

# Your VEBA Plan Benefits



The **VEBA Plan** is a great way to cover your future medical care costs. Here's how it works: (1) your employer makes contributions to your account; (2) you get to invest that money<sup>1</sup>; and (3) after meeting your employer's eligibility requirements<sup>2</sup>, you can use the funds to reimburse your out-of-pocket medical care expenses. Your employer, like more than 400 school districts, community & technical colleges, higher education institutions, and state agencies in Washington, has made a wise choice to provide you with this important benefit.



## Health reimbursement arrangement

A health reimbursement arrangement (HRA) is a spending account you can use to cover medical care expenses and premiums. Your HRA is funded with contributions from your employer. HRAs are not insurance, and you do not pay a premium. Common funding sources include sick leave cash outs, mandatory monthly contributions, and other leave cash outs.

## No taxes

Your HRA is exempt from federal income tax and FICA (Social Security and Medicare) taxes. You do not pay any taxes on employer contributions, investment earnings, or reimbursements (claims) from your HRA. Money goes in tax-free, is invested tax-free, and comes out tax-free. It doesn't get much better than that!

## Common medical care expenses

Several of the most common medical care expenses include copays, deductibles, prescription drugs, and retiree insurance premiums. Medicare Part B, Medicare Part D, and Medicare supplement plan premiums are also eligible for reimbursement.

## HRA advantages

An HRA is one of the best ways to cover your medical care expenses for several reasons.

- You save money by paying zero tax on contributions, investment earnings, and reimbursements.
- Your HRA can cover retiree medical premiums before and after age 65, including Medicare supplement and Medicare Part D premiums.
- Your legal spouse and qualified dependents are covered.
- Your HRA does not require coverage under a high-deductible health plan (HDHP) like health savings accounts (HSAs) do.
- Your unused balance rolls over each year.

## Online Services

The VEBA Plan offers several convenient e-services:

- Online account access
- Online claims submission
- HRAgo® (mobile app)
- My Care Card<sup>SM</sup>
- e-Communication
- Direct deposit

## Get started today!

To learn more, contact your local Gallagher VEBA representative listed below, or visit [veba.org](http://veba.org).

Emily Spencer | 1-509-818-3114 | [emily\\_spencer@ajg.com](mailto:emily_spencer@ajg.com)

<sup>1</sup>Your HRA funds are held in a voluntary employees' beneficiary association (VEBA) trust. VEBA's are authorized under IRC Section 501(c)(9). Many use the term "VEBA" when referring to health plans that reimburse out-of-pocket medical care expenses and premiums. These plans are actually HRAs, as defined by the IRS, but are often called VEBA plans. <sup>2</sup>Your HRA may be subject to post-separation benefits only, or other limitations, depending on your employer's plan design.