



VEBA Quick Facts

Health Reimbursement Arrangement (HRA)

An HRA is a type of health plan that puts **you** in control. It's a **tax-free account** for your family's medical expenses and premiums. It's easy to use, and you'll pay less in taxes.

- Unused balance carries over**—no annual “use-it-or-lose-it” or carryover limits like a flexible spending account (FSA)
- Pay no income or FICA taxes**—most save up to 30%
- Get your money out quick and easy**—93% of claims are processed within three business days
- You get to invest your HRA funds**—similar to your 457, 401(k), or 403(b) plan
- Account transfers to spouse and dependents or eligible survivors if you pass away**—unique survivor benefit

Why You Need It

Are you struggling to cope with increasing copays, deductibles, prescriptions, and other medical costs? Will you be able to afford medical premiums up to \$1,000 per month or more for you and your spouse after you retire?

The growing cost of health care is a huge concern for many public employees wanting to retire on time. Getting the most out of every dollar has never been more important. With the VEBA Plan, you can save up tax-free money to help cover your medical care expenses now and during retirement. Several common examples are listed below.

QUESTIONS?

1-888-828-4953
customer@veba.org
veba.org

General Expenses

Acupuncture	Copays
Chiropractic	Coinsurance
Contact lenses, solution, etc.	Deductibles
Eye glasses	Immunizations
Laser eye surgery	Vaccines
Physical therapy	Gynecology/Obstetrics
Prescription medicines	Preventive care

Premiums

Medical, Dental, Vision
Medicare Part B
Medicare Part D
Medicare Supplement
TRICARE
Long-term Care <i>(tax qualified; subject to IRS limits)</i>



How It Works

Your employer reduces your gross pay and sends the money to your HRA instead. You can use your HRA funds right away or save them up for later. Either way, you won't pay any taxes, which means you get to keep a lot more for yourself. You can even invest your HRA money among the available fund lineup.

HRA contributions, investment earnings, and medical expense reimbursements are completely tax free. You'll save up to \$30 or more in taxes for every \$100 your employer contributes, depending on your individual tax situation.

Here's a monthly example: Let's say your employer reduces your gross pay by \$100 per month and sends that money to your HRA. Now, you're paying \$30 less in taxes each month. Your take home pay goes down by just \$70, and you've got the whole \$100 to spend or save in your HRA!

	Without HRA	With HRA
Gross Pay	\$3,000	\$3,000
HRA Contribution	- \$0	- \$100
Adjusted Gross Pay (taxable wages)	\$3,000	\$2,900
Estimated Income Tax (22%)	- \$660	- \$638
Estimated FICA Taxes (7.65%)	- \$230	- \$222
Take-home Pay	= \$2,110	= \$2,040

Here's a lump sum example: You decide to retire and cash out your unused sick leave and vacation hours. All that comes to \$10,000. Instead of paying you extra taxable wages, your employer sends the money to your HRA. You save \$2,965 in taxes and get to keep the whole \$10,000!

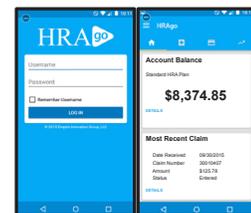
	Without HRA	With HRA
Gross Pay (cash out)	\$10,000	\$10,000
HRA Contribution	- \$0	- \$10,000
Adjusted Gross Pay (taxable wages)	\$10,000	\$0
Estimated Income Tax (22%)	- \$2,200	- \$0
Estimated FICA Taxes (7.65%)	- \$765	- \$0
Amount You Keep	= \$7,035	= \$10,000

A monthly per-participant fee of \$1.50 (if claims-eligible) or \$0.75 (if not claims eligible), plus an annualized asset-based fee of approximately 1.25% will apply. The monthly fee is waived if your account balance is more than \$5,000. In addition, a 0.25% asset-based fee discount applies to any portion of your account balance in excess of \$10,000.

How You Use It

Managing and using your HRA is easy. You can access your account online any time, and there are several ways to get your money back fast.

- Online claims
- HRAGo® (mobile app)
- My Care CardSM (debit card)
- Direct deposit
- Automatic premium reimbursement



Online claims submission is simple and quick. Just enter your claim information, upload supporting documentation, and click Submit. Our handy mobile app, **HRAGo**, makes it easier than ever to manage your HRA "on the go." You can view account activity, change your investments, and even take pics of supporting documentation and submit claims from any iOS or Android mobile device.

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With our free **My Care Card**, you don't have to file claims and wait to get reimbursed. Just use your card to pay for medical care items and services directly from your HRA. Be sure to save your supporting documentation. We'll let you know when we need you to send us copies. Go to veba.org/my-care-card to learn more.