

Health Savings Account (HSA)

Accountholder frequently asked questions (FAQs)

You can use your HSA to pay for current and future qualified medical expenses — tax free.¹ The Wells Fargo HSA consists of a Federal Deposit Insurance Corporation (FDIC)-insured, interest-bearing deposit account and an investment account.² It comes with access to *Wells Fargo Online*® for easy account management, and is tied to the Wells Fargo Visa® HSA debit card, making it a convenient way to pay for qualified medical expenses.

If you have questions not covered in this FAQ document, please call Wells Fargo HSA Customer Service at **1-866-884-7374**, Monday through Friday, from 7:00 a.m. to 8:00 p.m. Central Time. More resources are available online at wellsfargo.com/hsaresources. We are here to help you get the most out of your HSA.

Your HSA deposit account

What is the HSA deposit account?

Your HSA deposit account consists of an FDIC-insured, interest-bearing cash account, similar to a checking account.

What is the available balance?

The available balance is the cash amount in your HSA deposit account. This is the amount available for making withdrawals and purchases with your HSA. The HSA deposit account is protected by FDIC insurance and earns interest.

Do I earn interest on the cash in my HSA?

Yes, you may earn interest on the cash in the deposit account component of your HSA. Interest rates are subject to change. Current rates are posted at wellsfargo.com/hsa under Managing your HSA.

How much can I contribute to my HSA?

For 2015, the annual IRS contribution limits are \$3,350 for individuals or \$6,650 for families. Individuals age 55 and over may also contribute an additional \$1,000 per year in catch-up contributions. If you were eligible to make HSA contributions in the prior tax year, you may make prior-year contributions to your HSA up until the deadline for filing your federal income tax return, which is typically April 15.³

Your personal contribution limit may be lower than Internal Revenue Code maximums. Individuals are responsible for calculating and monitoring their contribution limits — Wells Fargo does not calculate or monitor your contribution limit. **Information about how to make contributions to your account is covered on page two of this document.**

Your HSA investment account²

When can I start to invest with my HSA?

You can start to invest in the available HSA mutual funds when you have reached the minimum balance of \$2,000 in the FDIC-insured deposit account.⁴ You may preselect investment elections for contributions exceeding the \$2,000 minimum

deposit account balance requirement. Your contributions will be automatically directed into the investments you've selected once the minimum balance is met.⁵

What investment options are available?

Wells Fargo offers a wide array of no-load HSA mutual funds to meet a variety of investing goals and objectives. An overview of the HSA mutual fund options is available at wellsfargo.com/hsainvesting. **Information about activating your investment account and managing your investment portfolio are covered on page three of this document.**

Accessing and managing your HSA

Where can I get information about my account activity?

You will receive a monthly account statement that lists your HSA deposit account balance, investment details, and all transactions, including your HSA debit card transaction details. It also includes a year-to-date contribution summary. Your monthly transaction activity is also available online through *Wells Fargo Online*. See the following questions for more information.

How do I access and manage my HSA online?

Wells Fargo Online makes it fast and easy for you to manage your Wells Fargo HSA anytime.

- View your available balance.
- Review detailed account activity, including your HSA debit card transactions.
- Maintain your account profile.
- Make a one-time or recurring contribution to your HSA (current or prior year).

Together we'll go far



- Create an automatic transfer to investments. You can turn auto transfer on or off at any time.
- View online tax documents and monthly statements.
- Use online distributions to make transfers into your Wells Fargo bank account — a great way to reimburse yourself for out-of-pocket expenses, and much more.

How do access Wells Fargo Online?

If you are a new user, you will need to follow these steps to sign on:

1. Visit wellsfargo.com and select “Sign Up” at the top of the page.
2. Follow the steps to create a personal username and password. You will need your Health Savings Account number or your Wells Fargo HSA debit card number and Personal Identification Number (PIN) for online registration.
3. Once you are signed on, select your account from the Account Summary screen.

Are you already a *Wells Fargo Online* customer? Just select your account from the Account Summary screen.

What account information can I access by calling the automated phone line?

The automated phone line will allow you to:

- Obtain your deposit account balance
- Hear recent account activity
- Report a lost or stolen HSA debit card
- Customize your HSA debit card PIN
- Locate Wells Fargo retail banking stores or ATMs

You can access the automated phone line by calling Wells Fargo HSA Customer Service at 1-866-884-7374, Monday through Friday, 7:00 a.m. to 8:00 p.m. Central Time. In order to access your account information, you will be prompted to enter your account number or HSA debit card number and PIN. If you have changed your PIN from the one that was initially assigned to you, please enter the most recent PIN.

Making contributions to your account

How do I contribute money to my HSA?

You can contribute money directly to your HSA anytime through *Wells Fargo Online*.

To make a one-time contribution or schedule recurring contributions to your HSA, follow these steps:

1. Access your account by signing on to *Wells Fargo Online* at wellsfargo.com
2. From the Account Summary screen, select your account
3. Under **Manage Your HSA**, select **Deposit to HSA**

Note: You will need to have your bank account information for the checking or savings account from which you are requesting the funds to be debited.

Additionally, you can either use the coupon that’s included with your monthly HSA statement or make contributions to your account in a Wells Fargo retail banking store using a standard account deposit slip.

If your HSA is through your employer benefits, you may also be able to make contributions through automated payroll deductions. Check with your employer to find out if they offer this service.

Regardless of how you contribute, it’s important not to exceed the maximum annual contribution limit set by the IRS. If you have questions on how this limit applies to you, please consult your tax advisor. Wells Fargo does not calculate or monitor your contribution limits. Individuals are responsible for calculating and monitoring their contribution limits.

Can contribution amounts be changed during the year?

Yes. You may make changes to the recurring contributions that you have set up anytime during the year through *Wells Fargo Online*. If you have automatic payroll deductions through your employer, you should contact your employer directly to make changes.

What if I change jobs, enroll in Medicare, or simply work for an employer whose benefits renew midyear?

IRS rules state that contribution limits must generally be prorated by the number of months you participate in an HSA-qualified health plan without additional, disqualifying coverage.⁶

If you change coverage to or from a health plan that is HSA-qualified, you will need to recalculate your eligible HSA contribution limit.

Eligibility is based on your coverage on the first day of the month.

To calculate your contribution limit, take the total annual contribution you can make, multiply it by the number of months you qualify, and then divide that amount by 12.

If you are joining an HSA-qualified plan midyear, there is a provision which may allow you to contribute up to the maximum annual limit, even though you did not have qualifying coverage all year. To qualify, the IRS requires that you be HSA-eligible on December 1 and maintain HSA-qualified coverage through December 31 of the following year (this is referred to as the testing period).⁶

If you enroll in disqualifying coverage (including Medicare) midyear, you will need to prorate your HSA contribution limit.⁶

If a husband and wife have a family HSA-qualified health plan and one spouse has no other coverage and the other spouse is enrolled in Medicare, then the spouse with Medicare is not eligible to contribute to an HSA. The spouse with no other coverage may contribute up to the 2014 maximum of \$6,550 to an HSA.¹

Contribution rules are complex. Please consult IRS Publication 969 and your tax advisor with questions.

Investment account set-up and transactions

How do I activate my investment account?

1. Access your account by signing on to *Wells Fargo Online* at wellsfargo.com
2. From the Account Summary screen, select your account
3. Select the **HSA Investments** tab at the top of the page
4. Select the **Activate HSA Investment Account** button

After your account is activated, you can sign on to set up the HSA mutual funds you want to invest in.

Please note: Once an investment account is opened and the automatic transfer feature is activated, balances in your FDIC-insured deposit account that exceed the \$2,000 minimum⁴ threshold will be automatically transferred to your preset investment elections.⁵

How do I set up or change my investment elections?

You can set up or change your investments anytime through *Wells Fargo Online*. It's a good idea to set up your investment elections before you reach the \$2,000 minimum deposit account balance⁴ so your contributions will be automatically directed into the investments you've selected:

1. Access your account by signing on to *Wells Fargo Online* at wellsfargo.com
2. From the Account Summary screen, select your account
3. Select the **HSA Investment** tab at the top of the page and then click on the **Manage HSA Investments** button to be taken to the investment website
4. Select **Change Investments and Elections** under the **Actions & Investments** tab

How do I transfer money from my investments to my deposit account?

If you need to transfer money from your HSA investments to your HSA deposit account to pay for qualified medical expenses, you can liquidate a portion or all of your mutual fund holdings and transfer the proceeds to your HSA deposit account.

1. Access your account by signing on to *Wells Fargo Online* at wellsfargo.com
2. From the Account Summary screen select your account
3. Select the **HSA Investment** tab at the top of the page and then click on the **Manage HSA Investments** button to be taken to the investment website
4. Select **Change Investments and Elections** under the **Actions & Investments** tab and follow the instructions

What is the cutoff time for an investment transfer to be processed by the end of the business day?

In order for your investment transfer to be processed by the end of the business day, the request must be submitted before 3:00 p.m. Central Time.

Using your HSA

What are qualified medical expenses?

To help you determine whether an expense qualifies for tax-free¹ reimbursement under your HSA, [Internal Revenue Code Section 213\(d\)](#) states that eligible expenses must be made for "medical care." This is defined as amounts paid for the "diagnosis, cure, mitigation, treatment or prevention of disease, or for the purpose of affecting any structure or function of the body."

Examples of common qualified medical expenses include:

- Acupuncture
- Ambulance services
- Artificial limb or prosthesis
- Dental treatment
- Contact lenses
- Doctor's fees
- Hearing aids and hearing aid batteries
- Hospital services
- Laboratory fees
- Prescription medicines or drugs
- Nursing home
- Nursing services
- X-rays

Expenses for over-the-counter (OTC) drugs are not eligible for payment or reimbursement from an HSA without a doctor's prescription. A few examples of OTC medicines that require a doctor's prescription for payment or reimbursement from an HSA are:

- Cold, cough, and flu medications
- Allergy and sinus medications
- Pain relief medications
- Acid controllers
- Sleep aids and sedatives

Insulin and prescribed drugs are eligible for payment or reimbursement from an HSA. You should save your receipts and doctor's prescriptions for OTC medicines for tax purposes.

Qualified medical expenses are eligible for reimbursement through your HSA, as long as they are not reimbursed through insurance or other sources. Although insurance premiums are generally not considered qualified medical expenses, the following types of insurance premiums typically do qualify:

- Health care continuation coverage (such as COBRA)
- Qualified long-term care insurance
- Any health care coverage maintained while receiving unemployment compensation under federal or state law
- For accountholders age 65 and over (those eligible for Medicare), premiums for any health insurance (including

Medicare and Medicare Part D premiums) other than a Medicare supplemental policy

As the HSA owner, you are ultimately responsible for determining whether a healthcare expense is eligible for reimbursement from your HSA. Wells Fargo does not determine whether claims qualify for tax-free¹ reimbursement. Consult a tax advisor for personalized tax advice.

For more information about qualified medical expenses, please visit wellsfargo.com/hsaqualifiedexpenses or call Wells Fargo HSA Customer Service at 1-866-884-7374, Monday through Friday, 7:00 a.m. to 8:00 p.m. Central Time.

Can I use funds from an HSA for nonqualified medical expenses?

Yes, but you'll be required to pay income tax and a 20% tax penalty on the amount you use for nonqualified medical expenses. (The 20% penalty doesn't apply to distributions made after your death or disability, or after you've reached age 65.)

How can I use the funds in my HSA?

There are several ways to access your HSA funds:

- Use your HSA debit card to pay any merchant that accepts Visa debit cards.
- Visit more than 6,000 Wells Fargo retail banking stores to make deposits, withdrawals, and transfers.
- Make withdrawals at any ATM displaying the Visa or Plus[®] logos worldwide.
- Use HSA checks to pay merchants for qualified medical expenses. (To order checks for your HSA, please call Wells Fargo HSA Customer Service at 1-866-884-7374, Monday through Friday, 7:00 a.m. to 8:00 p.m. Central Time.)
- You can also pay for qualified medical expenses using cash or your personal credit or debit card. Then, reimburse yourself by making a withdrawal from your HSA at an ATM or at a Wells Fargo retail banking store using your HSA debit card. You can also send in a reimbursement request to pay yourself back by check or electronic deposit.
 - To make an online distribution to another Wells Fargo account:
 1. Access your account by signing on to *Wells Fargo Online* at wellsfargo.com
 2. From the Account Summary screen, select your account
 3. Under **Manage Your HSA**, select **Withdraw from HSA** and choose the Wells Fargo account that you want to transfer your HSA funds to

Can an HSA be overdrawn? Do fees incur as a result?

Yes, an HSA can be overdrawn. There is no overdraft fee, but an HSA can be overdrawn for a variety of reasons. If your HSA does become overdrawn, it is important to resolve it quickly or your account may be closed.

Here are some examples of transactions that could cause an HSA to become overdrawn:

- The available balance (the cash balance) in your HSA deposit account was insufficient to cover the monthly service fee or other account fees.
- A contribution (or deposit) to your HSA could not be processed and those funds were removed from your account.
- A transaction on your HSA debit card was approved at the time of purchase, but the available balance in your HSA deposit account was insufficient to cover the transaction when processed.
- While waiting for an approved transaction(s) on your Wells Fargo HSA debit card to be processed to your account, other transactions on your debit card were processed and your deposit account was left with insufficient funds to cover the initial, approved transaction(s).
- You may have requested direct reimbursement from your Wells Fargo HSA for an out-of-pocket expense. While that request was in process, another transaction was processed first, leaving an insufficient balance in the account to cover the direct reimbursement request.

Understanding your Wells Fargo Visa HSA debit card

When will I receive my HSA debit card?

You will receive your HSA debit card and your personal identification number (PIN) within 10 business days of enrolling in the Wells Fargo HSA. For security, the HSA debit card and PIN will arrive in separate mailings.

How does the HSA debit card work with the HSA?

Your HSA debit card is tied to the available deposit account balance in your HSA. The HSA debit card can be used to pay for qualified medical expenses billed from an insurance company, at a doctor's office or pharmacy, or at any merchant that accepts the Visa debit card. You can also use the card to make withdrawals from your HSA at an ATM.

Can I order HSA debit cards for my spouse or dependents?

Yes, you can order HSA debit cards for your spouse or dependents by following these instructions:

1. Access your account by signing on to *Wells Fargo Online* at wellsfargo.com
2. From the Account Summary screen, select your account
3. Under **Manage Your HSA**, select **Order HSA dependent card**

Please have your dependent's name, mailing and physical address, Social Security Number, date of birth, phone number, and residency information when you begin.

If I order a debit card for my dependents, what do my dependents and I need to know about the debit card?

- Your dependents will have access to your HSA funds with the dependent debit card. Dependents do not have any HSA

ownership rights and cannot request any changes to the HSA.

- The dependent HSA debit card can be used to pay for goods and services that are qualified medical expenses, or for reimbursing qualified medical expenses paid out-of-pocket by withdrawing cash at an ATM.
- The card can be used at any merchant that accepts Visa debit cards for payment or to withdraw cash at Wells Fargo ATMs or any other ATM with a Visa or Plus® logo. If given the option when making a purchase, select “credit” for payment and sign for the purchase.
- Dependents should keep all of their receipts and provide them to the HSA account owner.
- There is a daily spending limit on the dependent debit card. The amounts are listed with the card when it is initially mailed. Dependents cannot change this amount; only the HSA owner can request a change to the spending amount.
- Dependents can access your balance and transaction history, as well as the transaction history of all dependents, by telephone, ATM, or at any Wells Fargo retail banking store.
- You are responsible for any transaction initiated by your dependent(s).
- You may be required to pay taxes and penalties for distributions if your dependent(s) use the dependent debit card for nonqualified medical expenses.
- Dependents have no authority to manage any portion of your HSA, including ordering or writing of checks, maintenance of your account, or buying or selling of investment funds.
- For more information on dependents’ responsibilities and rights, please read the Card Terms of Use, which are mailed with each HSA debit card.
- For service questions, call Wells Fargo HSA Customer Service at 1-866-884-7374, Monday through Friday, 7:00 a.m. to 8:00 p.m. Central Time. You can:
 - Obtain the balance on the HSA by following the prompts when you call the service center; you will need to enter your card number and your PIN.
 - Call immediately if your card is lost or stolen; we will close your card and order you a card with a new card number.
 - Change your address or update your personal information; be sure to inform the HSA owner of your changes.

If I am at the ATM and it asks me to indicate what type of account I have, what do I choose?

Choose checking.

Do I choose debit or credit on the signature pad when I make a purchase using my HSA debit card?

Choose credit. Also, it’s important to note that you cannot get cash back from your HSA debit card when you make a purchase at a merchant.

I received my new HSA debit card, but did not receive the PIN. How do I get the PIN?

For security reasons, your PIN will be mailed separately from your debit card. However, you can also visit a Wells Fargo retail banking store to get your HSA debit card PIN. If you are not near a Wells Fargo retail banking location, you can call Wells Fargo HSA Customer Service at 1-866-884-7374. To ensure your security, we require that the accountholder contact Customer Service to get a PIN, rather than your spouse or dependent.

How do I change my HSA debit card PIN?

You can change your PIN at any Wells Fargo ATM or Wells Fargo retail banking store, or by calling the automated phone line at 1-866-884-7374. If using the automated system, enter your HSA deposit account number or HSA debit card number and follow the prompts. If you plan to change your PIN at a Wells Fargo ATM, you will need to know your current PIN in order to make the change.

Who do I contact if I think there have been unauthorized transactions on my HSA debit card?

If you think there are unauthorized transactions on your HSA debit card, please call Customer Service immediately at 1-866-884-7374 and choose option #4.

Taxes and your HSA

What tax reporting does Wells Fargo provide as part of the HSA administration?

Wells Fargo provides IRS Form 1099-SA and IRS Form 5498-SA for accountholders. IRS Form 1099-SA reports the distributions you took from your HSA. It is mailed in January of each year. IRS Form 5498-SA is mailed in May so it reflects all contribution activity in your Wells Fargo HSA during the previous tax year, which can be made up until the deadline for filing the federal income tax return for the current year. Additionally, accountholders may access the two most recent annual tax forms online through *Wells Fargo Online*.

Do I need to file any special forms with my federal tax return to report contributions to my HSA?

Yes. You will need to file IRS Form 8889-Health Savings Accounts with your federal tax return. Please consult a tax advisor if you have specific questions.

Will I have to pay tax penalties on the monthly fees that Wells Fargo deducts from an HSA?

No. The IRS has stated that administration and account maintenance fees withdrawn directly from the HSA are allowable withdrawals and, therefore, not subject to taxes or penalties.

What are the HSA guidelines for domestic partners?

The federal tax rules governing HSAs and domestic partners vary depending on whether the domestic partner is a tax dependent. Consult your tax advisor whether your domestic partner is a tax dependent.

If your domestic partner is a tax dependent, HSA disbursements from your account for your domestic partner's qualified medical expenses are tax-free.¹

Your domestic partner cannot contribute to his or her own HSA. Individuals who can be claimed as dependents on a tax return are not eligible to open their own HSA.

If your domestic partner is not a tax dependent, HSA disbursements from your account for your domestic partner's medical expenses will be taxable, and will also be subject to the 20% penalty tax (the 20% penalty doesn't apply to distributions made after death or disability, or after the account holder reaches age 65). However, your domestic partner may open his or her own HSA and contribute up to the annual family IRS maximum amount if he or she is covered under an HSA-qualified health plan. An HSA for your domestic partner can be opened as long as the domestic partner is in a qualifying high-deductible health plan.

Please note: This assumes that you have family medical coverage under your qualifying health plan, cover your domestic partner as a dependent, and that your domestic partner has no disqualifying coverage and is otherwise HSA-eligible.

Life changes and your HSA

What happens if I change jobs or health plans?

HSAs are owned by the individual, so if you change jobs or health plans, you may elect to keep your HSA at Wells Fargo or roll the funds into an HSA at another qualified institution. Your eligibility to continue to contribute to the HSA will depend, in part, on the type of health insurance you have.

Can I use money in my HSA to pay expenses for my adult children?²

U.S. healthcare reform legislation extended coverage for adult children for family health plans until they turn age 26. The "age 26" change did not extend to the use of the HSA because HSAs are covered under a different section of the tax code. If you list

your adult child as a tax dependent on your federal income tax return, you may typically use the money in your HSA for eligible expenses for that adult child, regardless of age.

If your adult child is not listed as a tax dependent on your federal income tax return, you may not use the money in your HSA for that adult child — even if they are covered by your qualified high-deductible medical plan. If your adult child does not qualify as a tax dependent, any HSA distributions for the adult child may be subject to income tax and a penalty tax. If your adult child is covered under your qualified high-deductible medical plan and is not your tax dependent, your adult child may be able to open his/her own HSA and contribute up to the allowable family maximum.

What happens to the money in my HSA upon death?

Upon death, if your spouse is the designated beneficiary, he or she will become the owner of the HSA without tax consequences. If you designate another person as the beneficiary of your HSA, the HSA ceases to be an HSA on the date of death and the value of the HSA at death is taxable to the nonspouse beneficiary in the year in which you die. If your estate is your beneficiary, the value of your HSA at death is includible on your final tax return.

What happens to HSA funds upon divorce?

Your divorce decree should specify if and how the HSA balance should be split between the spouses. Transfers incident to divorce must be done as trustee-to-trustee transfers. Please contact Wells Fargo HSA Customer Service for any questions.

Questions?

For more information please visit wellsfargo.com/hsa, or contact Wells Fargo HSA Customer Service at 1-866-884-7374, Monday through Friday, from 7:00 a.m. to 8:00 p.m. Central Time.

All information provided here is intended as a convenient source of tax information. This information is general in nature, is not complete, and may not apply to your specific situation. Before relying on this information, you should consult your own tax advisor regarding your tax needs. Wells Fargo makes no warranties and is not responsible for your use of this information or for any errors or inaccuracies resulting from your use.

¹ All tax references are at the federal level. State taxes vary. Please consult a tax advisor.

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

² Individual contribution limits may be lower than IRS maximums. Individuals are responsible for monitoring their contribution limits. Consult your tax advisor with questions about how limits apply to your situation.

³ The minimum transfer amount to investments from the FDIC-insured deposit account is \$20.00.

⁴ If you activate the automatic transfer feature and do not preselect investments, funds will be invested in the default fund — *Wells Fargo Advantage Cash Investment Money Market (S)* - NWIXX until you make other investment elections.

⁵ Contact your insurance provider if you have questions on whether your health coverage is HSA-qualified. If you are enrolled in or your spouse is enrolled in a Flexible Spending Arrangement (FSA) it may disqualify you from making HSA contributions. Other HSA-eligibility criteria apply including: cannot be enrolled in Medicare, cannot be covered in a health plan that is not an HSA-qualifying plan, with limited exceptions, cannot have received VA medical benefits in the past three months, cannot be eligible to be claimed as a dependent on someone else's tax return.

Wells Fargo reserves the right to add or remove funds at any time.

Deposit products offered by Wells Fargo Bank, N.A. Member FDIC.

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