



# Health Savings Account

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# How Does it Work?

Set aside money, pre-tax, to pay for eligible medical expenses



# Why a Health Savings Account?

1

An account  
you own

2

Triple tax  
advantage

3

Potential  
for growth

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# 1. An account you own

Like a personal savings account, the money in an HSA rolls over annually, meaning the funds never expire and you can take it with you wherever you go – even if you change jobs, change health plans, or retire.



## 2. Triple tax advantage

HSAs offer a triple tax advantage. The funds go into the account tax free, can be withdrawn tax free for eligible medical expenses, and continue to grow tax free until you need them.



## 3. Potential for growth

The money in your HSA earns interest, so the more you save, the more you earn. Account holders may also choose to invest any funds over \$2,500 into a variety of investment options. At age 65, you can use your HSA dollars for any purpose without penalty (non-eligible expenses are still subject to income tax).

*This is a great way to potentially grow your savings for future healthcare costs or retirement.*





# Who is Eligible to Participate?

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# HDHP Requirement

To participate in an HSA, you must first be enrolled in a qualified High Deductible Health Plan (HDHP). An HDHP has:

- A higher annual deductible than typical health plans, and
- A maximum limit on the sum of the annual deductible and out-of-pocket medical expenses that you must pay for covered expenses. Out-of-pocket expenses include copayments and other amounts, but do not include premiums.



# HDHP Requirement

## HDHP requirements for 2016 and 2017 plan years

Limits	Individual Coverage	Family Coverage
Annual Minimum Deductible	\$1,300	\$2,600
Maximum Out of Pocket	\$6,550	\$13,100

*Note that a “high deductible” plan that also includes copayments for medical care, including doctor’s visits or prescriptions, prior to meeting the deductible would not be considered an HSA-eligible plan.*



# Eligibility Requirements

Once you're covered by a qualified HDHP, you may contribute to a Health Savings Account as long as you are not also covered by one of the following:

- A general purpose Health Flexible Spending Account (Health FSA)
- A Health Reimbursement Arrangement (HRA)

*You also may not participate if your spouse has a general purpose Health FSA or HRA that allows reimbursements for your expenses.*



# Eligibility Requirements

Once you're covered by a qualified HDHP, you may contribute to an HSA as long as you:

- Are not enrolled in Medicare or Tricare
- Are not covered by a secondary health insurance plan with a lower deductible
- Are not being claimed as a dependent on someone else's tax return

*If you are over 65, as long as you have not enrolled in Medicare or Tricare, you may continue to make contributions and use your funds. If you lose your approved HDHP coverage, you may still use your HSA funds but can no longer contribute to your account.*



# Contributing to Your HSA

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# Contribution Limits

Your contribution limit is based on who is on your health insurance plan.

- If you are the only person on your health insurance plan, you may contribute the self-only coverage maximum.
- If you include your spouse and/or any tax-dependent children on your health insurance plan, you may contribute the family coverage maximum.

*As the account holder, you may use your HSA funds for your spouse and any tax-dependent children, regardless if they are on your health insurance plan or not.*



# Contribution Limits

## HSA Contribution Limits

Year	Self-Only Coverage	Family Coverage
2016	\$3,350	\$6,750
2017	\$3,400	\$6,750

Individuals 55 and over may contribute an extra \$1,000 catch-up contribution.





# Using Your Funds

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# Using Your Funds

You can use your HSA funds to pay for any eligible medical expenses.

- This includes expenses for major medical, dental and vision care, and prescriptions.
- Additionally, you can use your HSA funds to pay for certain premiums, including:
  - Long-term care insurance
  - Healthcare continuation coverage (such as coverage under COBRA)
  - Healthcare coverage while receiving unemployment compensation under federal or state law
  - Medicare and other healthcare coverage if you are 65 or older (does not include premiums for Medicare supplemental policies such as Medigap)



# Using Your Funds



## Mastercard

Account holders are issued a Mastercard to pay for qualified medical expenses at doctors' offices and pharmacies.



## Online Reimbursement

Request funds online after an expense has been incurred. You can receive your money by check or direct deposit.



## Distribution Request Form

Fax or mail the completed distribution form to receive a distribution by check or direct deposit.



## Online Bill pay

Pay your provider directly from your online account.





A close-up photograph of a woman with voluminous curly hair kissing a baby on the cheek. The woman is wearing a blue and white patterned top. The baby is wearing a purple and white striped shirt and has a joyful expression with an open mouth. The background is softly blurred, suggesting an indoor setting.

# Comparing HSAs, FSAs, & HRAs

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# Differences in HSAs, FSAs, and HRAs

In addition to HSAs, Flexible Spending Accounts (FSAs) and Health Reimbursement Arrangements (HRAs) are other common medical reimbursement accounts. All three accounts allow you to set aside money for medical expenses, while reducing your overall tax burden.

*With an HSA, you own the account, the funds are never forfeited at the end of the plan year, and you can take it with you wherever you go. Also, unlike a Health FSA, your funds are available in your account as contributions are made, instead of at the beginning of the plan year.*



## HSA

## FSA

## HRA

### Eligibility Requirements

Must have a HDHP.

No eligibility requirements.

No eligibility requirements.

### Availability of Funds

Funds are available as contributions are made.

The full election amount is available up front at the beginning of the plan year.

Funds are available as contributions are made.

### Changing Contributions Amounts

May change at any point during the year.

May be adjusted at open enrollment or with a change in employment or family status.

Employers may make adjustments at any point.

### Rollover

Always! Any unused balance rolls over in to the next plan year.

With a few exceptions, FSAs are “use it or lose it,” and you forfeit any unused balance at the end of the year.

Unused amounts in an HRA may be carried over, subject to employer design.

### Connection to Employer

None! It's your account. You can take it with you wherever you go.

In most cases, you'll lose your FSA with a job change. One exception: if you're eligible for FSA continuation through COBRA.

In most cases, you'll lose your HRA with a job change. Based on the employer's decision.

### Effect on Taxes

Contributions are taken out of your paycheck pre tax. Growth and distributions are tax free.

Contributions are taken out of your paycheck pretax. Distributions are tax free.

Accounts are funded by the employer. Distributions are tax free.



# Pairing Your HSA

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# Pairing Your HSA

You have an option to pair your HSA with a Limited Purpose Health Flexible Spending Account to pay for qualifying dental and vision expenses for you, your spouse, and your eligible dependents.

*Participating in both plans allows you to maximize tax savings and tax benefits.*



# Which Expenses are Eligible from Which Account

Popular out-of-pocket medical expenses	HSA Eligible?	Limited Purpose Health FSA Eligible?
Major medical deductibles and copayments	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Prescription drugs	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Vision expenses, such as eye exams and eyeglasses	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Dental expenses, such as routine cleanings and orthodontia	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>



# Account Management



Manage your HSA online by creating an account at [afhsa.com](http://afhsa.com).



Manage your HSA over the phone by calling 866-326-3600.

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# Account Management

- Submit for reimbursement
- Sign up for direct deposit
- View recent transactions from your HSA debit card
- Check account balance
- Transfer funds

At [afhsa.com](http://afhsa.com), click “Register” on the top right of your screen. Enter your information on the next screen, print it if desired, then proceed to your account or sign off.

*To obtain online account access, you need to first set up your online account. Make sure you have your HSA debit card (not a dependent’s card) on hand when registering.*



