

HSA VS VEBA



PRODUCT HIGHLIGHTS	HSA	VEBA
EMPLOYEE CAN ACCUMULATE FUNDS TO PAY FUTURE EXPENSES	X	X
NO "USE IT OR LOSE IT" PROVISION	X	X
DEPOSITS EARN INTEREST AND ROLLOVER FROM YEAR TO YEAR	X	X
ACCOUNT BELONGS TO THE EMPLOYEE AND IS PORTABLE	X	
VEBA FUNDS ARE HELD IN TRUST IN THE NAME OF EMPLOYEE AND AVAILABLE FOR SPEND DOWN		X
SECTION 213D EXPENSES ARE ELIGIBLE	X	X
PRESCRIPTION DRUGS ARE SUBJECT TO DEDUCTIBLE <i>** Based on Employers health plan.</i>	X	X
INVESTMENT OPPORTUNITIES ARE AVAILABLE FOR ACCOUNT BALANCES OVER \$1,000	X	X
AVAILABILITY OF FUNDS AS CONTRIBUTIONS ARE MADE	X	X
MEMBERS CAN ELECT A DEBIT CARD AND DIRECT DEPOSIT	X	X
THE HEALTH PLAN DESIGN MUST MEET CERTAIN DESIGN REQUIREMENTS PER IRS REGULATIONS	X	
EMPLOYER CONTRIBUTIONS ONLY - EMPLOYEE CONTRIBUTIONS NOT ALLOWED		X
EMPLOYER AND EMPLOYEE PRE AND POST TAX CONTRIBUTIONS ALLOWED	X	
NO MAXIMUM ANNUAL CONTRIBUTION LIMITATION - ALLOWS FOR LARGE SUMS OF SEVERANCE AND SICK LEAVE TO BE DEPOSITED		X
MAXIMUM CONTRIBUTION LEVELS SET BY IRS ON AN ANNUAL BASIS FOR 2017, \$3,400 SINGLE/\$6,750 FAMILY * CATCH-UP CONTRIBUTION OF \$1,000 OVER AGE 55	X	
DEDUCTIBLE MINIMUMS AND OUT-OF-POCKET MAXIMUMS ARE ANNUALLY INDEXED BY IRS	X	
DUAL COVERAGE LIMITED - CAN ONLY COORDINATE WITH ANOTHER HDHP AS DEFINED BY IRS REGULATIONS	X	
DUAL COVERAGE ALLOWED - COORDINATES WITH OTHER HEALTH PLANS		X
MEDICAL FSA'S ARE LIMITED TO DENTAL AND VISION EXPENSES ONLY <i>(Once Medical Deductible has been met, FSA becomes full medical FSA)</i>	X	
CAN BE USED IN CONJUNCTION WITH A FULL MEDICAL FSA		X
FUNDS CAN BE USED TO PAY RETIREE MEDICARE SUPPLEMENT PREMIUMS, RETIREE MEDICARE PART B AND D, AGE 65 OR OLDER. RETIREE GROUP HEALTH INSURANCE PREMIUMS AND OTHER INDIVIDUAL HEALTH INSURANCE <i>**Consult your tax advisor</i>		X
FUNDS CAN BE USED TO PAY MEDICARE PART B AND D IF AGE 65 OR OLDER, AND POST-65 RETIREE GROUP HEALTH INSURANCE PREMIUMS <i>**Consult your tax advisor</i>	X	
WITHDRAWALS ARE LIMITED TO ELIGIBLE MEDICAL EXPENSES INCLUDING SECTION 213(D)		X
WITHDRAWALS FOR NON-MEDICAL EXPENSES ARE ALLOWED, BUT SUBJECT TO TAX AND 20% PENALTY UP TO AGE 65. AFTER AGE 65, SUBJECT TO TAX ONLY.	X	
IN THE EVENT OF YOUR DEATH, THE VEBA BALANCE IS TRANSFERRED TO MEDICAL DEPENDENTS OR A PRIMARY BENEFICIARY IF THE ACCOUNT HOLDER HAS NO MEDICAL DEPENDENTS - FOR MEDICAL SPEND DOWN ONLY		X
ACCOUNT HOLDER CAN NAME A BENEFICIARY	X	X
MEMBERS ARE RESPONSIBLE FOR MAINTAINING SUBSTANTIATION RECORDS	X	
MEMBERS WILL HAVE ADDITIONAL TAX RECORD KEEPING RESPONSIBILITIES <i>**Consult your tax advisor</i>	X	

Making the Most out of Your VEBA Benefits



Step 1: Understanding your options

Currently your employer offers two account types:

VEBA: A VEBA account is funded by the employer. Funds in a VEBA account are held in a trust on your behalf and can be used to pay for current and future medical expenses and medical premiums post-employment. Left untouched to grow, a VEBA can be used as a great tax-free retirement savings vehicle, as the account has no contribution limit, and funds rollover year after year.

HSA: An HSA account can be funded by both you and your employer, and works as a tax-free account when used to pay for your current and future medical expenses. On average, an HSA will save it's users 30% on their taxes, and funds grow tax-free through interest and investment options while in the account. Since an HSA belongs to you, all funds rollover year after year.

Step 2: What is the best option for me?

As an employee, you have the opportunity to tell your employer where you would like their contribution to go, so how do you choose? A VEBA is a great place to save money for current medical expenses, or save to pay for medical premium costs in retirement. An HSA is the perfect solution for your health care expenses, both now and in the future, and allows you to save or spend up to the IRS maximum for immediate tax savings.



Did you know?



A 65 year old couple who retired in 2016 needs nearly \$288,000 to cover medical premiums alone in retirement?

Step 3: Make your choice

100% VEBA

100% of your employer contribution will be placed inside a VEBA trust on your behalf. Funds in the account can be used to pay for current and future medical expenses, and medical premiums post-employment.

100% HSA

100% of your employer contribution will go into an HSA. Funds in the account can be used to pay for current and future medical expenses, completely tax-free. The funds inside an HSA account belong to you, even if you switch employers. Both you and your employer may contribute to an HSA. HSA funds rollover year after year, and grow tax-free through interest and investment options while in the account.

(2017 HSA limits : Single \$3,400 / Family \$6,750).

50% VEBA / 50% HSA



SelectAccount
Recommended

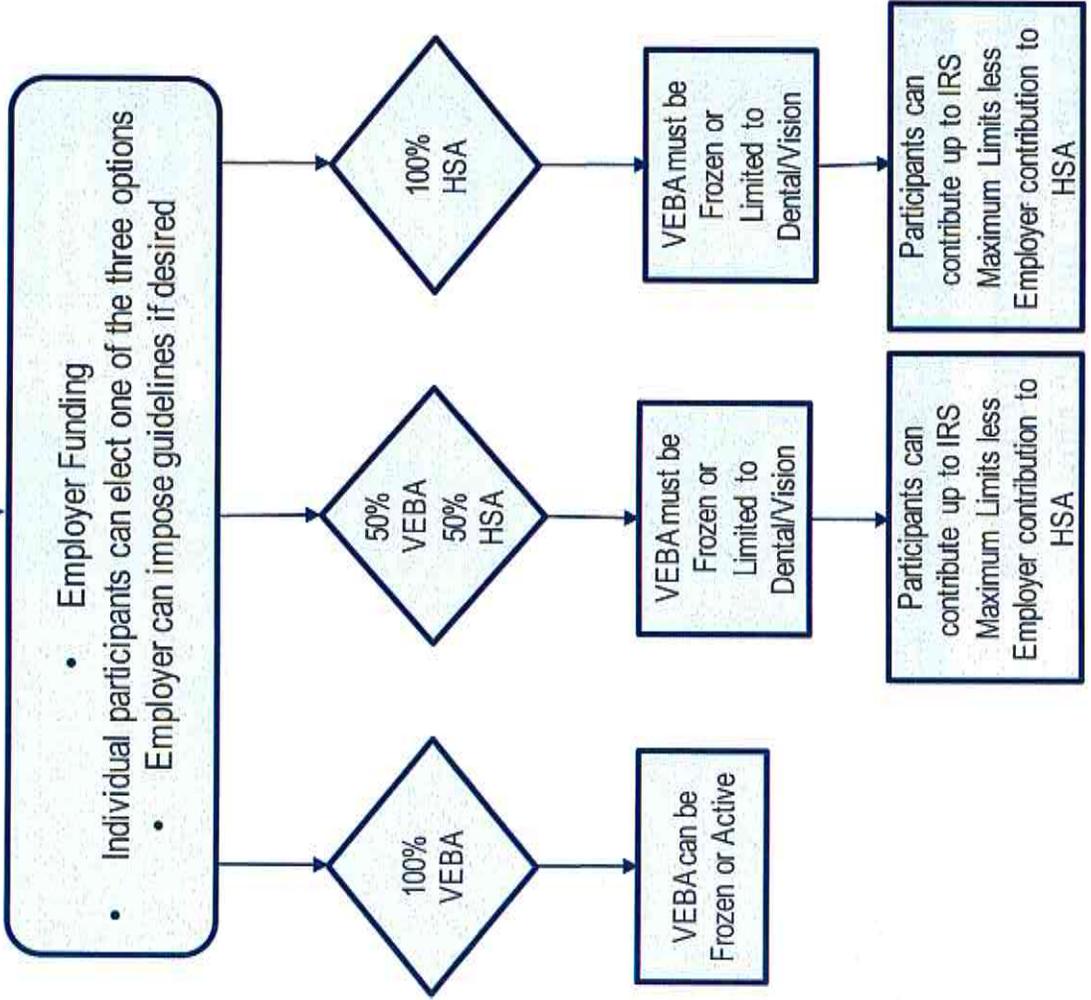
If offered, when you select your medical plan, your employer contributions will go into each account evenly. Your VEBA will then become "limited purpose" until you reach age 65, at which point you can use those funds to cover medical premiums in retirement. During this period your HSA will take over as your main medical spending account, and both you and your employer are allowed to contribute up to the maximum each year to cover any possible expenses.

(2017 HSA limits : Single \$3,400 / Family \$6,750).

How does my medical savings account work with my spouse's medical savings account?

	Spouse 1: Single Medical VEBA	Spouse 1: Family Medical VEBA	Spouse 1: Single Medical HSA	Spouse 1: Family Medical HSA
Spouse 2: Single Medical VEBA	Both Spouses are eligible and compliant, however each Spouse may only use their Medical VEBA funds on themselves, and not each other or any medical dependents.	Both Spouses are eligible and compliant, however Spouse 2 can only use their VEBA funds on themselves. Spouse 1 can use their funds on all members covered by their medical plan (including Spouse 2).	Both Spouses are eligible and compliant. Spouse 2 can only use their VEBA funds on themselves. Spouse 1 can use their HSA funds on any of their tax-dependents (including Spouse 2).	Both Spouses are eligible and compliant. Spouse 2 can only use their VEBA funds on themselves. Spouse 1 can use their HSA funds on any of their tax-dependents (including Spouse 2).
Spouse 2: Family Medical VEBA	Both Spouses are eligible and compliant, however Spouse 1 can only use their VEBA funds on themselves. Spouse 2 can use their funds on all members covered by their medical plan (including Spouse 1).	Both Spouses are eligible and compliant. Spouse 1 and 2 can spend their VEBA on all covered by their medical plans (including each other).	Spouse 2 can use their VEBA funds on all dependents covered by their medical plan. Spouse 1 can use their HSA funds on all tax-dependents (including Spouse 2). If Spouse 1 is covered by Spouse 2 medical plan, then Spouse 1 cannot contribute to an HSA unless the VEBA of Spouse 2 is limited or frozen status.	Spouse 1 can use HSA funds on all medical dependents (including Spouse 2 and all of their medical dependents). Spouse 2 can use VEBA funds on all covered on their medical plan. If Spouse 2 covers Spouse 1 on their medical plan, the VEBA must be frozen or limited if Spouse 1 would like to contribute to their HSA.
Spouse 2: Single Medical HSA	Both Spouses are eligible and compliant. Spouse 1 can only use their VEBA funds on themselves. Spouse 2 can use their HSA funds on any of their tax-dependents (including Spouse 1).	Spouse 1 can use their VEBA funds on all dependents covered by their medical plan. Spouse 2 can use their HSA funds (including Spouse 1). If Spouse 2 is covered by Spouse 1 medical plan, then Spouse 2 cannot contribute to an HSA unless the VEBA of Spouse 1 is limited or frozen status.	Both Spouses are eligible and compliant and can contribute up to the single limits. Spouse 1 and 2 can both use their HSA funds on all tax dependents (including each other).	Both Spouses are eligible and compliant and can contribute up to the single or family limit respectfully. Spouse 1 and 2 may not exceed the annual family contribution limit with their combined contributions. Spouse 1 and 2 can both use their HSA funds on all tax dependents (including each other).
Spouse 2: Family Medical HSA	Both Spouses are eligible and compliant. Spouse 1 can only use their VEBA funds on themselves. Spouse 2 can use their HSA funds on any of their tax-dependents (including Spouse 1).	Spouse 2 can use HSA funds on all tax dependents (including Spouse 1). Spouse 1 can use VEBA funds on all covered on their medical plan. If Spouse 1 covers Spouse 2 on their medical plan, then the VEBA must be frozen or limited if Spouse 2 would like to contribute to their HSA.	Both Spouses are eligible and compliant and can contribute up to family limit. Spouse 1 and 2 may not exceed the annual family contribution limit with their combined contributions. Spouse 1 and 2 can both use their HSA funds on all tax dependents (including each other).	Both Spouses are eligible and compliant and can contribute up to family limit. Spouse 1 and 2 may not exceed the annual family contribution limit with their combined contributions. Spouse 1 and 2 can both use their HSA funds on all tax dependents (including each other).

Qualified HDHP



SelectAccount Innovative Combo Plan

One Health Plan
Two Accounts
One Fee

Compliance/Education Expertise

Qualified HDHP 2017

	Single	Family
Minimum Deductible	\$1,300	\$2,600
Maximum Out-of-Pocket	\$6,550	\$13,100
Maximum Contribution	\$3,400	\$6,750
Age 55 Catch-Up	\$1,000	\$1,000

No Rx or Medical Co-payments during deductible phase.
*Includes preventive services

