

What is VEBA?

In 2008 SLOCEA negotiated a \$50 per month contribution to be made by the County to a Universal Voluntary Employee Beneficiary Association (VEBA) Plan as part of the salary and benefit package for SLOCEA's Public Services, Clerical, Supervisory and Trades bargaining units. A VEBA under Internal Revenue Code section 501(c) (9) is an organization organized to pay life, sick, accident, and similar benefits to members or their dependents. When the employee terminates the PEHP (Post Employment Health Plan) will provide a tax-free fund for future medical expenses.

As per the bargaining unit's MOUs, "The County will contribute \$50 per month, per employee on the second pay period of each month to the employee's VEBA account, also referred to as PEHP (Post Employment Health Plan)".

Simply put, VEBA is a tax-exempt trust arrangement in which the employer deposits funds on behalf of the employee. As per the plan document, "each Employee shall become a Participant on the entry date coincident with or next following the later of (a) the date on which he becomes an eligible employee, or (b) the effective date of the employer's participation agreement." VEBA must be funded with employer contributions only and do not allow employees to contribute to the Plan voluntarily.

Only claims for Qualifying Medical Care Expenses and Health Care Insurance Premium Reimbursements will be payable under the Plan. As per veba.org, the most common qualified out-of-pocket expenses include deductibles, co-pays, coinsurance, prescription drugs, and certain over-the-counter (OTC) items. Eligible insurance premiums include:

1. Medical
2. Dental
3. Vision
4. Tax-qualified long-term care
5. Medicare Part B
6. Medicare Part D; and
7. Medicare supplement plans.

You can spend the VEBA account funds after leaving your employer or retiring. During retirement or a transition into retirement, your account funds can be used by you, your spouse, or eligible dependents. If you would like to obtain more information regarding VEBA, or get a copy of the plan document, please contact SLOCEA. We also have this information and the VEBA Plan Document on our website slocea.org so that it is always easily accessible.

If you have any questions or concerns, please do not hesitate to contact us!