HEALTH SAVINGS ACCOUNT

Quick reference guide

MY HSA PLAN

Get the most from your health savings account (HSA) Plan through Cigna

Your health is an investment in your future. And we think you should have the freedom to control that future. That's why an HSA puts you in charge of how and when you spend your health plan dollars.

Your HSA is owned by one person – you! As the account holder, the IRS requires that you meet certain criteria to open your HSA. You:

- Must be covered under a qualified high-deductible health plan (HDHP)
- Cannot have other health coverage – including a spouse's flexible spending account – unless permitted by the IRS
- Cannot be enrolled in Medicare or TRICARE, or claimed as a dependent on someone else's tax return

Advantages of being in an HSA

An HSA is a tax-advantaged bank account you can open when you are enrolled in a qualified HDHP. The HSA provides a way to save for current and future health care expenses – with tax advantages along the way.

HSAs are commonly referred to as triple tax-advantaged accounts, meaning that:

- Your individual contributions to an HSA can be tax free, up to an annual maximum set by the IRS*
- Earnings on contributions (through interest and investments) can be tax free*
- You can use the money in your HSA, tax free, for eligible health care expenses. Visit **Cigna.com/expenses** for a full list of eligible expenses

The IRS and various states outline specific requirements to provide tax-advantages,* which will be discussed throughout this quick reference guide.

You own your HSA

Your HSA is owned by you and goes with you if you become unemployed, change jobs or retire.

You can:

- Leave the money in your current account
- Transfer the money to another HSA

However, if you make an early withdrawal – or use your HSA for non-eligible expenses – the money may be subject to a penalty and/or taxes.

Check with your tax advisor about which option is right for you.

Together, all the way.®

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MY CONTRIBUTIONS

Annual maximum contribution limit

The IRS provides maximum annual contribution limits, based on the type of underlying HDHP coverage you have: Single or family. If you have more than one person covered under your HDHP, you are classified as a "family."

The annual IRS maximum contribution limit applies to all contributions made to your account, regardless of who makes the contribution. The annual maximum contribution limits are as follows.

	2019	2020
Single	$3,500	$3,550
Family	$7,000	$7,100

HSA holders age 55 and older are eligible to make an additional catch-up contribution up to $1,000 in the calendar year.*

Maximum contributions are based on you maintaining enrollment in a qualified medical plan on the first day of the month for all 12 months of the calendar year.

- If you enroll for less than 12 months, you are eligible to contribute 1/12 of the maximum for every month you are enrolled in a qualified HDHP.
- If you contribute the full annual maximum, you must remain enrolled through December 1 of the taxable year and stay continuously enrolled in the plan for an additional 12 months through the end of the following calendar year, to avoid any tax penalties.* If you do not meet these requirements, any contributions made in excess of what you were entitled to must be included in your gross income and will be subject to an additional tax.

If you make an excess contribution in error, you may withdraw some or all of the excess contribution under certain circumstances.

See the IRS Publication 969 at www.irs.gov, or speak with your tax advisor for further information.

Interest and other earnings

Your HSA dollars roll over from year to year, so you don't need to worry about using the money in your HSA by year-end. In fact, the more dollars you keep in your account, the more interest you will earn – helping you save even more for your health care expenses. You can also choose to move money to an investment account with a variety of options to invest in.

Money earned through interest and investments is free from federal taxes and most state taxes. Check with your tax advisor to understand your state's specific regulations.*

Visit **myCigna.com** to access your HSA site.

Rollovers from another HSA or Archer MSA

You can roll over funds from another HSA, or Archer MSA, once every 12 months.

Similar to a 401(k) rollover, the amount rolled over must be deposited within 60 days of receipt from the prior account, and it will not be counted toward your annual maximum-allowed contribution.

For additional information on HSA contributions, including limitations on contributions for partners, or 2% or more shareholders of an S corporation, speak with your tax advisor.

MY FUNDS

Accessing my money

Your HSA lets you choose when and how to access your money.

Debit card

- Use the Cigna-branded Visa debit card to pay for out-of-pocket expenses

Online account access

- Access your account online, including the ability to transfer money directly to your personal account for reimbursement.

Checkbook

- You can order a checkbook and write checks to pay for out-of-pocket expenses (deductibles and coinsurance)

Regardless of how you access your HSA funds, all balance and transaction activity is available online at **myCigna.com** and the myCigna® App.

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MY FUNDS (continued)

Paying for my family's expenses

You can use your HSA dollars for out-of-pocket expenses incurred by:

- You and your spouse
- Dependents you claim on your tax return
- Any person you could have claimed as a dependent on your tax return, except if:
  - The person filed a joint return
  - That person had a gross income of $4,000 or more
  - You, or your spouse if filing jointly, could be claimed as a dependent on someone else's tax return

We recommend you consult a tax advisor if you have a domestic partner or child you do not claim on your federal income tax.

Withdrawal deadlines

There are no filing deadlines. As long as the expenses were qualified and incurred after the date the HSA was established, you can withdraw the funds from your HSA at any time, in this year or in future years.

Keep your receipts

The IRS requires you to keep your receipts to show that:

- The funds were used to pay or reimburse qualified medical expenses
- The qualified medical expenses had not been previously paid or reimbursed from another source
- The expenses were not taken as an itemized deduction in any year

You will not need to send these records with your tax return. However, keep them with your tax records in case you are audited.

Special allowances if you are age 65 or older

When you turn age 65, your HSA becomes even more flexible.

You can continue to use your HSA, tax free, for expenses not covered by Medicare or other supplemental insurance – including dental and vision expenses. Or you can use your HSA as supplemental income in retirement.

If you choose to use your HSA as supplemental income in retirement, your withdrawal will be taxed as ordinary income, similar to a 401(k). But once you reach age 65, the penalty for nonqualified distributions no longer applies.

Remember, you roll over whatever HSA dollars you do not use. The HSA belongs to you, regardless of whether you leave your employment or retire. So use your HSA wisely. Your HSA savings can help you manage your out-of-pocket medical expenses now and in the future.

My beneficiary

When you establish an HSA you will be asked to designate a beneficiary. If your spouse is the designated beneficiary, your HSA will be treated as your spouse's HSA after your death.

If your spouse is not your designated beneficiary, the account stops being an HSA and the fair market value of your account becomes taxable to the beneficiary in the year in which you die.

MY TAXES*

After opening an HSA, it's important to know the impact it can have on your annual federal and state income taxes. Understanding the tax benefits, how to file for an HSA deduction and knowing the specific guidelines for your state will help you get the most from your HSA.

Tax advantages

Your HSA helps you lower your annual taxes in three ways.

- **Contributions** – Your contributions can be reduced from your taxable income, either by making pretax payroll deductions or contributing post-tax and listing the contributions on your federal income tax return.
- **Earnings** – Any interest earned in your HSA cash account and any increase in the value of your mutual fund investments are tax free, meaning that you do not have to list these as taxable income on your federal income tax return. No action is required to report these earnings.
- **Medical expense payments** – As long as you use the HSA for qualified health care expenses, you do not pay any taxes on the money that you have withdrawn from the account. This means that every time you make a qualified purchase, you are actually saving money.

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MY TAXES – continued*

Your tax savings

Every dollar you contribute to your HSA is tax exempt, up to the allowable IRS annual maximum contribution limit. That means the more you contribute, the more you can lower your annual taxes.

For example, depending on your current tax rate, a $2,500 annual HSA contribution could lower your annual taxes significantly – saving you as much as $1,016 a year.

$2,500 annual HSA contribution			
Federal tax rate	State tax rate	Payroll taxes	Estimated annual savings
15%	5%	7.7%	$691
25%	5%	7.7%	$941
28%	5%	7.7%	$1,016

For illustrative purposes only. Actual savings will vary.

Visit **Cigna.com/expenses** for a full list of eligible expenses.

Tax filing

You will receive a year-end summary and a 5498-SA form from the bank showing any contributions made to your HSA during the calendar year, in addition to the account's fair market value.

Additionally, if you made a withdrawal from your HSA during the calendar year, you will receive a form 1099-SA. If you have not made any withdrawals from your HSA during the calendar year, you will not receive a 1099-SA.

Additional information is available in IRS Publication 969 by visiting www.irs.gov. We also recommend you speak with a tax advisor regarding state-specific tax guidelines, as a handful of states do not follow federal guidelines.

MY TOOLS

myCigna.com

You have around-the-clock access to all your personalized health information in one convenient location. You can:

- Locate a health care provider
- Find cost-of-care estimates and physician-quality information before you receive treatment
- Check account balance information
- Submit reimbursement requests
- View your claims, transaction history and much more

24/7/365

Our Customer Service Advocates are available 24/7/365 to answer your questions – whenever it's most convenient for you.

- Call **866.494.2111** or the number listed on the back of your ID card
- Translation is available in more than 150 languages and dialects
- 24-hour Health Information Line staffed by clinicians

Cigna®

* HSA contributions and earnings are not subject to federal taxes and not subject to state taxes in most states. A few states do not allow pretax treatment of contributions or earnings. Similar to an IRA, you may still contribute to your HSA for the current tax year until the federal tax filing deadline of the next year, typically April 15. Contact your personal tax advisor for more information.