

Health Savings Account (HSA) Frequently Asked Questions

MAKING CONTRIBUTIONS

How do I make contributions to my Health Savings Account (HSA)?

You can make contributions to your HSA three ways: through online deposits, downloading a contribution/deposit form and mailing it with a check, or through payroll deduction, if your employer offers it.

How much can I contribute?

The annual HSA contribution limits for 2014, according to the IRS can not exceed \$3,300 for individual coverage and \$6,550 for family coverage. The annual "catch-up" contribution amount for individuals age 55 or older is \$1,000. In 2015, these amounts increase to \$3,350 for individual coverage and \$6,650 for family coverage. For additional contribution information, visit optumbank.com.

What income tax forms will I need to file when I have an HSA?

There are three tax forms you'll need to be aware of:

- 1) **IRS Form 1099-SA**, provides the total distributions that were made from your HSA. This form is made available to account holders in January.
- 2) **IRS Form 8889** is filed with IRS Form 1040 of a federal income tax return to report your year-to-date HSA contributions and distributions.
- 3) **IRS Form 5498-SA** reports the total contributions made to your HSA for the previous tax year. This form is available in May and is not included with a tax return.

WITHDRAWING FUNDS

What information do I need to keep when I withdraw funds?

You will want to save all your receipts and records of withdrawals from your HSA for tax reporting purposes to the IRS. If you use your funds for non-health related expenses, you must report those withdrawals. You are responsible for maintaining all records associated with your HSA.

What tools are available to help me track my expenses?

You can track your expenses by using an expense tracking worksheet which is available online. You can also export all your transactions online using Intuit Quicken, Microsoft Money, or Intuit QuickBooks.

OTHER TOPICS

How do I designate an additional card holder for my account (authorized user)? And how do I request that someone other than me be allowed to receive information about my HSA?

You can add an additional debit card holder (authorized user) and/or an individual who is authorized to receive information about your account by downloading forms online. However, because the HSA is an individually held account, additional debit card holders and/or individuals authorized for information **cannot** do the following on your account:

- Make any changes to your account.
- Order new debit cards or checks for your account.
- Order or request any documentation on your account.
- Write checks against your account.
- Use the website to access account information.
- Be provided your account number by Customer Service.

What happens if my account becomes overdrawn and I do not make a deposit to bring my account current?

Accounts that are overdrawn for 4 months or more (120 days) will be closed and may be reported for collection.

When can I invest my HSA funds?*

You must meet the investment threshold for your HSA before you can make investments. Refer to your Schedule of Fees in order to determine the investment threshold that applies to your account. The minimum investment buy is \$100.

What happens if I change jobs?

Your HSA is an individually owned account and is yours to keep even if you change jobs.

Why should I designate a beneficiary for my account?

It's important to designate a beneficiary or beneficiaries and keep that information up-to-date. This is to make sure you control where your HSA funds go if you die. If you don't designate a beneficiary, the funds will go to your legal spouse if you have one. If you are not married at the time of your death, the funds will go to your estate. In order to change or update this information complete your beneficiary designation online within the profile section of your account.

How can I obtain information, monthly statements and bank forms for my HSA?

- Online at optumbank.com
- By calling Optum Bank customer service at 1-866-234-8913

***Investments are not FDIC-Insured, are not guaranteed by Optum Bank and may lose value.**

HEALTH SAVINGS ACCOUNT (HSA) QUALIFIED/NONQUALIFIED EXPENSES

Funds you withdraw from your HSA are income tax-free when used to pay for qualified medical expenses as described in Section 213(d) of the Internal Revenue Service Tax Code. These expenses must not have been reimbursed previously by any other coverage, such as your Flexible Spending Account. In general, the IRS requires that expenses must be for the diagnosis, cure, mitigation, treatment or prevention of disease, and for treatments affecting any part or function of the body. IRS Publication 969, "Health Savings Accounts and Other Tax-Favored Health Plans," explains that qualified medical expenses are those that would generally qualify for the medical and dental deduction, as listed in IRS Publication 502. These publications are available on the IRS website, www.irs.gov.

If you pay for anything other than qualified medical expenses with your HSA funds, the amount will be taxable, and you will pay an additional 20 percent tax penalty. The tax penalty does not apply if you are age 65 or older or disabled, but the amount must be reported as taxable income.

The following list provides examples of qualified and nonqualified medical expenses. **This list is not all-inclusive.** Remember, the IRS may modify its list of qualified expenses from time to time. As always, consult your tax advisor should you require specific tax advice.

Qualified medical expenses may include:

- Acupuncture
- Alcoholism treatment
- Ambulance
- Artificial limb
- Artificial teeth
- Breast reconstruction surgery (mastectomy-related)
- Chiropractor
- Contact lenses
- Cosmetic surgery (if due to trauma or disease)
- Dental treatment (X-rays, fillings, braces, extractions, etc.)
- Diagnostic devices (such as blood sugar test kits for diabetics)
- Doctor's office (including physicians, surgeons, specialists or other medical practitioners) visits and procedures
- Drug addiction treatment
- Drugs, prescription
- Eyeglasses and exams (for medical reasons)
- Eye surgery (such as laser eye surgery or radial keratotomy)
- Fertility enhancements
- Hearing aids (and batteries for use)
- Hospital services
- Insulin
- Laboratory fees
- Long-term care (for medical expenses and premiums)
- Nursing home
- Nursing services
- Operations/surgery (excluding unnecessary cosmetic surgery)
- Osteopath
- Over-the-counter (OTC) medical equipment or supplies (such as bandages or crutches) used solely to treat a medical condition
- Physical Therapy
- Psychiatric care
- Psychologist
- Special education (for learning disabilities)
- Speech Therapy
- Stop-smoking programs (including nicotine gum or patches)
- Vasectomy
- Weight-loss program (to treat a specific disease diagnosed by a physician)
- Wheelchair

Nonqualified medical expenses may include:

- Advance payment for future medical care
- Amounts reimbursed from any other source (such as other health coverage or a Flexible Spending Account)
- Babysitting, child care and nursing services for a normal, healthy baby
- Betting (including lottery, gaming, chips, or track wagers)
- Cosmetic surgery (unless due to trauma or disease)
- Diaper service
- Electrolysis or hair removal
- Funeral expenses
- Gasoline
- Health club dues
- Household help
- Illegal operations and treatments
- Maternity clothes
- Meals
- Nutritional supplements
- Over-the-counter (OTC) drugs and medicines, unless prescribed by a doctor or other health care provider (be sure to save the prescription with your receipts in the event of an IRS audit)
- Personal use items (such as toothbrush, toothpaste)
- Swimming lessons
- Teeth whitening
- Weight loss program (unless prescribed to treat a specific disease)