



Wespath

BENEFITS | INVESTMENTS

a general agency of The United Methodist Church



How a Health Savings Account Can Help You Save

If you are enrolled in a HealthFlex HSA plan—or if you're considering one—here are some tips to help you make the most of this savings and investment vehicle.

Enjoy an HSA's Triple Tax Advantage

HSA



1

CONTRIBUTIONS ARE DEDUCTIBLE FROM GROSS INCOME

Contributions included with the plan are pre-tax. Optional personal contributions can be pre-tax or after-tax.

- Personal pre-tax contributions are withheld from your paycheck.
- You can also make after-tax contributions throughout the year by mailing contributions directly to BNY Mellon (the issuing bank). These contributions may be claimed on your tax return.



2

HSA EARNINGS MAY ACCRUE TAX-FREE

Your HSA defaults to a low-interest-bearing account, much like a standard bank savings account. If you choose to invest your HSA in other funds, you may also see investment earnings.

You do not pay tax on the HSA interest or earnings as long as you use it for an eligible health care expense.



3

HSA WITHDRAWALS, INCLUDING INVESTMENT EARNINGS, ARE TAX-FREE FOR ELIGIBLE EXPENSES

Your HSA can be used for eligible health-related expenses that are not covered through HealthFlex, including annual deductibles, co-insurance and other out-of-pocket expenses. Unused balances can be rolled over indefinitely for future health-related expenses, including health costs after retirement.

(continued)

Options for Investing Your HSA:



1

STATUS QUO

Keep some or all of your HSA in its current interest-bearing account—with easy access for paying health care expenses. You'll earn a little interest on your account balance (similar to a standard savings account) and have freedom to pay eligible health costs while you're still at the doctor's office or pharmacy.

Note: Balances under \$5,000 incur a \$2/month fee assessed by BNY Mellon.



2

INVEST FOR THE FUTURE

Invest in a broad selection of funds or other longer-term vehicles*—if you're focused on growing your HSA balance for future needs, including retirement savings. This approach offers more growth potential over the long run—yet with the risk for losses in the short term. **Important:** You'll need to transfer funds back into an interest-bearing account (i.e., the "status quo" option) to pay eligible health expenses.

**HSA is not invested in Wespath funds and, as such, not subject to Wespath's ethical exclusions investing guidelines.*



3

CONTRIBUTE MORE TO YOUR HSA

After contributing enough to your retirement account to receive any match, you may want to consider contributing as much as you can afford (up to the maximum IRS-permitted annual contribution) to your HSA. Because HSAs offer a triple tax advantage, the savings can be used much like a retirement account.

Contact the Wespath Health Team at **1-800-851-2201** any time during the year if you want to establish or increase personal pretax contributions to your HSA.

HSA or FSA—How Do You Decide?

You can use an HSA to pay for the same expenses as a health care FSA (flexible spending account)—but with an HSA, you don't lose what you don't use.¹ Therefore, it may not make sense to contribute to a health FSA unless you've already contributed the maximum to your HSA.

Contributing to an FSA in addition to your HSA might be a good fit if:

- 1 You have predictable dental/vision expenses that you don't want to use your HSA money to pay for; or
- 2 You expect your medical, pharmacy and behavioral health expenses in one year to exceed \$1,350² for individual coverage (or \$2,700² for family coverage).

Only after paying the \$1,350 (or \$2,700) will you be able to use your FSA for medical, pharmacy or behavioral health expenses and potentially save the rest of your HSA money for the future.

Contact EY (details below) or your tax advisor to see if contributing to both an HSA and health care FSA might work for you.

¹ FSAs have "use it or lose it" rules defined by the IRS. ² Based on IRS-defined deductible



Talk to a Professional!

It's a good idea to consult a financial professional for help determining the best path for your goals! Contact EY Financial Planning Services at **1-800-360-2539** or another financial professional to explore how different investing scenarios best fit your current and long-term needs.

EY Financial Planning Services are available to active participants and surviving spouses with account balances in Wespath-administered retirement plans. Costs for EY services are included in Wespath's operating expenses that are paid for by the funds Wespath administers.