OPTUMHealth Bank℠

UnitedHealthcare®

HSA User Guide

Owning and Managing a Health Savings Account (HSA)

Health Asset Planning

Welcome to Your Health Savings Account (HSA)

Your health and your money are two of your most important assets. UnitedHealthcare works with OptumHealth Bank℠, Member FDIC, to help you confidently manage both.

This guide is a handy reference for managing your HSA and getting the most out of your health care dollars.

Remember, choosing an OptumHealth Bank HSA with your UnitedHealthcare health plan allows you to manage both accounts in one place: myuhc.com.

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Working with OptumHealth Bank

Become familiar with how your HSA works and make it a part of your plan to save and pay for health care

A health savings account (HSA) paired with a qualifying high-deductible health plan helps individuals and families plan, save and pay for health care.

This guide is designed to help you understand the nuts and bolts of managing your HSA. You can use it as needed to find general answers about HSAs and how to manage your account with OptumHealth Bank.

If you are a new account holder, you may want to browse this guide to become familiar with your HSA. Then, file it with your banking information and consult it as needed at important times during the year, such as the benefits enrollment period at your work or during tax-filing season.

myuhc.com

You can manage your HSA online.
Log in to your account through myuhc.com to:

- Pay bills to physicians, dentists or other health care providers
- Make deposits
- Reimburse yourself for qualified medical expenses paid out-of-pocket
- Check monthly statements — up to 18 months of statements are available online
- View and export transactions
- Download account forms
- Change your address
- Update your email address
- Manage investment activity

Many of the forms and tax information can be easily found on optumhealthbank.com. These instances will be noted throughout this guide.

Get the most out of your health care savings

The website also features tools and information to help you maximize the benefits of your HSA, including:

- Information on how to manage your account
- Tax information
- The Health Savings Checkup to help you plan for retirement
- HSA calculators
- Information about high-deductible health plans

An HSA can help you prepare for the future.

If you haven't thought about what health care will cost when you retire, take a few minutes today to find out with the Health Savings Checkup from OptumHealth.

It only takes about five minutes. You will answer some basic questions about yourself, your retirement goals, your health and your finances. You'll get a picture of your potential retirement health care costs, a personal action plan, and a number to call a Health Wealth Coach to help you put that plan into action.

Log in to myuhc.com, and look for this icon to take a Health Savings Checkup.

New account holder checklist

Use this list to make sure you've taken all the first steps to opening and funding your HSA. If you have questions about aspects of managing your account, visit myuhc.com.

- ☑ Open your account at welcometouhc.com.
- ☑ Record your account number and file it in a safe place.
- ☑ Register online at myuhc.com for online banking.
- ☑ Designate a beneficiary for your account. Log in to your HSA account through myuhc.com. Select "Beneficiary Designation" from the "Forms and Information" section.
- ☑ Sign up for payroll deduction into your HSA, if it's available at your place of work.
- ☑ Start saving so you can pay for, or be reimbursed for, qualified medical expenses.
- ☑ Activate your OptumHealth Bank Health Savings Account Debit MasterCard®.
- ☑ Review your account fee schedule and privacy notice included in your welcome kit.
- ☑ Become familiar with qualified medical expenses.
- ☑ Review how to pay bills online or be reimbursed for qualified expenses paid out-of-pocket.
- ☑ Save all receipts for qualified medical expenses.

Health4Me

Easily manage your HSA with the UnitedHealthcare Health4Me mobile app.

Download Health4Me℠ to your smartphone or tablet and see how easy it is to view your HSA balance, find cost estimates and even call customer care.

Don't forget:

- Keep all medical receipts.
- Track your health care expenses with the expense tracker worksheet on myuhc.com or your own money management software.
- Retain all tax documents you receive from OptumHealth Bank for filing your tax returns and maintaining your records.

Customer service

You can call us toll-free at (800) 791-9361. Customer service representatives are available from 8 a.m. to 8 p.m. Eastern time, Monday through Friday. Assistance for most foreign-language speakers is also available.

If you call before or after business hours, our phone service includes many automated options, including:

- Information about the account balance and the last five transactions
- Directions to activate your debit card, or report a lost or stolen card
- Information about managing investments
- Instructions for transferring funds by wire

Customer service representatives do not have access to information or data about your HSA-qualifying health plan or claims. Please contact your health plan for that information.

Communications from OptumHealth Bank

After you open an HSA, we'll send you a welcome kit with your account number, account disclosures and your OptumHealth Bank HSA Debit MasterCard. To assure security, your PIN will be mailed separately.

Every year, we'll mail you our Annual Privacy Notice.

We will also email you our newsletter, *Health Savings News*, with tips for using your HSA and reminders of important deadlines and notices. If you don't want to receive this newsletter, you can follow directions to be removed from our mailing list.

We may email you on occasion with information about servicing your HSA. Please know that we will never ask for personal or confidential information. Your privacy and online security are very important to us.

Log in to your HSA account through myuhc.com for more information about safeguarding and protecting your security online.

HSA basics

An HSA works with your health benefits to help you plan, save and pay for health care. This section covers the benefits of HSAs, who's eligible to open and contribute to an account, what high-deductible health plans are, and some related health insurance terms.

Eligibility

To open an HSA, you must meet these criteria:

- You are covered by an HSA-eligible, high-deductible health plan. (See page 8 for details.)
- You are not covered by any other health plan (such as a spouse's plan) that is not a high-deductible health plan, unless it is other permissible coverage, such as specific-injury insurance or accident, disability, dental, vision or long-term care insurance.
- You are not entitled to Medicare.
- You are not enrolled in TRICARE or TRICARE for Life, a military benefits program.
- You have not received veteran's administration (VA) benefits within the past three months (some exceptions apply).
- You are not eligible to be claimed as a dependent on someone else's tax return.
- You are not covered by a health care flexible spending account (FSA) for the tax year in which you will claim your HSA deposits as tax deductions.

If your circumstances change and you are no longer eligible to contribute to an HSA, you can keep the account as long as you like and use it to pay for qualified medical expenses income-tax-free. Other restrictions and exceptions also apply. We recommend that you consult a tax, legal or financial advisor to discuss your personal circumstances.

Benefits of HSAs

HSAs offer triple tax savings:*

- The money you put in is tax deductible, up to a legal limit.
- Your savings grow tax-free.
- Any money you take out to pay for qualified medical expenses is income-tax-free.

An HSA is like no other savings vehicle now available to taxpayers.

The money in your HSA is always yours.

There is no "use it or lose it" rule. All amounts in your HSA are fully vested, and unspent balances in accounts remain there until spent. Your account is portable, too, meaning your money stays put even if you:

- Change jobs
- Change medical coverage
- Become unemployed
- Move to another state
- Get married or divorced

With an HSA, you are in charge.

You decide:

- How much you will contribute to your account, up to the allowable IRS limit
- When you want to use your savings to pay for, or be reimbursed for, qualified medical expenses
- What bank will administer your account
- Whether or not to invest some of your savings in mutual funds for greater potential long-term growth

*State tax treatment of HSAs varies. Go to optumhealthbank.com or consult your state's department of revenue to find out more.

Investments are not FDIC-insured, are not guaranteed by OptumHealth Bank, and may lose value.

What is a high-deductible health plan?

A deductible of at least:
$1,200 for individual coverage in 2012; $1,250 in 2013
$2,400 for family coverage in 2012; $2,500 in 2013

Annual out-of-pocket expenses under the plan (including deductibles, copayments, and coinsurance) must not exceed:

$6,050 for individual coverage in 2012; $6,250 in 2013
$12,100 for family coverage in 2012; $12,500 in 2013

The Internal Revenue Service (IRS) reviews limits annually. Visit **www.IRS.gov** to find out more.

High-deductible health plans

In order to open and contribute to an HSA, you must also have what's called a high-deductible health plan.

The HSA is designed to work with your health plan to protect you and your family. Here's how a high-deductible plan works:

You are responsible for paying your covered medical expenses up to the deductible(s) stated in your health plan.

Your deductible is the maximum amount that you must pay toward your health care before benefits are paid by your plan. Most plans will have different coinsurance levels for expenses incurred in-network and out-of-network.

You can, if you choose, use HSA funds to pay for these out-of-pocket expenses.

Or, you can reimburse yourself for those expenses sometime later. Be careful to save all receipts! You are responsible for being able to prove, if questioned by the IRS, that you used your HSA only for qualified medical expenses.

After you meet your annual deductible, you are responsible only for a portion of your medical expenses as outlined in your medical plan.

Remember: Premiums for high-deductible health plans are, on average, lower than premiums for other types of non-high-deductible health plans. Many HSA account holders choose to put their premium savings directly into their HSAs to save for the future.

Example:

Mark's HSA works with his health plan*

- Mark is single. He chose a health plan that covers preventive care at 100 percent and has a deductible of $1,500.
- The costs of his routine physical exam and other preventive care are covered completely by his health plan.
- Mark takes prescription medication on a regular basis. He is responsible for paying for his prescriptions and other medical care until he has paid $1,500 — the amount of his deductible.
- After that, he is responsible for paying 10 percent of the cost — what's called coinsurance — until he reaches his plan's out-of-pocket limit of $5,000.

Expense	Charge	What Mark pays	What the plan pays
Annual physical exam	$500	$0	$350*
Medication	$2,000	$1,500 + $50 (deductible + coinsurance)**	$450
TOTALS	**$2,500**	**$1,550**	**$800**

*Plan covers preventive care 100 percent. Plan's negotiated rates with Mark's physician apply.

**Plan calls for 10 percent coinsurance once the deductible is met, up to maximum out-of-pocket expenses of $5,000.

Mark opens an HSA

- He uses pre-tax payroll deductions and direct deposit, available from his employer, to save $2,000 in his HSA.
- His federal tax savings with his HSA are approximately $653.†
- Even if he uses the HSA to reimburse himself for all of his out-of-pocket expenses, he has still saved that $653.
- At year-end he has $450 as a basis for future savings or to help pay for medical expenses the following year.

Plus, keep in mind that with the high-deductible health plan associated with an HSA, Mark will likely pay less in premiums than if he was covered by another type of health plan.

HSA deposits	$2,000
Federal income tax savings on deposits†	$653
Total out-of-pocket cost (deductible + coinsurance)	$1,550
Account carries forward	**$450**

†Assumes Mark is in the 25-percent federal tax bracket and lives in a state where HSAs are not taxed. He also saves 7.65 percent in FICA taxes (Medicare and Social Security).

Opening and Funding Your HSA

To start saving in an HSA, enroll in a high-deductible health plan and open an HSA at a qualified financial institution, such as OptumHealth Bank. If your employer is contributing to your HSA, you'll need to open an account to collect employer contributions. Your employer may offer payroll deductions to help you save for your HSA. The best way to save is to make a plan — and stick to it.

How to open an account

- Go to welcometouhc.com and follow the directions to enroll in an account. Have your high-deductible health plan information handy.
- If you are enrolling in an OptumHealth Bank HSA at work, your employer may arrange to help you open an account. Please check with your employer to find out if this is the case.

In both cases, a welcome kit will be sent to you within 10 business days of the account opening. You also have the option to access the welcome kit electronically.

Note: Open your HSA just as soon as you are eligible to do so. That way, you can use your HSA to pay or reimburse yourself for qualified medical expenses. You cannot use your HSA to reimburse yourself for medical expenses you had before your account is established.

Funding your account

Once your account is established, you will be able to log in to your HSA account through myuhc.com and arrange to make a deposit to your HSA from another bank account, such as a savings or checking account, one time or on a recurring basis.

You can mail a check with a contribution/deposit form available at optumhealthbank.com. Follow the instructions on the form.

Note: Funds are not available until they are deposited into your HSA account.

Employer contributions

If your employer contributes to your HSA, find out when they will make the first deposit and what schedule it will follow.

If your employer offers payroll deduction, you may elect to have an amount deducted pre-tax from your paycheck and deposited directly into your HSA. This contribution will be made before Social Security, federal and most state income taxes are deducted.

DEPOSIT

IRA and HSA rollovers

You can make a one-time distribution from your traditional IRA or Roth IRA to your HSA. You must direct your IRA trustee to make the distribution directly into your HSA. The amount cannot exceed how much you are eligible to contribute to an HSA for the tax year. The distribution from your IRA is not included in your income, is not deductible and reduces the amount that can be contributed to your HSA.

You can roll over amounts from Archer medical savings accounts (MSAs) and other HSAs into an HSA. You must roll over the amount within 60 days after the date of receipt. You can make only one rollover contribution to an HSA during a one-year period. Rollovers are not subject to the annual contribution limits.

You can also direct an HSA administrator to transfer funds directly into another HSA. Such a transfer is not considered a rollover, and there is no limit on the number of such transfers. You do not include the amount transferred in your income for tax purposes, deduct it as a contribution or include it as a distribution from the account.

You can find a rollover/transfer request form at optumhealthbank.com.

Who can contribute

You

When you contribute money to your HSA, it is generally not taxable. You can contribute by having a certain amount deducted regularly from your paycheck, if your employer offers this convenience. Or, you can make your own deposits and write off your allowable HSA contribution on your personal income tax return as an "above-the-line" deduction.

Your employer

Your employer can also contribute to your HSA, and those funds belong to you as soon as they are deposited, even if you change jobs or are laid off. Be sure to subtract your employer's contribution from the annual contribution limit to figure out how much you or others can deposit.

Keep in mind that if your employer contributes to your account, your employer determines how often to contribute — yearly, monthly or weekly. Check to see what your employer's contribution schedule will be. When employers make contributions, you do not get a tax deduction for these contributions, although they are excluded from your gross income.

Other people

Friends and family members can contribute to your HSA, on your behalf. If a family member or friend makes a contribution to your HSA, you may deduct the contribution amount when filing your annual income taxes, just as if you had deposited the post-tax contribution on your own.

The contributor should write a check payable to you, the HSA account holder. If you bank with OptumHealth Bank, fill out a contribution/deposit form (available at optumhealthbank.com). Then, attach the check to the form and mail it according to instructions on the form.

Contribution limits

There are limits, set by law and adjusted annually, for how much you can contribute tax-free to an HSA in a calendar year.

Contribution limits
$3,100 for individual coverage in 2012; $3,250 in 2013
$6,250 for family coverage in 2012; $6,450 in 2013

Note: the tax-free contribution limits include any employer contributions to your HSA.

If you are 55 or older, you can make **"catch-up" contributions**, meaning you can deposit an additional $1,000. If your spouse is also 55 or older, he or she may establish a separate HSA and make a "catch-up" contribution to that account.

Keep in mind that you can contribute up to the maximum allowed for the year at any time up until the tax-filing deadline (generally April 15) of the following year.

Pro-rated contributions

A job change or other life event may lead you to end your coverage in an HSA-qualifying health plan at some time during a normal 12-month benefits period. In that case, you would need to calculate a pro-rated contribution amount based on your actual months of high-deductible plan coverage.

If your contributions exceed that amount, you can apply with your HSA administrator to have excess contributions returned to you. Optumhealthbank.com has a withdrawal/distribution request form for you to use.

For example:

- Your employer's plan year is Jan. 1 to Dec. 31 (12 months).
- You maintain high-deductible health plan coverage for your family for six months (January through June).
- The IRS maximum contribution limit for family coverage for the year is $6,250.
- Your maximum contribution would be $3,125. [$6,250/12 = $520.83 (maximum monthly contribution); $520.83 x 6 = $3,125].

If you are 55 or older, catch-up contributions must also be pro-rated using the same formula.

Mid-year plan enrollment

If you enroll in an HSA-qualifying health plan before the first day of December of any year, you are eligible to make the entire year's tax-free contribution to your HSA. To do so, you must also continue to participate in a high-deductible health plan for the rest of the year and the entire following year. During this time, you cannot have other health care coverage that would make you ineligible to contribute to an HSA.

What if ...

... my total HSA contribution for the year exceeds the IRS limits?

Your excess contributions are subject to standard income tax rates plus a 6 percent penalty. You can complete and mail or fax a withdrawal/distribution form, available at optumhealthbank.com. If you request a refund, there is no penalty as long as the distribution is made before the tax-filing deadline, generally April 15. Earnings on the excess amount are taxable, but the 6 percent excise tax will not apply as long as the excess contributions and earnings are paid out before the tax-filing deadline.

... I have more than one HSA?

You may contribute to all of them, but the total contributions to your accounts cannot exceed the annual maximum contribution limit. Contributions from your employer, family members or any other person must be included in the total.

... I contributed the maximum annual amount, but I was not covered by an HSA-qualifying health plan for an entire year?

You are only eligible to contribute to your HSA for the time you were covered by a high-deductible health plan. You can figure that out by pro-rating your maximum contribution — for individual or family coverage — for the part of the year you were covered by a high-deductible plan. You can arrange to withdraw your excess contribution, as described above.

... my spouse and I are covered by different health plans?

Your contribution limits are generally determined by the type of high-deductible health plan you have — single or family. Consult a tax advisor regarding your personal situation. You can find out more by visiting www.IRS.gov.

Designating a beneficiary

When you set up an HSA, it is important that you also select a beneficiary. This will ensure that your HSA money is immediately available to your beneficiary upon your death. You may select more than one beneficiary and assign the portion of your account that would go to each.

What if you don't select a beneficiary?

If you do not specify a beneficiary and you are married, your HSA becomes your spouse's HSA account. If you are not married at the time of your death, the funds will go to your estate and the funds may be subject to taxation.

How do you designate your beneficiary?

Log in to your HSA account through myuhc.com, select Forms and Information, then fill out and submit the Beneficiary Designation form.

You can also download the Beneficiary Designation form and follow the instructions to mail it in.

Example:

Tim's contributions and tax savings

- Tim has family coverage with a high-deductible health plan.
- His total contribution maximum for the year is $6,250. Every two weeks, he puts $240.38 into his HSA.
- Tim's federal tax bracket is 28 percent.* Tim lives in Illinois, where HSA contributions are not taxed.**
- His total federal and state income tax savings on contributions this year are $1,937.50.
- Log in to your HSA account at myuhc.com to do your own HSA calculations.

*Please see www.IRS.gov to find out your tax bracket.

**Hypothetical example assumes a state tax rate of 3 percent in Illinois. While health savings accounts were created by the federal government, states can choose to follow the federal tax treatment guidelines or establish their own. Some states have chosen to tax HSA contributions. Talk to your financial advisor or consult your state department of revenue for more information.

Growing Your Money

There are time-tested principles of saving money: start early, make regular deposits and set a goal for every year. The same wisdom applies to HSAs. Not only will your deposits grow, but your tax savings will, too. Remember: every dollar you put into your HSA up to the contribution limit is federal-income-tax free.

GROW

Interest and fees

Your HSA may earn interest at tiered rates. Interest is accrued daily and paid monthly. Interest rates vary. To find out your current interest rate, log in to your account at myuhc.com. Your interest rate can be found on your monthly statement.

Accounts are subject to a monthly maintenance fee to cover use of the OptumHealth Bank HSA Debit MasterCard® and online bill payment. If you have a health plan and an HSA through work, your employer may cover the cost of monthly fees; check with your employer to find out its policy. You may also refer to the fee schedule that is included with your HSA welcome kit.

Investment opportunities*

Once your deposit account reaches a designated value, known as the investment threshold, you may, if you choose, set up a separate investment account to invest a portion of your savings in mutual funds.

Guidelines for transferring money from your deposit account into an investment account include:

- You must retain at least the minimum investment threshold balance in your HSA deposit account at the time of a transfer.
- Funds must be invested in increments of $100 or more.
- You can make trades online or by phone with our interactive voice response (IVR) system.
- Deposit and investment account balances and transactions viewable online at optumhealthbank.com.
- A monthly investment fee may apply.

To view the standard list of mutual fund investments, visit optumhealthbank.com. Your employer may offer different investments through its benefits plan; check with your benefits administrator to find out more.

Investment tools and information

Links from your HSA account through myuhc.com provide you with investment information and tools, including:

- Fund prospectuses
- Morningstar® information for each mutual fund
- Prospectus summaries, past performance and risk measures for each fund
- Personal rate of return information

*Investments are not FDIC-insured, are not guaranteed by OptumHealth Bank, and may lose value.

Maintaining and redeeming investment accounts

If you choose to invest, you will have the option to automatically "sweep" contributions to your account that exceed the investment threshold into your investment account. You will choose how investments are allocated when you set up your investment account, and you may change your allocations with tools available through myuhc.com.

Payments for qualified medical expenses can only be made from your deposit (or savings) account. If you want to use money in your investment account to pay for qualified medical expenses, you must first liquidate investments and transfer funds into your deposit account. You can do this online by logging in to your account through myuhc.com. See the OptumHealth Bank Custodial and Deposit Agreement for more information on liquidation of investments.

Example:

Mary's savings grow over time

- Mary deposits $2,500 per year to her HSA.
- Her average qualified medical expenses per year are $1,000, making her net contribution per year about $1,500.
- Mary's tax bracket is 25 percent.* Mary also saves 7.65% in federal payroll taxes (FICA). Mary lives in Nevada, where there is no state income tax.**
- Mary earns 1.00% APY on her savings.†

After five years

- Mary's net HSA contribution is $7,500.
- Her federal income tax savings (on her HSA contributions) are $3,125.
- Her earnings on her HSA are $228.02.
- Her tax savings (on HSA earnings) are $57.01.

Mary has **$7,728.02** saved for qualified medical expenses.

After 15 years

- Mary's net HSA contribution is $22,500.
- Her federal income tax savings (on her HSA contributions) are $9,375.
- Her earnings on her HSA are $1,886.80.
- Her tax savings (on HSA earnings) are $471.70.

Mary has **$24,386.80** saved for qualified medical expenses, even those she has in retirement.

*Please see www.IRS.gov to find out your tax bracket.
**Talk to your financial advisor or consult your state department of revenue for more information about your state's taxation policies.
†Example presumes an unchanging APY of 1.00% over 15 years. Interest rates vary over time and may be higher or lower than the example shows.

Investments are not FDIC-insured, are not guaranteed by OptumHealth Bank, and may lose value.

Tax Benefits and Information

With an HSA, you are in charge of your account — not your employer, not your health insurance company, not your bank. You get the benefit of triple tax savings:

SAVE

- Money put into the account is tax deductible.
- Balances grow tax free.
- Withdrawals to pay for qualified health expenses are income-tax free.

Remember that there is no "use it or lose it" rule with HSAs — the money is yours to keep. This means you are also responsible for tracking your expenses and reporting to the IRS and your state revenue department when filing your federal and state income tax returns.

Reporting to the IRS

You are responsible for saving receipts and keeping track of all expenses paid from your HSA funds, in case you need to prove to the IRS that distributions from the HSA were for qualified medical expenses.

You can download an expense tracking worksheet from optumhealthbank.com to help you maintain your records. Or use your own money management software.

If you use your HSA funds to pay for goods or services that aren't qualified medical expenses, you are responsible for reporting that to the IRS, paying income taxes on the amount and possibly an additional 20 percent tax. You will need to consult your tax advisor.

For detailed information about tax reporting with your HSA, visit the U.S. Internal Revenue Service website at **www.IRS.gov.**

Important forms

For tax purposes, there are three important forms. Samples are available at optumhealthbank.com:

IRS Form 1099-SA
This form provides you with the total distributions that were made from your HSA. You will receive a separate 1099-SA for each type of distribution you had in that tax year. The five types of distributions are: normal, excess contribution removal, death, disability and prohibited transaction. If you did not have distributions during the tax year, you will not receive a 1099.

IRS Form 5498-SA
This form provides you with the contributions that you made to your HSA in a tax year. Since account holders have the right to make contributions to their HSA for a tax year until April 15 of the following year, this form is sent out in May.

IRS Form 8889
This is the HSA contribution form for you to complete and attach to your IRS 1040 Form.

State tax information

While HSAs were created by the federal government, states can choose to follow the federal tax treatment guidelines or establish their own.

Eligible HSA contributions are not taxed by most states, but they are taxed in Alabama, California and New Jersey. Please consult your tax advisor or state department of revenue for more information.

Withdrawals after age 65 or upon becoming disabled

After you turn 65 or become entitled to Medicare, you may withdraw money from your HSA for nonmedical purposes without penalty. The withdrawal is treated as retirement income and is subject to normal income tax. The same holds true if you become disabled before age 65: you are not liable for the 20 percent penalty and the withdrawals are treated as income.

... I am no longer covered by an HSA-qualifying annual deductible health plan?

Then you cannot continue to contribute to your HSA, but you can use your tax-free HSA funds to pay for qualified medical expenses for as long as there is money in the account.

In short, the money in your HSA is yours to keep. If you choose to transfer your funds from OptumHealth Bank to another qualifying account, you must do so within 60 days of withdrawing the funds to avoid taxes and a 20 percent penalty.

Using Your HSA

You can use your HSA funds to pay for "qualified medical expenses," even if an expense is not covered by your health plan. For example, few health plans cover the cost of acupuncture, but you can use your HSA to pay for it.

PAY

Your HSA dollars are available not only to you, but also to your spouse and dependents, even if they are not covered by your high-deductible health plan.

The list of "qualified medical expenses" is defined by the IRS, and it includes a wide range of dental, vision and medical expenses. You should become generally familiar with the list and consult it as needed to determine if an expense can be paid for with your HSA.

Qualified medical expenses

Expenses that qualify for payment or reimbursement from your HSA tax free are defined by federal regulation. The following is a short list of some products and services in this category:

- Doctor office visits
- Dental care, including extractions and braces
- Vision care, including contact lenses, prescription sunglasses, even LASIK surgery
- Prescription medications
- Chiropractic services
- Acupuncture
- Hearing aids (and the batteries, too)

For more information about qualified medical expenses, visit the IRS website at www.IRS.gov or optumhealthbank.com.

Other HSA-qualified expenses

Generally you cannot use your HSA to pay for health insurance premiums, but there are exceptions. You may use your HSA to pay for:

- Any health plan coverage while receiving federal or state unemployment benefits
- COBRA continuation coverage after leaving employment with a company that offers health insurance coverage
- Eligible long-term care insurance
- Medicare premiums and out-of-pocket expenses, including deductibles, copays, and coinsurance for:
  - Part A (hospital and inpatient services)
  - Part B (physician and outpatient services)
  - Part C (Medicare HMO and PPO plans)
  - Part D (prescription drugs)

Note: this does not include premiums for a Medicare supplemental policy, such as Medigap.

Spouse, domestic partner and dependent health care

If you are married, you and your spouse may be covered by different health plans. You may have a domestic partner. If you have children, they may be covered under your plan or your spouse's plan. You may have adult children who are covered by your health plan, as is now allowed until those children reach age 26.

Family situations can vary. Generally, contribution limits to an HSA are determined by the type of coverage — individual or family. Even if your spouse or dependents are not covered by your high-deductible health plan, you may use your HSA dollars to pay for qualified medical expenses for them.

If you have adult children covered under your health plan, you may not use your HSA to pay or reimburse yourself for their qualified medical expenses if they are not your tax dependents. However, those children may be able to open their own HSAs and contribute up to the limit dictated by the type of health plan they are covered under — individual or family.

HSA contribution guidance for domestic partners is different, too. Generally, if domestic partners are both covered by a family health plan and one is a tax dependent of the other, the partner carrying the coverage can open and fund an HSA up to the family contribution limit and pay the partner's qualified medical expenses from the account income-tax-free.

In another scenario, domestic partners may be covered under a family plan, but neither is a tax dependent of the other. In that case, each partner may open an HSA, and each may deposit up to the family contribution limit.

Visit www.IRS.gov or www.treasury.gov for answers to frequently asked questions on these topics. Consult your tax advisor for guidance on your specific situation.

Limited-purpose flexible spending account (FSA)

You are not eligible to deposit money into a health care FSA if you are depositing money into an HSA in a tax year. You may, however, be able to open what's called a limited-purpose FSA through your employer's benefits plan.

A limited-purpose FSA can be used to pay for dental and vision expenses that you may have. The "use it or lose it" rule also applies to limited-purpose FSAs, so you should estimate your expenses carefully before electing how much to save in such an account.

What if ...

... I use the money in my HSA for nonqualified expenses?

Any amounts you use for purposes other than to pay for qualified medical expenses are taxable as income and subject to an additional 20 percent tax penalty. This applies to:

- Medical expenses that are not considered "qualified" under federal law, like elective cosmetic surgery
- Other types of health insurance
- Medicare supplement premiums
- Expenses that are not medical- or health-related

To redeposit funds that have been used in error for nonqualified expenses, complete a withdrawal correction form, available at optumhealthbank.com.

OptumHealth Bank℠ Health Savings Account Debit MasterCard®

You can use your OptumHealth Bank Health Savings Account Debit MasterCard for direct payment at a doctor's office, pharmacy or any health care facility that accepts MasterCard. In most cases, the card can also be used to pay a bill from a doctor's office or health care facility, provided they accept MasterCard.

You will receive your card in the mail seven to ten days after enrolling in an HSA. Activation instructions will be on a sticker attached to the card. Be sure to activate your card so you can start using it for your qualified medical expenses.

Your personal identification number (PIN) for your card will arrive separately in the mail. With your PIN you can use your Debit MasterCard to withdraw funds at any ATM displaying the MasterCard brand name.* So, for example, if you go to the doctor and pay for your services out of your own pocket, you can then withdraw money at the ATM to reimburse yourself.

If you would like an additional debit card, download a request form at optumhealthbank.com and follow the directions.

Remember that your HSA Debit MasterCard acts like any other debit card and could incur charges not made by you. Protect yourself against fraudulent charges by routinely checking your HSA statement.

Lost or stolen Debit MasterCard

If your card is lost or stolen, you can call OptumHealth Bank toll-free at (800) 791-9361 any time of the day or night. Our phone system is set up to take this information even after business hours. We will reissue you a new card free of charge. It should arrive by mail within seven to ten days of reporting a lost or stolen card.

Paying online

When using your OptumHealth Bank Debit MasterCard to pay for qualified medical expenses online, you receive additional protection of your personal information by using the MasterCard SecureCode™.

A SecureCode, known only to you, validates your identity as the cardholder for online transactions with participating retailers. Here's how it works:

- Each time you make an online purchase with a participating retailer, a window pops up, asking for your SecureCode.
- Correctly enter your SecureCode. This confirms you are the authorized cardholder and your purchase is completed.

Online retailers cannot see your SecureCode, adding another layer of protection.

Obtaining a SecureCode is easy

The next time you use your OptumHealth Bank Debit MasterCard for an online purchase, you will be prompted to register for a SecureCode. Choose your password, briefly provide other requested information identifying yourself, and continue to complete your purchase.

When making future online purchases, you will be asked to enter that same SecureCode to complete the transaction.

SecureCodes are required for all your HSA online debit card purchases at participating retailers. More than 350,000 online retailers support SecureCode, and ranks are growing all the time.

*OptumHealth Bank will charge a $1.50 per transaction fee for ATM withdrawals. Fees may also be charged by the ATM owner.

Online banking and bill payment

Log in to myuhc.com and enjoy the convenience of online banking with OptumHealth Bank. You can view recent account activity, link to your investment account, if you have one, and view and download your monthly statements. You can also pay bills for qualified medical expenses directly to your doctor or other health care providers. With online bill payment, you can set up the names and addresses of your providers to make future payments a snap.

At time of application, you agree to receive electronic monthly statements. You can, if you choose, request to have monthly statements mailed to your home. You can opt out of electronic statements by completing and returning a statement delivery change request form, available at optumhealthbank.com.

Paying with checks

You may also request HSA checks to use when paying your medical bills. Checks are issued for a fee of $10 for a book of 25. Refer to your fee schedule for a list of fees that apply to your HSA.

Reimbursing yourself

You may choose to pay for some or all of your medical expenses out of pocket, saving receipts to track your qualified expenditures. Then, at some point in the future, you may reimburse yourself for those expenses. Go to myuhc.com, log in to your HSA account and select "Reimburse Yourself." You may also use paper checks, if you have purchased them, or withdraw money with your debit card from an ATM to reimburse yourself.

When you reimburse yourself is completely up to you. It can be weeks, months or even years after you've paid for the qualified medical expenses. You must, however, have retained the receipts for the qualified medical expenses in the event the IRS inquires, and the expenses must have been incurred after the date when you established your HSA.

Disbursement limits

OptumHealth Bank℠ limits your ATM withdrawals to $300 within a 24-hour period. There is also a $10,000 limit on disbursements at a point of service, such as a health care facility, in a 24-hour period.

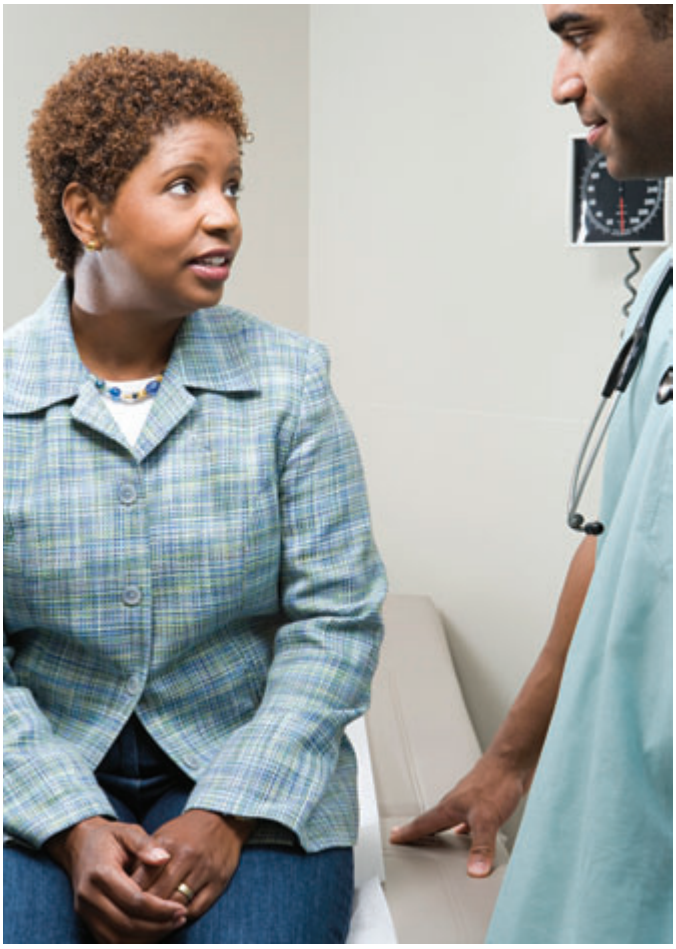
Things to keep in mind when paying your medical bills:

- If paying a bill with your OptumHealth Debit MasterCard®, with online bill payment or by check, you must have sufficient funds available in your account to cover the cost.
- You can wait until your balance grows and reimburse yourself for costs you paid out of pocket. (Remember: save your receipts.)
- The true cost of your medical expense may be discounted if your doctor is in your health plan's network. It's best to wait until after the claim is filed and the insurance company notifies you of how much you are responsible for before using your HSA funds to pay.

Example:

Julie's visit to the doctor

- Julie gives her medical ID card to the office personnel. The card contains information about her health plan.
- The doctor prescribes medication. He consults with Julie on her medical coverage, and he prescribes a generic medication.
- Julie takes the prescription to her pharmacy. She pays the network-negotiated rate for her prescription using her OptumHealth Bank HSA Debit MasterCard®.
- After her visit, the doctor's office submits the claim to Julie's plan to find out the amount she will need to pay. Julie's plan will pay the doctor according to negotiated rates.
- Julie's receives a statement or explanation of benefits (EOB) from her plan. The EOB indicates the amount due to her doctor and detailing her deductible and other information.
- Julie has the option to use funds in her HSA to pay the bill, or she can choose to pay out-of-pocket and save her HSA funds for future expenses.
- Julie decides to use her HSA funds. She uses online bill payment through myuhc.com to send payment to her doctor.



What if ...

... my doctor's office isn't familiar with HSAs and high-deductible health plans?

When you visit your doctor, be prepared to share information about your insurance plan with the person who verifies your insurance information and with your doctor.

Most importantly, let them know you don't have to pay a copayment. It's also important to talk to your doctor about your plan and let him or her know that you're thinking wisely about the care you receive and how much you spend on it.

HSA: A Health-wise Investment for Your Future. Remember with an HSA, you can:

DEPOSIT

Deposit your health care dollars.

Add money any time up to the annual contribution limits set by the IRS. If you're 55 or older, you may be able to make catch-up contributions.

GROW

Grow your savings.

Deposits into an OptumHealth Bank HSA may earn interest. You can also invest some of your savings in mutual funds.

SAVE

Save on taxes.

Your deposits are exempt from federal income tax. Your savings grow tax free. Money you spend on qualified expenses is income-tax free, too.

PAY

Pay for health care now or later.

You can pay for hundreds of qualified medical, dental or vision expenses from an HSA. The money is yours to keep, even if you change jobs or health plans.

Investments are not FDIC-insured, are not guaranteed by OptumHealth Bank, and may lose value.

Thank you for choosing OptumHealth.
We are pleased to have the opportunity to serve you.

Health savings accounts (HSAs) are individual accounts offered by OptumHealth Bank, Member FDIC, and are subject to eligibility and restrictions, including but not limited to restrictions on distributions for qualified medical expenses set forth in section 213(d) of the Internal Revenue Code. State taxes may apply. This communication is not intended as legal or tax advice. Please contact a competent legal or tax professional for personal advice on eligibility, tax treatment, and restrictions. Federal and state laws and regulations are subject to change.

Hypothetical examples used throughout this guide are for illustrative purposes only. They are presented strictly for educational purposes and do not reflect an actual plan design or personal situation. All events, persons and results described are entirely fictitious, and amounts will vary depending on your unique circumstances. Any resemblance to real persons or events, living or dead, is purely coincidental. Current rates are variable and may change at any time. Please consult your benefits administrator or a tax, legal or financial advisor about your own personal situation.

Investments are not FDIC-insured, are not guaranteed by OptumHealth Bank, and may lose value.

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