



## TAXATION OF HSA FUNDS SPENT OR WITHDRAWN

### When you are under age 65:

Using your funds for HSA qualified healthcare expenses – distributions are tax free

Using your funds for non-HSA qualified healthcare expenses – distributions are subject to federal income tax and currently a 20% tax penalty applies.

### When you are age 65 and older:

Using your funds for HSA qualified healthcare expenses – distributions are tax free

Using your funds for non-HSA qualified healthcare expenses – distributions are subject to federal income tax; no tax penalty applies.

### IRS tax forms you will receive:

1099-SA: This provides you with the distributions from your HSA during the tax year, and is used to complete IRS form 8889.

IRS Form 5498-SA: This provides you with the contributions made to your HSA during the tax year, and is used to complete IRS form 8889.

### IRS tax forms to complete:

IRS Form 8889: This is used to report HSA contributions, distributions and your tax deductions. You will file this form with your federal income tax form.

## HSA ACCOUNT RESOURCES

### Your online account at [www.benstrat.com](http://www.benstrat.com)

Through your secure online account you can view your account balance, account history and investment information, request distributions, make contributions and choose how to invest your funds. To log in to your account:

- Go to [www.benstrat.com](http://www.benstrat.com) and log in or follow the New User link to set up your User Name and Password
- You can also link to the log in page from within HARVie.

### The Benefit Strategies mobile application

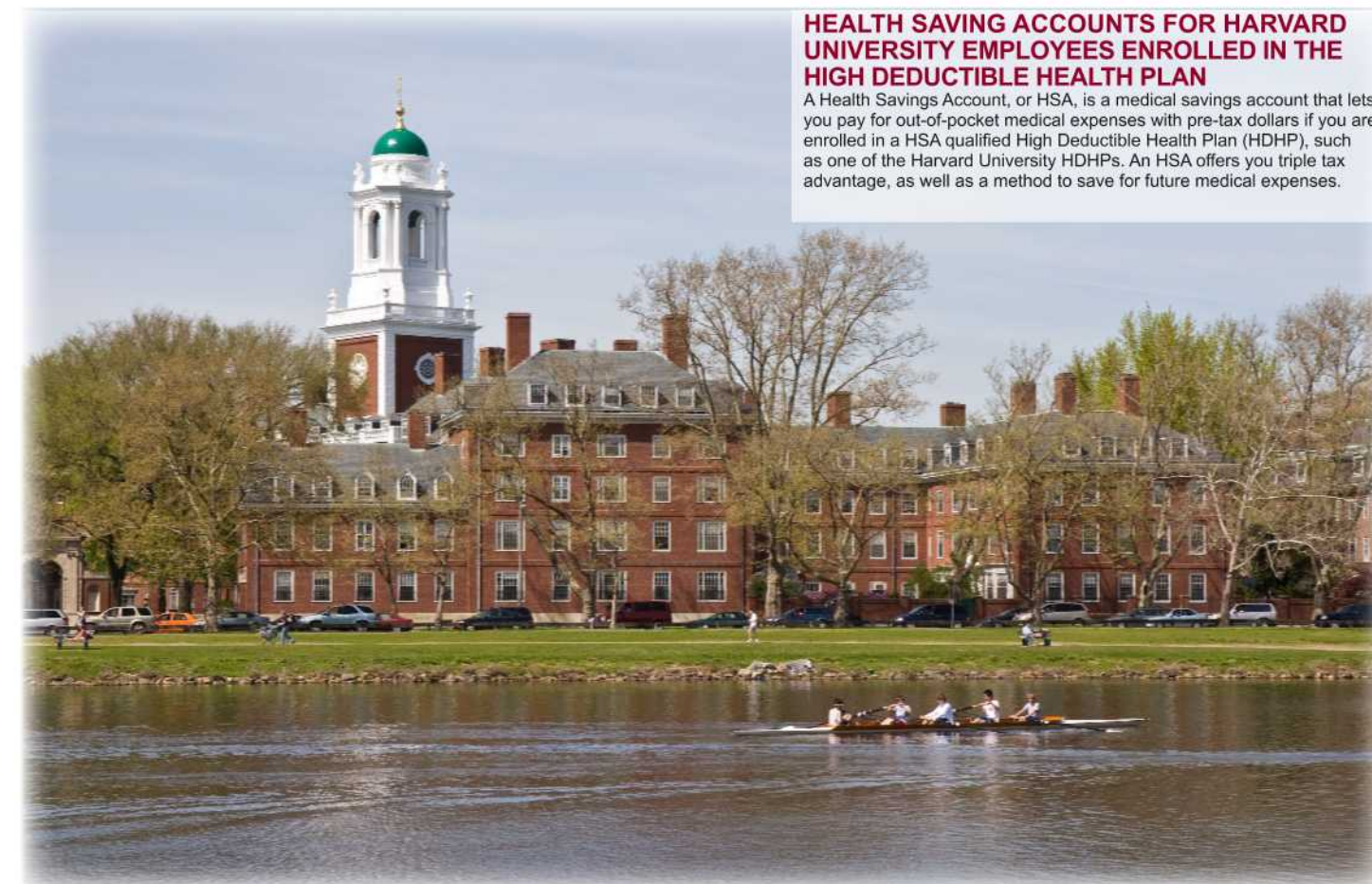
Download the Benefit Strategies mobile application for iPhone, Android, and tablet devices to access account information on the go!

### Benefit Strategies Customer Service Team, located in Manchester, NH

Our Customer Service Representatives are available:

Monday - Thursday 8:00 AM - 6:00 PM and Friday 8:00 AM - 5:00 PM (Eastern Time)

- **Telephone:** 855-HVD-FLEX (language translators are available)
- **Online Chat:** [www.benstrat.com](http://www.benstrat.com) (look for the Get Help tab)
- **Email:** [hvdflex@benstrat.com](mailto:hvdflex@benstrat.com)



### HEALTH SAVING ACCOUNTS FOR HARVARD UNIVERSITY EMPLOYEES ENROLLED IN THE HIGH DEDUCTIBLE HEALTH PLAN

A Health Savings Account, or HSA, is a medical savings account that lets you pay for out-of-pocket medical expenses with pre-tax dollars if you are enrolled in a HSA qualified High Deductible Health Plan (HDHP), such as one of the Harvard University HDHPs. An HSA offers you triple tax advantage, as well as a method to save for future medical expenses.

### What is an HSA?

An HSA is an individual account, fully owned by the account holder in the same manner as a personal bank account. Once funds are contributed, whether by you, Harvard University, or anyone else, you become the owner of the funds in your HSA immediately. Any interest or earnings on your HSA funds are yours. The money in your account remains yours even if you are no longer employed by Harvard University and it remains in the account until you spend it – there is no deadline to spend these funds.

- Because this is your account, when you open an HSA you should designate a beneficiary. HSA Beneficiary Designation forms will be sent in your HSA Welcome Kit.

### Funds contributed to an HSA have a triple tax advantage:

1. Contributions to your HSA, whether from Harvard or those you make through payroll deduction, are tax free.\*
2. Interest and investment earnings grow tax free.
3. Payments from your HSA for qualified medical expenses are tax free.

Most of our participants save \$27 in taxes for every \$100 they contribute from their salary to their HSA.

\* Most state income tax codes conform to the Federal Internal Revenue Code for HSA purposes. Currently only AL, CA, and NJ do not; for information on how these states handle income taxation of HSA funds, please consult the applicable state revenue department or your tax advisor.



**Trust Loyalty Commitment**  
• Our customers trust we are committed to solving their problems.

**Think Like the Customer**  
• Treat others as you would like to be treated.

**Tender Loving Care**  
• Attending to customers with consideration and compassion – we strive for one-call resolution.

### Eligibility to make and receive contributions to an HSA

HSA contributions can only be made if you are enrolled in an HSA-compliant HDHP. Harvard's HDHP meets these requirements.

Additional eligibility requirements are:

- You must be a United States resident and work and pay taxes in the U.S.
- You cannot be enrolled under a non-HSA compliant health plan through Harvard or elsewhere.
- You cannot be enrolled in a regular Health FSA. (However, enrollment in a Limited Purpose FSA for vision and dental expenses only is permitted. Harvard University offers a Limited Purpose FSA).
- If you are married, your spouse cannot be enrolled in a Health FSA, but his/her enrollment in a Limited Purpose FSA is permitted.
- You cannot be enrolled in any part of Medicare.
- You cannot be claimed as a dependent on someone else's tax return.



### How to open your HSA

You will enroll in the HSA through the Harvard University online enrollment system. Your enrollment information will be forwarded to Benefit Strategies for HSA administration set-up and to our banking partner, Healthcare Bank (member FDIC), to establish your account. Healthcare Bank is a division of Bell State Bank, one of the Midwest's largest banks. Benefit Strategies HSA administration is fully integrated with your account at Healthcare Bank. You will have convenient and secure anytime account access through your personal login at [www.benstrat.com](http://www.benstrat.com) and through our mobile application.

### Harvard University contribution to your HSA

Harvard University will make a contribution to your HSA to assist you with medical costs in your HDHP. You must open an HSA through Benefit Strategies to receive this contribution. The amount is a lump sum deposit that will post to your HSA account typically within thirty days of your account opening.

- If you enroll in Individual coverage with a Harvard HDHP, the contribution will be \$500.
- If you enroll in Family coverage with a Harvard HDHP, the contribution will be \$1,000.

### Making Contributions and the IRS Yearly Contribution Maximums

You and anyone else can make contributions to your HSA, but you need to stay within the annual contribution maximums established by the IRS. Your contribution can be made through convenient payroll deduction on a pre-tax basis.

#### IRS Yearly Maximum Contribution Limits

• 2018 Single coverage maximum	\$3,450
Harvard University contribution	(\$500)
<b>Remaining contributions that can be made to your account</b>	<b>\$2,950</b>
• 2018 Family coverage maximum	\$6,850
Harvard University contribution	(\$1,000)
<b>Remaining contributions that can be made to your account</b>	<b>\$5,850</b>

- If you are at least age 55, and not enrolled in Medicare, you may make an additional \$1,000 catch-up contribution to either account level

### Investment of HSA Funds:

HSA balances of less than \$2,100 are held in an interest bearing cash account. Once your HSA balance meets or exceeds \$2,100, it will automatically be invested in \$100 increments in the lowest risk investment fund. However, you can choose from among several investment vehicles provided by Healthcare Bank in which to invest your funds. Your investment earnings, like interest earned on your HSA funds, grow tax free!



### USING YOUR HSA FUNDS

Although there are regulations governing when contributions can be made to your HSA, there are no regulations governing when you can use your HSA funds. Because the funds in your HSA are owned by you, they can be used at any time.

You can pay for qualified healthcare expenses by:

- Using your Flex Express debit card, which will be sent to you once you open your account.
- Paying for expenses yourself and then requesting a distribution, which will be direct deposited into a bank account that you indicate when you open your HSA.
- Requesting a distribution check to be made payable to a provider and sent directly to the provider's address.

Be sure to keep your receipts for qualified medical expenses the same as you do other important tax documents.

Funds held in the cash account are available immediately when you swipe your card or request a distribution. For invested funds, you will need to request a distribution from Benefit Strategies through your secure online account. Typical turn-around time for disbursements from invested funds is 3-6 business days.

### Qualified HSA Expenses:

Qualified expenses include the out-of-pocket expenses you incur under your Harvard University HDHP, plus many other medical, dental and vision expenses. You can even use HSA funds to pay for many medical plan premiums in retirement. HSA funds can be used to pay for qualified expenses for yourself, your legally married spouse and your tax dependents. Please refer to the HSA Eligible Expense handout.

