



Overview of your Health Savings Account (HSA)

City of Huntington Beach

September 13, 2017

What is an HSA?

Health Savings Accounts (HSAs) are designed to help you save and pay for qualified medical expenses



Deposit money into your HSA.



Save on taxes.



Use your HSA to pay for qualified medical expenses.



Invest your savings in mutual funds.

Investments are not FDIC insured, are not guaranteed by Optum Bank[®], and may lose value.

HSA eligibility

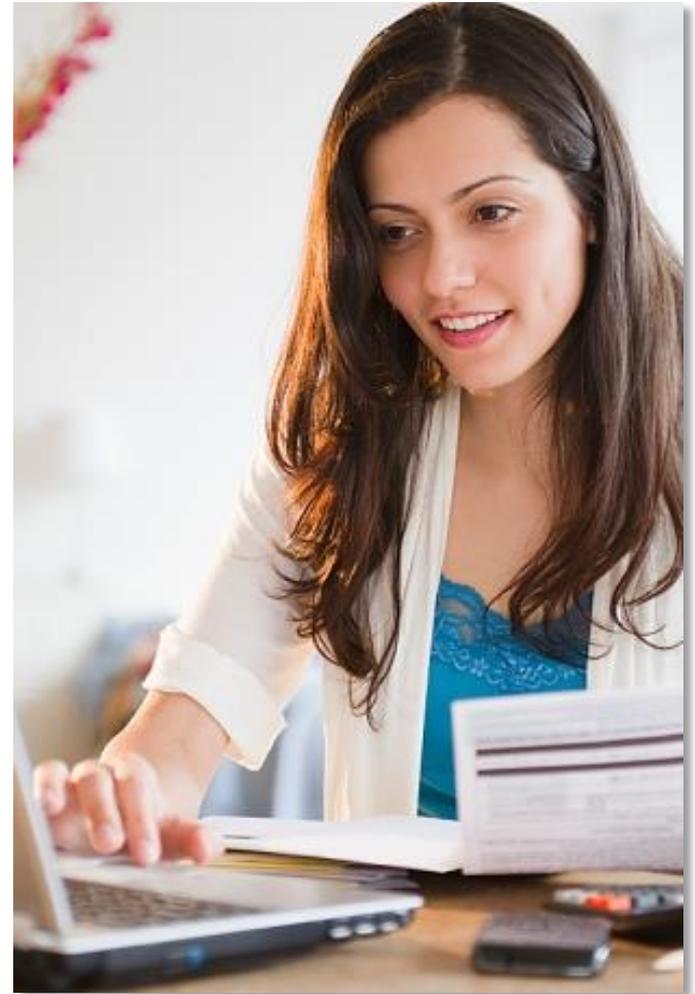
You are eligible to open and contribute to an HSA if:

- You are covered by an HSA qualifying high deductible health plan (HDHP)
- You are not covered by any other health plan that is not a high deductible plan
- You are not enrolled in Medicare, TRICARE or TRICARE for Life
- You are not claimed as a dependent on someone else's tax return
- You are not covered by a health care flexible spending account (FSA)



What you need to know about an HSA

- You are in charge of managing your HSA
- Annual contribution limits are set by the IRS
- Deposits can be made at any time and are available immediately
- All deposits up to the annual IRS limit are income tax-free
- Withdrawals made for qualified medical expenses are not subject to income tax



Investments are not FDIC insured, are not guaranteed by Optum Bank[®], and may lose value.

Contribution limits

Amount of contribution

The IRS determines how much you can deposit into your HSA each year.

Contribution rules

In 2017, you can contribute up to **\$3,400** for individual coverage and up to **\$6,750** for family coverage. In 2018, the limit for individuals increases to **\$3,450** and the limit for families increases to **\$6,900**.

Additional contribution

Those 55 years of age or higher, but not yet enrolled in Medicare, can fund an additional \$1,000/year “catch-up” contribution.

How an HSA helps you save

The money you put into your HSA is **income tax-deductible**

Any money you withdraw from your HSA to pay for **qualified medical expenses** is **withdrawn income tax-free**

You may **earn interest** on your account, and it is not taxable

The amount not spent during this year **carries over** for use in future years



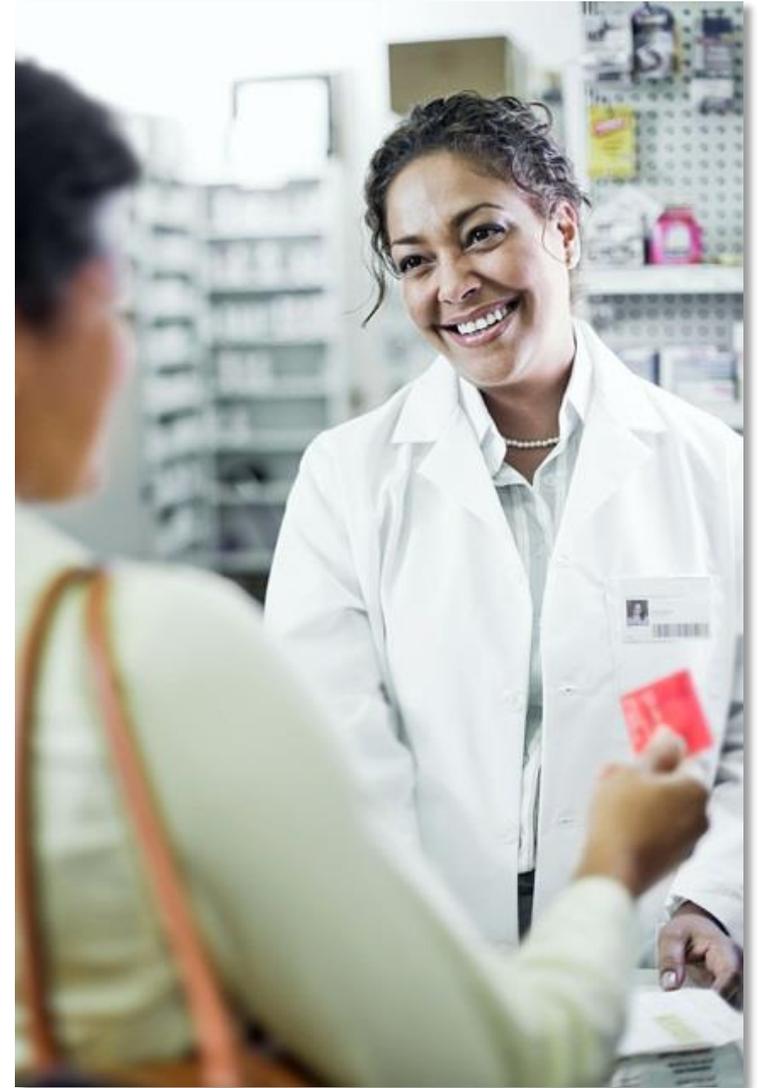
How you can make the most of your coverage

- Healthcare consumerism
- Make informed choices
- Look for ways to lower healthcare costs
- Own your healthcare decisions
- Understand your medical coverage
- Maintain a healthy lifestyle
- Use your preventive care coverage to catch health issues early



HSA qualified medical expenses

- Use HSA dollars to pay for qualified medical expenses for you, your spouse or dependents
- Medical plan deductibles and coinsurance
- Medical, dental and vision care services & products
- Health coverage while receiving unemployment benefits
- COBRA continuation coverage
- Qualified long-term care
- Medicare premiums and out-of-pocket expenses



Paying for non-qualified expenses

Any HSA funds used for purposes other than to pay for qualified medical expenses are:

- Taxable as income
- Subject to a 20% tax penalty*

* The 20% tax penalty does not apply to account holders age 65 and older, those who become disabled or enroll in Medicare



How to make deposits into your HSA

Payroll deduction

Contribute through payroll deduction and save on FICA taxes

Contribute online

Arrange a one time or recurring electronic transfer from an account at another financial institution

Mail a check

Deposit additional dollars into your account by mailing in a check

You can make HSA deposits until April 15th in order to realize tax savings for the prior year

Access your HSA funds

Use your Optum BankSM Health Savings Account Debit MasterCard[®]

Sign up for automatic bill pay and online banking

Use HSA checks for this account

Pay for an expense with personal funds and reimburse yourself from your HSA



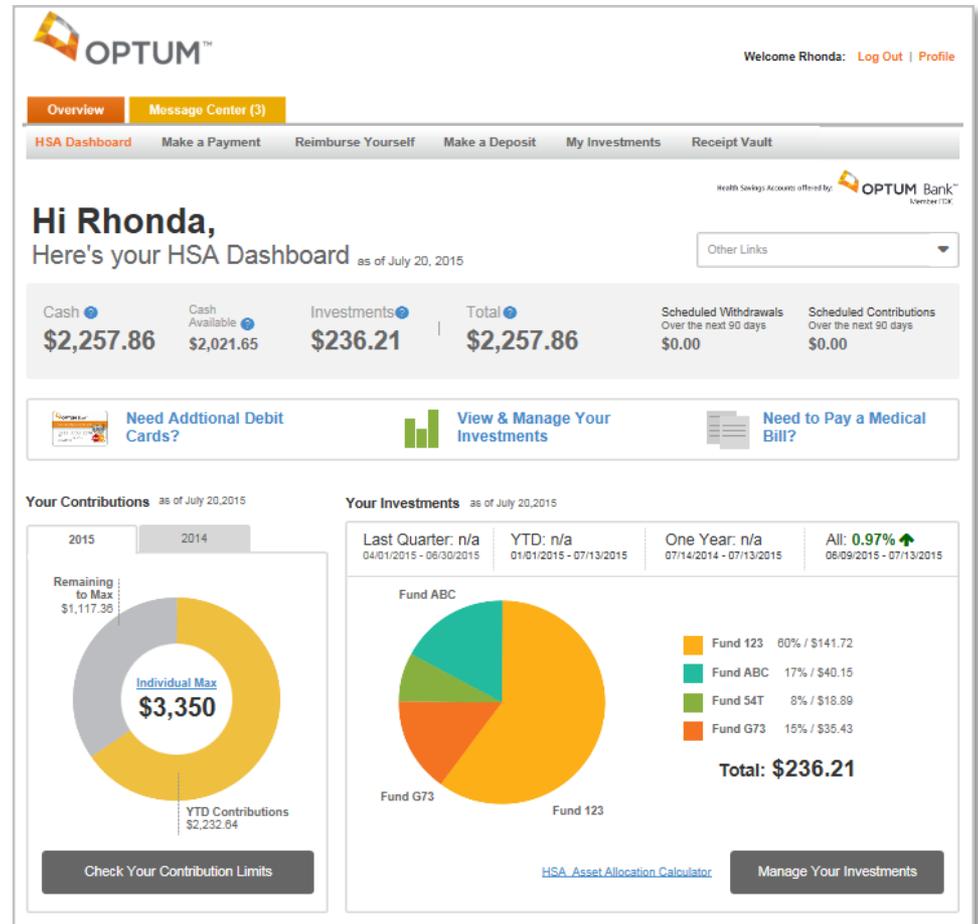
Save your receipts!

- Save your receipts for all qualified medical expenses
- Our convenient receipt vault allows you to upload receipts and store them within your HSA online
- Optum Bank® does not track your expenses or verify eligibility



Managing your HSA online

- Check your balance
- Arrange deposits from another banking account
- Pay bills to healthcare providers
- Reimburse yourself for qualified medical expenses paid out-of-pocket
- Use HSA calculators
- Check the contribution tracker for YTD contribution amounts
- Use the convenient receipt vault
- Manage investment activities for your HSA



optumbank.com

Investments are not FDIC-insured, are not guaranteed by Optum Bank[®], and may lose value.



What to expect as a new account holder

- Optum Bank® Welcome Kit will be mailed 7 to 10 business days after you are successfully enrolled in an HSA
- Debit card will arrive in a separate mailing
- HSA materials are mailed separately from health plan materials
- After logging in to your account for the first time, you will be prompted to provide your email address. You'll receive an Optum Bank quarterly newsletter with tips for helping you to make the most of your healthcare dollars

The image shows a screenshot of the Optum Bank website. At the top, there is a search bar and navigation links for "For Account Holders" (Log In, Register, Open an HSA) and "For Employers or Brokers" (Log In, Resources). The main navigation bar includes "About Optum Bank", "Products and Services", "About Health Savings Accounts (HSAs)", "Using Your Health Savings Account", and "Contact Us".

The central banner features a family walking and the text: "Save your receipts online. Tired of messy stacks of paper receipts? Upload and save images of your receipts for qualified medical expenses to your HSA online. Log in to use your Receipt Vault".

On the left, there is a "View Your Account" section with a dropdown menu for "Account Holder", a "Log In" button, a "Register for Site" link, and a "Don't Have an HSA?" section with an "Open an HSA Now" button.

Below the banner are three informational boxes:

- The Benefits of a Health Savings Account (HSA)**: "With an HSA, you can save income tax-free for future and current qualified medical expenses." Includes a "Learn More About HSAs" button.
- Start Saving for Your Health Care Today. Enroll Online.**: "If you currently have a high-deductible health plan (HDHP), you may be eligible to open an HSA." Includes an "Open an HSA Now" button.
- Use Your HSA**: "Learn how to make deposits, grow your funds, pay for expenses and save on taxes." Includes an "Open an HSA Now" button.

In the bottom right corner, there is an image of an Optum Bank Health Savings Account Card. The card is a MasterCard Debit card with the number 5412 7599 9999 and the name JANE DOE.

Common questions

Can I open a health savings account at any time during the year?

Yes. You can open an HSA at any time, as long as you are covered by an HSA-qualifying high deductible health plan

Can I take the funds in my HSA with me if I leave the company?

Yes. Funds in your HSA belong to you, including any contributions that your employer or anyone else has made

Am I required to contribute a specific amount each year?

No. You can contribute as much as you'd like up to the IRS maximums. Many people base their contributions on the annual deductible required by their HDHP

Do I need to use all of the funds in my HSA during the year?

No. HSA plans are not subject to IRS "Use It or Lose It" regulations. This means that funds in the account continue to accumulate over time

What if you have more questions?

Call Optum Bank customer
service (866) 234-8913

Visit optumbank.com





Thank you.

Investments are not FDIC insured, are not guaranteed by Optum Bank®, and may lose value.

Health Savings Accounts (HSAs) are individual accounts offered or administered by Optum Bank® Member FDIC, and are subject to eligibility and restrictions on distributions for qualified medical expenses set forth in section 213(d) of the Internal Revenue Code. State taxes may apply. Fees may reduce earnings on account. This communication is not intended as legal or tax advice. Please contact a competent legal or tax professional for personal advice on eligibility, tax treatment, and restrictions. Federal and state laws and regulations are subject to change.

Hypothetical example is for illustrative purposes only. All events, persons and results described herein are entirely fictitious and amounts will vary depending on your unique circumstances. Any resemblance to real events or persons, living or dead, is purely coincidental. Current rates are variable and may change at any time.