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March 9, 2011

The Honorable Richard "Doc" Hastings  
United States Congress  
Washington, DC 20510

**Subject: HRA VEBA Technical Fix**

Dear Representative Hastings:

Health reimbursement arrangements (HRAs) have become an essential retirement planning tool used by thousands of governmental employees in Washington State and throughout the country. Many political subdivisions in Washington, Oregon, and Idaho participate in voluntary employees' beneficiary association (VEBA) trusts which provide HRAs.

A 2006 IRS ruling imposes rules on HRAs which cause participants in these plans to lose earned benefits if they die without a spouse or dependent. In 2008, Congress passed the Worker, Retiree, and Employer Recovery Act of 2008 (HR 7327) that addressed this situation for certain HRA plans (those created in conjunction with public retirement systems), but not all. A technical fix is needed to include plans established by or on behalf of a state or political subdivision, such as a city, county, port, public utility district, or school district. This is a non-controversial, technical fix that is actually revenue positive to the federal government.

We hope legislation can be introduced and passed in the 112<sup>th</sup> Congress that makes this much needed correction. For your convenience, the attached document summarizes this issue and includes proposed legislative changes. If your office needs additional information, please contact Deborah Sliz at Morgan Meguire at [dsliz@morganmeguire.com](mailto:dsliz@morganmeguire.com) or 202-661-6180 or Brad Hawkins at Douglas County PUD at [bradh@dcpud.org](mailto:bradh@dcpud.org) or 509-881-2225.

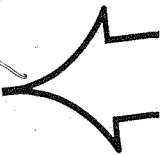
Please sponsor legislation to make this technical fix.

Sincerely,

Paul Jewell  
Commissioner  
District 1

Alan Crankovich  
Commissioner  
District 2

Obie DJ O'Brien  
Commissioner  
District 3



Attachment: HRA Briefing Paper