

PAYFLEX®

Health Savings Account (HSA)

Saving money now and in the future

Want to reduce your taxable income and increase your take-home pay? Just enroll in an HSA today and start saving money on eligible health care expenses for you, your spouse and your tax dependents.

What do people love about the HSA?

- You can contribute pretax and post-tax dollars.
- You can contribute up to **\$3,550***/individual and **\$7,100***/family (pretax) annually.
- Unused funds roll over from year to year.
- Your HSA stays with you even if you switch employers, change health plans or retire.
- If you have an HSA somewhere else, you can transfer the balance to your new HSA.
- Your money can earn interest — plus, you can enjoy investment options.

Some common eligible expenses may include:

- Deductibles, copays and coinsurance
- Eligible prescriptions
- Vision care, including LASIK eye surgery
- Dental care, including orthodontia

Pay the PayFlex® way

Once funds are available in your HSA, PayFlex makes it easy to pay for your eligible expenses. You can:

- **Use the PayFlex Card®, your account debit card:** When you use the PayFlex Card, your expense is automatically paid from your account.
- **Pay yourself back:** Pay for eligible expenses with cash, a check or your personal credit card. Then, withdraw funds from your HSA to pay yourself back. You can even have your payment deposited directly into your checking or savings account.
- **Pay your provider:** Use the PayFlex online feature to pay your provider directly from your account.

*The maximum contribution limits are subject to change annually.

**Please note that not all states provide favorable income tax treatment for HSAs.

Take care of your HSA and it could grow

There aren't many accounts where you can make tax-free contributions and tax-free withdrawals — while enjoying tax-free growth.** So why not use your HSA to help maximize your potential to save for your future?

Once you have a minimum balance (typically \$1,000) in your HSA, you can open an investment account. There are a variety of mutual funds to choose from. Plus, there are no transfer or trading fees. And no minimum investment amount for a trade request.



Keep it simple with the PayFlex Mobile® app

- Manage your account and view alerts.
- Make payments, withdrawals and deposits.
- View common eligible expense items, and more.

Are you eligible for an HSA?

To enroll in an HSA, you must be enrolled in a qualified high-deductible health plan. In addition, you cannot have:

- Other health coverage that pays for out-of-pocket health care expenses before you meet your plan deductible
- A general-purpose health care flexible spending account or health reimbursement arrangement in the same year (and neither can your spouse)
- Medicare or TRICARE
- Veterans Affairs medical benefits that have been used in the prior three months — except in cases where the hospital care or medical services were for a service-connected disability
- Someone claim you as a dependent on their tax return

HSA tips to remember:

- View the Internal Revenue Service contribution limits and a list of common eligible expense items on the PayFlex member website.
- Annual contribution limits include contributions made by both you and your employer (if applicable).
- You can make a one-time, tax-free transfer from an Individual Retirement Account. This amount counts toward your HSA annual contribution limit.
- If you're age 55 or older, you can contribute up to an additional \$1,000 annually.
- If you use your HSA for ineligible expenses, you'll need to pay income taxes and a 20 percent penalty tax on that amount. **Note:** If you're age 65 or older or disabled at the time of this withdrawal, you won't have to pay the penalty tax. However, you're still responsible for paying income taxes.
- Save your itemized statements, detailed receipts and any Explanation of Benefits statements for your expense records.

Got questions?

Just visit payflex.com or call us directly at 1-844-729-3539 (TTY: 711). We're here to help Monday - Friday 7a.m. - 7p.m. CT, and Saturday 9a.m. - 2p.m. CT.

PayFlex Systems USA, Inc.

There may be fees associated with a Health Savings Account ("HSA"). These are the same types of fees you may pay for checking account transactions. Please see the HSA fee schedule in your HSA enrollment materials for more information.

This material is for informational purposes only and is not an offer of coverage. It contains only a partial, general description of plan benefits or programs and does not constitute a contract. It does not contain legal or tax advice. You should contact your legal counsel if you have any questions or if you need additional information. In case of a conflict between your plan documents and the information in this material, the plan documents will govern. Eligible expenses may vary from employer to employer. Please refer to your employer's Summary Plan Description ("SPD") for more information about your covered benefits. Information is believed to be accurate as of the production date; however, it is subject to change. PayFlex cannot and shall not provide any payment or service in violation of any United States (U.S.) economic or trade sanctions. For more information about PayFlex, go to payflex.com.

Investment services are independently offered through a third-party financial institution. By transferring funds into an HSA investment account, you can potentially benefit from capital appreciation in the value of mutual fund holdings. However, you will also be exposed to a number of risks, including the loss of principal, and you should always read the prospectuses for the mutual funds you intend on purchasing to familiarize yourself with these risks.

The HSA investment account is an optional, self-directed service. We do not provide investment advice for HSA investment account participants. You are solely responsible for any investment account decisions you make. Mutual funds and brokerage investments are not FDIC-insured and are subject to investment risk, including fluctuations in value and the possible loss of the principal amount invested. The prospectus describes the funds' investment objectives and strategies, their fees and expenses, and the risks inherent to investing in each fund. Investors should always read the prospectus carefully before making any investment decision. System response and account access times may vary due to a variety of factors, including trading volumes, market conditions, system performance and other factors.

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PayFlex Card® is a registered trademark of PayFlex Systems USA, Inc.

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Protecting your Health Savings Account (HSA)

What you need to know when opening your account

When you apply for your HSA, we'll just need to confirm some of your information. We'll confirm your full name, address, birth date and Social Security number. This is required under Section 326 of the USA PATRIOT Act. It's also known as the Customer Identification Process (CIP).

For faster enrollment, make sure your information is up to date

Always use the most accurate and current information when you enroll in an HSA.

Here are a few tips:

- Use your current residential address, not a PO box or a non-U.S. address.
- You must be at least 18 years old.
- Use your full legal name. You may not have legally changed your name after marriage or divorce yet.
- Don't use your nickname (for example, "Becky" for "Rebecca").
- Use your middle initial.
- Don't use the Americanized version of your name (for example, "Sue Young" rather than "Soon Yang").
- Don't use a different spelling of your name (for example, "Caren" for "Karen" or "Marie Delacruz" instead of "Marie De La Cruz").
- Use your correct Social Security number.

Next steps if your information doesn't pass

We'll send you a letter within three business days. It'll explain the CIP issue and request the documentation needed to confirm your identity or address.

- If you don't respond within 30 days, we'll send you a second letter.
- If you don't respond within 30 days of your second letter, we'll send you a third and final letter.

Got questions? We've got answers.

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Don't forget:

- Carefully complete your enrollment application.
- Always respond if we ask for additional information.

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Investing with your PayFlex[®] Health Savings Account (HSA)

If you're a PayFlex HSA member, you have the opportunity to grow your HSA balance. How? By investing in a variety of mutual funds.

There aren't many accounts where you can make tax-free contributions and tax-free withdrawals — all while enjoying tax-free growth.* So start using your HSA to help maximize your ability to save for the future.

The benefits of investing

Once you have a minimum balance in your HSA (typically \$1,000), you can open an investment account and start investing your HSA dollars. With an investment account, you can take advantage of the following benefits:

- Access to a diversified group of mutual funds, each professionally managed by an investment adviser
- Integration with Morningstar[®] research data
- 401(k)-like investment capabilities with no transaction fees for trading
- The ability to move money from your investment account back to your HSA if you need those funds for health care

Investments made simple

You can choose from a variety of mutual funds. And from the PayFlex member website, you can:

- Transfer funds to and from your HSA.
- Create recurring transfers to automatically take place each week, month or quarter.
- View your investment account information, like investment balances, elections and recent transactions.
- Manage your investment account by exchanging your investments with other investments. Or rebalancing your current investments to a certain percentage.



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