

# The *Features and Benefits* of TrustSecure™

---

A WEA Trust Medical Expense Reimbursement Plan



Defining Excellence. Delivering Value. THE TRUST DIFFERENCE.

## FEATURES

The Trust offers a post-employment medical expense reimbursement plan called TrustSecure. It allows employers to make tax-exempt contributions that may be used by employees, spouses, and/or IRS-qualified dependents, after separation from service, to pay for qualified medical expenses.



### How TrustSecure works

- Eligible employers and WEAC-affiliated locals bargain TrustSecure.
- Employers sign a contribution agreement with the Trust.
- Eligible employees complete and submit necessary paperwork.
- Employers submit qualified contributions.
- Contributions are invested in a Trust investment portfolio, and individual reimbursement accounts are created.
- After separation from service, participants (and their spouses and/or IRS-qualified dependents) incur qualified expenses and request reimbursements.
- Employees are reimbursed from the accrued funds in their account.

### Eligibility

Any employer that has a WEAC-represented collective bargaining unit is eligible to participate in TrustSecure. Any employee group of an eligible employer may participate if any WEAC-represented group participates. Since it is a group plan, individual participation is not permitted.

Participation and contribution level criteria will be defined in either a collective bargaining agreement for represented employees or a written employment policy for nonrepresented employees and will be subject to nondiscrimination rules.

### Funding

Qualified TrustSecure contributions made on behalf of employees and/or retirees are exempt from payroll and income taxes.

Funds will be invested in a Trust investment portfolio created and overseen by the WEA Trust in consultation with an investment advisor. The portfolio will consist of a variety of investments chosen to meet the objectives of TrustSecure.

### Administration/availability of funds

Funds in a participant's TrustSecure account can be used to reimburse qualified medical expenses for eligible participants until depleted or forfeited. There are several key features related to the administration and availability of funds:

- Funds are accounted for on an individual basis. All participants may view their accounts online and will receive an account activity statement.
- Any investment gains or losses will be credited to individual accounts and are not subject to taxes.
- Fund balances carry over from year to year.
- Participants must satisfy any accrual period that has been established by the collective bargaining agreement or district policy before receiving reimbursement.
- Upon separation from service, participants may begin requesting reimbursement of accrued account values for qualified medical expenses by completing a reimbursement claim form.
- Participants will be reimbursed up to once per month for qualified medical expenses.
- Upon the death of a participant, a surviving spouse and/or IRS-qualified dependents may submit requests for qualified medical expense reimbursements until the accrued funds in the participant's account are gone.

If there are no qualified beneficiaries, remaining funds accrue to the benefit of all plan participants, or they can be used to offset future contributions of the contributing employer if so specified in the

collective bargaining agreement or nonrepresented employee personnel policy.

## Qualified medical expenses

Participants have access to accrued funds to pay for qualified medical expenses. Qualified medical expenses include those that are deductible for federal income tax purposes (see IRS Publication 502) and/or those related to the diagnosis, care, treatment, and/or prevention of disease (IRC Section 213(d)).

Qualified expenses can include charges for office visits, over-the-counter medications, and prescription drug copayments; health plan deductibles, copayments, and coinsurance; and many other medical, dental, and vision costs not covered by your insurance plan. Premiums for most medical, dental, vision, tax-qualified long term care (subject to IRS limits), Medicare Part B, Medicare Part D, and Medicare supplement plans are also eligible. A sample listing of qualified expenses will be available upon request.

After becoming eligible to withdraw funds, participants may request reimbursement from accrued funds for personal qualified medical expenses or those of their spouses and/or qualified dependents. Medical expenses incurred prior to that time are not eligible for reimbursement.

TrustSecure cannot reimburse expenses that have been reimbursed by another plan. Also, TrustSecure may not reimburse a medical care expense that is attributable to a deduction allowed under IRC Section 213 for any prior taxable year.

## TrustSecure fees

There are two fees to cover the expenses of operating TrustSecure:

- **Asset fee**—an annual asset investment and management fee will be applied to all participants' accounts.

**and either an**

- **Administrative fee**—a per participant per month fee will be paid by the employer or employee for accounts established and funded at the time of retirement.

**or a**

- **Reimbursement fee**—a per reimbursement fee will be paid by the participants for accounts established and prefunded for active employees.

## BENEFITS

There are several benefits to **employers** who participate in TrustSecure.

- Flexible structure accommodates a range of post-employment benefits.
- A tool to effectively manage an employer's GASB OPEB liability.
- Employers who sponsor their own HRA for funding post-employment health care benefits are fiduciaries, responsible for all decisions and actions. The Trust is fiducially responsible for TrustSecure.
- Employers are often the fiscal agents for all of their post-employment benefits, responsible for managing the premium payments and other cash distributions to multiple retirees.

**When using TrustSecure as a post-employment medical expense reimbursement plan, the**

**employer will be responsible for submitting a payment to a single entity.** The Trust will then be responsible for distributing the funds to participants for qualified medical expenses.

- The Trust will include TrustSecure financial activity in its tax reporting.
- Employers with a WEAC-represented collective bargaining unit are eligible to participate in TrustSecure even if they do not have any other Trust line of business.

There are numerous benefits to employees who participate in TrustSecure. Among the greatest are the tax benefits. All qualified contributions, earnings, and reimbursements are tax-exempt.

The following is a list of additional benefits to employees participating in TrustSecure:

- They pay no tax on qualified contributions to TrustSecure.
- They pay no tax on investment earnings.
- They pay no payroll or income tax on qualified reimbursements.
- They are guaranteed benefits during the accumulation phase and the reimbursement phase of their participation in TrustSecure.
- They decide when to use accrued TrustSecure funds to reimburse qualified medical expenses upon separation from service.
- They can use accrued funds to get reimbursed for qualified health care expenses and/or insurance premiums, including Medicare expenses, for themselves, their spouse, and/or their IRS-qualified dependents.

- They can get reimbursed for qualified medical expenses not covered by their insurance plan.
- They have more flexibility when choosing an appropriate insurance plan.
- Their account balances carry over from year to year.
- They have access to their accrued account values after separation from employment.
- The funds are invested and overseen by the Trust.
- Upon death, remaining accrued funds in the participant's account can be used by their surviving spouse and IRS-qualified dependents for qualified medical expenses.



[weatrust.com](http://weatrust.com)

FLD 3534-810-0309

#### **Disclaimers**

TrustSecure may be modified at any time at the discretion of the WEA Trust. Nothing herein is intended to constitute legal or tax advice. For advice regarding the tax or legal implications of TrustSecure to your specific situations, you should consult with your legal or tax advisor.



**TrustSecure is administered on behalf of the WEA Trust by:**  
Educators Benefit Consultants, LLC, 3125 Airport Parkway, NE, Cambridge MN 55008  
Toll-free: (888) 507-6053 Fax: (763) 552-6055 Web site: [weatrustsecure.com](http://weatrustsecure.com)