

# HEALTH SAVINGS ACCOUNTS (HSAs)

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Presented by:

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Heath Benefit Solutions

# Advantages of HSAs

- You see the true cost of medical care and have better control over how your dollars are spent
- Triple Tax Savings:
  - Tax deductions when you contribute to your account
  - Tax-free earnings through investments/interest
  - Tax-free withdrawals for qualified medical expenses
- Unused Funds may roll over to next plan year and beyond
- Portability - Accounts are completely portable if you:
  - Change your medical coverage
  - Move to another state
  - Change your marital status

# Who Can Open an HSA

- Age Requirement: 18 or older
- Must be enrolled in a qualifying **High Deductible Health Plan (HDHP)**
- Cannot be covered by any non-qualified HDHP Health Insurance
- Cannot be enrolled in Medicare
- Cannot be claimed as a dependent on another individual's tax return

# 2016 HSA Contributions

- **Maximum annual contribution amounts for 2016 are:**
  - \$3,350 Individual Coverage
  - \$6,750 Family Coverage
- **2016 Catch-up Contributions for HSA owners ages 55+**
  - \$1,000 for 2009 and thereafter
    - \*\*\*\*if the account owner has a spouse who is covered under the HDHP, and they are 55+ --- they qualify to make the catch-up contribution – this contribution would need to be into their own account!



# 2017 HSA Contributions

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  - \$3,400 Individual Coverage
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# HSA Contributions *(continued)*

- Contributions can be made as late as April 15 of the following year
- Anyone can contribute to an HSA for you
- Contributions are Tax deductible (unless made by your employer)
- Tax-Free earnings through investments/interest
- Excess Contributions not withdrawn are subject to a 6% excise tax
- **If your eligibility changes during the year, contribution limits may need to be pro-rated**

# HSA Distributions

- Distributions for qualified medical, dental or vision expenses are not taxed
- Non-qualified expenses are taxable as ordinary income plus an additional 20% penalty  
(exceptions: individual's death, disability or reaching age 65)
- Distributions for nonqualified expenses taken after age 65 are taxed at the current tax rate and are NOT subject to the 20% penalty



# What Medical Expenses Qualify?

- Prescriptions and qualified deductible expenses
- Qualified long-term care services and a percentage of long term care insurance premiums
- COBRA premiums
- Health insurance for those on unemployment compensation
- Eye Exams
- Dental Exams
- For more detailed information, please refer to IRS Publication 502, found online at [www.irs.gov/pub/irs-pdf/p502.pdf](http://www.irs.gov/pub/irs-pdf/p502.pdf)

# Eligible HSA Expenses

## HSA Tools & Calculators

Use our tools and calculators to make an informed decision about HSAs and which expenses are eligible. The "Choosing a Plan" calculator offers you the ability to compare an HDHP/HSA with another plan offered by your employer or spouse's employer.



### Tax Savings



#### Tax Savings

Determine your tax savings with our HSA Tax Savings calculator

### Contribution Limits



#### Contribution Limits

Determine how much you can contribute to your HSA

### Choosing an HSA Plan



#### Choosing a Plan

Compare your out-of-pocket costs for an HDHP /HSA plan to a non HSA plan option

### Eligible HSA Expenses



#### Eligible HSA Expenses

View the eligible and ineligible HSA expenses

# HSA Beneficiaries

- Surviving spouse becomes the owner of the account and can use it as if it were their own HSA
- No surviving spouse? The account is no longer treated as an HSA. The account passes to your beneficiary, or becomes part of your estate (and is subject to any applicable taxes)

# Two Types of Accounts to Meet Your Savings and Investment Needs

## Deposit HSA

- Variable Balance
- High Activity
- Easily Accessible
- Online Bill Pay
- FDIC Insured Account

## Investment Fund Account

- Growth-oriented account
- Low level of activity
- Higher balances
- Online Management
- Not FDIC Insured!

# Accessibility

The balances in your Deposit HSA are immediately accessible using your:

- HSA Debit Card
- Online BillPay
- Checks
  - you may choose to purchase checks for your account

# Enrollment Process for HSA



## GETTING STARTED: ACCOUNT ENROLLMENT

Union Bank & Trust's Health Benefit Solutions online portal can be accessed by navigating to:  
<https://www.ubt.com/health>

### TO ENROLL

- On the *Enrollment* tab, select *HSA Application*.
- Employer ID: HBS1160 (click submit)
- Employee ID: Your SSN (no dashes or spaces)
- Click *Start Application*.

### OPEN ENROLLMENT

Any plans scheduled for open enrollment appear in the *Enroll Online* section with the applicable open enrollment dates. Plans that are currently available for enrollment display in the *Enrollment Summary* section with links allowing you to either enroll in, or waive, the offered coverage.

#### Enrolling in a plan

**Step 1.** Click the *Enroll Now* link in the *Action* column of the plan in which you wish to enroll.

**Step 2.** Enter your demographic information. Be sure all fields marked with an asterisk (\*) are completed. Also, if available and/or applicable, add any dependents (authorized signers) by clicking the *Add Authorized Signer* button and providing the required demographic information.

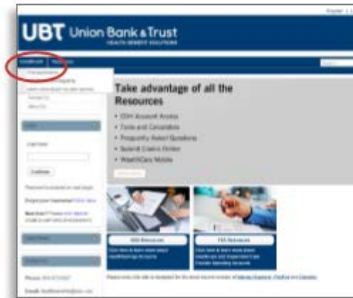
**Step 3.** Provide your coverage election choices. Once your selections have been made, read and check the certification acknowledgment checkbox and click *Next*.

**Step 4.** A summary page lists all of your entered demographic information and coverage selections. Verify that all information is correct and use the *Edit* buttons to change anything, as needed. When completed, click *Submit Application*.

**Step 5.** A confirmation message appears, indicating the enrollment process is complete. Clicking *Done* takes you back to the main Open Enrollment page. The *Enrollment Summary* section of the *Open Enrollment* page now displays the plan with a completed status. Elections and dependent information that you entered during the enrollment process appear as well.

You should receive an instant confirmation and an email confirming your enrollment. You'll be given a link to view our HSA Welcome Kit PDF, which provides an overview of how your HSA works, including accessing your account online, ways to contribute and use your funds, tools and resources within the Health Benefit Solutions portal, and more.

That's it! You're enrolled.



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# Health Savings Accounts Encourage Healthy Living

- Preventative care is not a deductible expense and is covered at 100% by your CDHP
- Proactive approach to health care
- The money that you do not use in the account is yours to keep – an incentive to live a healthy lifestyle

# Account Owner Responsibility

- If you have specific tax questions, please consult your tax professional
- Union Bank & Trust is not responsible for monitoring the account for proper usage
- It is the Account Owner's responsibility to maintain all records and receipts for the account
- Tax forms will be mailed to the Account Owner
- Contact Union Bank & Trust if you have a change in address or status, receive a refund, or have a mistaken distribution
- Remember that when used properly, the Health Savings Account offers Triple Tax Savings!! Tax-Free Contributions, Tax-Free Earnings, and Tax-Free Qualified Distributions

# Union Bank & Trust HSA Contacts

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