

# HEALTH SAVINGS ACCOUNT

A HSA is a tax-advantaged account that works with a high-deductible health plan to help you pay for current and future qualified medical expenses. HSAs are offered to qualifying individuals only in conjunction with a high deductible health plan (HDHP).

## KEY BENEFITS

- Tax Savings – HSA contributions are tax-deductible, and earnings and eligible withdrawals are tax-free, as long as certain requirements are met.
- Ownership and Control – You own your account and decide how to spend your healthcare dollars.
- Convenience – You can use your HSA MasterCard debit card to get instant access to your HSA and pay for eligible out-of-pocket health expenses. You can also use your checkbook to access the funds in your HSA.
- Portability – You can continue your account even if you change places of employment. Guaranty Bank & Trust N.A. will still be here to service your account.
- Roll Over – Unlike Flexible Spending Accounts with “use it or lose it” requirements, money left over in your HSA at the end of the year rolls over into the next year.

For more information about an HSA from Guaranty Bank & Trust N.A., please read the **Frequently Asked Questions**.

## KEY FEATURES – **WAIVED FOR COMMERCE ISD EMPLOYEES**

- Minimum Opening Balance of \$50
- Interest-Bearing Account – Daily interest paid on entire balance.
- Unlimited Check Writing
- Free MasterCard Debit Card

A complete fee schedule is available when you enroll.

## **FREQUENTLY ASKED QUESTIONS**

### **BASIC QUESTIONS**

#### **What is a Health Savings Account (HSA)?**

A health savings account (HSA) is a tax-advantaged account that works with a high deductible health plan. You can use it to pay for qualified medical expenses tax-free, or grow the account and use it for qualified medical expenses in the future.

#### **What is a high deductible health plan (HDHP)?**

A high deductible health plan (HDHP) is a health plan with a minimum deductible amount. Please contact your tax advisor if you have additional questions.

#### **Who is eligible for an HSA?**

To be eligible for an HSA, you must be enrolled in an HDHP, and cannot be covered by any other medical plan that is not an HDHP, with certain exceptions. Additionally, you cannot be enrolled in Medicare or be a dependent on someone else's tax return. If you have questions about your eligibility, please contact your tax advisor.

**What is the deadline to establish and contribute to an HSA?**

Check the IRS.gov website.

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

The federal government sets yearly maximum contribution levels. Please contact your tax advisor if you have additional questions.

**Who else can contribute to my HSA?**

Eligible individuals, such as your spouse, dependents and your employer, can contribute to your HSA.

**What happens if I don't spend all the funds in my HSA by the end of the year?**

All unused funds carry over from year to year.

**What happens if I contribute too much to my HSA and exceed the maximum allowable contribution?**

The IRS imposes a penalty on excess contributions. Additionally, you'll be required to pay tax on the interest earned on those excess funds. You are responsible for tracking your contributions to ensure you do not exceed the maximum allowable contribution. However, you can withdraw excess contributions before the tax-filing deadline to avoid the penalties. You should also consult your tax advisor if you have additional questions.

**What are qualified medical expenses?**

Your HSA can be used to pay for covered expenses that apply toward your high deductible health plan (HDHP) annual deductible. In addition, you can pay for qualified medical expenses that your health plan might not cover, such as vision care (eyeglasses and contact lenses), dental and orthodontic services, and even long-term care insurance.

Remember, you must comply with HSA spending regulations. You can find detailed information about qualified medical expenses in Section 213(d) of the Internal Revenue Code and **IRS Publication 502**.

**Who decides whether the money I'm spending from my HSA is for a "qualified medical expense?"**

You are responsible for that decision, and therefore should familiarize yourself with what qualified medical expenses are (as partially defined in IRS Publication 502) and also keep your receipts in case you need to defend your expenditures or decisions during an audit.

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

Yes. You may withdraw money from your HSA for items other than qualified health expenses, but the amount you withdraw will be subject to income tax and an additional 20% tax penalty will be applicable.

**What happens to the money in a HSA after you turn age 65?**

You can continue to use your account tax-free for out-of-pocket health expenses. When you enroll in Medicare, you can use your account to pay Medicare premiums, deductibles, copays, and coinsurance under any part of Medicare. If you have retiree health benefits through your former employer, you can also use your account to pay for your share of retiree medical insurance premiums. The one expense you cannot use your account for is to purchase a Medicare supplemental insurance or "Medigap" policy. Once you turn age 65, you can also use your account to pay for things other than medical expenses. If used for other expenses, the amount withdrawn will be taxable as income but will not be subject to any other penalties. Individuals under age 65 who use their accounts for non-medical expenses must pay income tax and a 10% penalty on the amount withdrawn.

**What happens if I cancel my high deductible health plan (HDHP)?**

When your HDHP coverage ends, you are no longer eligible to make HSA contributions. However, the money in your HSA is yours until you spend it. As a result, you may keep your account with Guaranty

Bank & Trust N.A. and continue to use your HSA funds. Once you are eligible again, you can make additional contributions. Please remember that you are responsible for tracking your personal contribution limit and contact your tax advisor if you have additional questions about your specific situation.

## **MANAGING MY HSA FAQs**

### **How do I contribute to my HSA?**

You can make contributions to your HSA by:

- Depositing check(s) into your HSA in any amount up to the maximum limit
- Authorizing funds transfers to be deducted electronically from your personal checking account into your HSA account (Note: all deposits made via automatic transfer will be applied to current year totals.)
- Rolling over funds from another HSA or Archer Medical Savings Account (MSA)
- Requesting that your employer contribute to the account with pre-tax deductions
- Initiate a one-time transfer in from your IRA
- Find out if your employer offers a roll-over from your FSA or HRA

### **How do I access my HSA funds?**

Once you've made contributions to your account, you can use your HSA debit card to get instant access to your HSA dollars and pay for eligible out-of-pocket health expenses. You can also use your checkbook to access the funds in your HSA.

### **How does the debit card work?**

The HSA debit card is tied to your current HSA balance. You can use it to pay for qualified medical expenses billed from insurance companies, doctors' offices, and pharmacies. However, if you make purchases for non-qualified medical expenses, you will be subject to taxes and penalties.

The debit card will work wherever MasterCard debit cards are accepted; however, you cannot use it at an ATM to get a cash advance.

### **Do I need to file claims with an HSA?**

No. You just pay qualified expenses using your HSA debit card or HSA check.

### **How can I keep track of my HSA balance?**

You will receive monthly statements detailing your account activity.

### **What are the fees?**

There is an annual maintenance fee of \$25.00 per year that will be charged to your HSA on June 30th. If the balance of the HSA account is \$500 or more on June 30<sup>th</sup>, the minimum balance fee is waived. There are no transaction fees for using the debit card or writing checks. However, additional fees do apply for things like insufficient funds, additional cards, etc. A complete fee schedule is available when you enroll.

### **What are the limitations to the access of my HSA funds?**

You cannot use the HSA debit card at an ATM to get a cash advance. In addition, the HSA will not have access to Bill Pay or the online transfer functions.

### **How and when can I rollover funds?**

Funds can be rolled over from one HSA to another or from an Archer Medical Savings Account to an HSA. You must deposit the rollover funds into the HSA within 60 days of withdrawing them from the Archer MSA or HSA. You can also rollover funds from your FSA or HRA – Talk to your employer for more details.

You may also initiate a one-time transfer from an IRA. Unlike the rollovers described above, these transfers do count towards your maximum annual contribution amount.

**Who sends the Internal Revenue Service (IRS) the information regarding all of the contributions and withdrawals I made from my HSA?**

Guaranty Bank & Trust N.A. will send Form 1099-SA to the Internal Revenue Service (IRS) to report all withdrawals from your HSA as well as send Form 5498-SA to the IRS to report all contributions to your HSA in a given tax year. Guaranty Bank & Trust N.A. files electronically and sends you a statement copy to be filed with your tax return and kept for your personal records.