

Say hello to your health savings account



A health savings account allows you to save money for qualified medical expenses that you're expecting, such as contact lenses or monthly prescriptions, as well as unexpected ones – for this year and the future.

Why have an HSA?

You own it

The money is yours until you spend it, even deposits made by others, such as an employer or family member. You keep it, even if you change jobs, health plans or retire.

Tax savings

HSAs help you plan, save and pay for health care, all while saving on taxes.

- The money you deposit is federal income tax-free.
- Savings grow income tax-free.
- Withdrawals for qualified medical expenses are also income tax-free.

It's not just for doctor visits

Once you've contributed to your account, you can use the funds in your HSA to pay for qualified medical expenses such as:

- Dental care, including extractions and braces
- Vision care, including contact lenses, prescription sunglasses and LASIK surgery
- Prescription medications
- Certain over-the-counter drugs and medications
- Chiropractic services
- Acupuncture

Save for the future

Your HSA rolls over from year to year, so you can continue to grow your savings and use it in the future – even into retirement.



Contribution limits

There are contribution limits, set by the Internal Revenue Service and adjusted annually.

These limits are:

- **\$4,150** for individual coverage in 2024
- **\$8,300** for family coverage in 2024
- **\$1,000** extra if you're 55 or older, also known as catch-up contributions

These contribution limits include any seed funds provided by your employer, so be sure to factor that in when planning your own contribution amount.

Who can open an HSA?

You can have an HSA if you are enrolled in a qualifying consumer-driven health plan or Local CDHP plan offered by the State Group Insurance Program.

In addition, you must meet the following requirements as defined by the IRS:

- Be covered under a consumer-driven health plan on the first day of a given month.
- Not be covered by any other health coverage except what is permitted (dental, vision, disability and some other types of additional coverage are permissible).
- Not be enrolled in Medicare, Social Security benefits, TRICARE or TRICARE for Life.
- Have not received Department of Veterans Affairs benefits within the past three months, except for preventive care. If you're a veteran with a disability rating from the VA, this exclusion does not apply. If you're eligible for VA medical benefits, but did not receive benefits during the preceding three months, you can enroll in and make contributions to your HSA. If you receive VA benefits in the future, then you're not entitled to contribute to your account for another three months. However, if your veteran's hospital care or medical service was for a service-connected disability, you may contribute to your HSA.
- Have not received care from the Indian Health Services within the past three months.
- Not be claimed as a dependent on someone else's tax return.
- You do not qualify for a medical flexible spending account, if you are enrolled in the CDHP/HSA. You may, however, have a limited purpose FSA for vision and dental expenses only.

Other restrictions and exceptions also apply. Consult a tax, legal or financial advisor to discuss your personal circumstances.

Open your account

Check with your employer or benefits specialist to learn about your company's application process. You may be able to sign up through your employer or enroll at optumbank.com/tennessee. You cannot use your HSA to pay for medical expenses you had before you opened your account – so be sure to open your HSA as soon as you are eligible.

And be sure to save your receipts. For a full list of qualified medical expenses, visit [irs.gov](https://www.irs.gov).



Have questions?

Visit optumbank.com/tennessee or download the mobile app.



Contributions add up quickly

When Marcus started his new job, he decided to open an HSA and contribute \$100 per month. Because he hasn't had many medical expenses, he decided not to touch the balance during his first year. Here's how his contributions added up:

Monthly contribution: **\$100**

Annual contribution: **\$1,200**

Annual income tax savings: **\$452**

25% federal | 5% state | 7.65% FICA

Use the HSA Calculator on optumbank.com/tennessee to help determine your contributions and see how much you can save on taxes.



Download the mobile app

Make your health dollars go further. You can pay bills, view transactions, upload receipts and more. Download today on your Apple or Android device.



Health savings accounts are individual accounts offered or administered by Optum Bank®, Member FDIC, and are subject to eligibility requirements a subsidiary of Optum Financial, Inc., and restrictions on deposits and withdrawals to avoid IRS penalties. State taxes may apply. Fees may reduce earnings on account. This communication is not intended as legal or tax advice. Federal and state laws and regulations are subject to change.

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How Pete saves more with two health accounts

Limited purpose flexible spending account



What is the advantage of having an Optum Financial limited purpose FSA?

A limited purpose flexible spending account is like a medical flexible spending account, except that eligible expenses are limited to dental and vision.

By limiting FSA reimbursements to dental and vision care expenses, you (and your eligible dependents) can have both a limited purpose FSA and a health savings account. Participating in both plans allows you to maximize your savings and tax benefits.

Pete's health accounts work together

Pete has an HSA that he uses to plan, save and pay for current and future qualified health care expenses. His employer also offers a limited purpose FSA. Although HSA funds can be used as well, Pete decides to contribute to a limited purpose FSA to cover eligible dental and vision expenses for the year. This allows him to preserve his HSA dollars for future medical expenses.

Pete reviews the list of eligible expenses and determines what he needs to contribute to his limited purpose FSA to cover his family's vision and dental needs. Pete's annual election is deducted before taxes and may be withdrawn throughout the plan year. His full election amount is available for reimbursement at the start of the plan year.

Pete can save an additional \$941 in taxes

Pete estimates that new eyeglasses and dental work will cost about \$2,500. He decides to have this amount deducted from his paycheck over the year, before taxes. With a \$2,500 election to his limited purpose FSA, his tax savings add up. Even if he leaves a few dollars in his account at the end of the year, he may save more in taxes.



Hypothetical example is for illustration purposes only. Costs, circumstances and tax rates may vary.

Pete wears contacts. Now he needs new eyeglasses and dental surgery.



It's easy to pay for expenses

The Optum payment Mastercard® is fast and convenient.


- Use it at any dental clinic or vision center that accepts Mastercard®.
- No paper claims forms. No out-of-pocket costs. No waiting for reimbursements.
- Card transactions happen in real time.

Or, Pete can pay with cash, a personal check or credit card, and then submit a claim online at optumbank.com/tennessee or on the mobile app. Pete can also ask Optum Financial to deposit reimbursements for claims directly into his savings or checking account.

Here’s what you should know about your Optum Financial limited purpose FSA and how it works with your HSA

- The total amount you decide to contribute to your limited purpose FSA is available at the start of the plan year or shortly after you enroll. The funds you contribute to your HSA are available as they are deposited.
- Your FSA contribution amount cannot be changed unless there is a change in status. A change in contribution amount to your HSA does not require a status change.
- Unused funds in your limited purpose FSA greater than \$610 are forfeited at the end of the plan year, but any balance of \$610 or less can be carried over into the next plan year. If you leave your employer, COBRA may apply. Your HSA funds roll over year after year and are yours to keep, even if you leave the company or retire.

Examples of a limited purpose FSA eligible expenses	What expenses are not covered under a limited purpose FSA?
<ul style="list-style-type: none">• Visits to the dentist• Copays and out of pocket cost for dental and vision services• Braces• Eye exams• Contact lenses• Lasik eye surgery• Prescription eyeglasses• Reading glasses• Some transportation and travel expenses for person receiving dental or vision care	<ul style="list-style-type: none">• Dental whitening procedures and kits• Insurance premiums• Medical expenses, including deductibles, coinsurance and copays• Alcohol and drug rehab expenses• Prescription medicines• Over-the-counter medicines• Cosmetic procedures• Expenses for services incurred after the plan year



It's simple for Pete to manage his limited purpose FSA

Optum Financial gives Pete the resources he needs to make the most of his health care dollars. He can sign in to his account any time at optumbank.com/tennessee or through the mobile app. He can upload a receipt, check his balance or get messages.

Dependent care flexible spending account



Start saving today

Sign up for an Optum Financial DCFSA during benefits enrollment.

Save on taxes

With an Optum Financial dependent care flexible spending account, you can save for day care, child care, nursery school and preschool tax-free. If you're working, you're able to use your account to pay for the care of your child under the age of 13 or to care for qualifying dependent adults, like elderly parents, who can't care for themselves.

How it works

You can enroll in a dependent care FSA as long as you and your spouse are working, looking for work or are a full-time student.

With a dependent care FSA, you choose how much to contribute, up to a maximum of \$5,000 per household, per year. Your employer deducts this amount from each paycheck, before taxes. You don't have to pay federal, state or payroll taxes on the money credited to your account, although a couple of states do tax contributions. You save money as you lower your income taxes.

Dependent care funds are deposited every pay period

The money you contribute to your dependent care FSA is deducted from your paychecks and deposited into your account. The total funds you contribute annually are not immediately available at the beginning of the plan year. This is an important difference between a dependent care FSA and a medical FSA.

As soon as you have money in your dependent care FSA, you can use it to pay for eligible dependent care expenses. Please note, an Optum Bank payment Mastercard® is not provided for a dependent care FSA.

Important things to know about your account

How to enroll

Things to consider:

- What dependent care services will you need during the year?
- How often will you use these services?
- How much will everything cost?

Support and account information

Your account information is available anytime at optumbank.com/tennessee.

Changing your contributions

In special situations – if you have a baby, adopt a child or become responsible for an adult – you may be able to adjust the amount you contribute to your dependent care FSA. This is called a change in status. If you have a change in status, your benefits representative can help you adjust your contributions. If you leave employment, you will have 90 days to continue to file claims against your remaining balance, and any claims that you file must be for the current plan year until your last date of employment.

Health accounts can affect your taxes

Depending on your taxable income, a dependent care FSA may save you more money than the tax credit on your income tax filing. You can't claim a dependent care tax credit on your federal income tax return for services that were reimbursed by your dependent care FSA. Consult a tax advisor to see what option is best for you.

It's simple to manage your account

Optum Financial gives you the resources you need to make the most of your health care dollars. Access your account anytime at optumbank.com/tennessee or through our mobile app.

Save for day care, child care, preschool, summer day camps and adult day care.

You may be able to use your account to pay for:

- Nursery school and preschool
- Eligible child care
- Before and after school programs
- Babysitters
- Adult day care for an elderly dependent

For a full list of eligible expenses, contact your benefits representative.

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Flexible spending accounts, dependent care assistance programs, health reimbursement arrangements, Commuter and Parking Benefits, Tuition Assistance Plans, Adoption Assistance Plans, Surrogacy Assistance Plans, Wellness Benefits, and Lifestyle Accounts (collectively, "Employer-Sponsored Plans") are administered on behalf of your plan sponsor by Optum Financial, Inc. or ConnectYourCare, LLC (collectively, "Optum Financial") and are subject to eligibility and restrictions. Employer-Sponsored Plans are not individually owned and amounts available under the Employer-Sponsored Plan are not FDIC insured.

This communication is not intended as tax or legal advice. Please contact a legal or tax professional for advice on eligibility, tax treatment, and restrictions. Please contact your plan administrator with questions about enrollment or plan restrictions. Federal and state laws and regulations and the design of your plan are subject to change.

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Optum Financial[®]

**PARTNERS
FOR HEALTH**



Helping you take care of your financial health

Making the most of your flexible
spending account



We keep it simple

Your health and your money are two of your most important assets. You've enrolled in an Optum Financial flexible spending account – a great first step toward taking care of them both. Now use this guide to help you save hundreds – or even thousands of dollars per year with your Optum Financial FSA.

Paying for expenses

The Optum payment Mastercard® is the fastest, most convenient way to pay for FSA-eligible expenses. With it, there's no need to pay cash for out-of-pocket expenses, no waiting for reimbursements and no paper forms to complete. Plus, card transactions happen in real time, so your account balance is always up to date.

You'll receive two payment cards by mail. Keep one for your own use and share the other with a spouse or dependent, or save it as a backup.

Or you can pay for eligible expenses with your own cash, check or credit card. Then you can submit a claim to be reimbursed. Submit claims by signing into your account at **optumbank.com/tennessee**. You can also submit your reimbursement request on the mobile app or by submitting a paper claim form with documentation by email, mail or by fax.

You can choose how you want to be reimbursed – with a check or by direct deposit into your bank account. Direct deposit is quicker and easier. If you choose check reimbursements, you'll need to have a minimum of \$25 in claims before we issue a check.



Your Optum payment card makes it easy to pay for eligible health care expenses.

Save your receipts

It's very important to save all itemized receipts when you use your Optum payment card. Receipts must include the date, the service or product obtained, what you paid and the name of the provider. From time to time, we may ask you to send us a receipt to confirm that you used your card for an eligible expense.

Saving itemized receipts is a requirement of the IRS. Failure to provide documentation of a payment card purchase when requested may lead to your card being deactivated and your expense reported to your employer as a taxable expense.

Make your health dollars go further

The mobile app is the easiest way to check your balance, submit and review claims, and get messages—even when you're in line at the pharmacy. You can snap a photo of a receipt using your device's camera and upload it to your account to document your claim.

Information at your fingertips

Here are a few of the things you can do faster and easier online:

- View account balances and upcoming payments
- Receive notices of claim denials with information on how to repay your account or submit receipts
- Sign up to use our mobile app
- Change your reimbursement method from check to direct deposit
- Manage your personal information, such as your email address, bank account for direct deposit and dependent information
- Download service forms
- Sign up for text alerts (normal texting charges from your carrier apply)

We make the Optum Financial dependent care FSA just as easy

If you have a dependent care FSA too, you can use the mobile app and website to manage your account. An important difference, though, from a medical FSA is that you cannot be reimbursed from a dependent care FSA until enough money has been withdrawn from your paycheck to fund the account. You can find the balance available for claims reimbursement on our website and through our mobile app. Please note, the dependent care FSA does not include the use of your Optum payment card.



Questions?

Visit optumbank.com/tennessee

Contribution limits

Your employer's plan sets an annual limit on the amount you can contribute to your FSA. Be sure to check your plan documents to learn your contribution limits.

Don't leave money behind

Your medical and limited purpose FSA funds are available on day one of your plan. If you have a dependent care FSA, funds are available as they accumulate from your payroll deductions. Your medical FSA and limited purpose FSA have a carry-over feature that allows you to carry over up to \$610 into the next flexible benefits plan year. Any balance greater than \$610 remaining in your account on Dec. 31 each year will be forfeited.

The dependent care FSA does not have a carry-over feature. All flexible benefit plans require that you file claims by April 30 of the following year; otherwise, the claim will be denied.

Run-out period

The run-out period gives you extra time to gather and submit claims for eligible health and dependent care expenses you incur during the previous plan year.

Changing contributions

If you get married or divorced, or if you have a baby, you may be able to change the amount you contribute to your FSA. This is called a change in family status. If you have a change in status, your benefits representative can help you change your contributions. For specific details, check your employer's plan document.

We're always here



Call **1-866-600-4984**



Visit **optumbank.com/tennessee** 24/7

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Flexible spending accounts (FSAs) and health reimbursement arrangements (HRAs) are administered on behalf of your plan sponsor by Optum Financial, Inc. ("Optum Financial") and are subject to eligibility and restrictions. Employer-Sponsored Plans are not individually owned and amounts available under the Employer-Sponsored Plan are not FDIC insured.

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COMPARING HEALTH SPENDING ACCOUNTS FOR 2024



- **STATE & HIGHER EDUCATION EMPLOYEES:** If you are interested in health spending accounts, this chart can help you learn the differences between a health savings account and the various flexible spending accounts available to you. For more information, including how to enroll, visit the ParTNers for Health Flexible Benefits webpage at <https://www.tn.gov/partnersforhealth/other-benefits/flexible-benefits.html>.
- **LOCAL EDUCATION & LOCAL GOVERNMENT EMPLOYEES:** You may have access to flexible benefits through your employer. Check with your human resources office for more information.
- **THIS CHART IS INTENDED TO PROVIDE GENERAL INFORMATION. IT IS ONLY A SUMMARY OF THE RULES THAT APPLY AND DOES NOT CONSTITUTE LEGAL OR TAX ADVICE.**

	Health Savings Account, HSA*	Flexible Spending Account, FSA	Limited Purpose Flexible Spending Account, L-FSA	Dependent Care Flexible Spending Account, DC-FSA
Owner	Member enrolled in CDHP	Employer	Employer	Employer
Overview	Member-owned bank account to pay for IRS-qualified, out-of-pocket medical expenses	Tax-advantaged account to pay for IRS-qualified, out-of-pocket medical expenses	Tax-advantaged account to pay for IRS-qualified, out-of-pocket dental/vision expenses ONLY	Tax-advantaged account to pay for IRS-qualified expenses for dependent(s) age 13 or younger or a spouse or dependent incapable of self care
2024 Maximum Contribution	Employee-only coverage: \$4,150 Any family-level coverage: \$8,300 <i>These amounts include employer contributions.</i>	\$3,050	\$3,050	\$2,500 if married and filing a separate tax return; \$5,000 if married and filing a joint return or filing as single or head of household
Who can contribute?	Member, employer, third party (spouse, parent, etc.)	Employee	Employee	Employee
How are funds accessed?	<ul style="list-style-type: none">• Debit card**• Request for distribution (paper)• Online bill-pay	<ul style="list-style-type: none">• Debit card**• Paper claim - request for reimbursement from FSA to linked bank account	<ul style="list-style-type: none">• Debit card**• Paper claim - request for reimbursement from L-FSA to linked bank account <i>Dental/vision expenses ONLY</i>	<ul style="list-style-type: none">• Paper claim - request for reimbursement from DC-FSA to linked bank account <i>Debit card not available</i>
Substantiation of Claims	Member responsible. Should keep explanations of benefits and all receipts in case of IRS audit.	If asked, EOB must be provided to keep debit card active	If asked, EOB from dental/vision insurance plan must be provided to keep debit card active	Member responsible Should keep receipts in case of IRS audit
Tax Benefits	Deposits, earnings and distributions are tax free*** <i>After age 65, funds can be withdrawn for any reason without penalty but will be taxed as income if not used for IRS-qualified medical expenses.</i>	Contributions and claims reimbursements or payments are tax-free	Contributions and claims reimbursements for dental/vision expenses or payments are tax-free	Contributions and claims reimbursements or payments are tax-free
Do unspent funds carry over?	Yes. Funds always belong to the member.	Up to \$610 may be carried over into the next plan year. Any funds greater than \$610 that remain in account on Dec. 31 will be forfeited.	Up to \$610 may be carried over into the next plan year. Any funds greater than \$610 that remain in account on Dec. 31 will be forfeited.	No. Any remaining funds on Dec. 31 are forfeited.
Funds Availability	As funds are withdrawn from paycheck, employer transmits them to claims administrator, and they are typically available on payday	Full annual election available Jan. 1 (or after you enroll for new hires)	Full annual election available Jan. 1 (or after you enroll for new hires)	Funds are available ONLY as they are withdrawn from paycheck. All claims must be for dates of service that have already occurred.
What if I retire or terminate coverage?	You maintain ownership of your HSA and become responsible for the monthly administrative fee if you terminate (fee deducted from account). The plan will pay your monthly administrative fee if you retire and stay enrolled in the CDHP.	If you terminate employment or participation, you have 90 days to file claims. After 90 days, your remaining balance is forfeited.	If you terminate employment or participation, you have 90 days to file claims. After 90 days, your remaining balance is forfeited.	If employment is terminated during the year, period of coverage ends on employment termination date. Expenses incurred during period of coverage can be submitted until 90 days after termination date.
Can you have with CDHP/PPO?	Yes/No	No/Yes	Yes/No	Yes/Yes

* Only for members enrolled in CDHP and only certain other health plan coverage is permissible, including dental, vision, accident, disability, long-term care, worker’s compensation, specific disease or illness, fixed dollar hospitalization, certain deductible plans.

**HSA debit card restricted to IRC § 213(d).

***HSA distributions for purposes other than IRS-qualified medical expenses defined in IRC § 213(d) may be subject to income and penalty taxes.