

# Making the Most out of Your VEBA Benefits



## Step 1: Understanding your options

Currently your employer offers two account types:

**VEBA:** A VEBA account is funded by the employer, and you as the individual may decide to participate. Funds in a VEBA account belong to you and can be used to pay for current and future medical expenses, and medical premiums after age 65 without penalty. Left untouched to grow, a VEBA can be used as a great tax-free retirement savings vehicle, as the account has no contribution limit, and funds rollover year after year.

**HSA:** An HSA account can be funded by both you and the employer, and works as a tax-free account that can be used to pay for your current and future medical expenses. On average an HSA will save it's users 30% on their taxes, while funds grow tax-free through interest and investment options while in the account. Just like a VEBA, an HSA belongs to you and all funds rollover year after year.

## Step 2: What is the best option for me?

As an employee, you have the opportunity to tell your employer where you would like their contribution to go, so how do you choose? A VEBA is a great place to save money for medical premium costs in retirement, and an HSA is the perfect for your health care expenses for both now and in the future.

What if I told you there was a strategy you could follow to take advantage of both?

## Step 3: Best of both worlds – VEBA /HSA bundle

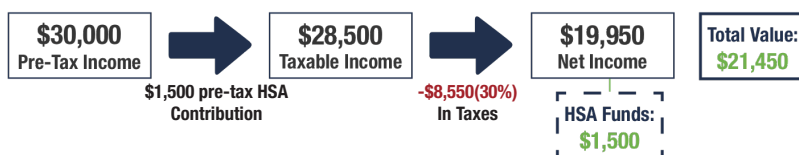
### 50% VEBA / 50% HSA

When you select to open a VEBA and an HSA, your employer contributions will go into each account evenly. Your VEBA will then become “limited purpose”, which allows the funds to continue to grow without being effected by medical costs until you reach age 65, at which point you can use those funds to cover medical premiums in retirement. During this period your HSA will take over as your main medical spending account, and both you and your employer are allowed to contribute up to the maximum each year to cover any possible expenses. (2017 limits : Single \$3,400 / Family \$6,750).


Without an HSA



With an HSA



**Did you know?**



A 65 year old couple who retired in 2016 needs nearly \$288,000 to cover medical premiums alone in retirement?

