

IRS Rules Retiree VEBA May Be Amended To Pay for Active Benefits

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The IRS recently issued a private letter ruling ("**PLR**") which ruled that a tax-exempt, voluntary employees' beneficiary association ("**VEBA**") that had been created to provide post-retirement health benefits to retirees under an employer's group health plan would not fail to qualify as a VEBA as a result of its amendment to use segregated funds to provide health benefits to active employees under the plan. The IRS reached this conclusion based on Treasury Regulation 1.501(c)(9)-3, which permits a VEBA to provide health benefits to active employees. The PLR may only be relied on by the taxpayer to whom it was issued, but it does provide useful insight regarding how the IRS would view an analogous tax situation. PLR 201532037 can be found [here](#).