

# HSA vs VEBA

Product highlights	HSA	VEBA
Employee can accumulate funds to pay future expenses	✓	✓
No "use it or lose it" provision	✓	✓
Deposits earn interest and rollover from year to year	✓	✓
Account belongs to the employee and is portable	✓	
VEBA funds are held in trust in the name of employee and available for spend down		✓
Section 213d expenses are eligible	✓	✓
Prescription drugs are subject to deductible <i>** Based on Employers health plan.</i>	✓	
Investment opportunities are available for account balances over \$1,000	✓	✓
Availability of funds as contributions are made	✓	✓
Members can elect a debit card and direct deposit	✓	✓
The health plan design must meet certain design requirements per IRS regulations	✓	
Employer contributions only - employee contributions not allowed		✓
Employer and employee pre and post-tax contributions allowed	✓	
No maximum annual contribution limitation - allows for large sums of severance and sick leave to be deposited		✓
Maximum contribution levels set by IRS on an annual basis for 2024, \$4,150 single/\$8,300 family * catch-up contribution of \$1,000 over age 55	✓	
Deductible minimums and out-of-pocket maximums are annually indexed by IRS	✓	
Dual coverage limited - can only coordinate with another HDHP as defined by IRS regulations	✓	
Dual coverage allowed - coordinates with other health plans		✓
Medical FSAs are limited to dental and vision expenses only ( <i>Once Medical Deductible has been met, FSA becomes full medical FSA</i> )	✓	
Can be used in conjunction with a full medical FSA		✓
Funds can be used to pay post-employment medical insurance premiums, (regardless of age or employment status) Medicare age 65 or older. Retiree group health insurance premiums and other individual health insurance		✓
Funds can be used to pay Medicare part B and D (and Medicare Advantage plans) if age 65 or older, any health insurance premiums after age 65	✓	
Withdrawals are limited to eligible medical expenses including section 213(d)		✓
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.	✓	
In the event of your death, the VEBA balance is transferred in order to a spouse, medical dependent, named contingent beneficiary, per stirpes per plan document for medical spend down only		✓
Account holder can name a beneficiary – taxes will apply to non-spouse beneficiary's	✓	
Members are responsible for maintaining substantiation records	✓	
Account holders will have additional tax record keeping responsibilities – Two forms to accompany tax filing	✓	

\*\*Consult your tax advisor