

HSA (Health Savings Account)

What is an HSA?

Health Savings Account (HSA) enables you to save for and conveniently pay for qualified healthcare expenses, while you earn tax-free interest and pay no monthly service fees. Opening a Health Savings Account provides both immediate and long term benefits. The money in your HSA is always yours, even if you change jobs, switch your health plan, become unemployed or retire. Your unused HSA balance rolls over from year to year. And best of all, HSAs have tax-free deposits, tax-free earnings and tax-free withdrawals. And after age 65, you can withdraw funds from your HSA penalty-free for any purpose.

EECU HSA Benefits

- **Save money tax-free for healthcare expenses** –contributions are not subject to federal income taxes and can be made by you, your employer or a third party*
- **No monthly service fee** – so you can save more and earn more
- **Earn competitive dividends on your balance** –compounded daily and paid monthly from deposit to withdrawal
- **Conveniently pay for qualified healthcare expenses** – with a free, no annual fee EECU HSA Debit Mastercard® or via EECU's free online bill pay. (HSA checks are also available upon request, for a nominal fee**).
- **Free online, mobile and branch access** – allows you to actively manage your account however you prefer.
- **Comprehensive service and support** - to assist you in optimizing your healthcare saving and spending.
- **Federally insured** - to at least \$250,000 by NCUA.

2021 Annual HSA Contribution Limits

Individual: \$3,600

Family: \$7,200

Catch-Up Contributions: Account holders who meet the qualifications noted below are eligible to make an HSA catch -up contribution of an additional \$1,000.

- Health Savings accountholder
- Age 55 or older (regardless of when in the year an accountholder turns 55)
- Not enrolled in Medicare (if an accountholder enrolls in Medicare mid-year, catch-up contributions should be prorated)

Authorized Signers who are 55 or older must have their own HSA in order to make the catch-up contribution

How to Use Your Funds

- **HSA Debit Card** – use your EECU HSA Mastercard® debit card to pay healthcare providers at point-of-sale or by following the instructions provided on a bill from a medical provider.



- **Online Bill Pay** – sign up, at eecu.org, and use EECU's free online banking and bill pay to make payments to medical providers directly from your HSA.
- **Online Transfers** – use EECU's online banking or mobile app; reimburse yourself for out-of-pocket expenses by making a transfer from your HSA to your personal checking or savings account.
- **Check** – optional HSA checks can be ordered upon request for a fee. You can use these checks to pay healthcare providers and suppliers.

Save your receipts – for all qualified medical expenses. EECU does not verify eligibility. You are responsible for making sure payments are for qualified medical expenses.

How To Manage Your Account

- **Online** - check your balance, pay healthcare providers and arrange deposits; sign-up for online banking at www.eecu.org.
- **Mobile** - EECU's mobile app allows you to manage your account on the go; download "EECU Mobile Banking" in Apple's App Store and Google Play.
- **Contact Member Service** – call 817-882-0800 for help with your HSA questions or transactions. You can also chat with us online at eeecu.org or use our secure email. Member Service is available Monday through Friday from 8am – 7pm CT, Saturdays from 9am – 1pm CT and closed on Sunday.
- **Account Statements** – monthly statements show all your account activity for that period. You can receive free online statements or printed statements.

*Contributions, investment earnings, and distributions are tax free for federal tax purposes if used to pay for qualified medical expenses, and may or may not be subject to state taxation. A list of Eligible Medical Expenses can be found in IRS Publication 502, <http://www.irs.gov/pub/irs-pdf/p502.pdf>. As described in IRS publication 969, <http://www.irs.gov/pub/irs-pdf/p969.pdf>, certain over-the-counter medications (when prescribed by a doctor) are considered eligible medical expenses for HSA purposes. If an individual is 65 or older, there is no penalty to withdraw HSA funds. However, income taxes will apply if the distribution is not used for qualified medical expenses. For more information consult a tax adviser or your state department of revenue. All contributions and distributions are your responsibility and must be within IRS regulatory limits.

**Call 817-882-0800 or stop by a financial center to order standard checks at no charge, excludes shipping & handling or order custom checks, prices vary

How the HSA Plan Works

A Health Savings Account (HSA) is an individually-owned, tax-advantaged account that you can use to pay for current or future IRS-qualified medical expenses. With an HSA, you'll have the potential to build more savings for healthcare expenses or additional retirement savings through self-directed investment options.

How an HSA works:

- You can contribute to your HSA via payroll deduction, online banking transfer, or by sending a personal check to EECU. Your employer or third parties, such as a spouse or parent, may contribute to your account as well.
- You can pay for qualified medical expenses with your EECU Debit Card directly to your medical provider or pay out-of-pocket. You can either choose to reimburse yourself or keep the funds in your HSA to grow your savings.
- Unused funds will roll over year to year. After age 65, funds can be withdrawn for any purpose without penalty (subject to ordinary income taxes).
- Check balances and account information via EECU's Internet Banking 24/7.

Are you eligible for an HSA?

If you have a qualified High Deductible Health Plan (HDHP) - either through your employer, through your spouse, or one you've purchased on your own - chances are you can open an HSA. Additionally:

- You cannot be covered by any other non-HSA-compatible health plan.
- You are not enrolled in Medicare, TRICARE or TRICARE for Life.
- You cannot have accessed your VA medical benefits in the past 90 days (to contribute to an HSA).
- You cannot be claimed as a dependent on another person's tax return (unless it's your spouse).
- You must be covered by the qualified HDHP on the first day of the month.

What are the annual IRS contribution limits?

Contributions made by all parties to an HSA cannot exceed the annual HSA limit set by the Internal Revenue Service (IRS). Anyone can contribute to your HSA, but only the accountholder and employer can receive tax deductions on those contributions. Combined annual contributions for the accountholder, employer, and third parties (i.e., parent, spouse, or anyone else) must not exceed these limits.

Catch-up Contributions

Accountholders who meet these qualifications are eligible to make an HSA catch-up contribution of \$1,000: Health Savings accountholder; age 55 or older (regardless of when in the year an accountholder turns 55); not enrolled in Medicare (if an accountholder enrolls in Medicare mid-year, catch-up contributions should be prorated). Authorized signers who are 55 or older must have their own HSA in order to make the catch-up contribution.

According to IRS guidelines, each year you have until the tax filing deadline to contribute to your HSA (typically April 15 of the following year).

How can you benefit from tax savings?

An HSA provides triple tax savings. Here's how:

- Contributions to your HSA can be made with pre-tax dollars and any after-tax contributions that you make to your HSA are tax deductible.
- HSA funds earn interest and investment earnings are tax free.
- When used for IRS-qualified medical expenses, distributions are free from tax.

Examples of Qualified Expenses

Use your HSA to pay for qualified medical expenses, as defined by the Internal Revenue Service, for yourself, your spouse or tax dependents. Here are some examples:

- | | |
|---------------------|----------------------|
| • Acupuncture | • Laboratory Fees |
| • Ambulance Service | • Prescription Drugs |
| • Chiropractor | • Vaccines |
| • Dental Care | • Vision Care |
| • Doctor's Fees | • Wheelchairs |
| • Hearing Aids | • X-Rays |

For a list of sample expenses, please refer to the AISD website at www.myaisdbenefits.net.