



**Renville**  
COUNTY  
*Service · Stewardship · Shared Responsibility*

# Pre and Post Retirement



# First Things, First.



- VEBA (Voluntary Employees Beneficiary Association)
- H.S.A (Health Savings Account)
- H.C.S.P. (Health Care Savings Plan)



# Pre age 65 retirement from Renville County Options for Health Care:



- COBRA county plan
- Individual Market
- Spouses Group Plan

# Can I continue to fund an H.S.A.



- Yes, up to age 65 and you should not contribute to the H.S.A. during the calendar year of your 65<sup>th</sup> birthday
- If the plan you are on is H.S.A. compatible, yes. Contributions are limited to the IRS maximum
- If you have VEBA and H.C.S.P. accounts these would need to be limited to vision and dental only
- If you are not on a spouse's pre-tax health plan you can use your VEBA for premium reimbursement but not H.S.A or the H.C.S.P.

# When am I eligible for Medicare Benefits



- The first day of the month of your 65<sup>th</sup> birthday
- You should sign up for Medicare parts A & B three months prior to your 65<sup>th</sup> birthday
- You can do this online or by contacting your local Social Security office
- You will need your Medicare Number and effective dates for both A & B In order to sign up for a Medicare Advantage or Supplement Plan
- You can contact Bill Chukuske for assistance or any other licensed Medicare Advisor

# Post 65 Retirement from Renville County



- If you are on the groups health plan and it has creditable coverage under the ACA law, you do not need to apply for Medicare Parts A & B
- You will qualify for a Special Enrollment at the time of retirement
- You should not fund your H.S.A. account during the calendar year you plan to retire in
  - This will allow you to access all three accounts that calendar year
- You can fund any county dollars to the VEBA

# Can I access all three accounts after age 65



- Yes, and all are tax free if you use them for reimbursement for eligible medical, dental and vision expenses
- All three accounts have a beneficiary designation, and you should make sure and have these filled out
- VEBA and H.C.S.P. accounts can never be “cashed out” and need eligible proof of the expense, eligible expenses can be found by Googling Section 213d expenses
- H.S.A. account can be “cashed out” and it is your responsibility to report this as non-eligible income

# Which account should I use first?



While that is certainly up to you, we recommend spending down the VEBA first, then the H.C.S.P. and lastly the H.S.A.

# Definitions



## Creditable Coverage

- Beginning January 1, 2006, Medicare beneficiaries will have the opportunity to receive subsidized prescription drug coverage through the new Medicare Part D program. Beneficiaries who choose not to sign up at the first opportunity may have to pay more if they wait to enter the program later after the open enrollment period.
- Beneficiaries who have other sources of drug coverage - through a current or former employer or union, for example - may stay in that plan and choose not to enroll in the Medicare drug plan. If their other coverage is at least as good as the new Medicare drug benefit (and therefore considered "creditable coverage" ), then the beneficiary can continue to get the high quality care they have now as well as avoid higher payments if they sign up later for the Medicare drug benefit.
- Under §423.56(a) of the final regulation, coverage is creditable if the actuarial value of the coverage equals or exceeds the actuarial value of standard prescription drug coverage under Medicare Part D, as demonstrated through the use of generally accepted actuarial principles and in accordance with CMS actuarial guidelines. In general, the actuarial equivalence test measures whether the expected amount of paid claims under the entity's prescription drug coverage is at least as much as the expected amount of paid claims under the standard Part D benefit.

## Non-Creditable Coverage

- A health plan's prescription drug coverage is non-creditable when the amount the plan expects to pay for prescription drugs for individuals covered by the plan in the coming year is, on average, less than that which standard Medicare prescription drug coverage would be expected to pay

# Where can I go for more information



- The information in this presentation is not legal or tax advice
- If in doubt always contact your plan administrator or tax advisor
- For VEBA and H.S.A. you can contact WEX at (866) 451-3399 or go online [www.wexinc.com](http://www.wexinc.com)
- For H.C.S.P. you can contact at (800) 657-5757 or go online [www.msrs.state.mn.us](http://www.msrs.state.mn.us)
- For help with navigating through Medicare contact:
  - Bill Chukuske, 507-221-0630, [bchuk@nisbenefits.com](mailto:bchuk@nisbenefits.com)