

**Optum** Financial®

# Save smarter through all stages of life

Health savings account quick guide



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 – this year and for any future needs. It's a win-win for saving on health costs today, tomorrow and through retirement.

**Check out these highlights:**



### **Call dibs on your money**

It's all yours until you spend it – even deposits made by others, like an employer or family member. You keep it, even if you change jobs, switch health plans or retire.



### **Save, earn and spend income tax-free**

You generally won't pay income taxes on your HSA funds. HSAs put more money in your pocket with income tax-free:

- Contributions to your account (up to the annual limit – see below)
- Interest and potential investment earnings
- Withdrawals used for qualified medical expenses



### **Why choose an HDHP with HSA?**

When choosing between a traditional copay plan and a qualifying high-deductible health plan (HDHP) paired with an HSA, the HDHP with HSA is often the financial winner. That's because you get tax advantaged savings to cover a variety of qualified medical expenses now and into the future.

This approach typically offers lower premiums and more control of your health care dollars. And if you don't have immediate medical needs, you can save your HSA funds until you do – unused funds are yours to keep for life.

# Save on out-of-pocket costs head to toe

Your HSA covers you and your family for a wide variety of qualified products and services like:



Dental care, including extractions and braces



Foot treatments



Eye exams, glasses and contacts



Chiropractic services



LASIK surgery



Ultrasounds



Prescription medications



Doctor's office visits and procedures

Go to [optum.com/qualifiedexpenses](https://optum.com/qualifiedexpenses) to see a searchable list with more eligible expenses.



## Save for everything from X-rays to catching rays

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 on a beach.

There are contribution limits, set by the IRS and adjusted annually. These limits are:

Year	Individual coverage	Family coverage
2025	\$4,300	\$8,550
2024	\$4,150	\$8,300

- This means that you contribute at least **\$150 more** than last year
- **\$1,000** extra if you're 55 or older, also known as a catch-up contribution



# See how Jake is supersizing his nest egg

Meet Jake. He's 30 and considers himself fairly healthy. When he started his new job, he decided to open an HSA and contribute \$200 per month. He uses \$500 each year to cover his health costs. Here's how much he saves with his HSA:



Use the [HSA contribution calculator](#) to help determine your contributions and see how much you can save on taxes.



## Ready to enroll?

Enrolling in an HSA is quick and easy because it's built into your employer's benefit options. Review your materials today so you don't miss your chance to sign up.

## Looking for more HSA resources?



Scan the QR code, or go to [optum.com/HSAIntro](https://optum.com/HSAIntro) to learn more.

Investments are not FDIC insured, are not bank issued or guaranteed by Optum Financial or its subsidiaries, including Optum Bank, and are subject to risk including fluctuations in value and the possible loss of the principal amount invested.



\* Assuming 22% federal income tax and 7.65% FICA. Results and amount will vary depending on your particular circumstances

Health savings accounts (HSAs) are individual accounts largely held at Optum Bank®, Member FDIC, and administered by Optum Financial, Inc. or ConnectYourCare, LLC, an IRS-Designated Non-Bank Custodian of HSAs, a subsidiary of Optum Financial, Inc. Neither Optum Financial, Inc. nor ConnectYourCare, LLC is a bank or an FDIC insured institution. HSAs are subject to eligibility requirements and restrictions on deposits and withdrawals to avoid IRS penalties. State and/or local taxes may still apply. Fees may reduce earnings on account. Refer to your HSA account agreement for details. This communication is not intended as legal or tax advice. Consult a legal or tax professional for advice on eligibility, tax treatment, and restrictions. Please contact your plan administrator with questions about enrollment or plan restrictions.

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# How to save the most with your health savings account

In this handbook, you'll learn how to get the most out of your health savings account (HSA), with tips for using your account, online tools and resources.



## Table of contents

<b>Getting started with your HSA</b>	<b>3</b>	<b>Using your HSA</b>	<b>11</b>	<b>Managing your HSA</b>	<b>15</b>
New account holder checklist	4	Qualified medical expenses	11	Reporting to the IRS	15
Benefits of HSAs	5	Other HSA-qualified expenses	11	Important forms	16
HSA eligibility	6	Spouse, domestic partner and dependent health care	12	State tax information	16
High-deductible health plans	6	Limited purpose flexible spending account	13	Withdrawals after age 65 or upon becoming disabled	16
		HSA payment card	13		
<b>Opening and funding your HSA</b>	<b>7</b>	Lost or stolen payment card	13	<b>Optimizing your HSA</b>	<b>17</b>
Funding your account	7	Online banking and bill payment	13	Earnings and fees	17
IRA and HSA rollovers	7	Mobile experience	14	Investment opportunities	17
Employer contributions	7	Reimbursing yourself	14	Investing 101	18
Who can contribute	8				
Contribution limits	8				
Contribution tracker	9				
Prorated contributions	9				
Mid-year plan enrollment	9				
Designating a beneficiary	10				

# Getting started with your HSA

Considering an HSA? It can be a great part of planning ahead for the future. If you're enrolled in a qualifying high-deductible health plan (HDHP), your HSA can help you and your family plan, save and pay for health care. Becoming familiar with how your HSA works is key to getting the most out of it.

## Manage your HSA online

- Make deposits
- Download account forms
- Check monthly statements
- Manage your investment activity
- Update your email address or change your mailing address
- Pay bills to physicians, dentists or other health care providers
- Reimburse yourself for qualified medical expenses that you paid for out of pocket
- Use the contribution tracker to see how much you've contributed to your HSA year-to-date and how much more can be contributed according to your plan coverage (individual or family)

## Explore online resources to help you maximize your HSA benefits

- Find information on taxes
- Check out HSA calculators
- Explore information on managing your account
- Get information about qualifying high-deductible health plans
- Use the [Health Savings Checkup](#) to help plan for retirement



### Are you prepared for your future?

If you haven't thought about what health care will cost when you retire, take a few minutes today to find out. Use the [Health Savings Checkup](#) tool online to see your estimated health care costs during retirement.



## New account holder checklist

Use this list to make sure you've taken all the first steps to opening and funding your HSA.

- Open your account
- Record your account number and file it in a safe place
- Register your account online and add your banking information to deposit funds or withdraw distributions.
- Designate a beneficiary for your account
- Sign up for payroll deduction into your HSA, if it's available at your place of work
- Start saving so you can pay for, or be reimbursed for, qualified medical expenses
- Activate your payment card
- Review your account fee schedule and privacy notice included in your welcome kit
- Become familiar with qualified medical expenses
- Save all receipts for qualified medical expenses
- Download the mobile app



## Benefits of HSAs

HSAs offer income tax savings\*:

- The money you put in is tax deductible, up to the IRS established limits
- Your savings may grow income tax-free
- Any money you take out to pay for qualified medical expenses is income tax-free

### The money in your HSA is always yours

With an HSA, there's no **“use-it-or-lose-it”** rule. All amounts in your HSA are fully vested, and unspent balances in accounts remain there until spent. Your account is portable, too, meaning your money stays put even if you:

- Change jobs
- Change medical coverage
- Become unemployed
- Move to another state
- Get married or divorced

### With an HSA, you're in charge. You decide:

- How much you will contribute to your account, up to the [allowable annual IRS limit](#)
- When you want to use your savings to pay for, or be reimbursed for, qualified medical expenses
- Whether or not to invest some of your savings in mutual funds for greater potential long-term growth



### With an HSA, remember to:

1. Keep all medical receipts. You can save paper copies or store them online. You can upload receipts through the mobile app, or you can upload images of receipts to your account online.
2. Retain all tax documents you receive from Optum Financial for filing your tax returns and maintaining your records.

\*State tax treatment of HSAs varies. Consult your state's department of revenue to find out more.



## HSA eligibility

If you have a qualifying high-deductible health plan (HDHP) on the first day of any month, you may be eligible to contribute to an HSA if:

- You are not covered by any other non-HDHP health plan, such as a spouse's plan, that provides any benefits covered by your HDHP plan
- You are not enrolled in Medicare
- You do not receive health benefits under TRICARE
- You have not received Veterans Administration (VA) benefits within the past 3 months, except for preventive care or if the care is for a service-related injury
- You cannot be claimed as a dependent on another person's tax return
- You are not covered by a general-purpose health care flexible spending arrangement (FSA) or health reimbursement arrangement (HRA)



## High-deductible health plans

To open and contribute to an HSA, you must have an IRS qualifying HDHP.

The HSA is designed to work with your HDHP to protect you and your family. Here's how an HDHP works:

**You are responsible for paying your covered medical expenses up to the deductible(s) stated in your health plan.**

Your deductible is the maximum amount that you must pay toward your health care before benefits are paid by your plan. Most plans will have different coinsurance levels for expenses incurred in-network and out-of-network.

**You can, if you choose, use HSA funds to pay for your out-of-pocket expenses.**

Or, you can reimburse yourself for those expenses sometime later. Be sure to save all receipts. You are responsible for being able to prove, if questioned by the IRS, that you used your HSA only for qualified medical expenses.

**After you meet your annual deductible, you are responsible only for a portion of your medical expenses as outlined in your medical plan**

Remember: Premiums for HDHPs are often lower than premiums for other types of non-HDHPs. Many HSA account holders choose to put their premium savings directly into their HSAs to save for the future.



# Opening and funding your HSA

To start saving with an HSA, you must first enroll in a qualifying HDHP and open an HSA. Then, the best way to save is to make a plan – and stick to it.

## Funding your account

Once your account is established, you'll be able to sign in to your HSA online and make a deposit from another bank account, one time or on a recurring basis. You can also mail a check with a contribution/deposit form available online.

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

## IRA and HSA rollovers

You can make a one-time distribution from your traditional IRA or Roth IRA to your HSA. You must direct your IRA trustee to make the distribution directly into your HSA. The amount cannot exceed how much you are eligible to contribute to an HSA for the tax year.

**Note:** The distribution from your IRA is not included in your income, is not deductible and reduces the amount that can be contributed to your HSA.

You can roll over amounts from other HSAs into one HSA. You must roll over the amount within 60 days after the date of receipt. You can make only one rollover contribution to an HSA during a one-year period. Rollovers are not subject to the annual contribution limits.

You can also direct an HSA custodian/administrator to transfer funds directly into another HSA. Such a transfer is not considered a rollover, and there's no limit on the number of such transfers. You do not include the amount transferred in your income for tax purposes. Deduct it as a contribution or include it as a distribution from the account.

## 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.

## Who can contribute



### You

When you contribute money to your HSA, it's generally not taxable. You can contribute by having a certain amount deducted regularly from your paycheck, if offered. 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.



### Others

Anyone can contribute to your HSA, on your behalf by writing a check payable to you, the HSA holder. 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.

## 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.

Contribution limits:

Year	Individual coverage	Family coverage
2025	\$4,300	\$8,550

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

If you are 55 or older, you can make a “catch-up” contribution”, meaning you can deposit an additional \$1,000. If your spouse is also 55 or older, they 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.

## Contribution tracker

Even though anyone can contribute to your HSA, it's up to you to make sure that you don't exceed the IRS [HSA contribution limits](#). You can find handy tools, such as an HSA contribution tracker. The contribution tracker is accessible on the HSA Dashboard once you sign in to your account.

## Prorated 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 prorated contribution amount based on your actual months of HDHP 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 online.

### For example:

- Your employer's plan year is January 1 to December 31 (12 months)
- You maintain HDHP coverage for your family for 6 months (January through June)
- The IRS maximum contribution limit for family coverage in 2025 is \$8,550
- Your maximum contribution would be \$8,550 [ $\$8,550/12 = \$712.50$  (maximum monthly contribution);  $\$712.50 \times 6 = \$4,275$ ]

## Mid-year plan enrollment

If you enroll in an HSA-qualifying health plan before the first day of December of any year, you're eligible to make the entire year's tax-free contribution to your HSA. To do so, you must also continue to participate in an HDHP 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's 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.

### What if you don't select a beneficiary?

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. You can designate a beneficiary by signing in to your HSA.

### What if my total HSA contribution for the year exceeds the IRS limits?

Your excess contributions are subject to standard income tax rates plus a 6% penalty. You can complete and mail or fax a withdrawal/distribution form, available online. If you request a refund, there is no penalty as long as the distribution is made before the tax-filing deadline, generally April 15. Earnings on the excess amount are taxable, but the 6% excise tax will not apply as long as the excess contributions and earnings are paid out before the tax-filing deadline.

### What if I have more than one HSA?

You may contribute to all of them, but the total contributions to your accounts cannot exceed the annual maximum contribution limit. Contributions from your employer, family members or any other person must be included in the total.

### What if I contributed the maximum annual amount, but I was not covered by an HSA-qualifying health plan for an entire year?

You are only eligible to contribute to your HSA for the time you were covered by an HDHP. You can figure that out by prorating your maximum contribution – for individual or family coverage – for the part of the year you were covered by a high-deductible plan. You can arrange to withdraw your excess contribution, as described above.

### What if my spouse and I are covered by different health plans?

Your contribution limits are generally determined by the type of HDHP you have – single or family. Consult a tax advisor regarding your personal situation. You can also find out more by visiting [irs.gov](https://www.irs.gov).

## Using your HSA

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 HDHP. 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 and how to reimburse yourself for out-of-pocket expenses and more.

### Qualified medical expenses

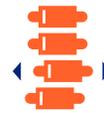
Expenses that qualify for payment or reimbursement from your HSA tax-free are defined by federal regulation. The following is a short list of some products and services in this category:



#### Doctor office visits



#### Dental care, including extractions and braces



#### Chiropractic and acupuncture services



#### Vision care, including contact lenses, prescription sunglasses and laser eye surgery



#### Prescription medications, as well as certain over-the-counter drugs and medications



#### Hearing aids (and the batteries, too)

### Other HSA-qualified expenses

Generally, you cannot use your HSA to pay for health insurance premiums, but there are exceptions. You may use your HSA to pay for:

- Any health plan coverage while receiving federal or state unemployment benefits
- COBRA continuation coverage after leaving employment with a company that offers health insurance coverage
- Eligible long-term care insurance
- Medicare premiums and out-of-pocket expenses, including deductibles, copays and coinsurance for:
  - Part A (hospital and inpatient services)
  - Part D (prescription drugs)

**Note:** This does not include premiums for a Medicare supplemental policy, such as Medigap.

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](#) online 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](https://www.irs.gov).

## Spouse, domestic partner and dependent health care

Spouse and domestic partners may be covered by different health plans. If you have children, they may be covered under your plan or your spouse or domestic partner's plan. You may also have adult children who are covered by your health plan until they reach the 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, domestic partner or dependents are not covered by your HDHP, 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 according to 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://www.irs.gov) or [treasury.gov](https://www.treasury.gov) for answers to frequently asked questions on these topics. Consult your tax advisor for guidance on your specific situation.



### What if I use the money in my HSA for non-qualified expenses?

Any amounts you use for purposes other than to pay for qualified medical expenses are taxable as income and subject to an additional 20% IRS tax penalty. This applies to:

- Medical expenses that are not considered “qualified” under federal law, like elective cosmetic surgery
- Other types of health insurance
- Medicare supplement premiums
- Expenses that are not medical- or health-related

To redeposit funds that have been used in error for non-qualified expenses, complete a withdrawal correction form, available online.

## Limited-purpose flexible spending account

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 (LPFSA) through your employer's benefits plan.

A LPFSA 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.

## HSA payment card

Be sure to activate your HSA payment card so you can start using it for your qualified medical expenses. You may also be able to add your card to your phone's digital wallet – availability varies by plan type.

You can use your payment card for direct payment at a doctor's office, pharmacy or any health care facility that accepts payment cards. 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 payment cards.

Remember that your payment card acts like any other debit card. Protect yourself against fraudulent charges by routinely checking your HSA statement.

## Lost or stolen payment card

If your card is lost or stolen, you can call us 24/7 for a new card at no cost to you. It should arrive by mail within 10 business days.

## Online banking and bill payment

You can view recent account activity, link to your investment account, if you have one, and view and download your monthly statements.

You can also pay bills for qualified medical expenses directly to your doctor or other health care providers. With online bill payment, you can set up the names and addresses of your providers to make future payments a snap.



### What if my doctor's office isn't familiar with HSAs and HDHPs?

When you visit your doctor, be prepared to share information about your insurance plan with the person who verifies your insurance information and with your doctor.

Most importantly, let them know if you don't have to pay a copayment. It's also important to talk to your doctor about your plan and let them know that you're thinking wisely about the care you receive and how much you spend on it.

Additionally, with your HSA, you will receive regular account statements. You can avoid potential fees for mailed statements by changing your preferences to e-statement in your online account.

## Mobile experience

You can easily access your HSA with your smart phone or tablet and manage your account on the go. Download our mobile app from your app store. The easy-to-read screen allows you to:

- View account balances and transactions
- Make a contribution to your HSA
- Pay a bill
- Upload receipts
- Reimburse yourself

## Reimbursing yourself

If choosing to pay for some or all of your eligible medical expenses out of pocket, be sure to save receipts to track your spending.

When you're ready to pay yourself back, there are a few ways you can do it.

- Set up an electronic funds transfer (EFT) from us to your savings or checking account at another bank
- Request a check by mail

When you reimburse yourself is completely up to you. It can be weeks, months or even years after you've paid for your qualified medical expenses. You must, however, have retained the receipts for the qualified medical expenses in the event the IRS inquires, and the expenses must have been incurred after the date when you established your HSA.



### Things to keep in mind when paying your medical bills:

- If paying a bill with your payment card or with online bill payment, you must have sufficient funds available in your account to cover the cost.
- You can wait until your balance grows and reimburse yourself for costs you paid out of pocket. (Remember to save your receipts.)
- The true cost of your medical expense may be discounted if your doctor is in your health plan's network. It's best to wait until after the claim is filed and the insurance company notifies you of how much you are responsible for before using your HSA funds.



# Managing your HSA

With an HSA, you're in charge of your account. That means you get benefits like tax-savings and no "use-it-or-lose-it" rule. The money is yours to keep. In this section, get tips for managing your HSA, so you can get the most out of it.

## Reporting to the IRS

You are responsible for saving receipts and keeping track of all expenses paid from your HSA funds, in case you need to prove to the IRS that distributions from the HSA were for qualified medical expenses.

If you use your HSA funds to pay for goods or services that aren't qualified medical expenses, you are responsible for reporting that to the IRS, paying income taxes on the amount and possibly an additional 20% tax penalty. You will need to consult your tax advisor.

**For detailed information about tax reporting with your HSA, visit the U.S. Internal Revenue Service website at [irs.gov](https://www.irs.gov).**



## Strengthen your savings even more

Your HSA helps guard you from out-of-pocket costs. But you have to stay smart with your savings to get the most out of your money. Explore our online tools and resources that can help you maximize your HSA.

## Important forms

For tax purposes, there are 3 important forms. You can sign in to your account and find your tax forms in the “Statements” section of our website.



### IRS Form 1099-SA

This form provides you with the total distributions that were made from your HSA. You will receive a separate 1099-SA for each type of distribution you had in that tax year. The 5 types of distributions are: normal, excess contribution removal, death, disability and prohibited transaction. If you did not have distributions during the tax year, you will not receive a 1099-SA.



### IRS Form 5498-SA

This form provides you with the contributions that you made to your HSA in a particular tax year. Account holders have the right to make contributions to their HSA for a tax year. Typically, until April 15; however, years may vary.



### IRS Form 8889

This is the HSA contribution form for you to complete and attach to your IRS 1040 Form to report year-to-date contributions and distributions from your HSA.

## State tax information

While HSAs were created by the federal government, states can choose to follow the federal tax treatment guidelines or establish their own. Eligible HSA contributions are not taxed by most states, but they are taxed in California and New Jersey. Please consult your tax advisor or state department of revenue for more information.

## Withdrawals after age 65 or upon becoming disabled

After you turn 65 or become entitled to Medicare, you may withdraw money from your HSA for nonmedical purposes without penalty. The withdrawal is treated as retirement income and is subject to normal income tax. The same holds true if you become disabled before age 65: you are not liable for the 20% penalty, and the withdrawals are treated as income.



# 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.

## Earnings and fees

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 your account. To find out your current interest rate, sign in to your account online. Your interest rate can be found on your monthly statement.

Accounts are subject to a monthly maintenance fee to cover use of the HSA payment card 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.

## Investment opportunities

Once your HSA reaches a certain designated balance, you may choose to invest a portion of your HSA dollars. We make investing easy and more accessible for you by offering 2 investment opportunities.

### You have 2 smart investment options

#### Option 1:

Self-directed mutual funds: You can choose from a wide variety of mutual funds, all with very high Morningstar ratings and representing 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.

## Investing 101

You must retain at least the minimum investment threshold balance in your HSA deposit account at the time of a transfer.

- Funds must be invested in increments of \$100 or more. You will need at least \$100 over your investment threshold to begin investing.
- Any investment earnings, such as interest or dividends, are income tax-free.

### **What if you have unexpected medical costs?**

No problem. If you're investing in mutual funds, you can easily transfer your investment funds back into your HSA.

If you're investing with Betterment, they will make it easy by automatically selling the right funds for you.

# Get ready to make the most of your HSA



## Ready to enroll?

Enrolling in an HSA is quick and easy because it's built into your employer's benefit options. Review your materials today so you don't miss your chance to sign up.



## Looking for more HSA resources?



Scan the QR code, or go to [optum.com/HSAIntro](https://optum.com/HSAIntro), to learn more.



Investments are not FDIC insured, are not bank issued or guaranteed by Optum Financial or its subsidiaries, including Optum Bank, and are subject to risk including fluctuations in value and the possible loss of the principal amount invested.



Health savings accounts (HSAs) are individual accounts largely held at Optum Bank®, Member FDIC, and administered by Optum Financial, Inc. or ConnectYourCare, LLC, an IRS-Designated Non-Bank Custodian of HSAs, a subsidiary of Optum Financial, Inc. Neither Optum Financial, Inc. nor ConnectYourCare, LLC is a bank or an FDIC insured institution. HSAs are subject to eligibility requirements and restrictions on deposits and withdrawals to avoid IRS penalties. State and/or local taxes may still apply. Fees may reduce earnings on account. Refer to your HSA account agreement for details. This communication is not intended as legal or tax advice. Consult a legal or tax professional for advice on eligibility, tax treatment, and restrictions. Please contact your plan administrator with questions about enrollment or plan restrictions.

# Common questions about HSAs

There's a lot of information out there about health savings accounts (HSAs). To highlight what you need to know, here are some of the most common questions that people ask, especially during open enrollment time.



## Q: What can I use my HSA for?

A: You can use the funds in your HSA to pay for qualified medical expenses like:



Doctor's office visits, lab fees and medical procedures



Dental care, including extractions and braces



Vision care, including contact lenses, prescription sunglasses and LASIK surgery



Prescription medications and over-the-counter treatments

Keep in mind that when you are age 65 or over, your HSA can be used as extra income. That means you have the option to withdraw your funds for anything, including nonqualified expenses, without incurring a withdrawal penalty. However, you'll still need to pay income tax on it.

If you're under 65, you'll be hit with a 20% penalty for using your HSA money on nonqualified expenses, plus you'll pay income tax.

## Q: What are the benefits of an HSA?

**A:** HSAs are tax-advantaged accounts that help people save and pay for [qualified medical expenses](#). Your HSA lets you:

- Contribute money through payroll contributions before it's taxed
- Grow your funds income tax-free
- Make income tax-free withdrawals for qualified medical expenses
- Carry over available dollars from year to year
- Keep all funds in it even if you change jobs, switch health plans or retire
- Pay for qualified medical expenses for a spouse or tax dependent
- Consolidate any other HSAs you may have into one HSA for extra convenience



**Remember:** Your HSA contributions are either tax-deductible or pre-tax (if made by payroll deduction). You may contribute directly to your HSA from your personal account and deduct that from your federal tax return. Most states also recognize HSA contributions as a deduction but a few do not. Similarly, a few states tax interest earned on your HSA. See IRS Publication 969, or consult a tax advisor to see how your state treats HSA contributions.

## Q: Who qualifies for an HSA?

**A:** To be eligible to open an HSA, you must have a qualifying high-deductible health plan (HDHP) that meets IRS guidelines for the annual deductible and out-of-pocket maximum.

You also cannot be:

- Covered by any other health plan that is not an HDHP
- Currently enrolled in Medicare or TRICARE
- Claimed as a dependent on another individual's tax return
- A recipient of Department of Veterans Affairs (VA) benefits within the past 3 months, except for preventive care. If you are a veteran with a disability rating from the VA, this exclusion does not apply.

## Q: What is a qualifying HDHP?

**A:** For 2025, qualifying HDHPs are at least \$1,650 in deductibles for individual coverage and \$3,300 for family coverage, and out-of-pocket not exceeding \$8,300 for individual coverage and \$16,600 for family coverage.

## Q: What happens to my HSA if I am no longer covered by an HDHP?

**A:** While you can no longer contribute to your HSA, your HSA funds are yours to keep and use for life.

## Q: Are health insurance premiums considered qualified medical expenses?

**A:** No, but exceptions include qualified long-term-care insurance, COBRA health care continuation coverage and any health plan maintained while receiving unemployment compensation under federal or state law. For those 65 and older, you can typically use your HSA to pay for Medicare premiums for Medicare Parts A, B, C (Medicare HMO and PPO plans) and D. Premiums for Medigap policies are not qualified medical expenses.

**Q: How much can I contribute to an HSA?**

**A:** For 2025, the IRS set annual contribution limits of \$4,300 for individual coverage and \$8,550 for family coverage.

Primary account holders ages 55 or older can contribute an additional \$1,000 each year. Spouses may also contribute an additional \$1,000 if they are over age 55; however, they must contribute to an HSA set up in their own name.



**Remember:** Any contributions made by you, or by anyone else, count toward the annual contribution limit for specificity limit.

**Q: How can I make contributions?**

**A:** There are 2 easy ways to make a deposit:



**1** Payroll deductions through your employer, if available



**2** Online, using your personal bank account

**Q: When can contributions be made?**

**A:** Contributions for a taxable year can be made any time within that year and up until the tax filing deadline for the following year, which is typically **April 15**.

**Q: Can I reimburse myself for expenses prior to my enrollment in an HSA?**

**A:** No. Qualified medical expenses may be reimbursed only if the expenses are from after the date your HSA was established.

**Q: Is there a time limit for reimbursing myself?**

**A:** You can reimburse yourself at any time for expenses you paid for out of pocket. There is no time limit, but the expenses must have been incurred since you opened your HSA.

**Q: How can I use my HSA to pay for qualified expenses?**

**A:** You can use your HSA payment card, online bill pay, or pay out of pocket and then pay yourself back using HSA funds.

**Q: Can I use my HSA to pay for non-health-related expenses?**

**A:** Yes. However, any amount that is taken out of your HSA and not used exclusively to pay for qualified medical expenses for you, your spouse or your eligible tax dependents is subject to income taxes and an additional 20% IRS penalty, except in the case of distributions made after your death, disability or reaching age 65.

**Q: What happens if my HSA contributions exceed the annual contribution limit?**

**A:** If you contribute more than the IRS annual contribution limit, you have until the tax-filing deadline to withdraw excess contributions. If excess contributions are not withdrawn by the tax-filing deadline, an annually assessed excise tax of 6% will be imposed on any excess amount.

**Q: Is tax reporting required for an HSA?**

**A:** Yes. You must complete IRS form 8889 each year with your tax return to report total deposits and withdrawals from your account. You do not need to itemize. For more information about tax rules, including distribution information, consult a tax advisor.

**Q: What happens to my HSA when I die?**

**A:** If you are married and your spouse is listed as your beneficiary, they will become the owner of the account and assume it as their own. If you are unmarried, your account will cease to be an HSA. The money in your account will pass to your beneficiaries or become a part of your estate, and it will be subject to applicable taxes.

**Q: Can I invest my HSA dollars?**

**A:** Yes, you can choose to invest your HSA dollars once you reach your investment threshold.



**Ready to enroll?**

Enrolling in an HSA is quick and easy because it's built into your employer's benefit options. Review your materials today so you don't miss your chance to sign up.

**Looking for more HSA resources?**



Scan the QR code, or go to [optum.com/HSAIntro](https://optum.com/HSAIntro) to learn more.

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# HSA fact or myth?

A health savings account (HSA) lets you pay for your qualified medical expenses while saving on taxes. While there are many benefits to an HSA, there are also many misconceptions. Let's clear those up now.



## General HSA knowledge

**“I don’t need an HSA if I’m healthy.”**

**Myth**

HSAs are for everyone. Pre-tax dollars can be used to pay for ordinary expenses like certain approved over-the-counter medication, sunscreen and dental or vision appointments.

**“An HSA requires a qualifying High Deductible Health Plan (HDHP).”**

**Fact**

To open an HSA, you must have a qualifying HDHP and meet other IRS eligibility requirements, unless an exception applies.

**“My HSA funds disappear if I don’t use them by the end of my plan year.”**

**Myth**

Your HSA money is yours to keep. You own it and control the available funds. Even if you change jobs or health plan coverage or retire, you take your HSA with you. Any money you don't use has the potential to grow over time to provide for your future.

**“HSA contributions are not taxed.”\***

**Fact**

It can be hard to balance your budget, but HSAs can actually help you stretch it. You may receive company contributions to your account, which is like getting additional money. Plus, typically your personal contributions are deducted pre-tax. For example, if you contribute \$25 per biweekly pay period, with a 30% tax rate, your paycheck is only reduced by \$17.50. At this rate, you would be able to put an extra \$6,500 in your HSA over 10 years, and that's not even counting employer contributions to your account, or interest and potential investment earnings. An extra \$6,500 for health, dental and vision expenses can really help stretch a budget.



## Using your HSA

**“I can’t use my HSA to cover medical costs for my spouse or dependents.”** **Myth**

Funds can be used to cover [qualified medical expenses](#) for you (the account owner), as well as your legal spouse and eligible tax dependents.

\*As long as you are HSA eligible and do not over contribute.

**“I can only use my HSA for medical expenses.”**

**Myth**

You can withdraw money from your HSA at any time for any purpose – with the understanding you may pay taxes and penalties for nonqualified expenses. Income taxes are generally applied to the amount used and, for individuals who are not disabled or over age 65, a 20% tax penalty. If you are 65 older, you may withdraw money from your HSA for any purpose without penalty, with income taxes generally applying.



## HSA contributions

**“I can contribute to my 401(k) and HSA.”**

**Fact**

By combining their benefits, a 401(k) and HSA allow you to make one of the best financial decisions for health and retirement.

**“I don’t need an HSA as I get closer to age 65 or Medicare eligibility.”**

**Myth**

It’s never too late to open an HSA and save for the future. Let’s look at the HSA potential for a 55-year-old individual who is 10 years away from Medicare eligibility. Assuming this account holder contributes \$3,000 a year to an HSA, uses \$1,500 a year in medical expenses, earns 7% a year in interest and investments, and reinvests all earnings. This HSA balance could grow to approximately \$22,176 by the age of 65. This estimate does not include potential company contributions, which could add even more funds to the HSA balance. Further, account holders 55 and older can take advantage of “catch-up” contributions – the IRS allows an extra \$1,000 contribution per year.

**“Once I select how much to contribute, I can’t change the amount until the next enrollment period.”**

**Myth**

You can change your HSA contribution amount through your employer, including starting or stopping your contributions, at least once per month. You can also make ad hoc contributions to your HSA directly within the [allowable limits](#).



### Ready to enroll?

Enrolling in an HSA is quick and easy because it’s built into your employer’s benefit options. Review your materials today so you don’t miss your chance to sign up.



Scan the QR code, or go to [optum.com/HSAIntro](https://optum.com/HSAIntro), to see how you can save.

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# Considering an HDHP with an HSA?

Here's what you should know.



When it's time to pick your health plan, you may have 2 choices:

1

A traditional copay plan with a paid provider organization

2

A qualifying high-deductible health plan (HDHP) coupled with a health savings account (HSA)

When you compare the two, you might find the HDHP is a smarter choice financially because you get:



**Income tax-free savings to cover a variety of qualified medical expenses now and into the future**



**Typically lower premiums**



**More control of your health care dollars**

## Here's how your HSA helps you save

Your HSA is designed to protect you and your family against unexpected health care costs. When you use your HSA, it's like saving up to 30% on health care since you're using pre-tax funds.\*

## Curious how much you should invest?

Use our [HSA contribution calculator](#) to see how you can potentially contribute, grow and save with an HSA.

If you don't have immediate medical needs, you have the potential to save even more. The money you put in your HSA will be there for you next year and the year after, potentially growing all the way to retirement and beyond. You may also choose to invest your HSA dollars once your account reaches a designated minimum balance.

## See how an HSA works



Because she has chronic asthma, Lisa was happy to hear she could open an HSA to save for her prescriptions and doctor visits. Here's how she saves:

- 1 Lisa spends about \$3,000 on her doctor visits and supplies each year. She set up pre-tax HSA contributions through payroll deduction to cover that amount. Lisa's HSA contribution saves her \$900 in taxes,\* which essentially reduces her asthma expenses to \$2,100 for the year.
- 2 Whenever Lisa needs to see the doctor or order supplies, she uses her HSA to pay for it.
- 3 She uses the mail-order pharmacy option available through her health plan to save even more.
- 4 Lisa checks her balance frequently. If she notices it's getting low and she hasn't reached the IRS contribution limit for the year, she deposits additional funds online. She knows she can deduct after-tax contributions from her taxes.

\*Savings compared using pre-tax income in your HSA to using after-tax income for purchases and assumes a 30% combined tax rate from all applicable federal, state and FICA taxes. Results and amount will vary depending on your circumstances.



## Technology and digital tools for you

Optum Financial makes it easy to plan, save and pay for health care with the right tools, resources and information based on your needs, including:

- **A convenient mobile app** – providing a personalized, on-the-go experience
- **Online tools and resources** – see for yourself and get the most out of your health care dollars by using Optum Financial's [HSA calculator](#).
- **Easier ways to invest** – Explore your options, including self-directed mutual funds and digitally managed investments, with Betterment, which helps take the guesswork out of investing your HSA dollars.



## Open your account

Check with your employer or benefits specialist to learn about your company's open enrollment and HSA application process.



### Ready to enroll?

Enrolling in an HSA is quick and easy because it's built into your employer's benefit options. Review your materials today so you don't miss your chance to sign up.



### Looking for more HSA resources?

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# Does Medicare affect HSA eligibility?

Frequently asked questions



## Medicare and HSA eligibility

If you've signed up for Medicare or become eligible, you may be wondering if that changes your ability to contribute to a health savings account (HSA). Here are some common questions and answers that will help you understand Medicare and how it fits with your HSA.

### Do I lose my HSA eligibility at age 65?

**No.** You can open and contribute to an HSA at age 65 or later as long as you meet HSA eligibility requirements:

- You're covered on an HSA-qualified medical plan
- You're not someone's tax dependent
- You don't have any conflicting coverage

### Does enrollment in Medicare impact my HSA eligibility?

**Yes.** Because Medicare doesn't offer an HSA-qualifying option, you can no longer make contributions to an HSA – even if you have another health plan.

### Am I automatically enrolled in Medicare Part A at age 65?

**No.** You're enrolled in Part A (inpatient services) automatically only if you are age 65 or older and receiving Social Security or railroad retirement benefits. You're enrolled in Part A and Part B (outpatient services like doctor visits, lab work and imaging) automatically if you're collecting Social Security disability benefits or are diagnosed

with amyotrophic lateral sclerosis (ALS, or Lou Gehrig's disease). Otherwise, you must sign up to receive coverage through Medicare.

### If my spouse and I are enrolled in my employer's HSA-qualified plan and I enroll in Medicare, can my spouse open an HSA?

**Yes.** If your spouse is otherwise HSA-eligible. You don't have to be the medical plan subscriber to be HSA-eligible. You or your spouse can then make tax-deductible contributions to your HSA up to the family maximum if you remain covered on a family contract (even if only your spouse is HSA-eligible).

### If I'm not HSA-eligible, can I enroll in my employer's HSA-qualified plan?

**Yes.** HSA eligibility refers to your ability to open and contribute to an HSA, not whether or not you can enroll in a medical plan. As long as you meet eligibility requirements, you can enroll in an HSA-qualifying medical plan.



### Have Medicare questions?

Call the Social Security Administration customer service center at 1-800-772-1213.



## Medicare and HSA contributions

### Can I continue to contribute to my HSA once I'm enrolled in Medicare?

**No.** You can contribute only for the months before you enrolled.

### Can I contribute to my spouse's HSA if I'm enrolled in Medicare and no longer HSA-eligible?

**Yes,** if your spouse is HSA-eligible and has an HSA, you can contribute to their HSA. Your spouse then deducts these contributions on their personal income tax return.



## Medicare and HSA distributions

### I'm no longer HSA-eligible. Can I make income tax-free distributions for qualified medical expenses (QMEs)?

**Yes.** You can withdraw funds income tax-free for QMEs anytime you have a balance in your account. That includes all out-of-pocket QMEs not reimbursed by insurance or other sources, such as:

- Medical plan deductibles
- Copay and coinsurance
- Dental and vision expenses
- Insulin and other diabetes supplies
- Certain over-the-counter drugs and medicine with a prescription
- Medicare Parts A, B and D
- Medicare Part C (Medicare Advantage HMO and PPO plans – plans offered by private insurers that replace Medicare coverage)

### Whose QMEs can I reimburse income tax-free from my HSA?

You can reimburse your own, your spouse's and any tax dependents' (such as an adult disabled child's) expenses income tax-free from your HSA. These other family members don't need to be HSA-eligible themselves or covered on your medical plan for you to make income tax-free distributions from your HSA to reimburse their QMEs tax-free.\*

### My spouse and I both have an HSA. Do we have to limit distributions from each HSA to our own expenses?

**No.** You can reimburse each other's expenses from your respective HSAs as long as you remain married.

### Can I take income tax-free distributions from my HSA for non-eligible medical expenses when I turn 65?

**No.** Distributions for non-eligible expenses are always included in your taxable income, just like distributions from a traditional 401(k) or traditional IRA. Once you turn 65 or meet Social Security's definition of disabled, you can take distributions for items that aren't HSA-qualified without incurring the 20% additional tax (penalty).

### If I pass away first, can my HSA continue to reimburse my spouse's QMEs income tax-free?

**Yes.** You name a beneficiary when you enroll in your HSA, and you can change the designation at any time. If you name your spouse as beneficiary, upon your death your HSA passes to your spouse with balances and tax advantages intact. If you name any other person or entity as the beneficiary, the HSA is liquidated and the assets pass to that person or entity, which may incur a tax liability. That beneficiary doesn't enjoy the tax benefits and isn't constrained by the rules of an HSA.

\*You can't reimburse your own or anyone else's Medicare premiums income tax-free until you, the account owner, turn age 65. If you have an older spouse and want to reimburse their Medicare premiums income tax-free, they must open an HSA before they enroll in Medicare and contribute at least the \$1,000 annual catch-up contribution. They can use this to cover their Medicare premiums until you turn age 65 and can reimburse their premiums income tax-free from your HSA. In addition, when both of you are HSA-eligible and covered on a family HSA-qualifying or compatible medical plan, you can split the family maximum contribution between your 2 HSAs as you wish.

# Delaying enrollment in Medicare when first eligible to enroll

## Do I face a penalty if I defer Medicare enrollment when I'm first eligible?

**Possibly.** Here are the potential tax consequences if you delay enrolling in Medicare around your 65th birthday when you're entitled to an Initial Enrollment Period:

- **Part A (inpatient and home health care):**

If you (or your spouse) worked 40 employment quarters with income above the Medicare threshold, you receive Part A premium-free. You face no penalties for delaying enrollment past your Initial Enrollment Period.

- **Part B (physician and outpatient services):**

If you don't enroll during the Initial Enrollment Period, you must maintain group coverage from your 65th birthday until you do enroll in Part B. For every 12 months past your 65th birthday that you don't maintain group coverage, you pay a 10% surcharge on your monthly Part B premium for the rest of your life. In addition, you may face a gap in coverage when you do want to enroll, since you'll have to wait until the next General Enrollment Period to enroll in benefits effective the following July 1.

- **Part D (prescription drug coverage):**

If you don't enroll during the Initial Enrollment Period, you must maintain group or nongroup coverage that offers prescription drug benefits that are at least equal to Part D. If you don't, you're assessed a permanent surcharge of 1% of the national base beneficiary premium for every month since your 65th birthday that your coverage isn't what's called Medicare Creditable Coverage (MCC). In addition, you may face a gap in coverage when you want to enroll. You'll have to wait for the next General Enrollment Period to enroll in benefits.



## Given the penalty, should I just enroll in Parts B and D when I'm first eligible and stop contributing to my HSA?

**Not necessarily.** That's a personal decision that you should discuss with your financial advisor. Here are a few things to consider:

- What's the difference in cost among (1) remaining covered on my employer's plan without enrolling in Medicare, (2) enrolling in Medicare only or (3) enrolling in both programs?
- What's the difference in benefits covered and financial responsibility between enrolling in either/both programs?
- What tax advantages do I give up if I'm no longer HSA-eligible?
- What will be the financial consequences of my penalties?
- Will I ever enroll in Parts B and D and face those penalties or will I choose coverage (such as a Medicare Advantage plan) that doesn't require enrolling in coverage and paying premiums subject to penalties?



### Ready to enroll?

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## Have you added or dropped a high-deductible health plan (HDHP)?

Here are some questions you should consider about your HSA (health savings account)



The maximum contribution amount you can make each year is determined by the IRS. The values it has set are based on a full year. If you make midyear changes to your health plan or have other events that prevent you from having an HSA, you will want to adjust your contributions as needed. Optum Financial suggests that you ask for guidance from a tax advisor for any detailed questions. That means figuring out how much you can contribute based on how long you had an HDHP during the year.

### Covered by an HDHP for the whole year?

If you were eligible to contribute to an HSA on the first day of the last month of your tax year (e.g., Dec. 1, 2023), you are considered eligible for the entire year (e.g., through Dec. 31, 2024). This last-month rule is true only if you stayed enrolled in an HSA-qualifying HDHP during that time.

### Covered by an HDHP for part of the year?

The IRS determines [HSA contribution limits](#) each year based on a calendar year. If you didn't have an HDHP for a full year, use the chart at right to determine your prorated contribution limit for the time you had an HSA.

### Prorated contribution limits for 2025

Number of months	Individuals	Family
12	\$4,300	\$8,550
11	\$3,942	\$7,838
10	\$3,583	\$7,125
9	\$3,225	\$6,413
8	\$2,867	\$5,700
7	\$2,508	\$4,988
6	\$2,150	\$4,275
5	\$1,792	\$3,563
4	\$1,433	\$2,850
3	\$1,075	\$2,138
2	\$717	\$1,425
1	\$358	\$713

## What if you change coverage midyear?

Life changes happen. You may be able to apply the last-month rule if you change coverage midyear. If you change from individual to family coverage, as an example, you can contribute the full family maximum amount for the year, as long as you maintain family coverage from Dec. 1 the current year through Dec. 31 the following year. If you switch from family to individual coverage midyear, you can contribute more than the individual maximum but less than the family maximum for that year.

### To calculate your contribution limit, you would:

1. Use the chart on previous page to determine your prorated individual contribution limit and your prorated family contribution limit for 6 months.
2. Add those prorated limits together to get your total contribution limit for the year.

### Example:

Prorated individual limit	\$2,075
Prorated family limit	+ \$4,150
<b>Total prorated contribution</b>	<b>= \$6,225</b>

(Based on changing coverage from family to individual.)

## Do these rules apply to catch-up (55+) contributions?

The IRS allows those who are age 55+ to contribute an additional \$1,000, also known as “catch-up contributions.” Catch-up contributions are also subject to being prorated, if you have midyear changes or other circumstances that change your HSA eligibility.

## Contributed too much?

- 1 Sign in to your account.
- 2 View your contributions.
- 3 If you've overcontributed, contact the number on the back of your payment card for assistance.

**Important note:** You need to take action by the tax deadline, generally **April 15**, to avoid paying tax on the excess contribution amount as well as a 6% excise penalty.



### Curious about HSAs?

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### Looking to consolidate your HSA accounts?



Scan the QR code, or go to [optum.com/ConsolidateYourHSA](https://optum.com/ConsolidateYourHSA), to learn more.



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# Invest in your future with an HSA



Do you know that once you have met your HSA (health savings account) investment threshold, you can invest part of your HSA in investment options like mutual funds?

That's right. Investing your HSA dollars has many potential tax benefits and can be an additional way to save for long-term health care needs and financial goals. Interest earnings and potential investment growth are also income tax-free, and withdrawals are allowed for qualified medical expenses. This makes HSAs an effective savings and investment account.

## Help your HSA balance grow

Let's say you contribute \$6,000 every year to your HSA. If you save it and don't touch it, in 20 years, it'll grow to \$120,000. But if you invest that \$6,000, and it gives you an extra 7% in earnings, it could grow to \$263,190<sup>1</sup> in 20 years. That's the potential for earning more than twice as much as you would if you didn't invest.

## Why invest?

Investment growth potential can boost your HSA balance. Investment earnings are federal income tax-free and, in most states, state tax-free.



Did you know?

**2 million**

Americans are investing their HSA funds

**\$19,224**

average HSA balance for these Americans

**7.3x**

larger balance for account holders who invest in their HSAs<sup>2</sup>

## Choose between 2 smart investment options

Once your HSA reaches a certain designated balance,<sup>3</sup> you may choose to invest a portion of your HSA dollars in one of 2 ways:

### Option 1

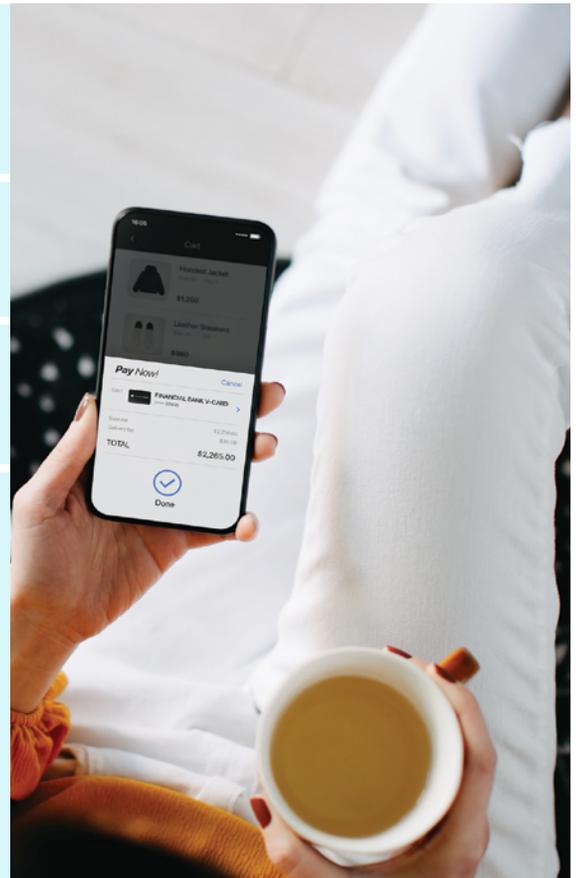
**Self-directed mutual funds:** You can choose from a wide variety of over 30 mutual funds, that average a 4-star Morningstar rating and represent some of the lowest expense ratios in the industry, including life-stage funds.

### 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.

## Investing with self-directed mutual funds

- 1** Sign in to your HSA and set up your investment account by choosing the self-directed mutual funds option from the investment options page.
- 2** Choose the funds you want to invest in.
- 3** Indicate the amount you want to transfer into your investment account.
- 4** Want to make future investing easier? You can choose to set up recurring transfers to an investment account. Any funds over your threshold will automatically be transferred to your investment account. Manage your investments easily online.



## Investing with personalized, online advice through Betterment:

- 1** Sign in to your HSA and select Betterment from the investment options page.
- 2** Choose the initial amount you want to transfer to your Betterment account.
- 3** You'll be securely taken to Betterment to answer a few questions about your goals and risk-tolerance level to create a recommended portfolio that's customized for you.
- 4** Take full advantage of Betterment's technology by returning to your HSA and setting up auto-transfers. You choose a certain threshold amount, and any funds over your threshold will be automatically invested and managed by Betterment.

## Maximize your savings

Let's say you contribute \$3,000 a year to your HSA until retirement. Assuming you use \$1,500 a year for medical expenses, earn 7% a year in interest and investments, and reinvest all earnings, your savings can really add up. But, the earlier you start, the more potential you have. See how starting in your early years can really pay off.

Starting age	HSA value at age 65*
25	\$320,414
35	\$151,610
45	\$65,798
55	\$22,175

\*Hypothetical example for illustrative purposes only. Amounts will vary depending on your unique circumstances.



## What if you have unexpected medical costs?

No problem. If you're investing in mutual funds, you can easily transfer your investment funds back into your HSA.

**OR**

If you're investing with Betterment, they will make it easy by automatically selling the right funds for you.



## Ready to begin investing?



Scan the QR code, or go to [optum.com/InvestmentOptions](https://optum.com/InvestmentOptions), to learn more.

1. Based on an account holder making no withdrawals and incurring no account fees. Your individual situation may vary—please consult your tax advisor. Consult a legal or tax professional for advice specific to your account.
2. Devenir Research 2021 Year-End HSA Market Statistics & Trends.
3. Investment threshold amounts may vary. Check with your employer or sign in to your account for more information.

**Investments are not FDIC insured, are not bank issued or guaranteed by Optum Financial or its subsidiaries, including Optum Bank, and are subject to risk including fluctuations in value and the possible loss of the principal amount invested.**



Health savings accounts (HSAs) are individual accounts largely held at Optum Bank®, Member FDIC, and administered by Optum Financial, Inc. or ConnectYourCare, LLC, an IRS-Designated Non-Bank Custodian of HSAs, a subsidiary of Optum Financial, Inc. Neither Optum Financial, Inc. nor ConnectYourCare, LLC is a bank or an FDIC insured institution. HSAs are subject to eligibility requirements and restrictions on deposits and withdrawals to avoid IRS penalties. State and/or local taxes may still apply. Fees may reduce earnings on account. Refer to your HSA account agreement for details. This communication is not intended as legal or tax advice. Consult a legal or tax professional for advice on eligibility, tax treatment, and restrictions. Please contact your plan administrator with questions about enrollment or plan restrictions. Please contact your plan administrator with questions about enrollment or plan restrictions.

# Start small, save big over time

Wherever you go, your HSA is a valuable part of your financial plan



You may think your health savings account (HSA) is solely for current-year qualified medical expenses. But did you know it has more tax benefits than a 401(k) or IRA? That makes it a unique long-term savings vehicle, too.

## Comparing financial accounts

Unlike other accounts, an HSA allows you to contribute income tax-free, grow your savings income tax-free and withdraw money income tax-free for [qualified medical expenses](#).

Type of account	Income tax-free contributions	Income tax-free growth	Income tax-free distributions
HSA	✓	✓	✓
401(k), 403(b), traditional IRA	✓	✓	
Roth IRA		✓	✓



## Investing with your HSA

With all its tax advantages, your HSA is also a smart long-term investment vehicle that can play an even greater role in your overall wealth and retirement strategy. Once your HSA reaches a minimum cash balance,<sup>1</sup> you may choose to invest a portion of your HSA dollars. Whether you want to be hands-on with your investments or put things on autopilot, there's an available investment option that's right for you.

- 1. Self-directed mutual funds:** Choose from a wide variety of more than 30 mutual funds that average a 4 star Morningstar rating and represent some of the lowest expense ratios in the industry, including life-stage funds.
- 2. Digitally managed investments through Betterment:** 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 investments on track through auto-deposits and automated rebalancing.

## Contributing the max

The more you contribute to your HSA today, the more you have for retirement in the future. Unused funds are yours to keep and use for life. Each year, the IRS sets limits on how much you can contribute to your HSA. Know the limits that apply to you and consider contributing the max. Here are contribution limits for 2025:

2025		
<b>\$4,300</b> for individual coverage	<b>\$8,550</b> for family coverage	<b>\$1,000</b> additional catch-up contribution for age 55+

## Planning for retirement: How much will you need?

An average 45-year-old couple retiring in 20 years may spend well over a million dollars on health care costs in retirement.<sup>2</sup> You can get a personalized estimate of how much you may need to save for medical expenses in retirement by taking the Health Savings Checkup at [optum.com/HealthSavings](https://www.optum.com/HealthSavings).





## Using your HSA during retirement

The benefits of an HSA don't stop when you retire. While you are no longer allowed to contribute to your HSA after enrolling in Medicare, you can still use your HSA funds income tax-free to pay for qualified medical expenses. At age 65 or older, you can typically use your HSA to pay for Medicare premiums and qualified out-of-pocket expenses, including deductibles, copays and coinsurance for:

### Part A

Hospital and inpatient care

### Part B

Doctor and outpatient care

### Part C

Medicare Advantage HMO and PPO plans

### Part D

Prescription drugs

As an additional benefit, once you turn 65, you can withdraw the money from your HSA for non-qualified expenses without a penalty. You will just be required to pay ordinary income tax on that amount.

An HSA follows you wherever you go. However, how you take advantage of its benefits and optimize HSA savings throughout your life is up to you!

## See how Hank saves for retirement with his HSA



Hank is 45 years old and has contributed the maximum to his HSA for the last 5 years. See how fast his account balance has grown – and how much he's saved on taxes.<sup>3</sup>

### Total contributions

**\$36,350**

over the past 5 years

### Saved over

**\$10,778**

on taxes in the past 5 years



### Ready to enroll?

Enrolling in an HSA is quick and easy because it's built into your employer's benefit options. Review your materials today so you don't miss your chance to sign up.

### Curious how an HSA follows you to retirement?



Scan the QR code, or go to [optum.com/InvestmentOptions](https://optum.com/InvestmentOptions) to see how you can save.