

# Guide to HSA and VEBA



This guide covers your spending account options. Welcome to your voluntary employees' beneficiary association (VEBA) account and health savings account options, brought to you by Minnesota Healthcare Consortium and administered by WEX Health, Inc. Everything you need is just a tap, click, call, or swipe away. Choose a spending account option at open enrollment that best meets your current needs and retirement goals.

Follow this three-step process to select your benefits.

## **Step 1:** Choose your High Deductible Health Plan

## **Step 2:** Understand your health reimbursement account options

Select from two different reimbursement accounts that work with your health plan. Choose the option that fits your current health care spending and retirement planning needs. You and your employer can contribute funds to an HSA, but only your employer can contribute to your VEBA.

### **› Introducing the HSA**

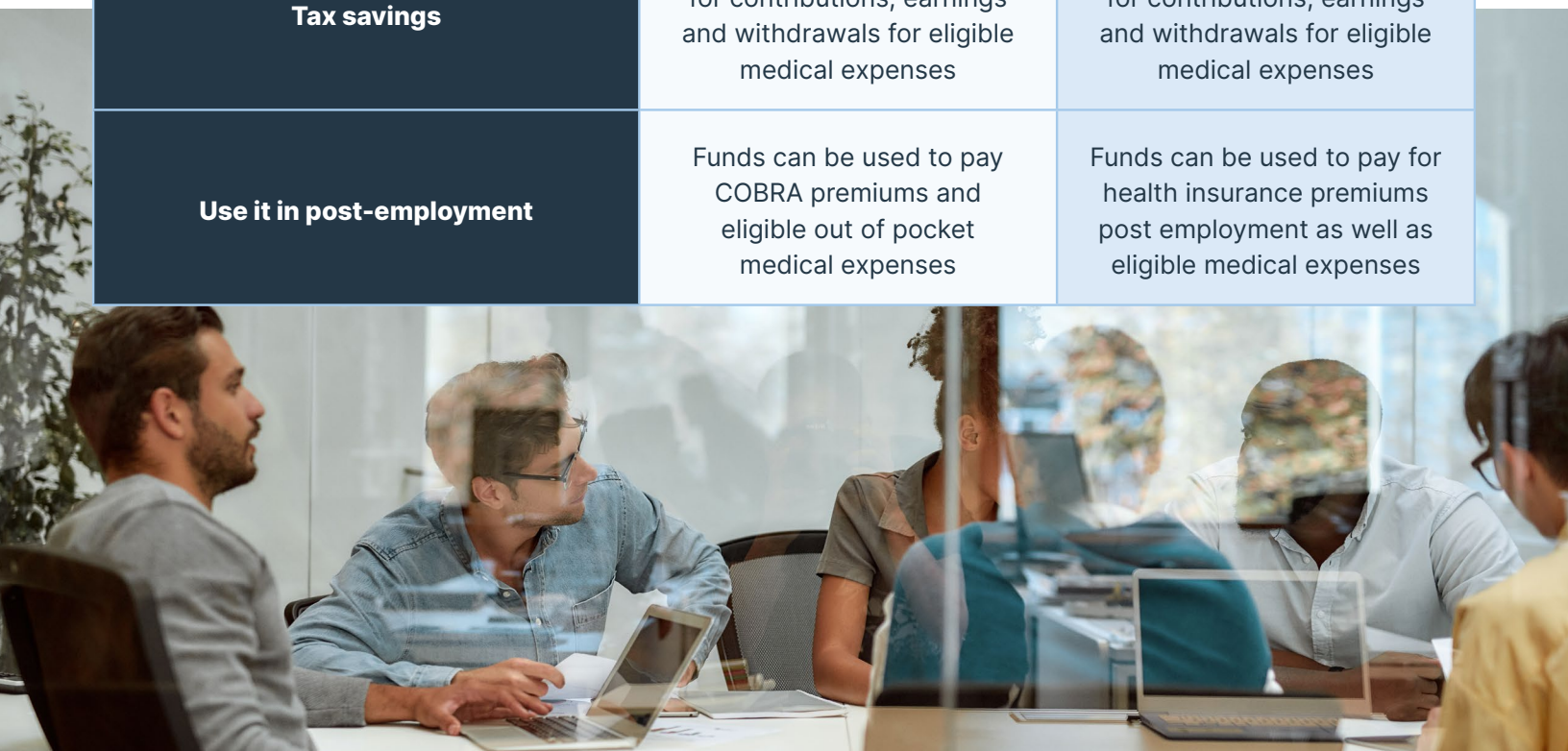
A health savings account (HSA) is a benefit that allows you to choose how much of your pre-tax dollars you'd like to set aside (up to certain contribution limits), before taxes are taken out, for healthcare expenses, or use as a retirement savings tool.

### **› Introducing the VEBA**

The Voluntary Employee Benefits Association (VEBA) plan is a type of tax-exempt plan used by you and eligible dependents to pay for eligible medical expenses. The VEBA plan is employer-funded. You must be covered by an employer-sponsored health plan to be eligible for VEBA.

# HSA and VEBA Comparison Chart

	HSA	VEBA
<b>Contribute your own money</b>	Yes 2025 HSA limits: Single \$4,300 / Family \$8,550	No
<b>Annual contribution limits</b>	Max set by IRS	Determined by employer
<b>Use to pay for COBRA if needed</b>	Yes	Yes
<b>Invest the dollars in optional mutual funds</b>	Yes	Yes
<b>Use it to pay eligible medical expenses at any time</b>	Yes	Yes
<b>Pay for dependent qualified medical expenses up to their 26th birthday</b>	Must be a tax dependent	Can use for any medical dependent under age 26
<b>Tax savings</b>	Triple tax-advantaged for contributions, earnings and withdrawals for eligible medical expenses	Triple tax-advantaged for contributions, earnings and withdrawals for eligible medical expenses
<b>Use it in post-employment</b>	Funds can be used to pay COBRA premiums and eligible out of pocket medical expenses	Funds can be used to pay for health insurance premiums post employment as well as eligible medical expenses



## Step 3: Choose one of the three account options

You can choose the account you'd like your funds to go into. Your employer will contribute the same amount of funds to any account.

### 100% of funds in VEBA

- 100% of your employer contribution will be placed in an VEBA on your behalf.
- If you choose 100% VEBA, you can also open and contribute to an HSA tax free through your paycheck. Your VEBA is limited to dental and vision expenses only for years you or your employer contribute to an HSA.
- Freeze your VEBA and use just your HSA to save VEBA dollars for post-employment.

### 100% of funds in HSA

- 100% of your employer contribution goes into an HSA.
- You can add pre-tax payroll deductions up to the IRS contribution limits.

### 50% of funds in VEBA / 50% of funds in HSA

- With this option, your employer contributions are distributed evenly into each account. Use VEBA funds for dental or vision expenses as long as you or your employer are contributing to an HSA.
- You can save your VEBA funds to pay medical premiums post-employment.
- Use your HSA funds to pay for eligible expenses now or post-employment.
- This option provides funding for current needs, but also ensures that you save tax-free funds for medical expenses post-employment.
- You can contribute additional dollars to your HSA (up to the IRS limit) tax-free through your paycheck.
- Freeze your hybrid VEBA so no funds come out for dental/vision by contacting WEX customer service.

### After you select your account, here's what you can expect next:

- During open enrollment, if an HSA was selected, select a contribution amount (you can stop, start, or change this at any time).
- Your employer will open an account for you.
- WEX will send you your Visa Debit Card by mail.
- Changes to payroll deductions can be increased, decreased, started, or stopped at anytime through your employer.
- Download the WEX mobile app or use the online portal to view and manage your account.



### We're here for you

If you would like someone to guide you through these decisions, give us a call. You can speak with one of our specially trained customer service representatives.

**1-866-451-3399**

6a.m. - 9p.m. CST, Monday - Friday