



Board Policy: VEBA	Policy Number: BP02: 03.051
Article: 2.) Governance and Administration Section: 3.) Human Resources	Adopted by the BOT: 11/08/1999 Reviewed:
Applicable WAC/RCW: <u>WAC 131.16.067</u> ; <u>131.16.068</u>	Page 1 of 3

BP02: 03.051 VEBA (Voluntary Employees' Benefit Association)

The President or designee shall have the authority to adopt the Voluntary Employees' Benefit Association for Community and Technical Colleges (VEBA CTC) in the State of Washington to be made available to eligible employees, pursuant to WAC 131-16-068. When the plan is in effect, eligible retiring employees shall be compensated for their unused compensable sick leave accumulation by a contribution to the VEBA CTC plan. Eligible retiring employees are required to participate in the VEBA CTC plan when the plan is in effect. Payments to and from the VEBA CTC plan are tax-free when the plan conforms to Internal Revenue code requirements.

Employee eligibility and administration of the VEBA plan is outlined in AP06: 03.51.01

AP06: 03.51.01 VEBA (Voluntary Employees' Benefit Association)

Overview

The College shall provide to eligible employees a Voluntary Employee Benefit Account (VEBA) which would allow an employee to deposit, at retirement, the funds received for the remuneration of unused sick leave into an account from which medical expenses may be paid.

Contributions

Eligible employees who separate from Cascadia College, due to retirement shall be compensated for unused accrued compensable sick leave at the rate of twenty-five percent (25%). In the case of an employee's death, her/his estate shall receive above stated compensation. Such compensation shall be based upon the employee's salary at the time of separation. No contributions are to be made to the retirement system for such payments, nor shall such payments be reported as compensation.

Eligibility

1. For the purposes of this procedure, retiring employees shall be defined as employees who meet the age and years of service eligibility requirements under the rules and regulations of an approved Washington State retirement plan.
2. An employee seeking to retire should contact the Office of Human Resources which verifies retirement eligibility and provides VEBA enrollment information.

WAC 131-16-067: Medical Expense Plans – Definitions

For purposes of establishing medical expense plans authorized under WAC [131-16-068](#), the following terms are defined:

(1) "Eligible employees" means any of the following groups of community and technical college system employees:

- (a) Academic employees as defined in RCW [28B.52.020](#);
- (b) Classified employees of technical colleges whose employment is governed under chapter [41.56](#) RCW;
- (c) Professional, paraprofessional, and administrative employees exempt from chapter [41.06](#) RCW; and
- (d) Employees of the state board for community and technical colleges who are exempt from chapter [41.06](#) RCW.

(2) "Covered eligible employee" means an eligible employee who is in a group for which a college board or the state board for community and technical colleges has established a medical expense plan.

[Statutory Authority: Chapter [28B.50](#) RCW. WSR 97-20-030, § 131-16-067, filed 9/23/97, effective 10/24/97.]

WAC 131.16.068: Medical Expense Plan Authorized

(1) In lieu of remuneration for unused sick leave at retirement, a college board (or the state board for community and technical colleges for employees under its jurisdiction) may provide with equivalent funds a medical expense plan for eligible employees.

(2) A medical expense plan provided under this section shall require, as a condition of participation, that each covered eligible employee sign an agreement to hold the employer harmless if the employee or employer is later found to be indebted to the United States as a result of:

- (a) The employee not paying income taxes on amounts contributed to the plan; or
- (b) The employer not withholding or deducting a tax, assessment, or other payment on funds contributed to the plan as required by federal law.

Such agreement shall also include a provision requiring each covered eligible employee to forfeit remuneration for accrued sick leave at retirement if he/she is covered by a medical expense plan and the employee refuses to sign the required agreement.

(3) In providing a medical expense plan authorized under this section, a college board or the state board may only provide such plan covering all employees in one or more of the groups defined in WAC [131-16-067](#).

(4) In providing a medical expense plan for a group of eligible employees whose conditions of employment are governed by chapter [28B.52](#) or [41.56](#) RCW, a college board may only provide such plan by agreement applicable to all of the members of a bargaining unit.

(5) A medical expense plan established under this section shall be applicable to all retirements of covered eligible employees within a calendar year. Such a medical expense plan may be

discontinued in any future year, but once discontinued it may not be reinstated for the same group of eligible employees within the same calendar year as it was discontinued.

[Statutory Authority: Chapter [28B.50](#) RCW. WSR 97-20-030, § 131-16-068, filed 9/23/97, effective 10/24/97.]