VictoryCapital™



# What Is an HSA?

## & Why You Should Take Advantage

**Receive a TAX-FREE Contribution from Victory Capital:**

Up to $2,050 Single | $3,050 Family

## GREAT BENEFITS FOR YOU

**Convenience** - Paying for expenses from your HSA is as easyas 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 Earnings** - 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 withdraws to pay for qualified expenses.

# A SMART CHOICE

Congratulations! By enrolling in the HSA-Qualified Consumer-Driven Health Plan you may be eligible to open an HSA & start saving for the future

## WHAT IS AN HSA?

- A savings account for health care costs; 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 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; there's no "use it or lose it" rule
- The money in your HSA is 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

## BUILD YOUR NEST EGG

**After age 65, you may use your HSA to pay for any expense without a penalty. You'll only pay regular income tax on your withdrawal to pay for non-eligible expenses. Use your HSA for eligible expenses & never pay taxes!**



## 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?

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

- You must elect the HSA-qualified Core or Basic Medical Plan plan to qualify to open an HSA
- You cannot be enrolled in Medicare. If you are enrolled in any part of 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 can 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

## 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.

## WHAT IF I HAVE A FLEXIBLE SPENDING ACCOUNT (FSA)?

Being enrolled in a medical FSA (either yours or your spouse's) prevents you from being eligible for the tax benefits of an HSA. A Dependent Care or Limited FSA has no impact on HSA eligibility.

## 2027 IRS CONTRIBUTION LIMITS

**$4,500** per year for individual
**$9,000** per year for family
***Extra $1,000** if you're over 55

### In 2027, VCM will contribute to your HSA:

| | Core HSA | Basic HSA |
|---|---|---|
| Single | $1,050 | $2,050 |
| EE+Spouse | $1,300 | $2,550 |
| EE+Child(ren) | $1,550 | $3,050 |
| Family | $1,550 | $3,050 |

## HOW TO OPEN YOUR HSA

Cigna has partnered with HSA Bank to offer an integrated Health Savings Account. Once you enroll in one of the Consumer-Driven High-Deductible Health Plans, you'll receive information directly from HSA bank with instructions on how to open, fund & begin using your Health Savings Account.

# EXAMPLES OF QUALIFIED MEDICAL EXPENSES

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

**Non-Prescription Drugs & Medicines:** The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020, which permanently eliminated the ACA-imposed restriction that requires employees to obtain a prescription in order to be reimbursed for non-prescription "Over-the-Counter" drugs and medicines from a Health HSAs. Effective for purchases on or after January 1, 2020, thousands of items, including pain relievers, cold and flu medications, antacids, acne remedies, and allergy medicines are now reimbursable from an HSA without a prescription.

***This is an abbreviated listing. Please consult IRS Publication 502 for confirmation of eligibility.***

# EXAMPLES OF NON-QUALIFIED MEDICAL EXPENSES

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

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

# How much can you contribute?

Use this worksheet to do the math...

| | | | EXAMPLE | |
|---|---|---|---|---|
| | **Individual** | **Family** | **Individual** | **Family** |
| 2027 Maximum | **$4,500** | **$9,000** | **$4,500** | **$9,000** |
| Employer Contribution – Basic HSA | $2,050 | $3,050 | $2,050 | $3,050 |
| Over age 55 Contribution(additional$1,000) | N/A | N/A | $1,000 | $1,000 |
| Your Maximum | **$2,450** | **$5,950** | **$3,450** | **$6,950** |
| **Contribution per Pay(26)** | $94.23 | $228.84 | $132.69 | $267.30 |

Note: You may need to cease HSA contributions up to 6 months before enrollment if enrolling in Medicare *after* age 65. Contact UROne Benefits at ***1-800-722-7331*** for assistance.

oswald®

# 2027 H.S.A. Eligibility Scenarios

## Contribution Limits for Married Couples

| | | Employee Coverage | | | | |
|---|---|---|---|---|---|---|
| | | No coverage of any kind | Self only, non-HDHP coverage | Self only, HDHP coverage | Family, non-HDHP coverage | Family, HDHP coverage |
| Spouse Coverage | No coverage of any kind | Neither person is eligible, nor may either contribute to an H.S.A. | Neither person is eligible, nor may either contribute to an H.S.A. | Employee is eligible and may contribute to an H.S.A. EE maximum contribution in 2027 can be $4,500. Spouse is not eligible and may not contribute to an H.S.A. | Neither person is eligible, nor may either contribute to an H.S.A. | EE is eligible and may contribute the maximum 2027 limit of $9,000. Spouse is not eligible and may not contribute to an H.S.A. |
| | Self only, non-HDHP coverage | Neither person is eligible, nor may either contribute to an H.S.A. | Neither person is eligible, nor may either contribute to an H.S.A. | Employee is eligible andmay contribute to an H.S.A. EE maximum contribution in 2027 can be $4,500. Spouse is not eligible and may not contribute to an H.S.A. | Neither person is eligible, nor may either contribute to an H.S.A. | EE is eligible and may contribute the maximum 2027 limit of $9,000. Spouse is not eligible and may not contribute to an H.S.A. |
| | Self only, HDHP coverage | Spouse is eligible and may contribute to an H.S.A. Her maximum contribution in 2027 can be $4,500. Employee is not eligible and may not contribute to an H.S.A. | Spouse is eligible and may contribute to an H.S.A. Her maximum contribution in 2027 can be $4,500. Employee is not eligible and may not contribute to an H.S.A. | Both are eligible and each may contribute to an H.S.A.; maximum contribution foreach for 2027 would be $4,500. | Neither is eligible, nor may either contribute to an H.S.A. unless the spouse is not covered by spouse's non-eligible plan. In that case, the spouse is eligible to contribute up to $4,500 in 2027. | Both are eligible and are treated as having only family coverage - able to contribute the maximum 2027 family amount of $9,000, to be divided between them by agreement. |
| | Family, non-HDHP coverage | Neither person is eligible, nor may either contribute to an H.S.A. | Neither person is eligible, nor may either contribute to an H.S.A. | Neither is eligible, nor may either contribute to an H.S.A. unless the EE is not covered by spouse's non-eligible plan. In that case, the EE is eligible to contribute up to $4,500 in 2027. | Neither person is eligible, nor may either contribute to an H.S.A. | Neither is eligible, nor may either contribute to an H.S.A. unless the EE is not covered by spouse's non-eligible plan. In that case, the EE is eligible to contribute up to $9,000 in 2027. |
| | Family, HDHP coverage | Spouse is eligible and may contribute to an H.S.A. Spouse's maximum contribution in 2027 can be $9,000. Employee is not eligible and may not contribute to an H.S.A. | Spouse is eligible and may contribute to an H.S.A. Spouse's maximum contribution in 2027 can be $9,000. Employee is not eligible and may not contribute to an H.S.A. | Both are eligible and are treated as having only family coverage - able to contribute the maximum 2027 family amountof $9,000, to be divided between them by agreement. | Neither is eligible, nor may either contribute to an H.S.A. unless the spouse is not covered by spouse's non-eligible plan. In that case, the spouse is eligible to contribute up to $4,500 in 2027. | Both are eligible and are treated as having only family coverage - able to contribute the maximum 2027 family amountof $9,000, to be divided between them by agreement. |