

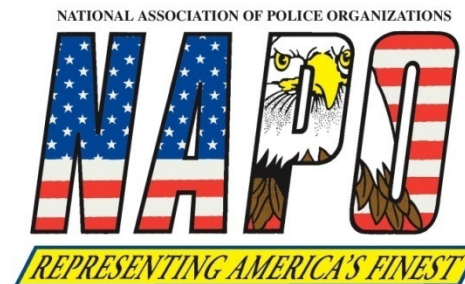
# Current Landscape of Healthcare Benefits

Voluntary Employees' Beneficiary Association (VEBA) Trusts

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## Contents

**Understanding Healthcare Expenses**

**What are VEBA's**

**How do VEBA's work**

**Why consider a VEBA**

**What to look for in a VEBA & VEBA Provider**

**Using VEBA's to Complement Other Savings**



# Understanding Healthcare Expenses

- Managing the cost of health care is one of the most complex issues facing society<sup>1</sup>
- Likely among your greatest expenses in retirement
- Ranks as a top concern of retirees and pre-retirees<sup>2</sup>



<sup>1</sup> "Fidelity Investments Estimates Couples Retiring in 2013 Will Need \$220,000 to Pay Medical Expenses In Retirement." Fidelity Annual Survey of Retiree Health Care Costs. 2013.

<sup>2</sup> Nationwide Health Care and Long Term Care Study. November 2014. U.S. Adults age 50 and older.

## What are VEBA's

- Voluntary Employees' Beneficiary Association (VEBA) is a trust fund permitted under U.S. Federal Tax Law.
- Sole purpose is to provide employee benefits.
- Certain qualifications apply to the organization implementing a VEBA.
- VEBA Trust 'owns' the assets and can't be attached by employer.
- VEBA trusts must have an employment-related common bond such as coverage under a collective bargaining agreement/labor union or share the same line of business and the same geographic area.

## How do VEBA's work

- Regulated under Section 501(c)(9) of the Internal Revenue Code (IRC).
- The VEBA plan must be offered through an employer.
- Dollars are deposited, accumulate and are disbursed on a tax exempt basis.
- VEBA dollars can be used to reimburse for post-employment medical insurance premiums and other qualified medical expenses as defined in Section 213(d)(1) of the IRC.
- VEBA accounts cover the participant and any of his or her qualified dependents.
- Can be funded by employer or mandatory employee contributions.

## Why consider a VEBA

- Help employees cover future medical & healthcare expenses
- Helps employers reduce retiree healthcare costs
- No maximum annual contribution limit
- Tax exempt advantages
- No use it or lose it feature
- Assets “protected” for exclusive benefit of participant, spouse and qualified dependents



# What to look for in a VEBA/VEBA Provider

- ✓ Reputable Company
- ✓ Licensed Representatives Providing Sales & Service
- ✓ Competitive Fees
- ✓ Array of Investment Options
- ✓ Tax Determination Letter
- ✓ Ongoing Service & Support





## Putting the pieces together

VEBA's can complement other savings & tax advantaged vehicles:

- Pension
- Social Security
- Personal Savings
- 401(a) Defined Contribution Plans
- 457(b) Deferred Compensation Plans
- HELPS Bill/Provision 845



# Thank You.

**Rebecca Gill**  
**Director of Relationship Management**  
**Nationwide**

**Contact information:**

**[gillr4@nationwide.com](mailto:gillr4@nationwide.com)**

**614.435.8329**