



# Frequently Asked *Questions*

The following answers to common questions will help make your SimplyHSA experience easy.

**Q. What is a health savings account (HSA)?**

A. An HSA, such as SimplyHSA, is a tax-advantaged personal savings account that can be used to pay for medical, dental, vision and other qualified expenses now or later in life. To contribute to an HSA you must be enrolled in a qualified high-deductible health plan (HDHP) and your contributions are limited annually. The funds can even be invested, making it a great addition to your retirement portfolio.

**Q. Why should I participate in an HSA?**

A. Funds contributed to an HSA are triple-tax-advantaged.

**1. Money goes in tax-free.**

Most employers offer a payroll deduction through a Section 125 Cafeteria Plan, allowing you to make contributions to your HSA on a pre-tax basis. The contribution is deposited into your HSA prior to taxes being applied to your paycheck, making your savings immediate. You can also contribute to your SimplyHSA post-tax and recognize the same tax savings by claiming the deduction when filing your annual taxes.

**2. Money comes out tax-free.**

Eligible healthcare purchases can be made tax-free when you use your HSA. Purchases can be made directly from your account, either by using your Benefits Card debit card, ACH, online bill-pay, or check – or, you can pay out-of-pocket and then reimburse yourself from your SimplyHSA.

**3. Earn interest, tax-free.**

The interest on HSA funds grows on a tax-free basis. And, unlike most savings accounts, interest earned on an HSA is not considered taxable income when the funds are used for eligible medical expenses.

**Q. What expenses are eligible for reimbursement?**

A. Health plan co-pays, prescriptions, deductibles, co-insurance, vision, dental care, and certain medical supplies are covered. The IRS provides specific guidance regarding eligible expenses. (See IRS Publication 502).

**Q. Am I eligible to open an HSA?**

A. In order to open and contribute to an HSA, you must:

- Be enrolled in a qualified HDHP
- Not be covered by a secondary health insurance plan that is not a HDHP (certain exceptions apply for various types of different permitted coverages)
- Not enrolled in Medicare or TRICARE AND
- Not another person's tax dependent.

**Q. What is a high-deductible health plan?**

A. A high-deductible health plan (HDHP) is a health insurance plan with deductible amounts that are higher than a traditional insurance plan. The Internal Revenue Service (IRS) defines requirements for an HSA-qualified HDHP. Find the current requirements at [www.ebcflex.com/PlanLimits](http://www.ebcflex.com/PlanLimits).

**Q. How do I contribute money to my SimplyHSA?**

A. Pre-tax payroll deduction is provided by your employer. Your annual contribution is divided into equal amounts and deducted from your payroll before taxes.

You may also contribute directly, from your personal checking account. Using this method, you should deduct accordingly on your personal income tax return.

**Q. How much can I contribute to my SimplyHSA?**

A. Contributions can be made by the eligible employee, the employer, or any other individual. Annual contributions from all sources may not exceed the contribution limit set by the IRS. Visit [www.ebcflex.com/PlanLimits](http://www.ebcflex.com/PlanLimits) for the current year's limits.

**Q. Can I change my contributions to my SimplyHSA during the year?**

A. Yes. You will not be subject to change-in-status rules applicable to other benefit accounts. Be sure that the total amount of contributions made in a year is within the **annual contribution** limits mentioned in the previous question.

You can make changes to your contributions by providing the applicable notice of change provided by your employer.

**Q. Do I have to spend all my contributions by the end of the plan year?**

- A. No. SimplyHSA money is yours to keep. Unlike a flexible spending account (FSA), unused money in your HSA is not forfeited at the end of the year; it continues to grow, tax-deferred!

**Q. What happens after I enroll?**

- A. Once the SimplyHSA account has been established, you will receive two emails.
- Welcome notification email with a link to access helpful information in using your account
  - Bank disclosure notice from Avidia Bank

Once your plan starts, visit our website at [www.ebcflex.com](http://www.ebcflex.com) and log in to your online account to see your account information and access materials to help you make the most of your plan.

**Q. How do I know when my SimplyHSA account is active?**

- A. Once the SimplyHSA account has been established, you will receive a welcome notification email with a link to helpful information for using your account.

**Q. Why should I be aware of my HSA Establishment (Account Funding) Date?**

- A. Expenses that you incurred before the HSA establishment (funded) date are **not** SimplyHSA-eligible expenses. The HSA establishment date is the later of:
- The plan's effective date
  - The date your SimplyHSA is funded

**Q. What is the bank disclosure notice I received?**

- A. Every bank is required by federal and state laws to provide specific information to its account holders. The disclosure you received provides information to you about your account with the bank. To view this information, click on the link in the email provided by Avidia Bank. This email is sent following the welcome notification.

**Q. Why did I receive an email requesting more information to establish my identity?**

- A. **IT IS IMPORTANT THAT YOU TAKE IMMEDIATE ACTION AND PROVIDE THE INFORMATION REQUESTED.**

As part of the **Customer Identification Process (CIP)**, you will receive this request so that your identity can be confirmed. Establishing your identity protects the security of your account. Your account cannot be opened until this information is provided.

**Q. What happens if my employment is terminated?**

- A. **HSAs are portable and move with you if you change employment.**

Your SimplyHSA belongs to you, not your employer, just like your personal checking account. If you terminate employment, your SimplyHSA account will remain with Avidia Bank and Employee Benefits Corporation will continue to be your source of information regarding your HSA.

Upon termination of employment, you will receive a **NEW** Benefits Card for your SimplyHSA and a welcome e-mail with additional information.

**Q. When can I use my HSA funds?**

- A. You can withdraw funds from your HSA at any time. A withdrawal from your HSA is known as a distribution. Distributions from your HSA are used to pay for qualified medical expenses.

**Q. Who's qualified medical expenses can I pay using my HSA funds?**

- A. Distributions from your HSA can be used to pay for qualified medical expenses incurred by you, your spouse, or a tax dependent.

**Q. Can I use my HSA funds to pay for my Medicare enrolled spouse's medical expenses?**

- A. Yes, you are able to use your HSA funds to reimburse your spouse's Medicare expenses.

**Q. How do I access the funds in my SimplyHSA?**

- A. Your SimplyHSA is similar to a checking account. You are responsible for ensuring the money is spent on qualified purchases only and maintaining records to withstand IRS scrutiny. Payments can be made using your Benefits Card, ACH, online bill pay, or check, depending on what is available to you.

**Q. I already have an HSA. How do I transfer my funds to SimplyHSA?**

- A. You may choose to leave your funds with your current HSA administrator; however, by doing so, you may incur monthly administration fees. If you have balances that you wish to transfer to your new SimplyHSA, our HSA custodian Avidia Bank makes this an easy transition. Simply complete the *HSA Transfer Form* and submit it to [enrollment@ebcflex.com](mailto:enrollment@ebcflex.com).

We initiate the request to transfer funds on day 1 of your new plan. It may take 4-6 weeks to transfer funds and fees may apply on the old account until funds are transferred. If the account is closed earlier than the start date of your new plan, the debit card on your old account will be deactivated and additional funds cannot be deposited.

**Q. When must contributions be made to an HSA for a taxable year?**

- A. Contributions for the taxable year can be made in one or more payments at any time after the year has begun and prior to the individual's deadline (without extensions) for filing the eligible individual's federal income tax return for that year.\* For most taxpayers, the deadline is April 15 of the year following the year for which contributions are made.

*\*Please consult a tax professional for more tax-related information.*

**Q. Can I enroll in SimplyHSA if I use my spouse's health plan?**

A. It is possible. If you are covered under your spouse's family plan that is a high-deductible health plan (HDHP), you're eligible for SimplyHSA. However, if you and your spouse both make contributions to HSAs, the total amount of contributions must not exceed the family contribution limits for the calendar year.

If your spouse is participating in a flexible spending account (FSA), you are not eligible for SimplyHSA.

**Q. Can my spouse contribute to my SimplyHSA?**

A. Yes, but only if your spouse is covered by a HDHP. If your spouse is enrolled in a non-HDHP health plan, your spouse is not eligible to contribute to your SimplyHSA.

If a spouse is eligible to make contributions to your SimplyHSA or their own HSA, the sum of all contributions made in a calendar year must not exceed the contribution limit.

**Q. What happens to the money in my SimplyHSA if I no longer have HDHP coverage?**

A. Once you discontinue coverage under an HDHP, and/or, get secondary health insurance coverage that disqualifies you from an HSA, you can no longer make contributions to your SimplyHSA. However, since you own your SimplyHSA, you can continue to use the remaining funds for future health care expenses.

**Q. Is tax reporting required for an HSA?**

A. Yes. IRS form 8889 must be completed with your tax return each year to report total deposits and withdrawals from your account. You do not have to itemize to complete this form.

At year end, Avidia Bank sends you the following:

- **1099 SA** – This document shows your annual distributions and is sent to you by January 31st
- **5498 SA** – This document shows your annual contributions and is sent to you by May 31st

**Q. Can I still deduct health care expenses on my tax return?**

A. Yes, but not the same expenses for which you have already been reimbursed from your SimplyHSA.

**Q. Can I withdraw the money for non-health care purchases?**

A. Yes. If you withdraw the money for an unqualified expense prior to age 65, you'll pay a **20% excise tax**. You can withdraw the money for any reason without penalty after age 65, but are subject to applicable income taxes.

**Q. Can I invest my SimplyHSA balance with Avidia Bank?**

A. Yes. Once your SimplyHSA cash account balance reaches the minimum amount required by Avidia Bank, you can transfer funds to an HSA **investment account**. You can choose from a selection of mutual funds and set up an allocation model for future transfers, like you would for a 401(k) plan. Additionally, you can transfer between your SimplyHSA balance and investments at any time.