

## **An introduction to health savings accounts (HSAs)**

With health care costs at an all-time high, our goal is to empower you, as employees, to make informed health care decisions that lead to savings today and for your future.

We will be offering an HSA-powered health plan option for the upcoming benefits year. These health plans allow you the option of an HSA to pay for the qualified medical expenses. We are excited about this enhancement to our benefits package that can help you and your families save today and for the future.

### **About health savings accounts**

By selecting an HSA-powered plan with a higher deductible, you qualify to contribute tax-free money into a health savings account (HSA) with HealthEquity. Your HSA funds then earn tax-free interest, and can be used tax-free to pay for qualified medical expenses. HSAs are similar to retirement accounts in that they rollover year-to-year, they remain yours if you change jobs or retire, and the balance can be invested in mutual funds. Because HSA-powered health plans typically cost less than traditional health plans, the money saved can be used to contribute to your HSA.

With an HSA-powered health plan, instead of making copayments at the time of service, you will have a deductible to meet. A deductible is the amount you are required to pay out-of-pocket for services before your health plan benefits kick in. While you may see a higher deductible than you're used to, you will typically see a lower monthly premium. Keep in mind that preventive care is always covered 100%.

### **Triple tax advantage**

HSAs come with a triple tax benefit:

1. **Reduces federal income taxes:** When you contribute to an HSA directly from your paycheck, you reduce your federal income tax by the amount you deposit in your HSA. You are also able to contribute post-tax and claim that contribution when filing your taxes.
2. **Tax-free interest:** Your money earns interest while it is in the account and you do not pay taxes on the interest earned. Any gains on dollars invested in mutual funds are also tax-free.
3. **Tax-free withdrawals:** You never pay taxes on HSA withdrawals when used to pay for qualified medical expenses, including medical, dental, vision, and pharmacy expenses.

### **Are you eligible?**

To qualify for an HSA, you must be enrolled in an HSA-powered health plan and meet the following requirements:

- Have no other health coverage, such as a flexible spending account, military or VA benefits (see IRS Publication 969).
- Not be enrolled in Medicare.
- Not be claimed as a dependent on someone else's tax return.

### **About HealthEquity**

HealthEquity empowers Americans to build health savings by providing powerful tools for health savings accounts (HSAs) and other health financial services. We manage over \$1.6 billion in deposits, which makes us the largest dedicated health account custodian in the nation. Our convenient solutions serve more than 1.3 million accounts, owned by individuals at more than 25,000 companies across the country. With member support available every hour of every day, our team provides around-the-clock insight to maximize health savings.

# WINNING WITH AN HSA

Health savings accounts (HSAs)



**HSAs:** *the new*  
RETIREMENT **STRATEGY**

SAVE NOW AND FOR THE FUTURE



**HealthEquity**<sup>®</sup>

# HSA<sup>s</sup> ARE AN EASY WIN

in today's complex healthcare system



## How an HSA works

An HSA paired with an HSA-qualified health plan allows you to make tax-free<sup>1</sup> contributions to an account eligible for federal insurance.<sup>2</sup> Balances earn tax-free interest and can be used to pay for qualified medical expenses. HSA-qualified health plans typically cost less than traditional plans and the money saved can be put into your HSA.

## HSA<sup>s</sup> empower savings:

- Lower monthly health insurance premiums
- Money put into your HSA is not taxed
- You earn tax-free interest on HSA balances
- HSA funds used for qualified medical expenses are not taxed
- You can invest your HSA funds for increased tax-free earning potential<sup>3</sup>

## HSA funds remain yours to grow

With an HSA, you own the account and all contributions. Unlike flexible spending accounts (FSAs), the entire HSA balance rolls over each year and remains yours even if you change health plans, retire or leave your employer.

## *You* can win with an HSA

Regardless of your personal medical situation, an HSA can empower you to maximize savings while building a reserve for the future. Contrary to what many may think, healthy individuals aren't the only users who benefit from an HSA.

<sup>1</sup> HSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax-free with very few exceptions. Please consult a tax advisor regarding your state's specific rules.

<sup>2</sup> Your HSA cash balance is held at an FDIC-insured or NCUA-insured institution and is eligible for federal deposit insurance, subject to applicable requirements and limitations.

<sup>3</sup> Investments are subject to risk, including the possible loss of the principal invested, and are not FDIC or NCUA insured, or guaranteed by HealthEquity, Inc. Investing through the HealthEquity investment platform is subject to the terms and conditions of the Health Savings Account Custodial Agreement and any applicable investment supplement. Investing may not be suitable for everyone and before making any investments, review the fund's prospectus.

# HSAs: THE NEW RETIREMENT STRATEGY

## Supplement your retirement

The average American couple will need \$301,000<sup>1</sup> to cover out-of-pocket health care costs in retirement. An HSA can help fill this Medicare gap as well as dental, hearing and vision expenses. Qualified medical expenses remain tax-free<sup>2</sup>, even into retirement. In addition, after age 65, you can use your HSA much like a 401(k) and withdraw funds for any purpose.<sup>3</sup>

## Invest<sup>4</sup> your HSA to maximize your tax-free earning potential

Once your account balance reaches \$2,000,<sup>5</sup> you can increase your earning potential by investing any funds over that amount in mutual funds. A comprehensive line-up of mutual funds is offered with options designed to fit your individual needs.

## Take the guesswork out of investing with Advisor<sup>TM</sup> (Powered by: HealthEquity ADVISORS, LLC)

You can manage investments on your own or let Advisor<sup>6</sup> do all of the work. Advisor powered by HealthEquity Advisors, LLC can provide web-based guidance designed to diversify your portfolio and can even manage the trading of mutual funds for you. Investment advice and portfolio management is based on your personal risk preferences, age and financial goals. Additional fees apply.



For more information about investing with Advisor, visit:  
[HealthEquity.com/Advisor](https://HealthEquity.com/Advisor)

<sup>1</sup> The average American couple will need \$301,000 to have a 90 percent chance of having enough money to cover out-of-pocket health care costs in retirement. Based on median prescription drug expenses. Source: Employee Benefit Research Institute (<https://www.ebri.org/publications/research-publications/issue-briefs/content/savings-medicare-beneficiaries-need-for-health-expenses-in-2019>)

<sup>2</sup> HSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax-free with very few exceptions. Please consult a tax advisor regarding your state's specific rules.

<sup>3</sup> After age 65, if you withdraw funds for any purpose other than qualified medical expenses, you will be subject to income taxes. Funds withdrawn for qualified medical expenses will remain tax-free.

<sup>4</sup> Investments are subject to risk, including the possible loss of the principal invested, and are not FDIC or NCUA insured, or guaranteed by HealthEquity, Inc. Investing through the HealthEquity investment platform is subject to the terms and conditions of the Health Savings Account Custodial Agreement and any applicable investment supplement. Investing may not be suitable for everyone and before making any investments, review the fund's prospectus.

<sup>5</sup> Thresholds may vary.

<sup>6</sup> Investments available to HSA holders are subject to risk, including the possible loss of the principal invested and are not FDIC or NCUA insured, or guaranteed by HealthEquity, Inc. HealthEquity, Inc. does not provide financial advice. HealthEquity Advisors, LLC<sup>TM</sup>, a wholly owned subsidiary of HealthEquity, Inc. and an SEC-registered investment adviser, does provide web-based investment advice to HSA holders that subscribe for its services (minimum thresholds and additional fees apply). HealthEquity Advisors, LLC also selects the mutual funds offered to HSA holders through the HealthEquity, Inc. platform. Registration does not imply endorsement by any state or agency and does not imply a level of skill, education, or training. HSA holders making investments should review the applicable fund's prospectus. Investment options and thresholds may vary and are subject to change. Consult your advisor or the IRS with any questions regarding investments or on filing your tax return.

# GET STARTED WITH AN HSA TODAY

## 1 Select an HSA-qualified health plan

Enroll in an HSA-qualified plan. These plans typically cost less than traditional plans and provide tax saving opportunities. HealthEquity will work with your employer or health plan to automatically set up your account and supply a HealthEquity® Visa® Health Account Card<sup>1</sup> to conveniently pay for eligible expenses.

## 2 Add money to your HSA

Fund your HSA through pre-tax payroll deductions or transfer money into your account through the HealthEquity member portal. To take full advantage of tax savings and to build a reserve for the future, consider maximizing your contributions as set by the IRS:

### HSA eligibility

To make tax-free<sup>2</sup> contributions to an HSA, the IRS requires that:

- you are covered by an HSA-qualified health plan.
- you have no other health coverage (such as other health plan, Medicare, military health benefits, medical FSAs).
- you cannot be claimed as a dependent on another person's tax return.

## HSA CONTRIBUTION LIMITS

2019 **INDIVIDUAL**  
**\$3,500**

2020 **INDIVIDUAL**  
**\$3,550**

2019 **FAMILY**  
**\$7,000**

2020 **FAMILY**  
**\$7,100**

At age 55, an additional **\$1,000** is allowed annually.

<sup>1</sup> This card is issued by The Bancorp Bank; member FDIC pursuant to a license from Visa U.S.A. Inc. Your card can be used everywhere Visa debit cards are accepted for qualified expenses. This card cannot be used at ATMs and you cannot get cash back, and cannot be used at gas stations, restaurants, or other establishments not health related. See Cardholder Agreement for complete usage restrictions.

<sup>2</sup> HSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax-free with very few exceptions. Please consult a tax advisor regarding your state's specific rules.

### 3 Watch your HSA grow

Your HSA earns tax-free<sup>1</sup> interest. Maximize your tax-free earning potential by investing HSA funds using the convenient online investment tool.<sup>2</sup>

### 4 Use your HSA for qualified medical expenses

HSA funds can be used for a variety of qualified medical, dental and vision expenses, including:

- Acupuncture
- Birth control
- Chiropractor
- Contact lenses
- Dental treatment
- Prescription eyeglasses
- Fertility enhancement
- Hearing aids
- Lab work
- Medical supplies
- Physical exams
- Prescriptions
- Orthodontia
- Radiology
- Stop-smoking programs
- Surgery (non-cosmetic)
- Therapy
- and more...



You will receive a HealthEquity debit card<sup>3</sup> for easy access to your funds.



For an expanded list of qualified medical expenses, visit:  
**[HealthEquity.com/qme](https://www.healthequity.com/qme)**

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# YOU CAN WIN WITH AN HSA

An HSA can benefit Americans from all walks of life and empower savings now and for the future. Contrary to popular belief, you do not have to be healthy or wealthy to benefit from an HSA – just wise! To see how different types of healthcare consumers win, see the link below.

See how you can personally benefit from an HSA:  
[HealthEquity.com/Me](https://HealthEquity.com/Me)

SAVER



SHOPPER

SURVIVOR



MINIMALIST

*Who are you?*