

An Introduction to VEBAs

The content in this section provides an introduction to VEBAs and covers the basics of this type of account.

Overview

A Volunteer Employee Benefit Association account (VEBA) is a tax-free health care savings plan funded entirely by your employer. As soon as your employer contributes to your VEBA account, the money belongs to you. You pay no taxes on the balance, the interest earned, or on withdrawals.

Using your VEBA account

You can use the funds in your VEBA account in many ways:

- Out-of-pocket expenses until you reach your deductible
- Eligible medical expenses like co-payments, co-insurance, and prescription drugs (See [Eligible Expenses](#) for a searchable list of eligible medical expenses)
- Health insurance premiums for programs like COBRA or Medicare when transitioning between jobs or after retirement
- Health expenses that your plan doesn't cover, like dental and vision care

Ineligible expenses

You can't use VEBA account money to pay for the following types of expenses:

- Health insurance premiums while working for this employer
- Expenses that aren't IRS-qualified medical expenses

Eligibility for a VEBA account

Your employer must offer a VEBA account in order for you to enroll in it. You must be an active employee and covered under an employer-sponsored medical health plan.

Using your VEBA account after leaving your employer

You can still spend VEBA account funds on eligible medical expenses after leaving your employer, retiring, or if you're not longer part of the group's health plan.

During retirement, or a transition into retirement, the funds in your account can be used by you, your spouse, or eligible dependents to pay for medical expenses.

If the VEBA account is paired with an HSA, the VEBA account will be limited to eligible dental and vision expenses until the medical health plan deductible is met.

Investing with your VEBA account

Your VEBA account has a built-in investment account that you can activate when your base balance exceeds \$1,000. Although there is always risk when investing money, this can be a great way to grow your money over the long term.

See [Investment Options for Your VEBA Account](#) to learn more.
