

# VANTAGECARE RETIREMENT HEALTH SAVINGS PLAN ANNOUNCEMENT LETTER - RHS PLAN AMENDMENT

Dear VantageCare RHS Participant:

Your employer has amended your **VantageCare Retirement Health Savings (RHS) Plan** to conform to recent Internal Revenue Service guidance for health reimbursement arrangements. This letter outlines the features of your RHS plan. Please keep this announcement letter with your other benefits information so that you may refer to it as needed. You may also want to request an updated copy of the *VantageCare RHS Employee Question and Answer Brochure* by logging onto your RHS account on ICMA-RC's Account Access ([www.icmarc.org](http://www.icmarc.org)) or by calling an ICMA-RC Investor Services representative at 800-669-7400.

## VantageCare RHS

As you know, the VantageCare RHS Plan is a tax-advantaged savings plan dedicated to funding one of your most significant financial exposures -- healthcare costs. RHS allows you to accumulate assets now to pay, on a tax-free basis, medical expenses you incur later.

Some of the benefits of RHS include:

- tax-free contributions and tax-free investment growth
- tax-free medical expense reimbursements
- quarterly account statements
- no forfeiture of assets upon your death – the funds may be passed along to your survivors
- experienced health benefit claims processing.

Recent IRS guidance on health reimbursement accounts prompted changes to the death, de minimis, and severance features of the RHS program. The impact of these changes on your plan is outlined in the attached summary of plan provisions.

Any questions can be directed to your benefits office.

## Account Information Update

This letter also includes a *VantageCare RHS Plan Beneficiary Designation Form (Plan Amendment)*. Whether or not you have designated beneficiaries in the past for your RHS account, you must complete and return this form to ICMA-RC. *It is important that you return the completed form; failure to do so could result in a forfeiture of your RHS account assets if you should die without a surviving spouse or dependents.* See the Summary of Plan Provisions for more details.

### Investment Allocation

You may wish to check your RHS contribution investment allocation at this time. Note that the default investment for RHS accounts remains the Vantagepoint Money Market Fund. \*However, you can change the allocation for new contributions or reallocate existing RHS assets at any time by accessing VantageLine (1-800-669-7400), VantageLink ([www.icmarc.org](http://www.icmarc.org)), or calling an Investor Services representative (1-800-669-7400).

### Administrative Simplification

Changes have also been made to administrative features of your RHS plan.

- You no longer need to obtain your employer's signature on the *VantageCare RHS Plan Employee Benefit Eligibility Form*. When you become eligible for benefits from your account, you may complete the form, and send it directly to Zenith Administrators, Inc. at the address listed on the form.
- Participants in community property states no longer need to obtain their spouse's signature for beneficiary designations.
- After you have separated from service, you may send revisions to your RHS beneficiary designation directly to ICMA-RC on the *VantageCare RHS Plan Beneficiary Designation Form for Terminated Participants*. Note that other account changes (e.g. address, phone number, investment allocation) can be changed via VantageLink at [www.icmarc.org](http://www.icmarc.org) or VantageLine at 1-800-669-7400.

If you have questions about your RHS plan, please contact your benefits office, or call ICMA-RC at 800-669-7400.

\*Please consult the current Vantagepoint Funds prospectus carefully prior to investing any money. A transaction fee of 2% may be applied to the value of amounts transferred from the Income Preservation Fund. Please see the prospectus for additional information.

*Investments in the Vantagepoint Money Market Fund are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund. Vantagepoint securities are distributed by ICMA-RC Services, LLC, a controlled affiliate of ICMA-RC, member NASD/SIPC. ICMA-RC Services LLC, 777 North Capital Street NE, Washington, DC 20002-4240. 1-800-669-7400.*

***VantageCare RHS - It's a benefit for you  
that can last a lifetime***

# VANTAGECARE RETIREMENT HEALTH SAVINGS PLAN

## SUMMARY OF PLAN PROVISIONS

### ***RHS Plan Information***

Plan Name: **City of Vancouver Retirement Health Savings Plan**

Plan Number: **800281**

Account Number: Your Social Security Number (SSN)

Effective Date of Plan Amendments: March 31, 2004

### ***Participation***

Your participation in the RHS plan will be elective; you have an ongoing opportunity to choose to participate or not.

**All Police Officers Guild, Fire Command Units and Benefited Employees of the City of Vancouver** are eligible to participate in the RHS plan.

You have a **30-day** election window from your date of initial eligibility to make your election to participate in RHS. Your participation may begin no earlier than the month following the end of the election window.

If you do not choose to participate in your first year of eligibility, you will have an ongoing option to start participating at a future date. Your election may be made during the annual election window of **60** days. This window is available from **October 16 to December 14** each year. Your participation in RHS will begin in the calendar year following the year you make your election.

**Once you choose to participate, you will not be able to discontinue participation in RHS.** To enroll, simply fill out the *VantageCare RHS Plan Employee Enrollment/Change Form* and return it to your benefits office.

### ***Contributions***

The following contributions will be made to your account:

*Elective Pre-Tax Contributions from Compensation:* You may elect to have your Employer contribute on your behalf **1%** of earnings or up to **20%** of your earnings.

You have a **30-day** election window from your date of initial eligibility to make your election to make irrevocable pre-tax contributions of pay. Your contributions may begin no earlier than the month following the end of the election window.

If you do not choose to make irrevocable pre-tax contributions of pay in your first year of eligibility, you will have an ongoing option to make an election at a future date. Your election may be made during the annual election window of **60** days. This window is available from **October 16 to December 14** each year. Your contributions may not begin until the calendar year following the year you make your election.

**Once you choose to make irrevocable pre-tax contributions of pay, you will not be able to change the amount or discontinue the contributions.**

*Elective Pre-tax Contribution from Accrued Leave:* You may make elective pre-tax contributions of all leave that you would receive upon separation of employment in accordance with City policy or union agreement.

You have a **30-day** election window from your date of initial eligibility to make your election to make irrevocable pre-tax contributions of unused leave. Contributions may begin no earlier than the calendar month following the end of the election window.

If you do not choose to make irrevocable pre-tax contributions of unused leave in your first year of eligibility, you will have an ongoing option to make an election at a future date. Your election may be made during the annual election window of **60** days. This window is available from **October 16 to December 14** each year. Your contributions may not begin until the calendar year following the year you make your election.

*Annual Prospective Election for Pre-Tax Contributions of Leave:* Vacation leave will be accrued in the next calendar year may be contributed to the Plan. Your Employer limits the amount elected to up to **40** hours for all Coalition and Non-Union employees. Not available to any other employee group (0.0 hours limit for any other employee groups). Contribution of future leave accruals will be remitted to the Plan at the end of the calendar year.

An annual election window of **60** days is provided during which the election may be made. The election window shall run from **October 16 to December 14**. Contributions may begin no earlier than the calendar year following the year of the election

### ***Limits on Total Contributions***

There is no Plan-defined limit on the percentage or dollar amount of earnings that may be contributed.

### ***Benefits***

*Healthcare Benefits:* You are eligible to receive medical expense benefits at **age 55 only**. If you separate from service prior to attaining benefit eligibility you will receive benefits immediately upon separate from service.

Medical expenses eligible for reimbursement consist of **all medical expenses** eligible under Internal Revenue Code Section 213 other than direct long-term care expenses. Amounts paid from your account to reimburse you, your spouse, or your dependents for qualifying medical expenses will be tax-free.

*Death Benefits:* In the event of your death, your account will be transferred to your surviving spouse and/or surviving eligible dependents for continuing tax-free healthcare benefits. If no spouse or eligible dependent survives you, the account balance will be available to your named beneficiary for continuing healthcare benefits. Benefits paid to a non-spouse, non-dependent beneficiaries may be subject to income taxation. Upon the death of your spouse, all dependents, and all named beneficiaries, any remaining assets will remain in the RHS Trust.

For further information on your new VantageCare RHS Plan, please refer to the materials in your *VantageCare RHS Plan Employee Enrollment Kit*.

If you have questions, please contact your benefits office or call ICMA-RC at 1-800-669-7400.

***VantageCare RHS - It's a benefit for you  
that can last a lifetime***



# VantageCare Retirement Health Savings (RHS) Plan Beneficiary Designation Form (Plan Amendment)

- Your RHS Plan has recently been amended. Please use this form to designate beneficiaries for your RHS account.
- Read the instructions before completing the form.
- Please use blue or black ink.
- Keep a copy for your records and return the completed form to ICMA Retirement Corporation, P.O. Box 96220, Washington, DC 20090-6220

---

## 1 Essential Information

Employer Plan Number \_\_\_\_\_ Employer Name \_\_\_\_\_ State \_\_\_\_\_  
8 \_\_\_\_\_

Account Holder Name (Last, First and Middle Initial) \_\_\_\_\_ Social Security Number \_\_\_\_\_  
\_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

---

## 2 Beneficiary Designation

### Primary Beneficiary(ies)\* -- Use whole percentages only

Additional primary beneficiaries on attached sheet

Name \_\_\_\_\_ % of Benefits \_\_\_\_\_  
SSN \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ DOB \_\_\_\_/\_\_\_\_/\_\_\_\_  
Month Day Year

Full Address \_\_\_\_\_  
Phone Number \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_  
Area Code

Name \_\_\_\_\_ % of Benefits \_\_\_\_\_  
SSN \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ DOB \_\_\_\_/\_\_\_\_/\_\_\_\_  
Month Day Year

Full Address \_\_\_\_\_  
Phone Number \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_  
Area Code

Name \_\_\_\_\_ % of Benefits \_\_\_\_\_  
SSN \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ DOB \_\_\_\_/\_\_\_\_/\_\_\_\_  
Month Day Year

Full Address \_\_\_\_\_  
Phone Number \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_  
Area Code

\* Community Property States: Designation of an individual other than your spouse does not result in waiver of spousal rights to your account upon your death. The designated beneficiary(ies) will receive access to your account only if you are not survived by your spouse or any dependents.



## VantageCare Retirement Health Savings (RHS) Plan Beneficiary Designation Form (Plan Amendment) (page 2)

**Contingent Beneficiary(ies)** (RHS benefits will be paid to a Contingent Beneficiary only if **NO** primary beneficiary lives longer than you.)

Use whole percentages only.

Additional contingent beneficiaries on attached sheet

Name \_\_\_\_\_ % of Benefits \_\_\_\_\_  
SSN \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ DOB \_\_\_\_/\_\_\_\_/\_\_\_\_  
Month Day Year  
Full Address \_\_\_\_\_  
Phone Number \_\_\_\_\_  
Area Code

Name \_\_\_\_\_ % of Benefits \_\_\_\_\_  
SSN \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ DOB \_\_\_\_/\_\_\_\_/\_\_\_\_  
Month Day Year  
Full Address \_\_\_\_\_  
Phone Number \_\_\_\_\_  
Area Code

Name \_\_\_\_\_ % of Benefits \_\_\_\_\_  
SSN \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ DOB \_\_\_\_/\_\_\_\_/\_\_\_\_  
Month Day Year  
Full Address \_\_\_\_\_  
Phone Number \_\_\_\_\_  
Area Code

### 3 Authorized Signature

I acknowledge that I have read the instructions for the *VantageCare RHS Plan Beneficiary Designation Form (Plan Amendment)*. I acknowledge that I have received and read the current Vantagepoint Funds Prospectus prior to investing in any funds. I understand that the ICMA Retirement Corporation has established required procedures for telephone and Internet transfers that include personal identification numbers, recording instructions, and written confirmations. In the event I choose to transfer funds by telephone or Internet, I agree that neither the ICMA Retirement Corporation, nor ICMA-RC Services, LLC, will be liable for any loss, cost, or expense for acting upon any telephone or Internet instructions believed by it to be genuine and in accordance with the required procedures.

If I am a resident of a community or marital property state, I understand that designation of an individual other than my spouse as beneficiary does not result in waiver of spousal rights to my account upon my death. The designated beneficiary(ies) will receive access to my account only if I am not survived by my spouse or any dependents.

I further understand that failure to designate a beneficiary may result in reversion of my account balance upon my death, if I am not survived by my spouse or any dependents.

\_\_\_\_\_  
Participant Signature

\_\_\_\_\_  
Date

## VantageCare Retirement Health Savings (RHS) Plan Beneficiary Designation Form (Plan Amendment) – Instructions

---

Complete this form to supply ICMA-RC with your designation of beneficiary for your VantageCare Retirement Health Savings (RHS) plan. Subsequent changes in your beneficiary designation can be provided to your employer on the *VantageCare RHS Plan Employee Enrollment/Change Form* if you are still actively employed. If you have separated from service with your employer, subsequent changes to your beneficiary should be provided to ICMA-RC on the *VantageCare RHS Plan Beneficiary Designation Form for Terminated Participants*.

In order for ICMA-RC to process your beneficiary designation efficiently, please complete this form accurately and clearly and **return it to ICMA-RC**.

*Please be sure to keep a copy for your records of all forms you submit.*

### 1. Essential Information

Please complete this section carefully. The information you submit will be used to identify your account. The employer plan number is available from your most recent quarterly statement

### 2. Beneficiary Designation

Upon your death, your surviving spouse and dependents will remain eligible to use your account on a tax-free basis for medical expense reimbursements. The beneficiaries you designate on this form will not receive the account balance in this instance. However, if there is no surviving spouse and/or dependents upon your death, the beneficiary(ies) you designate on this form will be eligible to use your account on a taxable basis for their medical expenses.

If you die without a surviving spouse or dependent(s), and if you have not designated a valid beneficiary, your account will revert to your employer's RHS plan. It is important that you complete this form to designate your beneficiary(ies) and keep your designation up to date as your circumstances change.

Your designated beneficiary(ies) should be an individual(s). Do not name a trust, your estate, or another organization as your beneficiary, as these entities will not be able to use your account for medical expenses. If you name multiple beneficiaries, specify the percentage of your account to be allocated to each individual using whole percentages (34%, not 33-1/3%)

Note: Because your spouse/dependents are automatically eligible to use the account for medical expenses after your death, you should name someone other than your spouse or dependents as your beneficiary(ies). The beneficiary(ies) will only receive the account if there are no surviving spouse or dependents.

If you need to designate additional primary and/or contingent beneficiaries, please do so on a separate sheet of paper.

*If you are married and live in a community property state (AZ, CA, ID, LA, NV, NM, TX, WA, or WI) your designation of a beneficiary other than your spouse does not constitute a waiver of your spouse's rights to your account. The designated beneficiary(ies) will only be able to use the account if you are not survived by your spouse or any dependents.*

### 3. Authorized Signature

Once you have completed this form, sign it, make a copy for your records and **submit it to ICMA-RC**.