

South Washington County Public Schools

What is a VEBA?

A VEBA (Voluntary Employee's Beneficiary Association) is a **tax-free** medical savings account that provides a source of funds to pay for the cost of health care expenses for you, your spouse and qualified dependents. **Your dependents must be enrolled in one of our High Deductible Health Plans (\$1,000 or \$3,000 plans) OR have group coverage through another employer to qualify for reimbursements.** The VEBA account may be used to pay any qualified pre-retirement and post-retirement medical, dental, or vision out-of-pocket expenses (deductibles, co-payments, co-insurance, etc.), plus post-retirement medical, dental, or vision insurance premiums, long term care premiums, Medicare Part B premiums, Medicare deductibles and Medicare Supplement Plan premiums.

What are the tax objectives of the VEBA?

A VEBA trust is authorized by Internal Revenue Code 501(c)(9). The tax objectives of this type of plan are to enable an employer to make tax-free deposits on an employee's behalf to the VEBA, for the employee's account to be credited with tax-free investment earnings, and to enable the employee to obtain tax-free reimbursements for their medical expenses and medical insurance premium payments. VEBA contributions will not be reported on the employee's W-2.

How is money deposited into the VEBA account?

District Contributions: Funded with fringe benefit dollars provided by the District. The amount deposited to the VEBA account will depend on how the employees choose to use their share of optional benefit funds made available to each bargaining/pooling group.

All District VEBA funding is as follows:

January 15 – 50% of annual negotiated District contribution

July 15 – 25% of annual negotiated District contribution

October 15 - 25% of annual negotiated District contribution