



WHAT IS AN HSA?

& WHY YOU SHOULD TAKE ADVANTAGE

**PLUS, A TAX FREE
Contribution up to \$2,000***

*\$1,000 Single | \$2,000 Family
Courtesy of your employer*

Great benefits for you

Convenience - Paying for expenses from your HSA is as easy as using a debit card.

Choice - Pay for qualified expenses from your HSA or save your HSA money and pay out-of-pocket.

Control - You decide how the money is spent and you have the freedom to keep it if you change jobs or retire.

Triple-Tax savings

Tax-Free Deposits - Even if you don't itemize deductions you don't pay federal income tax on your contributions.

Tax-Free Savings - You keep any money you don't spend, and it grows tax-free. No use-it-or-lose-it.

Tax-Free Withdrawals - There's never tax on withdrawals to pay for qualified expenses.

* Amount determined by coverage selected.

A SMART CHOICE

Congratulations! By enrolling in the HSA-qualified CDHP plan you may be eligible to open a Health Savings Account & start saving for the future.

What is an HSA?

- It's a savings account for health care costs but you don't pay any federal income tax on the money you deposit
- Once you enroll in the HSA-qualified CDHP you deposit money into your HSA so it's there to pay qualified medical expenses
- When you use your HSA money to pay for qualified medical expenses, you don't pay income tax on the money you withdraw

You Can Invest It

- Once your balance reaches the required minimum you can begin investing in mutual funds
- If you earn money on your investments, you don't pay income tax on that money, either

It's Better Than a Flexible Spending Account (FSA)

- Unlike an FSA, your savings grow from year to year
- Unlike an FSA, there's no "use it or lose it" rule it's your money to keep
- Roll over money every year to save for the future

Why Have an HSA?

- It's easy to use your debit card to pay your qualified expenses
- Like a traditional plan, your CDHP health insurance pays the providers directly once you have met your deductible
- It's not just for doctor visits: Use your HSA to pay for;
 - Eyeglasses
 - Hearing aids
 - Qualified prescriptions
 - and more!
- You can build a nest egg for retirement: After age 65, you may use your HSA savings to pay any expense and only pay regular income tax on your withdrawal

It's Triple Tax-Free

- Deposits are federal income tax-free
- Interest and appreciation is federal income tax-free
- Withdrawals for qualified expenses are federal income tax-free

IMPORTANT

You **MUST** open a Health Savings Account to get all the benefits of the HSA-qualified CDHP plan.

Does an HSA Fit Your Lifestyle?



Age 42, Family Coverage - Bob

With the money that my employer puts into the HSA it was the right choice to select the HSA-qualified CDHP plan. We usually have some pretty high bills for regular medications, but the employer HSA money covers a lot of that anyway. So, between the lower premium cost, the money automatically put in the account, and tax savings on what we put in we come out ahead.



Age 26, Single Coverage - Cindy

I'm just starting out and I don't have a lot of extra money to spend so I picked the HSA-qualified CDHP plan since it was cheaper. I probably would not have enrolled in a health plan at all, but the cost was pretty low so I figured it was the right thing to do.



Age 56, Family Coverage - Annette

My husband and I are in our fifties and see retirement on the horizon. We're both blessed with good health so we didn't feel like we needed to buy a lot of insurance we wouldn't use. We plan to put as much as we can into our HSA so we have it in retirement. With an HSA you have a lot of flexibility which is good since you never know what might happen.

Are you eligible?

Your Employer is pleased to offer the HSA as a savings option when you elect the HSA-qualified CDHP Plan. However, the federal government regulates who is eligible for the account. So please review these rules carefully.

- You must elect the HSA-qualified CDHP plan to qualify to open an HSA.
- You cannot be enrolled in Medicare. If you are enrolled in Medicare then you are not eligible to open an HSA. However, if you have already opened an HSA before you enrolled in Medicare then you are allowed to use the money in your HSA, but you are not allowed to contribute any more money to your HSA.
- You cannot be covered under Tricare, and cannot have received any health benefits from the Veterans Administration or one of their facilities, including prescription drugs, in the three months prior to opening your HSA.
- You must not have an FSA or be covered under any other medical insurance, such as a spouse's plan, unless the other coverage is also a special HSA-qualified medical insurance plan.
- You must not be claimed as a dependent on another person's tax return.



Opening your HSA

Medical Mutual, your insurance provider, has partnered with Avidia Bank to offer the Medical Mutual HSA: You have your healthcare and HSA together! To open your HSA, log into your Medical Mutual My Health Plan account (or register for a My Health Plan account) at www.MedMutual.com/member then go to the Claims & Balances tab and select My Spending Accounts. Just follow the instructions from there.

Once you have completed the process you'll receive a welcome letter by mail or email from Avidia Bank with your account number and within 10 business days you'll receive your Medical Mutual Debit Card. If you have questions about your HSA, please call Medical Mutual at 1-800-522-2037.

Use your HSA Wisely

The money saved in your HSA is intended to be used for qualified medical expenses (as defined by the IRS) or saved for future qualified medical expenses. In order to avoid extra taxes and tax penalties, you should only use the money to pay for qualified medical expenses, unless you are over age 65.

The list of qualified medical expenses is extensive and includes vision and dental services. You can find a complete list in IRS Publication 502 available on the IRS website, www.IRS.gov.

After age 65 it's a retirement account – *only better!*

After age 65 you can withdraw money from your HSA even for non-qualified expenses and the money spent is taxed as normal income with no penalty, similar to other tax-advantaged retirement plans. *Even better:* Withdrawals for qualified medical expenses, including Medicare premiums, can be made without paying any federal income tax.

Examples of **QUALIFIED** MEDICAL EXPENSES

Acupuncture	Diagnostic fees	Optometrists
Alcoholism treatment	Doctor's fees	Orthodontia
Ambulance	Drug addiction recovery	Orthopedic shoes
Artificial limbs	Dyslexia language training	Oxygen/oxygen equipment
Braces	Eyeglasses and examination fees	Prescription Drugs
Childbirth preparation classes (mother)	Hearing aid and batteries	Psychiatric care
Chiropractors	Home modifications for handicapped	Therapy treatments (prescribed)
Contact lenses	Insulin	Transportation (for medical care)
Crutches	Laboratory fees	Vision correction surgery (e.g., LASIK)
Dental fees	Maternity expenses	Vitamins (if prescribed)
Dentures	Nursing homes	Wheelchairs
		X rays

Certain Insurance Premiums: COBRA or USERRA coverage for the HSA holder or his/her spouse or dependents; qualified long-term care insurance; any health plan maintained while the individual (i.e., the HSA holder or his/her spouse or dependent) is receiving unemployment compensation under federal or state law; for HSA holders age 65 or over, Medicare Part A, B, C or D premiums.

Non-Prescription Drugs & Medicines: Over-the-counter drugs are not a qualified medical expenses unless the over-the-counter drug was prescribed by a doctor. The prescription requirement does not apply to expenses for over-the-counter items such as insulin and diabetic supplies, bandages, band-aids or contact lens supplies. These items are reimbursable from an HSA without a doctor's prescription.

Examples of **NON-QUALIFIED** MEDICAL EXPENSES

Babysitting (for healthy children)	Hair Transplants	Nutritional Supplements
Controlled Substances	Health Clubs & Gyms for General Health	Swimming Lessons
Cosmetic Surgery	Household Help	Teeth Whitening
Dancing Lessons	Maternity Clothes	Treatments not FDA approved
Diaper Service	Medigap (Medicare Supplement)	Weight-Loss Program (Unless for a specific disease diagnosed by a physician)
Electrolysis or Hair Removal	Premiums	
Funeral Expenses		

HOW MUCH CAN YOU CONTRIBUTE? Use this worksheet to do the math...

Type of Coverage	Individual	Family	EXAMPLE	
			Individual	Family
2021 Maximum	\$3,600.00	\$7,200.00	\$3,600.00	\$7,200.00
Employer Contribution	\$1,000.00	\$2,000.00	\$1,000.00	\$2,000.00
Over age 55 Contribution (additional \$1,000)	_____	_____	\$0.00	\$0.00
Your Maximum	_____	_____	\$2,600.00	\$5,200.00
Contribution per Pay (24)	_____	_____	\$108.33	\$216.66

This is not intended to be tax advice. If you have specific tax questions, please ask your tax advisor.