

# VEBA Overview

## *Who is eligible to enroll and contribute to a VEBA?*

### **Enrollment:**

Any individual employee that:

- ❖ Enrolls in employer sponsored option medical plan (does not need to be a HDHP)
- ❖ No conflict being covered by any other health insurance (including FSA) – VEBA accounts coordinate with other benefits
- ❖ Medical Dependent claims eligible – “what is a medical dependent”
- ❖ Employer Only, No Employee Contributions

# VEBA Employee Advantages

- ❖ Control over your account for qualified distributions – spend when you want or save. No use it or lose it.
- ❖ Tax-exempt withdrawals for qualified medical expenses not covered by the health plan i.e., dental, vision, post employment insurance premiums.
- ❖ Interest and earnings grow tax free with investment opportunities
- ❖ Spend down – post employment
- ❖ Beneficiary
- ❖ **VEBA \$ can be used to pay medical premiums (post employment)**

# HSA Overview

*Who is eligible to enroll and contribute to a HSA?*

## **Enrollment:**

Any individual employee that:

- Must be covered by a qualified HDHP
- Can not be covered by any other non HDHP coverage including FSA
- Can not be covered by Medicare (generally that's at age 65)
- Can not be claimed as a dependent (child being claimed by parent)

**Both the Employer and employee can contribute**

Tax dependents eligible for claims regardless of their medical coverage

# HSA Overview

**What is a Health Savings Account (HSA)?**  
**Financial account that is owned by an individual**

- Triple Tax advantaged
- Eligible medical expenses
- No “use it or lose it”, unused funds rollover
- Interest earned is tax free
- Investment opportunities
- No time limit on submitting a claim
- Portable
- Beneficiary can be named to account
- Post age 65 non-medical distributions without penalty

# HSA Employee Advantages

Ability to contribute tax free \$ to HSA account.

2025 Employee and employer combined:

- Single \$4,300
- Family \$8,550
- Age 55+ \$1,000 Catch up

# You Decide

- One compliant HSA HDHP
- Employer offers both an HSA or VEBA
- Employee can have employer contribution one of three ways if allowed by plan design
  - 100% to the VEBA
  - 100% to the HSA
  - 50% VEBA / 50% HSA
- Employee must limit VEBA with HSA contributions
- Employee can fund up to the IRS max into HSA through payroll deduction
- VEBA – in a limited status waiting to pay insurance premiums
- Win – Win can change contribution from VEBA to HSA annually

# FSA – pretax benefit

Two separate elections and you can participate in both

- **Dependent care**
  - \$5,000 limit – approximately \$1500 in tax savings
  - Available as withheld from payroll
  - Use it or lose it
- **Medical**
  - \$3,300
  - All qualified medical claims, RX, OTC, Dental, Vision etc.
  - Dependent claims up to age 26
  - Only mingles with HSA in limited status, (Dental & Vision)
  - Available on day 1 of plan
  - Use it or lose it
  - Partners perfect with a VEBA – FSA pays first