

# Fact sheet:

## Voluntary Employee Beneficiary Association (VEBAs)

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### Q: What is a VEBA and how does it work?

**A:** A voluntary employee beneficiary association (VEBA) account is a health reimbursement account that allows an employer to contribute pretax money to a 501(c)(9) tax exempt trust on behalf of its employees. Once the money is in the trust, it can be used to pay for current eligible medical expenses and is often saved for medical expenses in retirement.

Further offers VEBAs to governmental entities and 501(c) organizations that are tax-exempt trusts (Further can also provide these same services to governmental entities as Section 115 tax exempt governmental trusts).

### Q: What types of VEBA accounts are available?

- A:**
- **General Purpose** – Eligible expenses include medical, dental, vision, orthodontia, and other eligible items (see Section 213(d) of the Internal Revenue Code).
  - **Post Deductible VEBA** – Limited to reimburse vision and dental expenses until the health plan deductible has been met.
  - **Limited VEBA** – Always limited to reimburse vision and dental expenses only.
  - **Post-Employment VEBA** – Payments can only be made from this account when the employee has retired or left employment.

### Q: What expenses are eligible?

**A:** The IRS outlines VEBA-eligible medical expenses in Section 213(d). The list of eligible expenses varies year-to-year and ranges from acupuncture to hearing aids or bandages. We offer a list of eligible medical expenses at Further.com and recommend checking the list often for updates.

### Q: How do employees save on taxes?

**A:** Employees save money with VEBA plans because they pay zero taxes on contributions from their employer, earnings and withdrawals. The money goes into an employee's account tax-free, is invested tax-free, and is withdrawn tax-free.

### Q: What investment options are available?

**A:** VEBA plans also provide investment opportunities for employees to help them plan for future medical expenses, possibly in retirement. Money allocated to the employee's VEBA account is known as the VEBA base balance. This base balance is used to reimburse employees for eligible medical expenses. Once an employee's VEBA base balance exceeds \$1,000, they can open a VEBA basic investment account.

A wide variety of pre-selected mutual funds are offered by Further. Devenir Investment Advisors, LLC, a registered investment advisor, is Further's investment advisor for the optional investment program. Please see the list of funds at [Further.com/wp-content/uploads/Further-VEBA-Mutual-Funds.pdf](https://www.further.com/wp-content/uploads/Further-VEBA-Mutual-Funds.pdf).

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