Optum Financial®

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.

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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); $733.33 x 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.

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.

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 or 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.

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**, 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.

Optum

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.