



Getting the Most out of Your HSA

Review these HSA basics so you can maximize the power of your Health Savings Account!

Congratulations on enrolling in the Health Savings Account offered through your employer. You are part of a growing number of Americans taking advantage of the triple tax benefits of using an HSA:

1. Contributions are tax-free
2. Spending on qualified expenses is tax-free*
3. Earnings on investments are tax-free

Are you a Spender or a Saver?

- Do you or your family members access health care frequently for doctor or dentist appointments, ongoing treatments, prescriptions, and therapies, etc.? If so, you are a Spender.
- Do you need the money in your HSA to pay for your ongoing healthcare expenses? If so, you are a Spender.
- Do you or your family members only visit the doctor once or twice a year for check-ups, regular screenings and maybe a visit with the doctor to treat a bout with a cold or the flu? If so, you are a Saver.
- Do you plan to invest in the mutual funds available through your HSA so your savings have the potential to grow over time? If so, you are a Saver.

Your HSA Account

Components:

“Cash” vs. “Investment”

Contributions are deposited into and expenses are withdrawn from your “cash” account. Once your cash balance exceeds \$1,000, you have the option to invest in a variety of mutual funds – this is your “investment” account.

If you're a **Saver**, here's what you need to do now:

- Log into your account at www.tri-ad.com to set up your investments and set up automatic transfer of future deposits. Don't forget to review your personal profile and name beneficiaries. Note: If you invest your HSA dollars and your cash balance is less than \$3,000, you will be charged a \$2.50 monthly fee.
- Your HSA is portable and belongs to you for your lifetime. Your unused HSA balance rolls over from year to year. Review your contributions and investments regularly.
- Consider paying for smaller healthcare costs out-of-pocket, if you can, and save your HSA funds for larger healthcare expenses in the future. For example, let's say you get strep throat this year, and the cost for your doctor's appointment and prescription totals \$250. If you pay out-of-pocket instead of using your HSA funds so you can invest this money and then withdrawal the \$250 tax-free from your HSA in future years. Just be sure to keep your receipts in case you are audited by the IRS.
- If you have a big medical expense, move enough funds out of investments into your cash account to cover the cost before you use your benefits card or request a withdrawal.



*All mention of taxes is made in reference to federal tax law. States can choose to follow the federal tax-treatment guidelines for HSAs or establish their own. Currently, Alabama, California and New Jersey tax HSA contributions. Consult your tax advisor.

A Special Note for Savers:

When considering whether to invest all of your available HSA balance versus keeping \$3,000 in cash to avoid the \$2.50 monthly fee (\$30/year), consider your long-term investment expectations. Keeping an extra \$2,000 in cash will earn zero per year, but as long as you earn more than 1.5% on average per year, the return on the \$2,000 will exceed the \$30 fee.

If you're a **Spender**, here's what you need to do now:

- Log into your account at www.tri-ad.com to check your personal profile and name beneficiaries.
- Use your Benefits Card for immediate access to your HSA funds or login to your account to request a withdrawal via check or direct deposit.
- Check your balance frequently to make sure your upcoming costs are covered – if you try to swipe your card for an expense higher than your balance, your card will be declined.
- Save your receipts – you might need them if you are audited by the IRS.

Spenders AND Savers: Designate your Beneficiary

Log into your account at www.tri-ad.com to **designate or update your beneficiaries**. If you do not take this important step, in the event of your death, your account balance will be defaulted into your estate and may end up in probate court. Naming a beneficiary secures your account balance for your heir(s).



HSA Saver Profile: Rachel

Age: 35

HSA Contribution: \$3,550 per year

TOTAL AVAILABLE AT AGE 65*: \$409,000

*Estimated amount includes annual Cost-of-Living limit increases Of 1.5%, no HSA expenditures, and 7% average rate of return.

Rachel is going to pay her current medical costs out-of-pocket. She is investing all of her HSA contributions. She is going to use this money to pay for expenses in the future such as potential surgeries and long-term care. This will allow her to use her 401(k) plan for her retirement and her HSA for her medical costs.



HSA Spender Profile: Jayne

Age: 28

HSA Contribution: \$6,900 per year

ANNUAL EXPENDITURES: \$6,650

Jayne's family of four relies on Jayne's HDHP coverage. Both of her children are receiving ongoing medical treatment, so after she meets her annual deductible, Jayne relies on her HSA to cover the cost of those therapies throughout the year.

Questions?

Email us: hsamail@tri-ad.com

TRI-AD Participant Services: 888-844-1372, M - F 5:00 a.m. – 6:00 p.m. PT