

Getting started with your HSA

Learn how to set up your health
savings account, contribute funds,
make purchases and more



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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
- Consolidate old HSA accounts
- 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



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 with accurate contact information, including phone number, email address and physical address
- ☐ 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 automatic payroll deductions, if it's available at your place of work
- ☐ Make one-time contributions to your HSA
- ☐ Activate your HSA payment card
- ☐ Review the account fee schedule and privacy notice included in your welcome kit
- ☐ Become familiar with HSA-eligible items
- ☐ Save receipts for all purchases you make with your payment card
- ☐ Download the mobile app

Benefits of HSAs

HSAs offer triple tax savings:*

- The money you put in is tax deductible, up to the IRS established limits
- Your savings 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 funds 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 for greater potential long-term growth



With an HSA, remember to:

1

Keep receipts for eligible items you purchase out of pocket. You can reimburse yourself for these purchases. It's easy to upload images of receipts to the mobile app or your online account.

2

You also need to keep receipts for all purchases made with your HSA card in case the IRS requests them.

3

Save all tax documents you receive from Optum Financial for filing your tax returns and recordkeeping.

*State tax treatment of HSAs varies. Consult your state's department of revenue or a tax advisor to learn 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 care 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 use HSA funds to pay for qualified medical expenses out of pocket

Or, you can reimburse yourself for those expenses 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 the annual IRS contribution limit.

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.

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.

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 your employer offers that. 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. Those funds belong to you as soon as they're posted, even if you change jobs or are laid off. Note that employer contributions count toward the annual IRS limit.

Check what your employer's contribution schedule will be. Also, if your employer offers a match, try to contribute enough to get the maximum match.



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 the IRS and adjusted annually, for how much you can contribute tax-free to an HSA in a calendar year.

The contribution limits for 2027 are:

\$4,500

for individual coverage

\$9,000

for family coverage

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.

*Some states may tax HSA contributions. Check with your tax advisor or state department of revenue to find out.

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](#). On your HSA dashboard, you'll find a handy contribution tracker to help you out.

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.

An example of proration

- Your employers health plan year is January 1- December 31st (12 months), but you maintain HDHP coverage for your family for 6 months (January through June).
- The IRS maximum contribution limit for family coverage in 2027 is \$9,000
- Your maximum contribution would be \$9,000 [$\$9,000 / 12 = \750 (maximum monthly contribution); $\$750 \times 6 = \$4,500$]

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.

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.

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)

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. You can search 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).



What if I use the money in my HSA for nonqualified 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 such as Medigap
- Expenses that are not medical- or health-related

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

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) and Part D (prescription drugs)

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

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's 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.

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 that same year. You may, however, be able to open what's called a limited-purpose FSA (LPFSA) through your employer's benefits plan.

An LPFSA can be used to pay for eligible dental and vision expenses that you may have. LPFSA funds expire at the end of the calendar year, so estimate your expenses carefully before choosing how much to contribute.

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 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 health care providers. With online bill pay, you can set up the names and addresses of your providers to make future payments a snap.

You'll receive regular HSA account statements. You can avoid potential fees for mailed statements by changing your preferences to e-statement in your online account.



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.

Mobile app

Easily access your HSA with your smartphone or tablet and manage your account on the go. Download the mobile app from your app store to:

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

How to reimburse yourself

You can get reimbursed for qualified purchases, as long as they were made after the date you opened your HSA. There are 2 ways to do it:

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

You can reimburse yourself weeks, months or years after your purchase – there's no deadline. Just make sure that you save your receipts for 7 years, in the event that the IRS inquires.



Things to keep in mind when paying your medical bills:

- If paying a bill with your payment card or with online bill pay, you must have sufficient funds 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

When you have an HSA, you may need to report certain expenses to the IRS.

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 [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

You may receive up to 3 tax forms related to your HSA. 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 (withdrawals) 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. For the calendar year, you are allowed to make HSA contributions until tax day of the following 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 Form 1040 (income tax return) 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 some. 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. 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, check 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 your monthly fees; check with your employer. You may also refer to the fee schedule included with your HSA welcome kit.

Investment opportunities

Once your HSA reaches a certain designated balance, sign in to your account to view your investment threshold. You may choose to invest a portion of your HSA dollars. We make investing easy with 2 smart options:

1

Digitally managed investments with Betterment

Betterment helps take the guesswork out of investing. Based on your HSA investment goals, Betterment will recommend a personalized portfolio of low-cost ETFs (exchange-traded funds) and help keep your HSA investment on track through auto-deposits and automated rebalancing. If you're saving for retirement, Betterment can also help you manage your investments alongside your other retirement accounts to help you maximize your after-tax retirement income.

2

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.

Investing 101

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

- You must invest a minimum of \$100 to initiate an investing transfer.
- Any investment earnings, such as interest or dividends, are income tax-free.

What if unexpected medical costs come up?

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.

FAQ

What if I 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 in question 2.

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).

Ready to enroll?

Enrolling in an HSA is quick and easy because it's built into your employer's benefit options. Review your materials at optumbank.com 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

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



Self-directed mutual fund investment options are made available through the services of an independent investment advisor, or your plan sponsor. Discretionary advisory services are provided by Betterment LLC, an SEC-registered investment adviser, with associated brokerage transactions provided by Betterment Securities, Member FINRA/SIPC. For details and disclosures visit betterment.com. Schwab Health Savings Brokerage Accounts are offered through Charles Schwab & Co., Inc. (Member SIPC), the registered broker/dealer, which also provides other brokerage and custody services to its customers. See the Charles Schwab Pricing Guide for Health Savings Accounts for full fee and commission schedules. For details and disclosures, visit schwab.com. Please consult your financial planner for more information on investments.

Orders are accepted to effect transactions in securities only as an accommodation to HSA owners. Optum Financial, Inc. and its subsidiaries are not broker-dealers or registered investment advisors and do not provide investment advice or research concerning securities, make recommendations concerning securities, or otherwise solicit securities transactions.

Health savings accounts (HSAs) are individual accounts held at Optum Bank®, Member FDIC, unless otherwise indicated, 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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