Health Savings Account (HSA)

Save for the rising cost of health care, now and in retirement.

An HSA allows you to save money on a pretax basis to pay for qualified medical expenses; but, it can also be an effective long-term, tax-advantaged savings vehicle to help cover health care expenses in retirement.

Eligibility

You can open and contribute to an HSA if you are:

- Enrolled in an HSA-eligible plan[1]
- Not covered by Medicare or an ineligible health plan
- Not claimed as a dependent on someone else's tax return

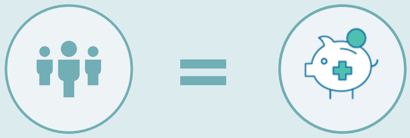
Contribution limits for 2020

- Individual $3,550
- Family $7,100
- Catch-up $1,000

Benefits

- Triple tax advantage:
  1. Contributions are not subject to federal income tax
  2. Investment earnings and interest grow tax free
  3. Withdrawals are not taxed as long as you use the money for qualified medical expenses
- It's your money: Your unused HSA money rolls over every year—no "use it or lose it." And, you keep your HSA if you move, change jobs, or insurance.
- It's investable: Choose to invest some or all of your HSA money for tax-free potential growth. You have a broad array of investment options to choose from, including the option to have your HSA professionally managed. Speak with your financial representative to see how an HSA can fit into your overall financial plan.

Potential HSA tax benefits



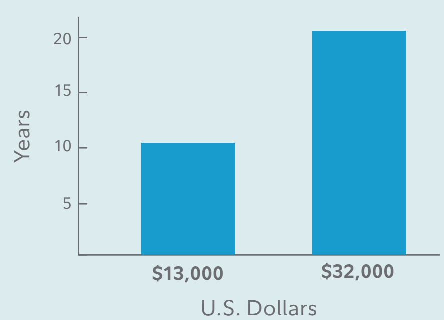
Family HSA contribution **$7,000**

Your potential tax savings **$1,750**

This is a hypothetical example for illustrative purposes only. Example based on 25% federal income tax rate.[2]

Your money at work

Because the HSA isn't a "use it or lose it" account, your balance can build for years, and any money you don't use **can be invested** in mutual funds. See how your balance could grow if you save $1,000 every year with a hypothetical 4.5% growth rate.[3]



Contributing to your HSA

There are several ways for you to directly fund your account:

- A bank account: You can contribute to your HSA using EFT or electronic direct deposit. You can make one-time or recurring direct deposits from a linked bank account for added flexibility.
- Transfer of assets: You may have other HSAs. If so, it's easy to transfer some or all of your money between HSAs to consolidate them.
- A One-time IRA contribution: An HSA contribution from an IRA is a once-in-a-lifetime money-transfer option. These contributions are not subject to federal income taxes or the 10% penalty for early withdrawals. However, contributions from an IRA will count toward the IRS's annual limits on HSA contributions, and that money is not tax deductible.

Your employer (plan sponsor) may also provide the ability to fund your HSA with pre-tax payroll deductions. Work with your financial representative or Human Resource department to learn more and determine if that is an option for you.

HSA cash management features

When you, your spouse, or your dependents have qualified medical expenses that aren't covered by your health care plan, you can use your HSA money tax free to pay for them. There are multiple ways you can spend from your HSA, including:

- HSA Visa debit card: Your HSA Visa debit card is a simple way to pay for your qualified medical expenses. Just swipe it at your participating health care provider, and the money debits directly out of your HSA balance.
- Bill pay: Fidelity BillPay® for HSAs is an online service enabling you to pay bills for qualified medical expenses electronically—any time, anywhere you have an internet connection. You can choose a one-time payment or automatic recurring payments to save you time—and both options are free.
- Checkwriting: You have the option to write a check directly to your provider.

Remember, you have the option to pay medical expenses out-of-pocket and invest some or all of your HSA money for tax-free potential growth.

How the money works

1. Open your HSA: Your financial representative can help. Be sure and confirm you are using an HSA-eligible health plan.
2. Money in: Make pretax contributions, typically at regular intervals throughout the year. If you can fully fund your HSA, that's great. If not, you may want to:
   - Start by contributing the amount you may be saving in premiums if you are switching from a traditional health plan to a high-deductible health plan, or
   - Calculate what you think you will spend out of pocket for your deductible, copays, or coinsurance, and save at least enough to cover that.
   - Remember, you can talk with your financial representative, and make it part of your overall financial plan.
3. Money out: When you have a qualified medical expense, you can use your HSA to pay for it or you can pay out of pocket and save your HSA money for the future.
4. Money not spent: What you don't use this year is yours to keep, even if you leave your current job. You can save and invest it for the future—even into retirement. Over time, what you don't use could really add up.

Please keep in mind that all your contributions to all your HSAs will count together toward the IRS's annual contribution limits. Having more than one HSA does not increase your annual contribution limits.

For more information, please contact your financial representative.

[1] An HSA-eligible health plan is a high-deductible health plan (HDHP) that satisfies IRS requirements with respect to annual deductibles and maximum out-of-pocket expenses.

[2] With respect to federal taxation only. Contributions, investment earnings, and distributions may or may not be subject to state taxation. The triple tax advantages are only if the money is used to pay for qualified medical expenses as described in IRS Publication 969.

[3] This hypothetical example is based on annual contributions to an HSA plan and a 4.5% rate of return compounded annually. Your own plan account may earn more or less than this example. Investing in this manner does not ensure a profit or guarantee against loss in declining markets.

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