

Your guide to understanding  
a Health Savings Account



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**Tax savings.** When used for qualified medical expenses, HSAs offer a triple tax savings—contributions, any investment earnings, and distributions are federal tax free.

**Growth potential.** You have the opportunity to earn a high yield on your core position, giving you more money toward your prescriptions and medical expenses. You can also invest your contributions in a variety of investment options—including stocks, bonds, and mutual funds—for potential growth of your account over time.

**Flexibility.** Any unused balance in your account will automatically carry over from year to year so you can begin to build your savings for future qualified medical expenses.

**Portability.**

H i p a F HSA?

Prior to opening your HSA, you must be enrolled in an HSA-eligible health plan. When you're ready, opening and managing your HSA with Fidelity is fast and easy. You'll get information on investment choices, payment options, and ongoing support to help you build and manage your savings. For convenience, you can open a Fidelity HSA online. To begin, simply log in to NetBenefits® at Netbenefits.com. From the homepage, click Open next to Health Savings Account. If you do not have access to NetBenefits, contact a Fidelity Representative at 800-544-3716 or your benefits toll-free number for an application.

- **Pretax contributions.** You may elect to contribute to your Fidelity HSA through automatic payroll deductions on a pretax basis. You can elect your payroll contribution amount through your benefits enrollment process and may change it at any time. Contributions made through payroll deductions are exempt from FICA tax.

HSA-eligible health plans typically have lower premiums than traditional health plans. You may want to consider contributing the money you save on those lower premiums to your HSA.

Over time, that money has the potential to grow tax free<sup>2</sup> while you save to pay for future qualified medical expenses.

- **After-tax contributions.** At any time, you may make an after-tax contribution to your Fidelity HSA by check or by transferring money online between your bank and Fidelity by electronic funds transfer (EFT). After-tax contributions are tax deductible to the extent you do not exceed your allowable contribution limit.

You may also transfer assets from another HSA (provided the account type and registration are the same) or make a one-time qualified HSA funding distribution from an IRA.<sup>5</sup>


# Using Your Fidelity HSA for Payment or Reimbursement

## How Can I Use My Fidelity HSA?

There are multiple ways to use your HSA for payment or reimbursement of qualified medical expenses, including, but not limited to:

- NetBenefits AccessCard—A single debit card.** The NetBenefits AccessCard® is a special-purpose Visa® card that provides an easy, automatic way to pay for HSA and/or FSA qualified medical expenses. The card provides electronic access to the amounts set aside in your respective benefit accounts such as HSAs and FSAs. Please note that if you have a Dental/Vision FSA, it can only be used for vision and dental expenses at eye doctor and dentist offices, or merchants that sell eyeglasses. You won't be able to use your card for over-the-counter vision and dental expenses. You can use another form of payment and submit the receipt for reimbursement of qualified over-the-counter items. If you enroll in a Dental/Vision FSA and HSA, your funds will be accessed for both accounts through a single debit card. For Dental/Vision expenses, the NetBenefits AccessCard® will pull from your Dental/Vision FSA first until funds are exhausted and then the HSA funds will be used. For all medical and Rx expenses, the NetBenefits AccessCard® will pull from the HSA.<sup>9</sup>
- Fidelity Health® App.** The Fidelity Health app gives you an easier way to manage your health care expenses—all in one place, wherever you are. With the Fidelity Health app you can:
  - Review your HSA balance and transaction history
  - Scan a product's barcode to find out whether it's a qualified medical expense for an HSA or Health Care FSA
  - Pay bills or reimburse yourself using your HSA
 You can even store and share your benefits ID and vaccination cards. The Fidelity Health app is now available in the App Store® or Google Play™.
- Fidelity BillPay® for Health Savings Accounts.** This online bill paying service enables you to quickly and easily make payments to health care providers, companies, and individuals. You can also set up an automatic payment schedule, reimburse yourself for out-of-pocket qualified medical expenses, and keep track of all payments and activity.
- Fidelity HSA checkbook.** Your Fidelity HSA checkbook can be used to pay for qualified medical expenses at the point of sale or to make a payment for an invoice you received in the mail. You can even write yourself a check to be reimbursed for qualified medical expenses.
- Direct debit capability.** This payment method allows a third party to withdraw money from your Fidelity HSA. You simply provide the routing and account numbers, and the vendor can set up a direct debit from your Fidelity HSA as a one-time or recurring payment option.
- Pay out of pocket.** To take advantage of the long-term growth potential of your HSA, you may want to choose to pay for a qualified medical expense out of pocket rather than use

the funds in your HSA. If you do pay out of pocket, you have the option to reimburse yourself from your HSA at any time without penalty.

## Do I Have to Pay for My HSA?

It generally makes sense for your service provider to first submit your claim to your health plan for payment. After your claim is processed, you will then receive an Explanation of Benefits from the health insurance carrier or claims payer that will show the amount, if any, that you owe the service provider. You can then make those payments through any of the payment options previously mentioned.

## Can I Withdraw from My HSA for a Nonqualified Expense?

Your Fidelity HSA is intended to be used for qualified medical expenses. Any distribution taken from your HSA to pay for a nonqualified medical expense must be included in your gross income for tax purposes and may be subject to an additional 20% penalty.<sup>10</sup>

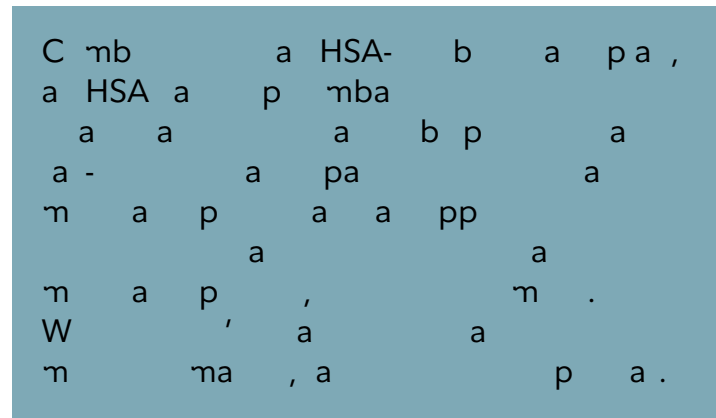
## Can I Use My HSA to Pay for My Dependents?

You can use your HSA to pay for qualified medical expenses incurred by your dependents, provided that they are considered dependents for federal tax purposes. Please refer to IRS Publication 501, which can be found at [www.irs.gov](http://www.irs.gov), for guidance regarding the definition of a dependent.

## What Paperwork Do I Need to Keep for My HSA?

Since an HSA provides a tax benefit, it's important to keep organized records—including receipts and statements from your insurance company. This will help you in two ways. First, for tax purposes, it documents that you used your HSA exclusively for qualified medical expenses. And secondly, it helps to ensure that you're always paying the right amount for services.

Each year, Fidelity will provide you and the IRS a Form 5498-SA, which summarizes contributions to, and the fair market value of, your HSA. If a distribution is taken from your account, a Form 1099-SA is provided for the year in which the distribution was taken.



To open your Fidelity HSA

Open

Log in to [www.netbenefits.com](http://www.netbenefits.com) and select *Open* next to Health Savings Account.

For answers to questions about HSAs

IRS Publication

Visit [www.irs.gov](http://www.irs.gov) Publication 502 or 969.

Fidelity's

Log in to Fidelity's [www.netbenefits.com](http://www.netbenefits.com) and click on the link.

Fidelity HSA page

Call a Fidelity Representative at 800-544-3716 for assistance.

Ongoing management of your Fidelity HSA

Visit [www.fidelity.com](http://www.fidelity.com) and click on the link for HSA, 401(k) or 403(b) accounts. You can also manage your Fidelity HSA through the Fidelity mobile app. For more information, visit [www.fidelity.com](http://www.fidelity.com) or call a Fidelity Representative at 800-544-3716.

Log in to Fidelity's [www.netbenefits.com](http://www.netbenefits.com) and click on the link for Fidelity HSA.

**Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.**

<sup>1</sup> Refers to qualified medical expenses as defined by the IRS.

<sup>2</sup> With respect to federal taxation only. Contributions, investment earnings, and distributions may or may not be subject to state taxation. See your tax professional for more information on the state tax implications of HSAs.

<sup>3</sup> Estimate based on a hypothetical single person retiring in 2023, 65 years old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates with Mortality Improvements Scale MP-2020 as of 2023. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Cost Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government's insurance program, Original Medicare. The calculation takes into account cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services, and long-term care.

<sup>4</sup> This is a hypothetical example for illustrative purposes only and does not represent the performance of any security in a Fidelity HSA. The example assumes that an individual contributes \$3,000 annually to an HSA with a hypothetical 7% annual return. An account may earn more or less. The final account balance is prior to any distributions. You may be subject to a 20% penalty if your distribution is not for qualified medical expenses. Systematic investing does not ensure a profit and does not protect against loss in a declining market.

<sup>5</sup> Note that the amount transferred counts toward the maximum annual contribution limit. Additionally, an individual must remain an eligible individual for the 12 months following the month the IRA distribution was made; otherwise, the amount must be included in the individual's gross income and will be subject to an additional 10% tax.

