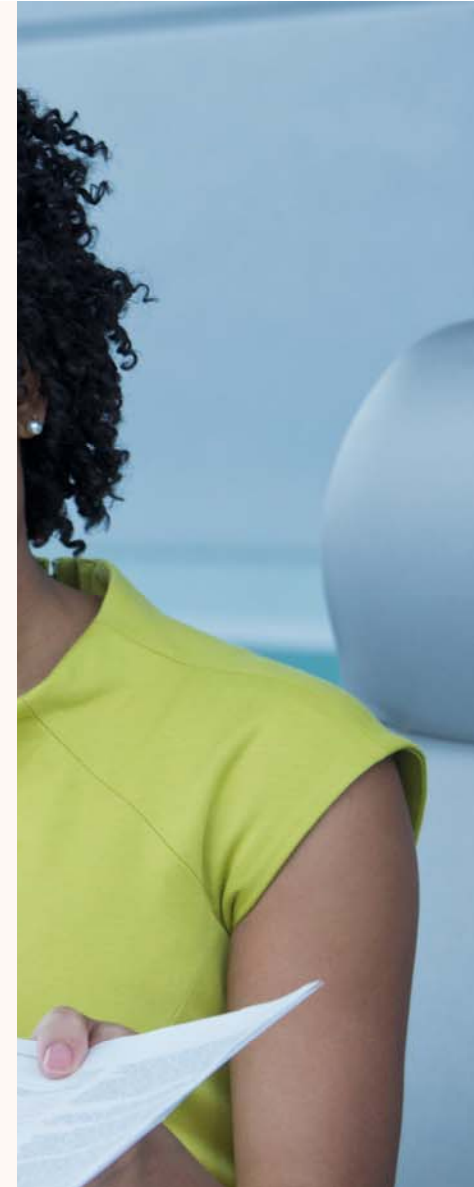


Optum Bank

Open Enrollment Presentation County of Sacramento

2020



Agenda

What is an HSA

HSA Eligibility

HSA Basics

How to Use your HSA

Getting Started

Where to go for help



What is an HSA?

Health savings accounts (HSAs) are individually owned savings accounts that offer a tax-advantaged way to save and pay for qualified medical expenses.



Requires a qualifying high-deductible health plan

(Kaiser and Sutter HDHP with HSA)



Annual contribution limits are set by the IRS — triple tax savings



Funded by the account holder



Balances can be carried over from year to year
Option to invest a portion of the HSA once it meets a minimum threshold

Integration with the
#1-rated mobile app



HSA Eligibility

IRS REQUIREMENTS



- ✓ You must be covered under a qualifying high-deductible health plan (HDHP) on the first day of the month
- ✓ You have no other health coverage except what is permitted by the IRS
- ✓ You are not enrolled in Medicare, TRICARE or TRICARE for Life
- ✓ You haven't received Veterans Affairs (VA) benefits within the past three months, except for preventive care
If you have a disability rating from the VA, this exclusion doesn't apply
- ✓ You can't be claimed as a dependent on someone else's tax return
- ✓ You do not have a health care flexible spending account (FSA) or health reimbursement account (HRA)
Alternative plan designs, such as a limited-purpose FSA or HRA, might be permitted
- ✓ Other restrictions and exceptions may also apply. We recommend that you consult a tax, legal or financial advisor to discuss your personal circumstances

What You Need to Know About an HSA



Deposits are exempt from income tax (*exceptions exist for the state of CA*)



Savings grow income tax-free



Money spent on qualified medical expenses comes out of your HSA income tax-free

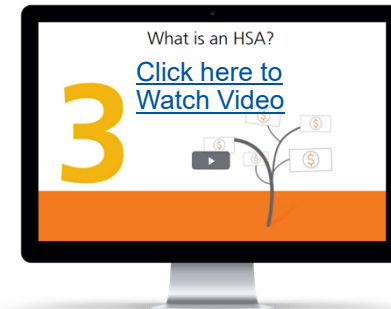
Use the QME Tool on
optumbank.com to
see if your specific
expense qualifies for
reimbursement

Examples of qualified expenses - more than just
deductibles and copays-

- ✓Chiropractic
- ✓Dental treatment
- ✓Eyeglasses

Examples of non-qualified expenses:

- ✗Cosmetic surgery
- ✗Electrolysis or hair removal
- ✗Teeth whitening



Contribution Limits

Amount of Contribution

The IRS determines how much you can deposit into your HSA each year, and limits are determined on a calendar/tax-year basis.

Contribution Rules

	2020	2021
Individual coverage	\$ 3,550	\$ 3,600
Family coverage	\$7,100	\$7,200

IRS rules state that contribution limits must generally be prorated by the number of months you are eligible to contribute to an HSA. Your eligibility is based on your coverage status on the first day of the month.

Additional Contribution

Those 55 years of age or older, but not yet enrolled in Medicare, can fund an additional **\$1,000/year** “catch-up” contribution.

Spouses can make a separate \$1,000 catch-up contribution to an account in their own name.

Consider redirecting any cost savings between the HMO plan and HDHP plan to your HSA



Making the Most of your HSA



Set up your contributions for 2021 during open enrollment.

Contributions can be updated anytime throughout the year.



Build balances to cover your deductible



Use HSA funds to pay for qualified medical expenses



Maximize tax savings opportunities



Save for the future and grow funds income tax- free

Paying for non-qualified expenses

Any HSA funds used for purposes other than to pay for qualified medical expenses are:

- Taxable as income
- Subject to a 20% tax penalty*

Once you reach the age of 65 you can use your HSA for anything you want!

(Income tax still applies.)

* The 20% tax penalty does not apply to account holders age 65 and older, those who become disabled or enroll in Medicare



Access your HSA funds

Use your Optum Bank® Health Savings Account Debit MasterCard®

Sign up for automatic bill pay and online banking

Use HSA checks for this account

Pay for an expense with personal funds and reimburse yourself from your HSA



Investment Choice: Options for Every Type of Investor

TWO WAYS TO INVEST

1

Digitally managed investments

Online financial advice driven by artificial intelligence and algorithms that provides automated investment opportunities. Based on your goals, we make it easy to invest your funds now and into retirement.

2

Mutual funds

Optum Bank has a diverse set of mutual funds,* including:

- Vanguard funds
- Target date funds
- Lifestyle funds

Mutual funds average a four-star Morningstar rating, and represent some of the lowest expense ratios in the industry.

The optimal way to save for retirement

With an HSA, withdrawals for qualified medical expenses are income tax free.** This is a key way in which an HSA can be superior to a traditional 401(k) or IRA as a retirement savings vehicle. Once you begin to withdraw funds from a 401(k) or an IRA plan, you pay income tax on that money, regardless of how the funds are being used.

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

For most employers, account holders can choose to start investing once they reach an HSA balance of \$2,000.



*The bank makes mutual funds available through a Registered Investment Adviser.

**Federal income tax free. Some states impose taxes.

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VARIETY OF INVESTMENT
OPTIONS

ON-DEMAND HSA
ACCESS

TRACK TRANSITIONS
VIA EXPENSE
JOURNAL

REIMBURSE YOURSELF

MOBILE APP manage
your health accounts on-
the-go

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Getting Started



Choose the Kaiser or Sutter HDHP with HSA option during open enrollment and the county will automatically open an HSA account on your behalf



You will receive your HSA welcome kit and Optum Bank debit Mastercard® shortly after opening your HSA



Activate your account online at optumbank.com



Download the Optum Bank app to conveniently manage your HSA



What if you have more questions?

Call Optum Bank customer
service (844) 326-7967

Visit optumbank.com

Talk to your employer





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Health savings accounts (HSAs) are individual accounts offered or administered by Optum Bank®, Member FDIC, and are subject to eligibility requirements and restrictions on deposits and withdrawals to avoid IRS penalties. State taxes may apply. Fees may reduce earnings on account. Flexible spending accounts (FSAs) and health reimbursement accounts (HRAs) are administered by OptumHealth Financial Services and are subject to eligibility and restrictions.

Mutual fund investment options are made available through the services of an independent investment advisor. Shares are offered through Charles Schwab & Co., Inc., a registered broker-dealer. Orders are accepted to effect transactions in securities only as an accommodation to HSA owner. Optum Bank is not a broker-dealer or registered investment advisor, and does not provide investment advice or research concerning securities, make recommendations concerning securities, or otherwise solicit securities transactions.

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