

# Optum Bank Account Overview

State of TN

September 18, 2020



# Optum Bank, Member FDIC

## Member FDIC

Optum Bank® is a national leader in health care banking and a member of the FDIC.

All deposits are insured up to \$250,000.



Optum Bank is the largest provider of HSAs in the United States.



Optum Bank has multiple layers of cyber fraud protection to protect accounts.

## FORTUNE 500

### UNITEDHEALTH GROUP®

Optum's parent company, UnitedHealth Group is ranked #6 on the Fortune 500.



145,000

Optum® has more than 145,000 people collaborating to make the health system work better for everyone.



Optum Bank offers multiple convenient ways to access your account:

- Live support on the phone
- Optum Bank® Mobile App, the industry's #1 rated mobile app
- On-demand access online at [optumbank.com/tennessee](http://optumbank.com/tennessee)

# What is an HSA?

Health savings accounts (HSAs) are individually owned savings accounts that offer a tax-advantaged way to save and pay for qualified medical expenses.



Requires a qualifying high-deductible health plan (CDHP/HSA)



Annual contribution limits are set by the IRS.



Funded by you, your employer or others.



Balances can be carried over from year to year, and even if you change jobs, your HSA is yours to manage and use. You may choose to invest a portion of your HSA once you have at least \$1,000 balance.

While deposits are insured by the FDIC, investments are not FDIC insured, are not guaranteed by the FDIC or Optum Bank®, and may lose value.

# What you need to know about an HSA

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- You're in control of managing your HSA
- You determine how and when to use your HSA dollars. Use it for current qualified expenses, or save for the future
- You do NOT have to submit claims to use your HSA money (hold on to the receipts though!)
- Annual contribution limits are set by the IRS
- Deposits can be made at any time and are available immediately
- All deposits up to the annual IRS limit are income tax-free
- Withdrawals made for qualified medical expenses are not subject to income tax
- HSA dollars can be used for your qualified tax dependents, even if they are not covered by your medical plan
- Unused money in your account rolls over every year, and goes with you if you leave the company or retire
- Once you are enrolled in Medicare, you cannot make any additional deposits in to your HSA, but you can use the money in the account to pay your Medicare premiums, and cover the things that Medicare does not

# Determining eligibility

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## IRS REQUIREMENTS

- You must be covered under CDHP/HSA medical plan on the first day of the month.
- You have no other health coverage except what is permitted by the IRS. (including health coverage plans your spouse has where you are covered)
- You are not enrolled in Medicare, TRICARE or TRICARE for Life.
- You haven't received Veterans Affairs (VA) benefits within the past three months, except for preventive care. If you have a disability rating from the VA, this exclusion doesn't apply.
- You can't be claimed as a dependent on someone else's tax return.
- You do not have a health care flexible spending account (FSA) or health reimbursement account (HRA). Alternative plan designs, such as a limited-purpose FSA or HRA, might be permitted.
- Other restrictions and exceptions may also apply. We recommend that you consult a tax, legal or financial advisor to discuss your personal circumstances.

# Contribution limits

## AMOUNT OF CONTRIBUTION

The IRS determines how much you can deposit into your HSA each year, and limits are determined on a calendar/tax-year basis.

## CONTRIBUTION RULES

	2020	2021
Individual coverage	\$ 3,550	\$ 3,600
Family coverage	\$7,100	\$7,200

IRS rules state that contribution limits must generally be prorated by the number of months you are eligible to contribute to an HSA. Your eligibility is based on your coverage status on the first day of the month.

## ADDITIONAL CONTRIBUTION

Those 55 years of age or older, but not yet enrolled in Medicare, can fund an additional **\$1,000/year** “catch-up” contribution.

Spouses can make a separate \$1,000 catch-up contribution to an account in their own name.

# How much could you save?

1

In 2021, you deposit \$3,000 into your HSA through payroll deductions.

Your federal and state income tax and FICA savings for the year are **\$1,235.\***

2

You withdraw \$2,000 to pay for qualified medical expenses.

You pay no income taxes on the **\$2,000** because it was used for qualified expenses.

3

You earn interest on your account.

You do **not** have to pay income taxes on your interest earnings.

4

You carry over \$1,000 HSA dollars into the next year.

This carryover option helps you save for the future.

\*Assumes a 25% federal tax rate, 8.5% state tax rate and 7.65% FICA. Hypothetical example only.

# HSA cost savings example

- Small contributions may lead to big savings on your taxes.
- If you contribute just \$50 per paycheck to your HSA, you could save over \$400 in taxes.\*



Even **\$100** a month  
can help you save up to **\$30**  
comparable to a 30% discount.\*

- You can grow these savings, or use them for the here and now.
- Every little bit helps.



\*Based on a 25%–35% combined payroll and income tax rate. For qualified medical expenses only. Results and amounts may vary depending on your particular circumstances.

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# Paying with an HSA



## Paying with an HSA

- Use the Optum Bank debit Mastercard® to:
  - Pay on the spot at a doctor’s office, pharmacy or other health care facility.
  - Pay a bill you receive from a doctor or other provider.
- Use online bill pay.
  - Use our secure website to send payments directly to your health care providers, pharmacy or other payees.
- Use the Optum Bank mobile app.



## Reimbursement

- When you pay for qualified expenses out of pocket, you can log in and request an ACH or check disbursement.
- You can use your Debit Mastercard at any ATM that displays the Mastercard acceptance mark to get cash to reimburse yourself.

(Note: You’ll need your PIN. There's a \$300 per 24-hour limit on ATM withdrawals and \$2.50 fee from OptumBank. The owner of the ATM machine is likely to have a fee too. If they do, it will be disclosed on the screen before you accept the transaction)\*

\*There is a \$2.50 ATM withdrawal fee. Access fees may also be charged by the ATM owner.

# Making the most of your HSA

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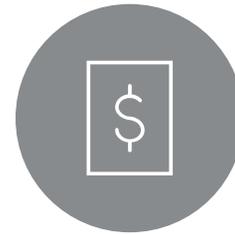
Set a plan and get your employer match (if applicable).



Build balances to cover your deductible.



Use HSA funds to pay for qualified medical expenses.



Maximize tax savings opportunities.



Save for the future and grow funds income tax-free.

# Getting Started

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Choose the HSA option during open enrollment and select your payroll deduction amount (state employees only). Higher Education, Local Education and Local Gov't employees do not choose payroll deductions for your HSA in the Edison system. You should ask your ABC or HR staff if this is offered by your employer.. If you choose CDHP / Local CDHP and currently have a HSA with Payflex, it will transfer to your Optum HSA in early 2021.



You will receive your HSA welcome kit and Optum Bank debit Mastercard® in mid December. They will arrive in separate mailings.



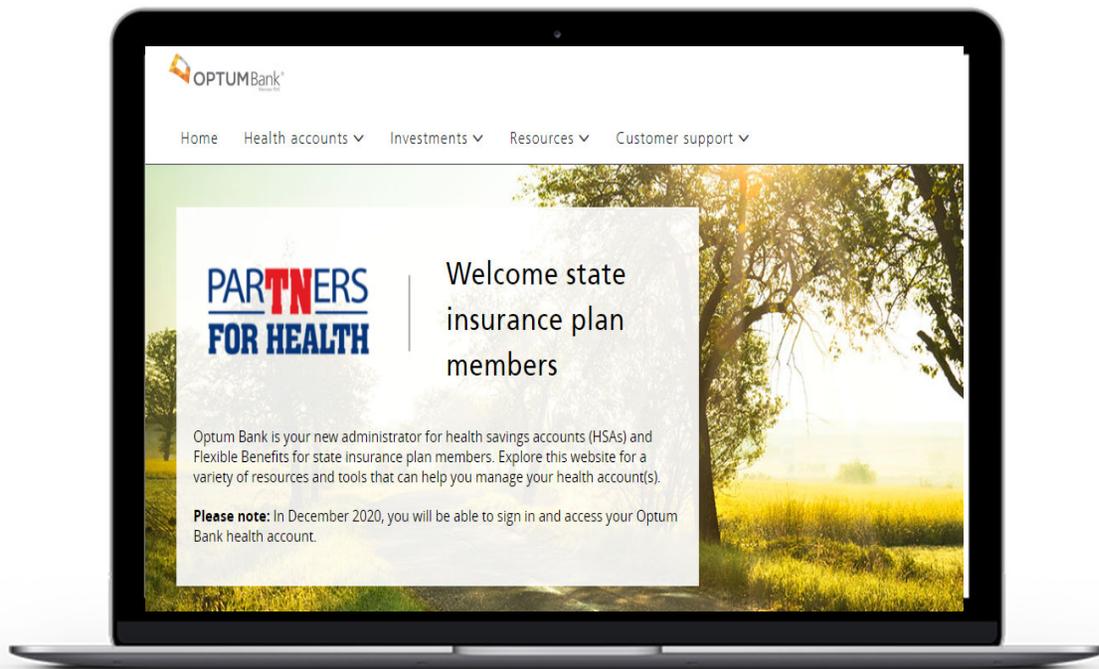
Activate your account online at [www.optumbank.com/tennessee](http://www.optumbank.com/tennessee) and your Optum Bank debit Mastercard.



Download the Optum Bank app to conveniently manage your HSA.

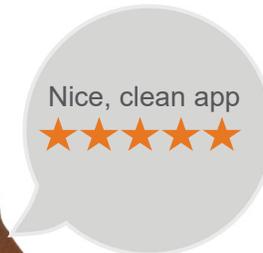
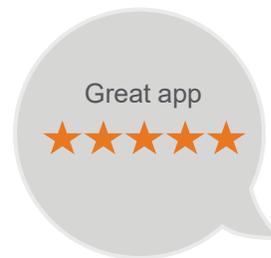
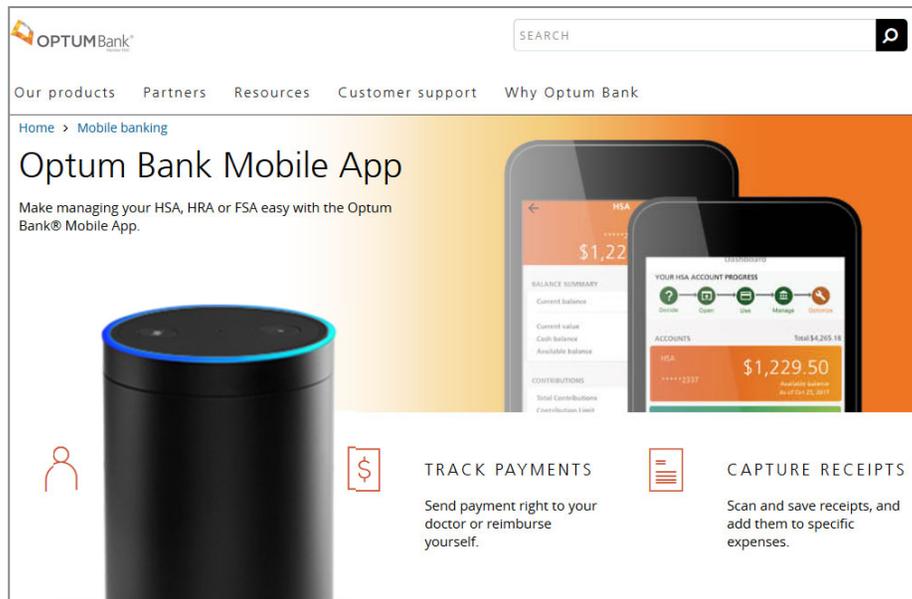
# Get connected with Optum Bank

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- **Optumbank.com/tennessee is loaded with resources:**
  - Optum Bank virtual assistant chat
  - Qualified medical expense search tool
  - Education resources such as videos and webinars
  - HSA Calculators
  - Health Savings Checkup tool
  - Tax center and more
  - Sign in to access your account

# Get connected with Optum Bank



Optum Bank's app is the most reviewed and highest rated financial health care app.\*

\*Optum Bank App. Apple App Store. Accessed May 1, 2018.

- Optum Bank Mobile App: Manage your HSA or FSA anywhere:
  - Track your balance, recent transactions and contribution limits.
  - Make an HSA contribution through mobile check deposit or a bank transfer.
  - Capture and submit receipts, and add receipts to specific expenses.
  - Discover how to maximize your HSA by tracking your progress along five key stages and more.
- Say “OK, Google” or “Hey, Alexa”: Enable Optum Bank to ask general account questions like “are bandages a qualified medical expense?” or “what are the HSA contribution limits?”

# What if you have more questions?

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- Call

Optum Bank Customer Care  
(866-600-4984)

- Email

[service.tennessee@optum.com](mailto:service.tennessee@optum.com)

Visit

[www.optumbank.com/tennessee](http://www.optumbank.com/tennessee)



# HSA Questions?

# 3 FSA types

## State and Higher Education employees only

A medical, limited-purpose or dependent care FSA helps you budget for expenses you'll have this year while reducing taxable income.



**Tax savings:** Your taxable income is reduced by the amounts you deposit into your FSA accounts, up to IRS limits.



### Medical

- An account that helps pay for eligible medical, pharmacy, vision and dental care expenses, including those that may apply to your annual deductible.
- You can contribute up to \$2,750 for 2021.
- You can carryover up to \$500 to the next year.
- 2 Debit Cards sent mid December. You can order more



### Limited purpose

- A tax-advantaged account offered alongside an HSA, so employees can pay for dental and vision expenses with pre-tax dollars without having to dip into the HSA.
- Use your limited-expense FSA money to pay for [qualified medical expenses](#)
- You can contribute up to \$2,750 for 2021.
- You can carryover up to \$500 to the next year



### Dependent care

- If you have children under 13 or adult dependents who aren't capable of caring for themselves, you can use your dependent care FSA to pay for eligible daycare expenses.
- You can contribute up to \$5,000 per year (or \$2,500 per spouse if married filing jointly)
- Reimbursements made to you after care has been provided. No debit card.

# FSA cost savings example

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## Estimating costs:

- Many FSAs have a “use it or lose it” rule, meaning you can’t carry money from one year over to the next. Your medical FSA and limited purpose FSA has a \$500 carry over provision
- Be sure to estimate your contributions carefully.
- Even if you leave funds behind, however, there’s a good chance you’ll still come out ahead due to the tax savings.

Here’s an example based on having \$100 withdrawn from every paycheck and deposited into an FSA:

Federal income tax (25%)	\$25.00
State income tax (5%)	\$5.00
FICA (7.65%)	\$7.65
Tax savings every paycheck	\$37.65
<b>Tax savings annually (26 pay periods)</b>	<b>\$978.90</b>

# HSA with limited-purpose FSA

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Pairing an HSA with a limited-purpose FSA allows employees to maximize their savings by allowing them to tap into their limited FSA for costs associated with dental and vision while only using their HSA for qualified medical expenses.

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## **Benefits of having an HSA with a limited-purpose FSA:**

- You plan on incurring eligible dental or vision expenses early in the plan year.
- You want to save your HSA contributions for future medical expenses.
- Your medical expenses are high enough that you will use the full HSA contribution limit to pay for your medical expenses each year.
- You wish to use your HSA as a primary/additional retirement or investment account or to cover health-related costs in retirement.

# Dependent Care FSA

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## Save on taxes for:

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



## How does it work?

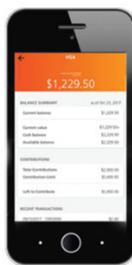
- You can enroll as long as you and your spouse are working, looking for work or are a full time student.
- You can contribute up to \$5,000 per household per year, free of federal, state and payroll taxes (or \$2,500 per spouse if married filing jointly)
- As funds are deducted from your payroll and contributed to your DC-FSA, it is available for dependent care expenses that have already occurred.
- Log on to your account online or through mobile app to request reimbursement or payment to a provider.
- You will submit receipts for all claims; no debit card is provided.

# Paying with a FSA



## Paying with an FSA

- Use the Optum Bank debit Mastercard® to:
  - Pay on the spot at a doctor's office, pharmacy or other health care facility.
  - Pay a bill you receive from a doctor or other provider.
  - You will still need to submit your receipts to substantiate your card swipe-save and upload
- Use online bill pay.
  - Use our secure website to send payments directly to your health care providers, pharmacy or other payees.
- Use the Optum Bank mobile app.



## Reimbursement

- When you pay for qualified expenses out of pocket, you can log in and request an ACH or check disbursement.
- File a claim online or through the mobile app
- You will upload your receipt and/or an EOB from your medical, dental, vision or dependent care provider.

\*There is a \$2.50 ATM withdrawal fee. Access fees may also be charged by the ATM owner.

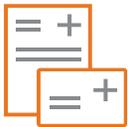
# Getting Started

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State employees-choose your FSA/s during open enrollment

Higher Education employees-Enroll and Elect your payroll contributions by visiting [optumbank.com/Tennessee](http://optumbank.com/Tennessee) and click on Higher Education employees: Click here on home page. Instructions flyer available on home page



You will receive your FSA welcome kit and Optum Bank debit Mastercard® in mid December. They will arrive in separate mailings.



Activate your account online at [www.optumbank.com/tennessee](http://www.optumbank.com/tennessee) and your Optum Bank debit Mastercard.



Download the Optum Bank app to conveniently manage your FSA

# FSA Questions?

# What if you have more questions?

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# Appendix

## Other resources

**Investments are not FDIC-insured, are not guaranteed by Optum Bank and may lose value.**

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Health savings accounts (HSAs) are individual accounts offered or administered by Optum Bank®, Member FDIC, and are subject to eligibility requirements and restrictions on deposits and withdrawals to avoid IRS penalties. State taxes may apply. Fees may reduce earnings on account. Flexible spending accounts (FSAs) and health reimbursement accounts (HRAs) are administered by OptumHealth Financial Services and are subject to eligibility and restrictions.

Mutual fund investment options are made available through the services of an independent investment advisor. Shares are offered through Charles Schwab & Co., Inc., a registered broker-dealer. Orders are accepted to effect transactions in securities only as an accommodation to HSA owner. Optum Bank is not a broker-dealer or registered investment advisor, and does not provide investment advice or research concerning securities, make recommendations concerning securities, or otherwise solicit securities transactions.

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