee group, future vacation cash-out payments for RETIRING employees will be transferred to a VEBA trust, tax free, to be used for post separation medical/dental costs.
- 2.3.3 **Monthly Contributions:** If adopted by a majority of the employee group, monthly contributions will be transferred to a VEBA trust, tax free, to be used for both pre- and post-retirement qualified out-of-pocket medical, dental, and vision expenses incurred by yourself, your spouse, and/or your qualified dependents, including deductibles, co-payments, co-insurance, etc. VEBA contributions do not affect your ability to make tax-deferred contributions to a supplemental retirement account. Employees will vote on whether they wish to contribute a percentage of salary and, if so, will vote on a 1 percent, 2 percent, or 3 percent reduction.

- 2.3.4 **VEBA Plan Effective Period:** If adopted by a majority of the employee group, this plan will remain in effect indefinitely until 10 percent or more of the voting group petition for a vote to withdraw or change the plan.
- 2.3.5 CCS will notify employees annually of the right to vote on available options.

3.0 VEBA Account Administration

- 3.1 The VEBA Trust hires a VEBA Plan Third-party Administrator. The plan administrator is responsible for providing customer services, claims processing, and participant account administration. All specific account questions, claim questions, or account statement inquiries are handled by the plan administrator. See the CCS Payroll & Benefits [VEBA web page](#) for information about the current plan administrator.
- 3.2 The trust offers two fund investment options. The employee may choose to have all or a portion of the VEBA account in any or all of the following funds:
 - 3.2.1 **Option A – Do-It-Yourself.** This option allows the employee to select funds from a predefined list of investment funds.
 - 3.2.2 **Option B – Chose a Premix.** This option allows the employee to select a pre-mixed portfolio created by investment professionals.
- 3.3 As a condition of participation under the plan, the employee is required to complete an enrollment form and sign an agreement with the employer which includes a “hold harmless” provision.
- 3.4 On a monthly basis, the plan administrator sends (via email) a list of employees for whom they have received funds, but not a signed VEBA Member Enrollment form. The payroll department uses the list to verify whether or not an enrollment form was completed.
 - 3.4.1 Upon receipt of the list, a FIRST Notification is sent to the employee’s address of record or email address.
 - 3.4.2 A SECOND Notification is sent to the employee’s address of record or email address at the end of the second month.
 - 3.4.3 A THIRD and FINAL Notification is sent to the employee’s address of record or email address at the end of the third month. This notice stipulates the following:
 - 3.4.3.1 All funds contributed to-date are forfeited.
 - 3.4.3.2 All future funds contributed will be forfeited until such time as a VEBA Member Enrollment form is completed and returned to the CCS Payroll/Benefits Office.

4.0 Forfeited Funds

- 4.1 Eight percent of forfeited funds are retained by the District Administrative Office.
- 4.2 The balance of funds is allocated to each CCS unit (SCC, SFCC, IEL, District Office) with each location having discretion to further allocate funds to departments.
- 4.3 Funds must be expended in accordance with CCS policy, state, and federal rules and regulations.

5.0 Employees in Forfeiture Status

- 5.1 Once an employee has funds forfeited, all future funds will be forfeited without further notification (see item 3.4, above).
- 5.2 If an employee completes the VEBA Membership Enrollment form, only those funds deducted from compensation from the date the form is signed will be credited to the employee's VEBA account.

6.0 Related Information

- 6.1 CCS Payroll & Benefits Web Site – [VEBA](#)
- 6.2 CCS Payroll & Benefits Web Site – [VEBA Participant Forms](#)

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