

Participants don't need IRS Form 1095-B to file their taxes.

Participants with health reimbursement arrangements (HRAs) that qualified as "minimum essential" coverage during any month in 2020 can log in online and print Form 1095-B on or before January 31, 2021. If they need to request a paper copy, they can give us a call at 1-888-828-4953. Form 1095-B is informational only. Participants should just keep it with their tax documents. They don't need to file it with their individual return.

What types of tax reporting are required for HRAs?

Tax reporting of HRA contributions on Form W-2 is not required. Participants should not report contributions, earnings, or reimbursements on their individual Form 1040. However, those who are the divorced spouse or non-dependent survivor of an HRA participant must report the value of their HRA coverage as taxable income. In these cases, we'll mail a tax statement and instructions to them.

Participants will not receive a Form 1099 for any investment earnings or claim reimbursements. But, we will issue a Form 1099-MISC to participants whose zero-balance accounts were closed in 2020 with unsubstantiated debit card transactions. IRS rules require us to report the value of these unsupported transactions as taxable income to the participants.

Submit enrollments, mailing address updates, and status changes all at once.

To make your job easier, a new **Enrollment/Status Change Spreadsheet** template is available. Log in at veba.org and start using the new template to submit your participant enrollments, mailing address updates, and status changes all at once instead of having to submit separate reports. Participant status changes include rehire, separation from service, reduction of hours, and passed away.

Please use our secure messaging feature instead of sending password protected files.

We've been receiving more and more password-protected and shared files. We can't open these types of files without the required password or when we're not an original recipient of a shared file. Protecting the privacy and security of your participants is very important to us. That's why you should use our secure messaging feature when sending sensitive information. Log in at veba.org and click the envelope icon. Give it a try. It's easy and safe.

When should participants consider electing "limited" HRA coverage?

Participants with fully claims-eligible HRAs in any of the situations listed below might want to consider electing limited HRA coverage. It could help avoid frustrating hassles down the road.

- 1. Medicare Coordination.** The participant is still employed by the employer who set up the HRA, and the participant, his or her spouse, or a dependent have Medicare coverage, and the participant doesn't want to be forced to use up accumulated HRA funds before Medicare will pay claims.



this issue

- Form 1095-B
- tax reporting
- new report template
- secure messaging
- "limited" HRA coverage
- new pre-mixes
- PCORI fee increase
- review investments



- 2. HSA Eligibility.** The participant, his or her spouse, or a dependent are making or receiving contributions to a health savings account (HSA). To be eligible for HSA contributions, an individual must have no other first-dollar coverage. This includes full HRA coverage.
- 3. Premium Tax Credit Eligibility.** The participant, his or her spouse, or a dependent are purchasing insurance through a marketplace exchange and are taking the Premium Tax Credit (subsidy).

Participants can avoid potential problems by electing limited HRA coverage for themselves, their spouse, and/or a dependent as needed. They just need to complete and submit a **Limited HRA Coverage Election** form. The form, which contains more details, is available online. Log in at veba.org and click **Resources**.

REMINDER...lower-cost, custom pre-mixed portfolios became available last August.

The Vanguard LifeStrategy® funds were replaced with a suite of custom pre-mixed portfolios last August. The custom portfolios use Fidelity funds at an even lower cost. To check out the new portfolios, go to veba.org and click **Investments**.

The IRS increased the annual PCORI Fee.

The annual Patient-Centered Outcomes Research Institute (PCORI) fee went up from \$2.54 to \$2.66 for the plan year ending June 30, 2021. This fee (tax) is deducted from all claims-eligible HRAs and paid to the federal government. No action is required by you with respect to your VEBA Plan. Visit pcori.org if you want to learn about the PCORI.

Participants should review their investment allocation at least once a year.

The holiday rush is over, and now is a good time for participants to review their investment allocation. Choosing the right pre-mixed portfolio or their own mix of funds can help reduce risk and increase potential returns over time. Our new **Choosing Your Investment Allocation** brochure contains more information. To get a copy, log in at veba.org and click **Resources**.

HRA
today

veba.®

questions?

Our friendly customer care team is ready to help.
1-888-828-4953 or customer care@veba.org

veba.org