



ISTA Welfare Benefits Plan and Trust (“WBPT”) Frequently Asked Questions

Q: What is the ISTA Welfare Benefits Plan and Trust (WBPT)?

A: The WBPT is a tax-qualified voluntary employees’ beneficiary association (“VEBA”) under section 501(c)(9) of the Internal Revenue Code. It provides a source of funding for medical expense reimbursements and medical, disability, and life insurance premiums.

Q: What is the primary benefit of such a trust?

A: The essential purpose of the WBPT is to provide a funding source that allows funds to accumulate on a tax-free basis. The taxability of benefits received by participants and their dependents depends upon the nature of the benefits. Generally speaking, medical benefits are income tax-free.

Q: How are the assets of the WBPT Trust Fund invested?

A: Through an arrangement with MetLife, all assets are invested in a guaranteed fixed account* or in a selection of mutual funds**, in any combination of the available funds. The fourteen different mutual funds offered cover a wide range of asset allocation options. A participant has two separate accounts for purposes of funding benefits – the Health Reimbursement Account (“HRA”) and the Other Benefits Account (“OBA”). However, there is no distinction between the HRA and OBA for investment purposes.

Q: Who selects the specific mutual funds in which a participant’s account is invested?

A: In the WBPT, in most cases the adopting employer elects to have each participant individually direct the investment of assets allocated to his or her account.

Q: What medical benefits are available through the WBPT?

A: Pre-retirement benefits include:

- Employer provided group medical insurance
 - Major medical and hospitalization
 - Dental
 - Vision
 - Prescription drugs
- Health reimbursement arrangement
 - All of the above coverages from alternative providers
 - Long term care insurance
 - Out-of-pocket medical expenses

Post-retirement benefits include:

- Employer provided group medical insurance
 - Major medical and hospitalization
 - Dental
 - Vision
 - Prescription drugs
- Health reimbursement arrangement
 - All of the above coverages from alternative providers
 - Long term care insurance
 - Out-of-pocket medical expenses
 - Medicare Part B
 - Medicare supplement insurance

Q: Is a participant limited to the employer’s group medical insurance or can other policies be selected?

A: Other medical insurance policies can be selected, provided they are approved by the Administrator. Such policies are then eligible for premium reimbursement and can include the employer’s group policies or other policies. This is, of course, common in regard to Medicare supplement plans and long term care insurance policies.

Q: How does a participant access the benefits?

A: By filing a claim with the claims administrator – ISTA Administrative Services Corp. (“ASC”). Upon approval of the claim, ASC transfers funds from the participant’s investment account in order to make payment. If the claim is for reimbursement of medical expenses or payment of medical insurance premiums, it is made from the participant’s Health Reimbursement Account (“HRA”). If the claim is for the payment of disability or life insurance premiums, it is made from the participant’s Other Benefits Account (“OBA”).



Q: Who is eligible to have expenses paid from a participant's Health Reimbursement Account?

A: Anyone who is a participant or an IRS dependent of a participant.

Q: Is it possible to draw cash from a participant's Health Reimbursement Account or Other Benefits Accounts?

A: Under no circumstance. That is, the only purpose for which either the HRA or OBA may be used is to pay qualified benefits.

Q: What happens to the accounts if the Participant passes away?

A: The deceased participant's HRA may be used to fund medical expense reimbursements for his or her spouse or IRS dependents, if any. If there is no spouse or IRS dependent, any remaining HRA balance is forfeited. Any balance in a deceased participant's OBA may be transferred to an HRA, pursuant to a one-time irrevocable election of a surviving spouse or IRS dependent. Any portion of the balance in a deceased participant's OBA that is not transferred to an HRA is paid out as an uninsured death benefit.

Q: What fees are associated with participation in the WBPT?

A: There are both investment and administration fees, summarized as follows:

Investment Management Fee: charged by the mutual fund providers and varies by fund. All mutual funds are sold at Net Asset Value, i.e., without any sales loads or commissions, the same value at which the fund may be redeemed. However, annual fund fees and expenses will apply. See the fund prospectus for details. There is no Investment Management Fee associated with the fixed interest account.

Administration Fee: a charge to cover the expenses of servicing the program, i.e., set up, enrollment, ongoing service, etc.

Account Administration Fee: a charge to cover the cost of account administration, including tracking the value of the individual accounts, preparing and mailing quarterly statements, and telephone and internet account access.

Claims Administration Fee: a charge by the plan administrator for covering its costs in administering the program, primarily for processing claims.

MetLife provides funding options and certain recordkeeping services for the ISTA Welfare Benefits Plan and Trust. MetLife does not provide any tax or other legal advice relating to the ISTA Welfare Benefits Plan and Trust. All information in the ISTA Welfare Benefits Plan and Trust is provided by the Indiana State Teachers Association. Please contact the ISTA Welfare Benefits Plan and Trust administrator for questions and further details.

* The guaranteed fixed account is available through group annuity contracts issued by Metropolitan Life Insurance Company, NY, NY

** Mutual funds offered by MetLife Securities, Inc., One Madison Ave., New York, NY 10010