

# Open Enrollment quick guide



A brief introduction to financial health benefit accounts

## Health savings account (HSA)

### What's an HSA?

An HSA helps you save smarter through all stages of life. It lets you use income tax-free dollars to pay for qualified medical, dental and vision expenses.

### How an HSA helps you save money

HSAs are triple tax advantaged accounts, helping you save, earn and spend income tax-free:



**Contribute** income tax-free money to your account ([up to IRS limits](#)) and adjust at any time during the year



**Grow** your savings with potential income tax-free interest and [investment growth](#)



**Spend** your HSA dollars on thousands of [qualified medical expenses](#) – all income tax-free

**Remember:** Your HSA dollars are yours to keep. Balances carry over from year-to-year, to new jobs and even into retirement. And, unlike a 401(k), you can access and use your HSA for eligible expenses at any time before retirement age.

## Contribute income tax-free money

### Things to consider when choosing your contribution amount:

- Do you have any ongoing prescriptions?
- Do you have a planned procedure or surgery?
- How much is your health plan deductible?



### Curious how much you're able to contribute?

Use our [HSA contribution calculator](#) to calculate your potential tax savings and contribution amounts.

## Grow your savings

Once you reach the investment threshold, there are options available for every type of investor:

- 1 Mutual funds** – if you'd like to take control and choose from a preselected list of funds
  - A diverse variety of mutual funds
  - High Morningstar ratings
  - Low expense ratios
- 2 Digitally managed investments** – if you're short on time or need help
  - Online investment support from Betterment
  - Brief questionnaire on goals, risk profile
  - Low-cost exchange traded funds (ETFs)
  - Auto-deposits and automated rebalancing

\*Account holders must meet the minimum balance to begin investing, this amount may vary, check your online account or plan documents.



## Spend your HSA dollars

Examples of qualified medical expenses:

- Acupuncture
- Chiropractic care
- Eye exams, glasses and contacts
- Flu shots
- Nursing services
- Orthodontia (non-cosmetic)
- Physical exams
- Physical therapy
- Prescription drugs and refills
- Psychiatric care
- Sunscreen (SPF 15+)
- Wheelchairs, walkers, crutches and canes

**Use the Optum Financial® [qualified medical expense tool](#).**

# Flexible spending account (FSA)



- 1 Access your dollars from day one:** Your FSA funds are available as soon as your plan year begins, even before you contribute. Deposits are exempt from income tax.
- 2 Spend tax-advantaged money:** Dollars spent on eligible medical expenses are income tax-free, meaning your dollars are added pre-tax through payroll contributions.
- 3 Remember to spend it:** FSAs can differ by employer. FSAs generally do not allow you to use your funds after a specified date. However, your employer may offer grace periods or rollovers that extend the time you may use your account. Check your plan documents to see what your FSA allows.

## What's an FSA?

An FSA gives you tax-advantaged money up front for your health care needs. It's like an HSA, but with one big difference:

**If you don't spend your funds by the end of your plan year, you could lose your dollars.**

## 3 types of FSAs and how to use them

### 1. Health care FSA

Helps pay for certain medical, dental, vision, prescription drug and eligible over-the-counter expenses:

- Acupuncture
- Anesthesia
- Alcoholism treatment
- Bandages
- Blood pressure monitor
- Chiropractic care
- Copayments
- Contact lenses
- Deductibles
- Eyeglasses
- Eye surgery
- First aid kits
- Flu shots
- Hearing aids
- Lab fees
- Lasik
- Learning disability treatments
- Orthodontia

### 2. Limited purpose FSA (LPFSA)

Offered alongside an HSA to help pay for dental and vision expenses:

- Dental and vision coinsurance, deductible
- Dental visits
- Eye examinations
- Prescription eyeglasses
- Eye surgery
- Invisalign
- Lasik
- Optometrist

### 3. Dependent care FSA (DCFSA)

Allows use of pre-tax dollars to pay for eligible dependent care services incurred while you work:

- After-school program
- Babysitting
- Childcare
- Nanny
- Nursery school
- Preschool
- Sick childcare
- Summer day camp
- Elder care for eligible family members

# Commuter benefits

## What are commuter benefits?

You can save as much as \$316.50\* a year on your work commute by paying for transit expenses with pre-tax money. From subway passes to parking passes, you can commute from point A to B with more money in your pockets.

## How much you can contribute?

\$315/month for transit and parking

## Transit funds

**Eligible transportation options:** buses, ferries, trains and subways, vanpools

**How to use:** bus or train passes, payment card, transit vouchers, vanpool vouchers

## Parking funds

**Eligible options:** at or near work, park and ride

**How to use:** direct pay to garages, cash reimbursement, vouchers, payment card



### Did you know?

Commuter benefits can add up to some serious tax savings. See how much you could save with Optum Financial [\*\*commuter calculator\*\*](#).



## How commuter benefits work:

- 1 Use your payment card to pay for transit expenses.
- 2 Purchase a transit pass (mailed to you each month).
- 3 Receive a voucher to purchase a transit pass.

\*Based on \$300 monthly commute expenses with combined federal and social security taxes at 29.65%. Assuming 22% federal income tax and 7.65% FICA. Results and amount will vary depending on your particular circumstances.

# Health reimbursement arrangement (HRA)

## What's an HRA?

An HRA is an employer-funded plan that helps cover health care costs for eligible expenses.

- Allowed with most types of health plans
- Funds are not taxable to employees
- Funded by employer
- Employers can choose to have unused funds roll over from year to year



## How does an HRA work?



**Your employer funds your account and determines:**

- The annual contribution amount
- When funds are available
- If funds roll over from year to year



**You use your account for eligible expenses:**

Check your account balance regularly to know how much you have available to spend on eligible expenses.

Pay for [eligible expenses](#) using your payment card or by using personal funds and submitting a claim. Or send a payment directly to your provider from your account.

## What expenses are eligible with an HRA?

- Acupuncture
- Chiropractic care
- Eye exams, glasses and contacts
- Flu shots
- Nursing services
- Orthodontia (non-cosmetic)
- Physical exams
- Physical therapy
- Prescription drugs and refills
- Psychiatric care
- Sunscreen (SPF 15+)
- Wheelchairs, walkers, crutches and canes

# At a glance: HSA, FSA and HRA comparison

Question	Health savings account (HSA)	Health care flexible spending account (FSA)	Health reimbursement account (HRA)
<b>Who owns it?</b>	Account holder	Employer	Employer
<b>Who funds the account?</b>	Account holder, employer and others.	Typically account holder, but employer can contribute.	Employer only
<b>What type of health plan can I have?</b>	Eligibility to contribute requires opening and maintaining a qualifying high-deductible health plan (HDHP).	A full-purpose health care FSA is compatible with any type of health plan coverage. LPFSA is typically used in combination with an HSA.	An HRA is allowed with any type of health plan.
<b>Can I carry over funds to next year?</b>	<b>Yes.</b> You own the account and any contributions made to it, regardless of the contribution source or timing.	<b>Sometimes. Determined by employer.</b>	<b>Sometimes. Determined by employer.</b>
<b>Can I keep the account if I switch employers?</b>	<b>Yes.</b> You own the account.	<b>No.</b> FSAs cannot be rolled over to a new employer.	<b>No.</b> An HRA may be designed to allow a former account holder to use their funds, but it cannot be rolled over to a new employer.
<b>What are the tax benefits?</b>	Contributions can be either tax-deductible, or pre-tax (including FICA). Interest earned and capital gains on investments are income tax-free. Withdrawals for qualified medical expenses are tax-free, although state taxes may apply.	Account holder contributions are exempt from federal and FICA tax as well as most state and local tax.	Reimbursements are federal income tax-free.
<b>Do funds earn interest?</b>	Interest may be earned in an HSA, depending upon the custodian and the type of deposit account.	Interest is not earned.	Interest is not earned.
<b>What is the contribution limit?</b>	Annual contribution limits are set by the IRS and adjusted for inflation.	The annual maximum amount an account holder may contribute is set by the IRS. This is subject to change annually with IRS cost-of-living adjustments.	No limits. For HRAs, the employer determines the minimum and maximum contribution amounts.

# At a glance: HSA, FSA and HRA comparison

(continued)

Question	Health savings account (HSA)	Health care flexible spending account (FSA)	Health reimbursement account (HRA)
<b>Is there a “catch-up” contribution option?</b>	Account holders ages 55 and older may contribute an additional \$1,000 to an HSA per year until they are enrolled in Medicare.	<b>No</b>	<b>No</b>
<b>Can I fund the account with a pre-tax salary deduction?</b>	<b>Yes</b>	<b>Yes</b>	<b>No, employer funded only.</b>
<b>Is investing allowed?</b>	<b>Yes</b>	<b>No</b>	<b>No</b>
<b>Must a health care expense be incurred during the same plan year in which the contribution is made?</b>	HSA funds can be used to pay for qualified expenses once the account is opened. There is no time limit on when funds can be used to pay for qualified expenses.	<b>Yes</b> , if the plan does not have a grace period or carryover feature.	<b>No.</b> Typically, there is no time limit on when funds can be used to pay for eligible expenses after the account is opened. Your plan may vary, so confirm with your employer.
<b>Is the annual amount of the contribution available on the first day of coverage?</b>	Only the HSA’s available amount may be used to pay for or reimburse qualified expenses.	<b>Yes.</b> The total amount elected by the account holder for the plan year must be available on the first day, regardless of the amount contributed.	The employer-designated HRA funds may be available on the first day of the plan year. However, funds can be prorated during the year if the employer elects to do so.
<b>Is third-party substantiation of expenses required?</b>	<b>No.</b> If audited by the IRS, the account holder must show that HSA funds were used only for qualified medical expenses.	<b>Yes.</b> Each request for reimbursement must be substantiated before it can be reimbursed.	<b>Yes.</b> Each request for reimbursement must be substantiated before it can be reimbursed.
<b>Can the account be paired with other accounts?</b>	<b>Yes.</b> An HSA can be paired with an LPFSA for use with qualified dental and vision expenses.	A health care FSA is compatible with an HRA, but only an LPFSA can be paired with an HSA.	An HRA is compatible with an FSA, but only a limited purpose HRA can be paired with an HSA.

# Ready to get started with a financial health benefits account?

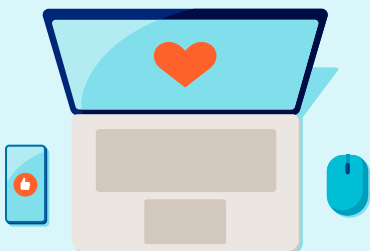
## Ready to enroll?

Enrolling is quick and easy because it's built into your employer's benefit options. Scan the QR code and review your materials today so you don't miss your chance to sign up!



## What to do next:

- 1 [Enroll in your plan](#) by the open enrollment deadline
- 2 Select an account that best fits your needs
- 3 Start saving money all year long



## Want to know more?

Visit [optumfinancial.com](https://optumfinancial.com) for more resources and frequently asked questions.



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Flexible spending accounts (FSAs), dependent care assistance programs (DCAPs), health reimbursement arrangements (HRAs), Commuter and Parking Benefits, Tuition Assistance Plans, Adoption Assistance Plans, Surrogacy Assistance Plans, Wellness Benefits, and Lifestyle Accounts (collectively, “Employer-Sponsored Plans”) are administered on behalf of your plan sponsor by Optum Financial, Inc. or ConnectYourCare, LLC and are subject to eligibility and restrictions. Employer-Sponsored Plans are not individually owned and amounts available under the Employer-Sponsored Plan are not FDIC insured.

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