

Optum Bank Health Savings Account

A Health Savings Account (HSA) allows you to save money for qualified medical expenses that you're expecting, such as contact lenses or monthly prescriptions, as well as unexpected ones — for this year and the future.

WHY HAVE AN HSA?

You own it. The money is yours until you spend it, even deposits made by others, such as an employer or family member. You keep it, even if you change jobs, health plans or retire.

HSAs help you plan, save and pay for health care, all while saving on taxes.

- The money you deposit is federal income tax-free.
- Savings grow income tax-free.
- Withdrawals for qualified medical expenses are also income tax-free.

It's not just for doctor visits. Once you've contributed to your account, you can use the funds in your HSA to pay for qualified medical expenses such as:

- Dental care, including extractions and braces
- Vision care, including contact lenses, prescription sunglasses and LASIK surgery
- Prescription medications
- Certain over-the-counter drugs and medications
- Chiropractic services
- Acupuncture

Your HSA rolls over from year to year, so you can continue to grow your savings and use it in the future - even into retirement.

WHO CAN OPEN AN HSA?

To be an eligible individual and qualify for an HSA, you must have a high-deductible health plan (HDHP) that meets IRS guidelines for the annual deductible and out-of-pocket maximum.

In addition, you must:

- Be covered under a qualifying HDHP on the first day of a given month.
- Not be covered by any other health coverage except what is permitted (dental, vision, disability and some other types of additional coverage are permissible).
- Not be enrolled in Medicare, TRICARE or TRICARE for Life.
- Have not received Department of Veterans Affairs (VA) benefits within the past three months, except for preventive care. If you are a veteran with a disability rating from the VA, this exclusion does not apply.
- Not be claimed as a dependent on someone else's tax return.
- Not have a health care flexible spending account (FSA) or health reimbursement account (HRA). Alternative plan designs, such as a limited-purpose FSA or HRA, might be permitted.

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To start saving in an HSA, you must first enroll in a qualifying high-deductible health plan (HDHP) and open an HSA with Optum Bank. The best way to save is to make a plan — and stick to it.

OPENING AN ACCOUNT

- Go to optumbank.com and follow the directions to open an account. Have your high-deductible health plan information handy.
- If you are opening an Optum Bank HSA at work, your employer may arrange to help you open an account. Please check with your employer to find out if this is the case.

In both cases, a welcome kit will be sent to you within 10 business days of the account opening. You also have the option to access the welcome kit online.

Note: Open your HSA as soon as you're eligible. That way, you can use your HSA to pay or reimburse yourself for qualified medical expenses. You cannot use your HSA to reimburse yourself for medical expenses you had before your account is established. Once your account has been opened, please send the account and routing number to Sharon Swaim at sharonswaim@sheehy.com.

FUNDING YOUR ACCOUNT

Once your account is established, you will be able to sign in to your HSA at optumbank.com or myuhc.com and arrange to make a deposit to your HSA from another bank account, such as a savings or checking account, one time or on a recurring basis. You can mail a check with a contribution/deposit form available at optumbank.com. Follow the instructions on the form.

Note: Funds are not available until they are posted to your HSA.

WHO CAN CONTRIBUTE

- **You:** when you contribute money to your HSA, it is generally not taxable. You can contribute by having a certain amount deducted regularly from your paycheck, if your employer offers this convenience. Or, you can make your own deposits and write off your allowable HSA contribution on your personal income tax return as an "above-the-line" deduction.
- **Your employer:** your employer can also contribute to your HSA, and those funds belong to you as soon as they are posted, even if you change jobs or are laid off. Be sure to subtract your employer's contribution from the annual contribution limits to figure out how much you or others can deposit. Keep in mind that if your employer contributes to your account, your employer determines how often to contribute — yearly, monthly or weekly. Check to see what your employer's contribution schedule will be.
- **Other people:** friends, family members or anyone can contribute to your HSA, on your behalf. If a family member or friend makes a contribution to your HSA, you may deduct the contribution amount when filing your annual income taxes, just as if you had deposited the post-tax contribution on your own.

The contributor should write a check payable to you, the HSA account holder. Simply fill out a Contribution/Deposit form (available at optumbank.com). Then, attach the check to the form and mail it according to instructions on the form.

EMPLOYER CONTRIBUTIONS

If your employer contributes to your HSA, find out when they will make the first deposit and what schedule it will follow. If your employer offers payroll deduction, you may elect to have an amount deducted pre-tax from your paycheck and deposited directly into your HSA. This contribution will be made before Social Security, federal and most state income taxes are deducted.

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CONTRIBUTION TRACKER

Even though anyone can contribute to your HSA, it is up to you to make sure that you don't exceed the IRS HSA contribution limits. Optum Bank's HSA contribution tracker is a handy online tool that can help you do just that. The contribution tracker shows how much you have contributed to your HSA year-to-date, and calculates how much more could be contributed according to your plan coverage (individual or family). You can find the contribution tracker readily accessible on the "HSA Dashboard" once you sign in to your account.

CONTRIBUTION LIMITS

There are limits, set by law and adjusted annually, for how much you can contribute tax-free to an HSA in a calendar year.

| 2023 Contribution Limits | |
|--------------------------|---------|
| Individual | \$3,850 |
| Family | \$7,750 |

| 2024 Contribution Limits | |
|--------------------------|---------|
| Individual | \$4,150 |
| Family | \$8,300 |

Note: the tax-free contribution limits include any employer contributions to your HSA.

If you are 55 or older, you can make "catch-up" contributions, meaning you can deposit an additional \$1,000. If your spouse is also 55 or older, he or she may establish a separate HSA and make a "catch-up" contribution to that account.

Keep in mind that you can contribute up to the maximum allowed for the year at any time up until the tax-filing deadline (generally April 15) of the following year.

PRO-RATED CONTRIBUTIONS

A job change or other life event may lead you to end your coverage in an HSA-qualifying health plan at some time during a normal 12-month benefits period. In that case, you would need to calculate a pro-rated contribution amount based on your actual months of high-deductible plan coverage. If your contributions exceed that amount, you can have excess contributions returned to you. You can download an Excess Contribution and Deposit Request form from optumbank.com.

MID-YEAR PLAN ENROLLMENT

If you enroll in an HSA-qualifying health plan before the first day of December of any year, you are eligible to make the entire year's tax-free contribution to your HSA. To do so, you must also continue to participate in a high-deductible health plan for the rest of the year and the entire following year. During this time, you cannot have other health care coverage that would make you ineligible to contribute to an HSA.

DESIGNATING A BENEFICIARY

When you set up an HSA, it is important that you also select a beneficiary. This will ensure that your HSA money is immediately available to your beneficiary upon your death. You may select more than one beneficiary and assign the portion of your account that would go to each. If you do not specify a beneficiary and you are married, your HSA becomes your spouse's HSA. If you are not married at the time of your death, the funds will go to your estate and the funds may be subject to taxation. Sign in to your HSA and select "Manage Beneficiaries" from the "I want to..." section.

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Your HSA dollars are available not only to you, but also to your spouse and eligible dependents, even if they're not covered by your high-deductible health plan. You can use your HSA funds to pay for qualified medical expenses. Learn more in this section about what qualifies, how much you should contribute as well as how to reimburse yourself for out-of-pocket expenses, and more.

QUALIFIED MEDICAL EXPENSES

Expenses that qualify for payment or reimbursement from your HSA tax-free are defined by federal regulation. The following is a short list of some products and services in this category:

- Doctor office visits
- Dental care, including extractions and braces
- Vision care, including contact lenses, prescription sunglasses, even LASIK surgery
- Prescription medications, as well as certain over-the-counter drugs and medications
- Chiropractic and acupuncture services
- Hearing aids (and the batteries too)

The list of "qualified medical expenses" is defined by the IRS, and it includes a wide range of dental, vision and medical expenses. You can use the qualified medical expense tool at optumbank.com/qualifiedexpenses to get up to speed on what qualifies. With the search tool you can filter by account type and expense type to find out what is considered a qualified medical expense by the IRS. You can also find a full list at irs.gov.

SPOUSE, DOMESTIC PARTNER, AND DEPENDENT HEALTH CARE

If you are married, you and your spouse may be covered by different health plans. You may have a domestic partner. If you have children, they may be covered under your plan or your spouse's plan. You may have adult children who are covered by your health plan, as is now allowed until those children reach age 26. Family situations can vary. Generally, contribution limits to an HSA are determined by the type of coverage — individual or family. Even if your spouse or dependents are not covered by your high-deductible health plan, you may use your HSA dollars to pay for qualified medical expenses for them.

If you have adult children covered under your health plan, you may not use your HSA to pay or reimburse yourself for their qualified medical expenses if they are not your tax dependents. However, those children may be able to open their own HSAs and contribute up to the limit dictated by the type of health plan they are covered under — individual or family. HSA contribution guidance for domestic partners is different, too. Generally, if domestic partners are both covered by a family health plan and one is a tax dependent of the other, the partner carrying the coverage can open and fund an HSA up to the family contribution limit and pay the partner's qualified medical expenses from the account income-tax-free.

In another scenario, domestic partners may be covered under a family plan, but neither is a tax dependent of the other. In that case, each partner may open an HSA, and each may deposit up to the family contribution limit. Visit [IRS.gov](https://irs.gov) or treasury.gov for answers to frequently asked questions on these topics. Consult your tax advisor for guidance on your specific situation.

LIMITED-PURPOSE FLEXIBLE SPENDING ACCOUNT (FSA)

You are not eligible to deposit money into an HSA if you are depositing money into a health care FSA in a tax year. You may, however, be able to open what's called a limited-purpose FSA through your employer's benefits plan. A limited-purpose FSA can be used to pay for eligible dental and vision expenses that you may have. The "use it or lose it" rule also applies to limited-purpose FSAs, so you should estimate your expenses carefully before electing how much to save in such an account.

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OPTUM BANK DEBIT MASTERCARD

Be sure to activate your Optum Bank debit Mastercard so you can start using it for your qualified medical expenses. You can use your debit card for direct payment at a doctor's office, pharmacy or any health care facility that accepts Mastercard. In most cases, the card can also be used to pay a bill from a doctor's office or health care facility, provided they accept Mastercard. With your PIN, you can use your debit card to withdraw funds at any ATM displaying the Mastercard brand name. So, for example, if you go to the doctor and pay for your services out of your own pocket, you can then withdraw money at the ATM to reimburse yourself. If you would like an additional debit card, you can sign in to your account at optumbank.com or myuhc.com[®] and order one online. Remember that your Optum Bank debit Mastercard acts like any other debit card and could incur charges not made by you. Protect yourself against fraudulent charges by routinely checking your HSA statement.

If your card is lost or stolen, you can call Optum Bank any time of the day or night. Our phone system is set up to take this information even after business hours. We will reissue you a new card free of charge. It should arrive by mail within ten days of reporting a lost or stolen card.

OPTIMIZING YOUR HSA

There are time-tested principles of saving money: start early, make regular deposits and set a goal for every year. The same wisdom applies to HSAs. Not only will your deposits grow, but your tax savings will, too. Your HSA can be a smart long-term investment vehicle that can play an important role in your overall wealth and retirement strategy.

Your HSA may earn interest at tiered rates. Interest rates and annual percentage yields (APYs) vary and are subject to change at any time. Fees may reduce earnings on account. To find out your current interest rate, sign in to your account at optumbank.com or myuhc.com. Your interest rate can be found on your monthly statement. Accounts are subject to a monthly maintenance fee to cover use of the Optum Bank debit Mastercard[®] and online bill payment. If you have a health plan and an HSA through work, your employer may cover the cost of monthly fees; check with your employer to find out its policy. You may also refer to the fee schedule that is included with your HSA welcome kit.

Once your HSA reaches a certain designated balance, you may choose to invest a portion of your HSA dollars. Optum Bank makes investing easy and more accessible for you by offering two investment opportunities.

- Option 1: Optum Bank self-directed mutual funds: You can choose from a wide variety of over 30 mutual funds, that average a four- star Morningstar rating and represent some of the lowest expense ratios in the industry, including life stage funds. The Asset Allocation Calculator can help you decide which funds are right for you.
- Option 2: Betterment digitally managed investments: Betterment helps take the guesswork out of investing your HSA. Based on your HSA investment goals, Betterment will recommend a personalized portfolio of low-cost exchange traded funds (ETFs) and help keep your HSA investment on track through auto-deposits and automated rebalancing. If you're saving your HSA for retirement, Betterment can also help you manage your investments alongside your other retirement accounts to help you maximize your after- tax retirement income.