HSAs: A Healthy Investment

Are you ready to take a few minutes to learn about Health Savings Accounts (HSAs)? Your BenefitWallet® HSA gives you access to tax savings on nearly every dollar you spend on health care[1].

With BenefitWallet, you can quickly build a health care "piggy bank" for current and future health care expenses with tremendous tax advantages — while you enjoy the security of health care coverage that protects you and your family.

How does it work? To help pay and save for health care expenses, the government allows individuals covered by HSA-qualified health plans to open HSAs. You and your employer are allowed to contribute to your HSA, but you get to control how you use the account and keep any funds left over at the end of the year.

Your HSA offers valuable savings on federal, state and payroll taxes[2]:

- Contributions are tax free
- Account interest and investment gains accumulate tax free
- Dollars spent on qualified medical expenses are tax free

Any balance left over at the end of the year stays with you, regardless of job changes or retirement. Balances earn interest and may be invested, offering you the ability to set aside thousands of dollars for your health care expenses now, in the future, or during retirement.

Learn More About HSAs

Visit www.mybenefitwallet.com for complete information on BenefitWallet and tools.

Search for HSA-related information on www.irs.gov, or call the BenefitWallet Service Center at 1 877.472.4200.

Example: Federal Tax Savings Available With an HSA

HSA owner contribution: $1,000

Tax Rate	Potential Savings
35%	$350
33%	$330
28%	$280
25%	$250
15%	$150

In addition to the federal tax advantages, most states provide additional state tax deductions or rebates. When making pre-tax HSA contributions through your employer's payroll, you can receive up to an additional 7.65% savings on payroll taxes.

HSA Savings Over Time

If you contribute $1,500 into an HSA each year starting at age 35 — and spend $500 of that $1,500 each year on health care expenses — after 30 years your account could grow to over $185,000.

And beginning at age 65, HSA funds are available for non-medical expenses, without tax penalties!

(This example assumes the owner takes advantage of available HSA investment options and receives an average 8% annual return.)

HSAs: How They Work

The idea is simple: you choose to set up an HSA as you enroll in an HSA-qualified health plan. As you build up a balance in your account, you can use your tax-free HSA dollars to pay for your eligible health care costs, such as doctor and hospital visits ("qualified medical expenses").

In addition to medical expenses related to your health plan, you can also use your tax-advantaged HSA dollars to pay for qualified medical expenses, such as for chiropractic care, eyeglasses or other vision expenses, dental expenses, or alternative medical expenses.

Growing Your HSA

Each year you may make HSA contributions up to an annual limit specified by the IRS:

- For 2016, the annual contribution limit is $3,350 for individual coverage and $6,750 for family coverage. To make contributions for 2016, you must be enrolled in an HSA-qualified health plan in 2016.
- For 2017, the annual contribution limit is $3,400 for individual coverage and $6,750 for family coverage.

If you are age 55 or older, you may make additional "catch-up" contributions of up to $1,000. (Some additional rules apply if you enroll after January 1. Visit our website at www.mybenefitwallet.com for more information.)

If your employer puts money in your account, those contributions count toward your contribution maximum for the year. The good news, though: you own that money, regardless of whether you leave your current job or retire.

You can choose to fund your HSA to meet your expected health care costs for the next year, or fund up to the contribution limit to build up tax-advantaged savings for the future.

At the end of the year, any funds you have not used remain in your account, "rolling over" for future expenses. As your account grows, you can elect to transfer funds into an investment account.

HSA Investments

BenefitWallet offers an integrated investment platform with over 25 investment options from a variety of fund families.

You can open investments online once your HSA checking balance reaches $1,000.

If or when you need those investment dollars for health care expenses, they can be returned to your original account without penalty.

Features of the BenefitWallet investment platform:

- Broad portfolio of highly-rated investment options from multiple fund families
- The initial investment minimum is as little as $1
- Investing can begin after the HSA Checking Account balance reaches $1,000
- HSA dollars can be automatically transferred into, out of, or within a selection of mutual funds with the schedule set by the member
- Additional investment funds can be added online, at any time
- The HSA Investment Account is accessible through the member website
- A comprehensive suite of tools is available online to help the member select investments and expand their investment knowledge

Why take advantage of HSA Investments?

The HSA begins with an FDIC insured, interest-bearing checking account where all HSA deposits are first credited. No minimum balance is required to open and maintain the HSA Checking Account. Once an HSA checking account balance reaches $1,000, a member can set up an HSA Investment Account and begin to diversify accumulated HSA savings into a wide selection of mutual funds. HSA members are able to transfer funds back and forth between their Checking Account and their Investment Account online and at any time.

Members can invest HSA dollars in the investment options offered by BenefitWallet and pay no federal taxes on any interest and/or investment earnings, as long as this money remains in their HSAs and is used to pay for qualified medical expenses.

Footnotes:

1. HSAs can be used tax free for a broad range of qualified medical expenses. For a complete list see IRS Publication 502.
2. Free from state tax in most states; payroll tax savings available when contributions are made through your employer's payroll.