

News

Groom Recommends VEBA Modernization in Letter to Treasury and IRS

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Groom regularly participates in the guidance processes of the U.S. Department of the Treasury (“Treasury”) and the Internal Revenue Service (“IRS”) (together the “Agencies”), particularly when the Agencies solicit annual guidance plan recommendations.

Recently, [Tax Notes published Groom’s letter to the Agencies](#), where Groom principals [Katie Bjornstad Amin](#) and [Lou Mazawey](#) recommended the modernization and expansion of voluntary employees’ beneficiary associations (“VEBAs”) to include expanded family relationships, similar to other areas of the law.

Mazawey and Amin highlighted the practical benefits of this change for both the affected populations and for VEBAs. They explained that “allowing persons in any of the above classes to qualify as “dependents” eligible to purchase life insurance, disability, or other non-sick and accident VEBA benefits would help such persons provide income for their survivors to care for themselves, thus relieving the employee VEBA member of the potential burden, which could interrupt or impair the member’s earning power.”

Adding: “The proposal would help the IRS administer the rules by providing clear guidance on who may benefit under VEBAs — without resorting to the “de minimis” tests or opening VEBAs up to a broad segment of the population.”

To read Groom’s comment letter, [click here](#).