

WEBINAR SERIES

Healthcare Spending Accounts FSA vs. HSA

Learn more about your health
benefit account options

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Today's Presenters



Brady Moss

Relationship Executive – Optum Financial

As a relationship executive, Brady is the main point of contact regarding healthcare saving and spending strategies, employee education, and communication needs for large Optum Financial customers. He ensures that any issues or concerns are resolved in a timely manner and is responsible for his clients' overall satisfaction.

Brady leads internal teams on issue resolution, responds to requests, and works with clients to design plans to meet and exceed their business objectives.

Brady's account management experience dates back to 2005, and he has been with Optum Financial since 2012. He works in Minneapolis, MN.

Away from work, Brady enjoys home improvement projects, traveling, spending time with friends and family, and is absolutely obsessed with his dogs (3 Cavalier King Charles spaniels).

Today's Agenda

Learn about FSA

- What is an FSA?
- Three types of FSAs
- Sample eligible expenses
- Contribution limits
- How much can you save?
- How can I access my account?
- How can I use my FSA to pay for qualified expenses?
- Key Dates

Learn about HSA

- What is an HSA?
- How an HSA helps you save money
- HSA savings in action
- Contribution limits
- What's covered under an HSA?
- How much can I contribute each year?
- How do I know if I'm eligible for an HSA?
- Investing in your HSA
- How can HSA investments grow?
- How can I access my account?

Webinar Forum

All participants are muted.

Please type questions in the side navigation panel and we will try to address most questions during today's session.

Today's presentation will be posted on our website under [PrestigePEO.com/webinars](https://www.PrestigePEO.com/webinars)

Get to know Optum Financial



We are dedicated to helping you prepare for current and future health expenses so you can make the care decisions that are best for you.



A wide range of accounts to save for life's most important expenses

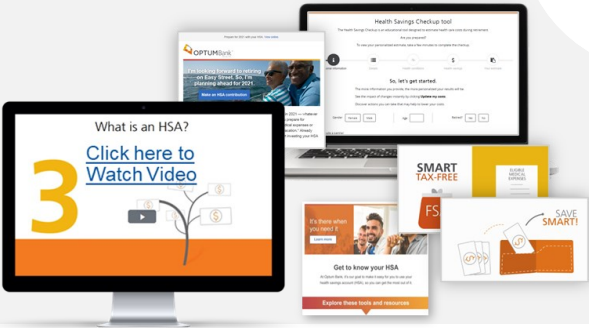


HSA investment options for all types of investors, for near-term and long-term needs

We've got you covered!

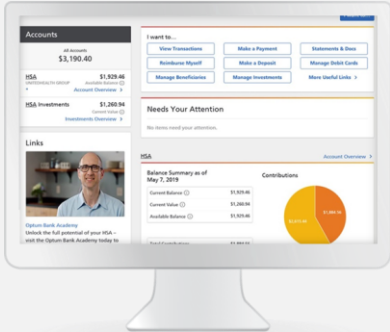
Educational resources

Information at your fingertips through engaging videos, courses, flyers, webinars



Digital tools and 24/7 support

Make saving, paying, and investing easy



Let's learn about
FSAs!

What is an FSA?

A flexible spending account (FSA) is an account that allows you to use pre-tax dollars to pay for qualified expenses.



Contribute pre-tax dollars



Covers eligible expenses



Use the money by the end of the plan year; some plans have carryover

Three types of FSAs

1 HEALTH CARE

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

2 LIMITED PURPOSE

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

3 DEPENDENT CARE

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

Sample eligible expenses

1 HEALTH CARE

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

2 LIMITED PURPOSE

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

3 DEPENDENT CARE

- After-school program
- Babysitting
- Childcare
- Nanny
- Nursery school
- Preschool
- Sick childcare
- Summer day camp
- Transportation to/from eligible care
- Adult day care center
- Elder care
- Senior day care
- Transportation to/from eligible care

Use the QME Tool on optumfinancial.com to see if your specific expense qualifies for reimbursement

Contribution limits

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2024 IRS Contribution limits:

\$3,200 individual

\$5,000 per year for couples filing jointly or single parent; \$2,500 per year per parent filing separately

How much can you save?



Assume Mike earns \$55,000 a year and contributes \$2,000 to his FSA.

	With FSA	No FSA
Annual Pay	\$55,000	\$55,000
Pre-tax FSA contribution	\$2,000	\$0
Taxable income	\$53,000	\$55,000
Federal income & Social Security taxes*	\$15,715	\$16,308
After-tax dollars spent on eligible expenses	\$0	\$2,000
Spendable income	\$37,286	\$36,693
Mike's tax savings	\$593	\$0

* Combined tax rate 29.65%, including FICA 7.65%; hypothetical example only.

How can I access my account?

It's easy to check your account information, pay bills, and reimburse yourself.



How can I use my FSA to pay for qualified expenses?



Payment card

- Allows you to pay for healthcare services at the point of care

Mobile or online claim submission

- Complete interactive claim form online
- Snap a picture of your documents and quickly upload either online or via mobile app

Submit paper claim form to Optum Financial with required documentation via fax or U.S. mail

- Submit paper claim form to Optum Financial with required documentation via fax or U.S. mail

* Your FSA plan may exclude reimbursement for certain categories of items. Check your plan for specific coverage details.

Common Questions



When can I request reimbursement?



How will I be able to access my account funds?



Will I have to submit documentation for card payments?

More questions? Visit optumfinancial.com for other frequently asked questions.

Common Questions



- December 31, 2023 – Was the last day to incur expenses for the 2023 plan year
- March 31, 2024 – Last day to submit expenses incurred in 2023 for reimbursement to Optum for the 2023 plan year
- April 2024 – Balances up to \$610 from the 2023 plan year will roll for Health Care FSA or Limited Purpose FSA enrollments
- December 31, 2024 – Last day to incur expenses for the 2024 plan year

Get started now

Make the most of your Optum Financial FSA
throughout the year

1 Know your plan
deadlines

2 Spend your funds,
don't lose them

3 Use the Optum
Store for discounts
on eligible expenses

For more information, visit optumfinancial.com



Let's learn about
HSAs!

What is an HSA?

An HSA, or health savings account, is a deposit account that lets you use deposit pre-tax dollars to pay for qualified medical, dental, & vision expenses.



Requires a qualifying high-deductible health plan (HDHP)



Funded by employer or employee and others



Annual contribution limits are set by the IRS—triple tax savings



Earn interest with option to invest a portion of the HSA once it meets a minimum threshold



Balances can be carried over from year-to-year

\$\$\$ An HSA helps you save money for use today or later \$\$\$

How an HSA helps you save money

Triple tax savings



Deposits are exempt from income tax

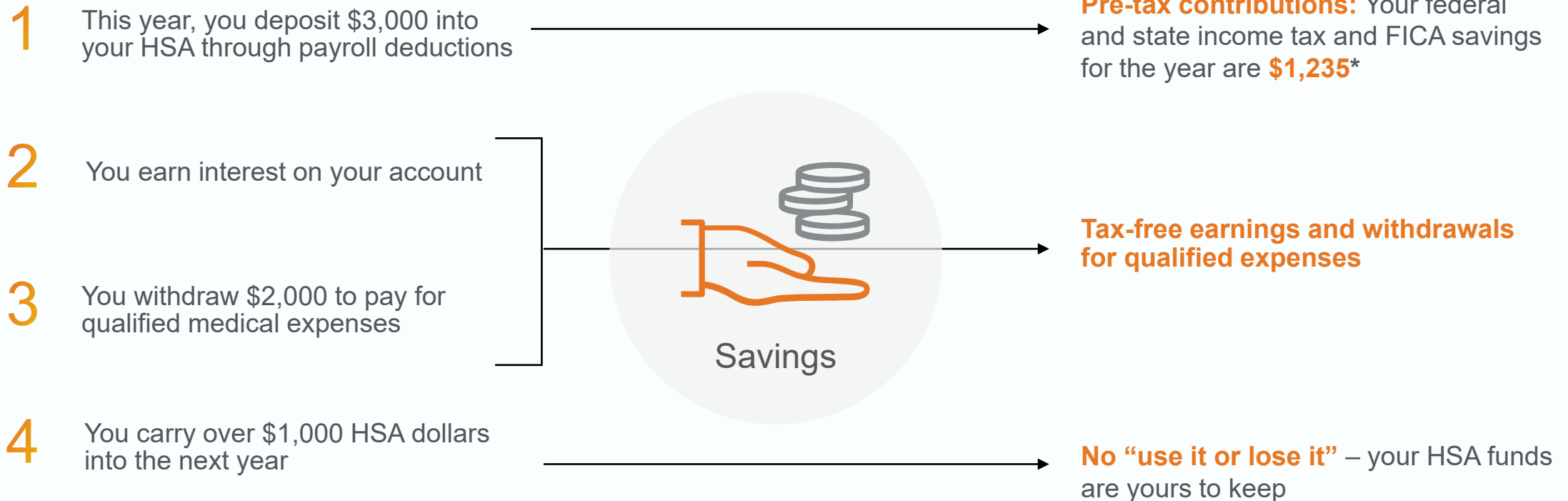


Savings grow income tax-free



Money spent on qualified medical expenses comes out of HSA income tax-free

HSA savings in action



*Assumes a 25% federal tax rate, 8.5% state tax rate and 7.65% FICA. Hypothetical example only.

What's covered under an HSA?

Qualified expenses are more than just deductibles and co-pays.

- | | | |
|---------------------------|--|---|
| Acupuncture ✓ | Eye exam | Medical testing devices |
| Ambulance | Eyeglasses | Nursing services |
| Artificial limb | Family planning items | Orthodontia (not for cosmetic reasons) ✓ |
| Birth control pills ✓ | Fertility treatment | Over-the-counter (OTC) treatments |
| Blood pressure monitoring | Feminine care products | Physical exam |
| Breast pumps | Flu shot | Physical therapy |
| Chiropractic care ✓ | Hearing aids | Prescription drugs |
| COBRA premiums (post tax) | Hospital services | Psychiatric care |
| Contact lenses | Immunization | Retiree (post-65) medical insurance premiums (post tax) |
| Dental treatment | Insulin and diabetic supplies | Speech therapy ✓ |
| Dentures ✓ | Laboratory fees | Surgery |
| Diagnostic services | Laser eye surgery | Sunscreen ✓ |
| Drug addiction treatment | Long-term care premiums or expenses (post tax) | Wheelchair, walkers, crutches & canes |

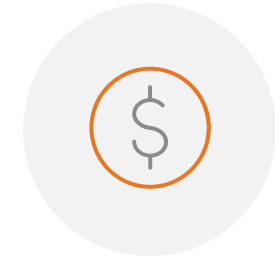
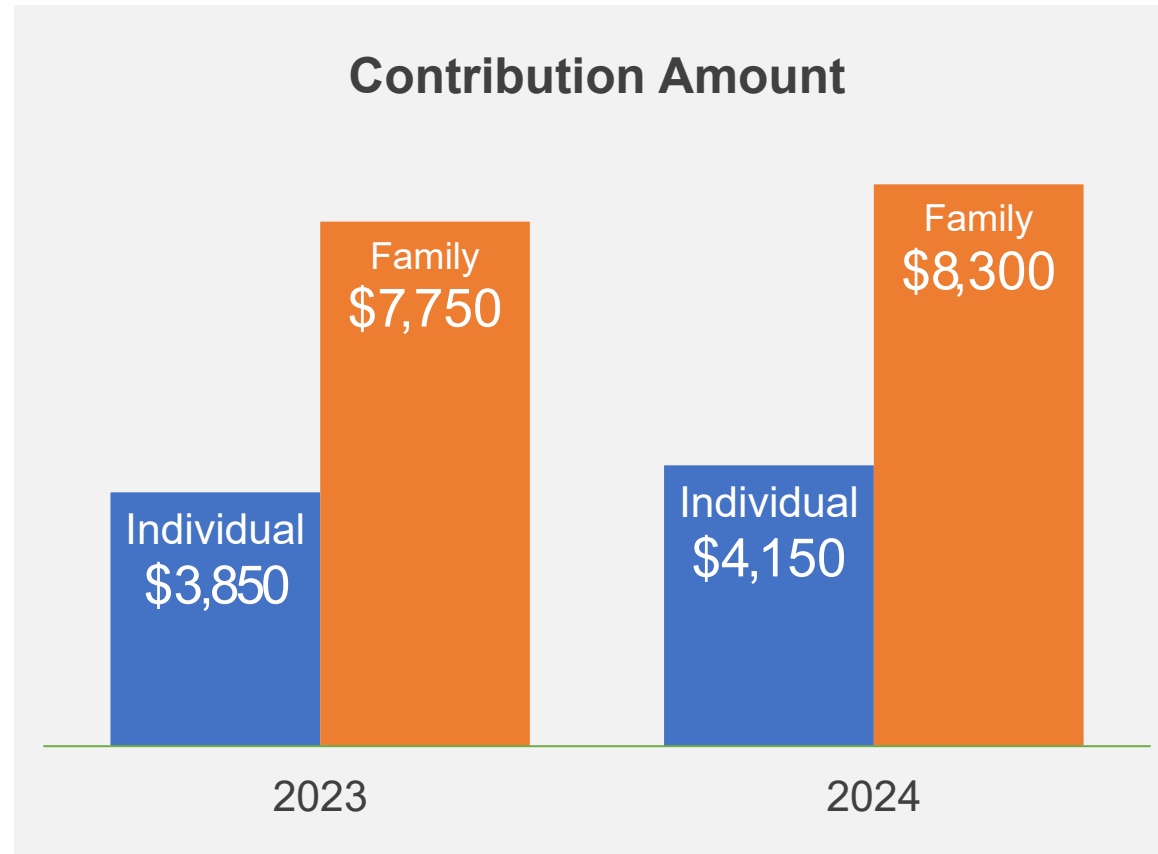
Use the QME Tool on optumbank.com to see if your specific expense qualifies for reimbursement

- Examples of non-qualified expenses:**
- Cosmetic surgery
 - Electrolysis or hair removal
 - Teeth whitening
 - Health club dues
 - Maternity clothes

What's covered under an HSA?



The IRS determines how much you can contribute to your HSA each year



Those age 55 or older, but not enrolled in Medicare, can fund an additional **\$1,000/year** catch-up contribution

Spouses can make separate \$1,000 catch-up contribution to an account in their own name

How do I know if I'm eligible for an HSA?

IRS requirements:



- ✓ You must be covered under a qualifying high-deductible health plan (HDHP) on the first day of the month
- ✓ You have no other health coverage except what is permitted by the IRS
- ✓ You are not enrolled in Medicare, TRICARE, or TRICARE for Life
- ✓ You haven't received Veterans Affairs (VA) benefits within the past three months, except for preventive care; if you have a disability rating from the VA, this exclusion doesn't apply
- ✓ You can't be claimed as a dependent on someone else's tax return
- ✓ You do not have a health care flexible spending account (FSA) or health reimbursement arrangement (HRA) alternative plan designs
- ✓ Other restrictions and exceptions may also apply. We recommend that you consult a tax, legal or financial advisor to discuss your personal circumstances.

How do I know if I'm eligible for an HSA?

Options for every type of investor

1

Mutual funds

- Over 30 mutual funds*
- High Morningstar ratings
- Low expense ratios

2

Digitally managed investments

- Online investment support from Betterment
- Brief questionnaire on goals, risk profile
- Low-cost exchange traded funds (ETFs)
- Auto-deposits and automated rebalancing

The optimal way to save for retirement

Income tax free** withdrawals make an HSA a powerful retirement savings vehicle.

Withdrawals from a 401(k) and IRA are taxed, regardless of how the funds are used.

Investments are not FDIC insured, are not guaranteed by Optum Financial or its subsidiaries and may lose value.

For most employers, account holders can choose to start investing once they reach an HSA balance of \$1,000.

- *The bank makes mutual funds available through a Registered Investment Adviser.
- **Federal income tax free. Some states impose taxes.

How can HSA investments grow?



The power of tax-advantaged investing:

See how it can really add up

Contribute \$3,000 a year to your HSA until retirement

Assuming you use \$1,500 a year for medical expenses, earn 7% a year in interest and investments, and reinvest all earnings, your savings can really add up*

Starting age	HSA value at age 65
25	\$292,955
35	\$138,634
45	\$60,184
55	\$20,305

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* Assuming a 24% tax rate; hypothetical example only.

How can I access my account?

It's easy to check account information, pay bills, and reimburse yourself



Common Questions



Who owns my HSA?



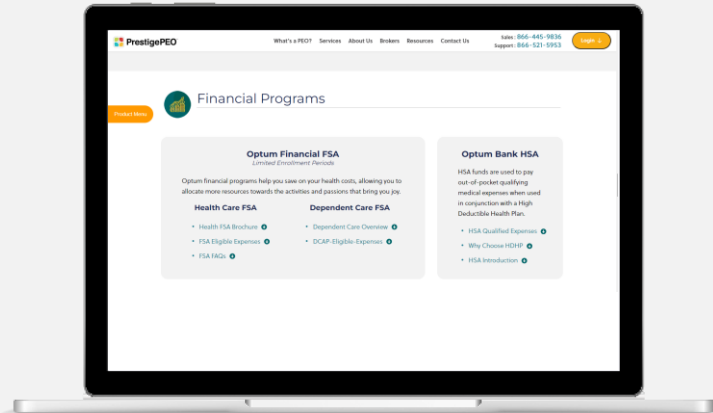
Do I need to keep my receipts?



I already have an HSA. Can I open another?

More questions? Visit optumbank.com for other frequently asked questions.

Questions / Comments / Discussion?



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www.prestigepeo.com/webinars

www.prestigepeo.com/benefits-center



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Reach out to your support teams – HR and Compliance, Employee Benefits, and Payroll directly from our **PrestigeGO mobile app**

We Are Here For You



Human Resources, Employee Benefits, and Payroll Simplified

You started your business because you had a great idea. We started our business to handle the rest.