Four things to know about a Health Savings Account (HSA)

Have you been hearing the buzz, but you're still not sure what an HSA is or how it works? An HSA pairs with an HSA-eligible health plan1 to create a unique approach to health care—one that can play a valuable role in your overall health and financial wellness.

Here are four key things to know about an HSA.

It's yours

An HSA is an individual account you own that can be used to pay for out-of-pocket qualified medical expenses that your health plan doesn't cover. You decide how much to contribute,[2] when to tap into your HSA, and how to invest your savings.

You can use your HSA to pay for qualified medical expenses incurred by you, your spouse, and your dependents—including health plan deductibles and coinsurance, most medical care, dental and vision care, and prescription drugs. The entire balance is yours to keep—even if you change jobs, change medical coverage, or retire.

It's flexible

Spend your HSA today or save it for tomorrow—it's up to you. Because your balance automatically carries over from year to year, you don't have to worry about losing money that you haven't spent. If you're paying for current qualified medical expenses, you can save money in your HSA in cash for easy access. Any savings not needed for current qualified medical expenses can be invested in a wide variety of investment options—including mutual funds, stocks, bonds, and CDs—to potentially grow your balance tax-free for future qualified medical expenses, even in retirement.

Once you reach age 65, you can use your HSA for any expense—just pay normal income taxes on any money used for a nonqualified medical expense.[3]

It's easy to use

You can save money in your HSA tax-free[3] through payroll deductions or by making after-tax contributions by transferring money from another account.

When you decide to use your HSA to pay for a qualified medical expense, you have a variety of options to access your funds. You can use your HSA debit card to easily pay for qualified medical expenses, pay a provider directly using the Fidelity Health® app or NetBenefits, or reimburse yourself for expenses paid out-of-pocket. If you do pay out of pocket for a qualified medical expense, you can later reimburse yourself from your HSA at any time without penalty—weeks or even years in the future—provided you have receipts that total the appropriate amount.

A smart way to save money

Because an HSA works together with an HSA-eligible health plan, you can potentially save money on health insurance premiums and reduce your taxable income at the same time.

First, an HSA-eligible health plan generally has a lower monthly premium than a traditional health care plan. Second, an HSA offers three-way tax savings you can't find elsewhere, which can help you save money. Pretax contributions made through payroll deduction lower your taxable income, and after-tax contributions are tax deductible. Also, you don't pay federal taxes[4] on any investment earnings or on the money you use to pay for qualified medical expenses. Over time, those tax savings could add up.

Want to know more about the Fidelity HSA®?

Visit **Fidelity.com/healthsavingsaccount** or call 800-544-3716 or your plan's toll-free number.

Investing involves risk, including risk of loss.

[1]An HSA-eligible health plan is a high-deductible health plan that meets certain IRS requirements with respect to deductibles and out-of-pocket expenses

[2]Within contribution limits. Refer to IRS Publication 969 for the current contribution limits. All contributions—whether from payroll, your employer or other third parties, personal check, bank transfer, or direct deposit—aggregate toward your maximum annual contribution limit. You are responsible for ensuring that all contributions in aggregate do not exceed your maximum annual contribution limit.

[3]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.

[4]Under age 65, distributions used to pay for nonqualified medical expenses are considered taxable income and are subject to a 20% penalty. 4 State tax may apply. See your tax advisor for more information on the state tax implications of HSAs.

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