



# Benefits and Wellness: Employee Fact Sheet

## Health Savings Account (HSA)

A Health Savings Account (HSA) is a savings account that you own. You can use the pretax contributions you make to the account to pay for current and/or future qualifying healthcare expenses that are not fully covered by your medical, dental and vision insurance plans. The HSA has a triple-tax benefit: contributions are pretax, any growth is tax-free and qualified withdrawals are also tax-free. You can enroll, adjust contributions or cancel your HSA at any time during the year.

### HSA Details

**Eligibility:** In order to enroll and contribute to the HSA, you must meet the following criteria, according to IRS regulations:

- You must be enrolled in CU Health Plan – High Deductible.
- You cannot have any other medical plan coverage (that is not an IRS qualified High Deductible plan), including Medicare\* or TRICARE.
- You cannot be claimed as a dependent on someone else's previous year tax return.
- You cannot make contributions to both a Health Savings Account (HSA) and a Health Care Flexible Spending Account (HCFSA) at the same time.

**Plan Administrator:** CU's HSA is administered by [Optum Bank](#). Optum will mail you a welcome packet along with your HSA DebitCard. You can either pay with the debit card or pay out-of-pocket and reimburse yourself later from your HSA available funds. [Login to your account](#) to manage your account, name beneficiaries and allocate your investments.

**Using your Account:** This account is regulated by the [Internal Revenue Service \(IRS\)](#), who determines contribution limits and [qualifying expenses](#).

- You can enroll, cancel or make changes to your contribution at any time by submitting a new [HSA Authorization Form](#) or by calling the Benefits Administration office at 303-860-4200, option 3. If the form is submitted by the 10<sup>th</sup> of the month, it will be effective for that month's pay cycle. Otherwise, it will take effect the following month.
- The maximum amount the IRS allows you to contribute to your HSA:
  - For 2020: \$3,550 for individual coverage and \$7,100 for family (2+ members) coverage. If you are age 55 or older, you can make an additional catch-up contribution of \$1,000.
- Your HSA contributions are calculated on a calendar year basis. At the time of enrollment, you elect the yearly contribution, and that amount will be divided by the number of remaining pay periods in the year. Your final contribution will be December, however the same annual contribution will continue for the following calendar year (same amount divided by 12 months) unless you make changes.
- **HSA Open Enrollment:** Every November, Employee Services offers an HSA Open Enrollment period where you can go directly to your [employee portal](#) to enroll or update your contributions for the following calendar year.
- You may also make lump sum contributions by submitting the [HSA Authorization Form](#) to Employee Services.
- Funds in the account must be utilized on [qualifying expenses](#), or you will pay both taxes and penalties.
- You should keep itemized statements/invoices to support your [qualifying expenses](#) since the IRS may require you to substantiate a transaction.

## Resources

[Optum Bank](#)

[CU Plan Document](#)

[How to Use your HSA \(Optum video\)](#)

[HSA Authorization Form](#)

[HSA and FSA Comparison](#)

[Internal Revenue Service \(IRS\) Publication 969](#)

[Internal Revenue Service \(IRS\) Publication 502- Expenses](#)

[Qualifying Expenses](#)

## Effect on Social Security

HSA dollars are deducted from your pay pretax, meaning before federal, state, Social Security and Medicare taxes are paid. Participating in the HSA may reduce slightly the salary on which annual contributions to Social Security are calculated, which may result in a reduction of the Social Security benefits received at retirement.

## Effect on PERA

The Health Savings Account (HSA) does not affect your PERA's highest average salary calculation.

## Questions

For questions about the plan, how to enroll online or via form, speak to our Benefits Professionals by calling 303-860-4200, option 3, Monday to Friday, 8:00 a.m. to 5:00 p.m.

For questions about your account, debit card, balance or any other questions, visit [www.optumbank.com](http://www.optumbank.com) or call 1-844-326-7967.

\*If you contribute to an HSA after your Medicare coverage starts, you may be subject to tax and penalties. Medicare Part A coverage will be backdated six months prior to the date you apply for Medicare Part B or Social Security Benefits, but no earlier than the first the month you were eligible for Medicare. To avoid a tax penalty, you should not contribute to your HAS up to 6 months prior to enrolling in Medicare.