



**FIFTH THIRD BANK**

# **Understanding & Getting the Most Out of Your Health Savings Account**

**Open Enrollment 2020**

## What is a Health Savings Account?

- An HSA is an account that allows you to save and pay for current and future health care expenses on a tax-free basis
- With the HSA, you contribute money—on a tax-free basis—through payroll deductions or through other methods if you choose

## Do you qualify for a Health Savings Account?

- The IRS requires you to participate in a qualifying high-deductible medical plan for you or your employer to contribute to an HSA



# You may not contribute to an HSA if you fall in one of the following categories:

- You are enrolled in Medicare
- You are enrolled in TRICARE (Department of Defense health care program)
- You are enrolled in a Health Care Flexible Spending Account (FSA)
  - However, enrolling in a Limited Purpose FSA, Dependent Care FSA and/or Parking/Mass Transit FSA is allowed
- You are covered by another health plan that is not a high-deductible health plan
- You are claimed as a dependent on another person's tax return
- You have received medical benefits from the Veterans Administration during the preceding three months

# Triple Tax Advantage

1

Funds go in tax-free when you contribute to your account through payroll deductions. By contributing now, you reduce your current taxable income.

2

Funds grow tax-free as your account dollars grow.

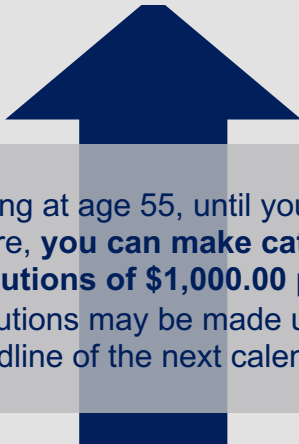
3

Funds come out tax-free when you use them for qualified health expenses, regardless of when you withdraw them.

\*20% IRS penalty if funds are taken out before age 65, and used on non-qualified medical expenses, plus applicable taxes.

# Contributions

Coverage Type	2020 IRS Maximum Account Contribution	2021 IRS Maximum Account Contribution
Individual	\$3,550	\$3,600
Family	\$7,100	\$7,200
Over 55 " <b>Catch-Up</b> " Provision	\$1,000	\$1,000

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- Beginning at age 55, until you enroll in Medicare, **you can make catch-up contributions of \$1,000.00 per year.** Contributions may be made until the tax deadline of the next calendar year

## Pre-tax Contributions

- Payroll deductions
- Employer contributions

## Post-tax Contributions

- Make a deposit through an online transfer of funds
- Send in a check

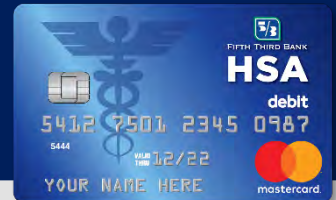
# Distributions

Your HSA can cover a wide range of qualified medical expenses, such as:

- Doctor's office visits
- Orthodontics
- Prescription medication
- Contact lenses
- NEW for 2020: Over the counter drugs and medicines as well as menstrual care products
- For a full list of qualified medical expenses, use the Eligible HSA Expenses tool on Fifth Third HSA Mobile App, visit <http://www.53hsa.com/> or IRS Publication 502

Various options that you can use to pay your medical expenses:

- Pay with your Fifth Third Bank HSA Mastercard® debit card
- Pay via the HSA mobile app
- Send a check through your online consumer portal
- Pay with another method and reimburse yourself from your HSA



# Things You May Not Know About HSAs

- Your HSA is not a “use it or lose it” – unused HSA funds roll over from year to year
- If you leave your current employer, your HSA follows you—your funds go with you
- Money over a specified threshold can be invested
- Your HSA is an inheritable account
- HSAs can be used to pay Medicare premiums, COBRA premiums and fund long-term care insurance
- You can save receipts for medical expenses now and pay yourself back later; even in retirement



NOTE: When you distribute funds from your HSA to pay for qualified medical expenses, the distribution is tax-free. With IRAs and 401ks you will pay taxes either on the contributions when saving, or on the distributions when you use the funds.

# Good, Better and Best Way to Use Your HSA

Everyone's situation is different, but there are good, better, and best ways to use your HSA.

**Why the Best and Better way are highly recommended:**

- Fidelity estimates that an average retired couple, aged 65 in 2020, will need approximately \$295,000 saved (after tax) to cover health care expenses in retirement. Paying for medical care is not only a short-term decision, but a long term decision for the future.

**Good**

Fund your account for medical expenses that you will incur during the year.

**Better**

Fund your account for expected medical expenses plus additional funds to cover one to two years of the maximum out of pocket costs.

**Best**

Fund your account up the maximum allowable annual limit and invest in mutual funds.

## Tax Advantages

*Tax free contributions*

*Tax free distributions*

*Tax free growth\**

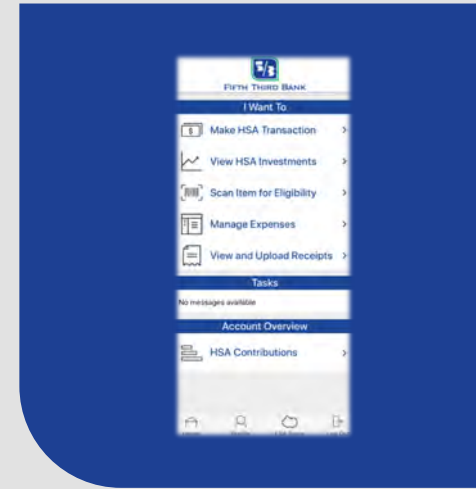


\*Invest in mutual funds once you exceed the minimum cash threshold of \$2000.



# Fifth Third HSA Mobile App

- Quickly check available balances and account details for your Health Savings Account
- Set account alerts and get notifications via text message
- Retrieve a lost username or password
- Log in to your accounts with ease using your fingerprint or Face ID
- Contribute funds to or request a distribution from your HSA account
- Access your account funds to pay yourself or your doctor
- Enter and view expense information and receipts
- Report a debit card as lost or stolen
- Use the Eligible Expense Scanner to scan items to determine if they're qualified medical expenses before you get to the checkout lane
- View and manage your investments
- Use your device of choice—including iPhone®, iPad®, iPod touch®, and Android™ smartphones and tablets



# Reminders

- The money you contribute in your HSA reduces your taxable income
- Your money grows tax free
  - Interest earned on the cash balance
  - Gains made on mutual fund investments
- Withdrawals for qualified medical expenses are tax free
- Your Health Savings Account is yours, even if you retire or change jobs
- There is no “use it” or “lose it” requirement for a Health Savings Account
  - Unused funds rollover every year

## Helpful Information

- Check out <http://www.53hsa.com/> for helpful calculators, videos, links to helpful sites such as HSA Store, Inside RX and more!
- Our HSA Support Center is open Monday – Friday, 8 am – 8 pm ET, Saturday, 9 am – 1 pm, ET. @ 1-888-350-5353
- Helpful Links to educate yourself:
  - [Healthcare Bluebook](#)
  - [FAIR Health Consumer](#)
  - [New Choice Health](#)
  - [WNTB.org](#)
  - [Consumer Health Ratings](#)