FURTHER[SM]

Formerly SelectAccount®

Health Savings Account (HSA) reference guide for 2019

CONCORDIA PLAN SERVICES

Information at your fingertips

When it comes to information, if you want it, we've got it

Get it fast. Throughout this guide, you'll see two common symbols that call out important facts and common questions:

Fast facts are short explanations or definitions

Q&A sections reflect the most common questions and answers

Welcome

Congratulations! You're taking an important first step in managing your health and health care dollars by enrolling in a Concordia Health Plan (CHP) high-deductible health plan (HDHP) option that is compatible with a health savings account (HSA). Here are a few of the perks:

Control over your health care dollars. Your health plan works with a financial account called an HSA, which enables you to save money for future health care expenses. There are special tax advantages to your HSA, along with the opportunity to invest your unused account dollars. Your HSA is administered by Further, a national leader in the administration of personal spending accounts, including HSAs.

Help when you need it. This plan is probably different from other plans you've had in the past. But don't worry, help is available should you need it. You'll appreciate our dedicated customer service representatives who specialize in health savings account solutions, as well as our simple to use Online Member Service Center.

Peace of mind. Further is one of the country's leading medical savings administrators. Our products not only help account holders save wisely for health-related expenses, but also provide them with the tools they need to be smarter health care consumers.

This HSA reference guide will provide you with information about your HSA paired with your high-deductible health plan option.

Concordia Health Plan Qualified High-Deductible Health Options

Choice 1500
Choice 2000
Choice 3000
Option HDHP
Whole Health 2000
Healthy Me B
Healthy Me C

What do these abbreviations stand for?

HSA = Health Savings Account
HRA = Health Reimbursement Arrangement
FSA = Flexible Spending Account
HDHP = High-Deductible Health Plan
EOB = Explanation of Health Care Benefits
EOP = Explanation of Payment

To learn more about your HSA, administration options, and to find answers to common questions, visit hellofurther.com This online resource has in-depth information, valuable tools, and the most up-to-date list of frequently asked questions.

About Further

Your health savings account partner

Further, an industry-leading medical account administrator since 1989, manages over $1 billion of consumer-directed health spending accounts for individuals in all 50 states. Further is among the most trusted health care spending account administrators in the country and earns a 96 percent satisfaction rating from account holders. Further is based in Eagan, Minnesota where it houses its fully staffed, full-time call center.

Resources

View account balances and manage your account

Visit hellofurther.com to see how much money you have in your account to help cover your portion of your health care expenses.

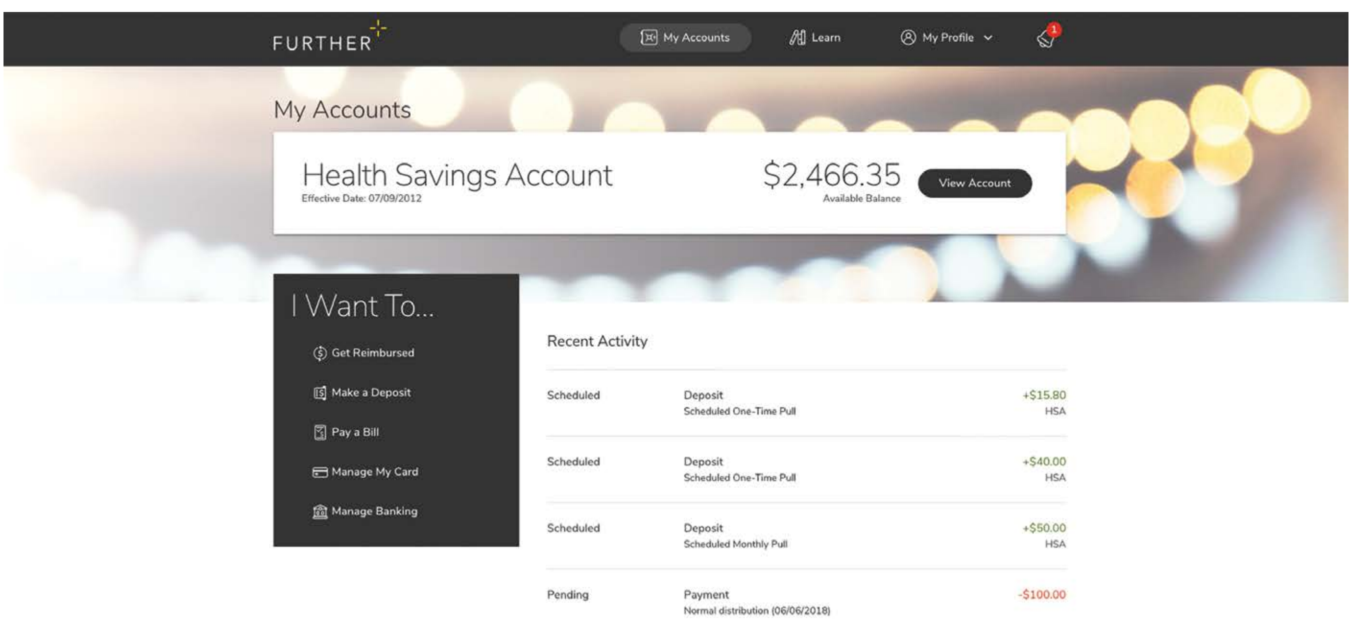
Visit concordiaplans.org/myaccount

Concordia Plan Services provides concordiaplans.org/myaccount – an online benefits and services portal specifically for our participating plan members.

All CHP members can use concordiaplans.org/myaccount to:

- View personal profile information, such as addresses and dependents on file, helping to ensure information is kept current.
- See only the health plan benefits pertaining to the CHP option in which you enrolled, and learn more about the Be Well … Serve Well health and wellness initiative.

You are encouraged to visit concordiaplans.org/myaccount to see information about your Concordia Plans benefits and access resources like Retirement Connection.



It’s your money. Make it work for you.

Consider these options when deciding how to fund your HSA and maximize your tax advantages.

HSA contribution limits

The maximum annual contribution HSA limits for an eligible individual without catch-up contributions are:

	2018	2019
Self-only HDHP	$3,450	$3,500
Family HDHP	$6,900	$7,000

- When moving from a traditional plan to a high-deductible health plan consider automatically contributing the difference in your CHP contribution right to your HSA. If done through your employer’s pre-tax payroll deduction plan, you save federal, FICA, and SECA (for self-employed ordained and commissioned ministers) taxes. If you claim the HSA contribution as part of your 1040 tax filing, you save on federal taxes.
- If you can’t make regular HSA contributions, make a small initial contribution when you set up your account, and then contribute nothing to the account until you incur a medical expense. Contribute to your account as you incur medical health care expenses to take advantage of tax-free withdrawals to reimburse yourself for eligible medical health care expenses. Note: Your HSA must be set up before expenses are eligible for reimbursement. The account is not considered “set up” until some funds have been deposited.
- Make the maximum contribution allowed and take out only what you need for eligible expenses. This reduces your taxable income and gives you the benefit of making your health care expenses tax-free.
- Make the maximum contribution allowed, but use non-HSA dollars to pay for your health care expenses (pay for them out of your own pocket). This allows you to maximize your deductions and gives you tax-free growth on your account for future medical claims.
- Once you’ve set up your HSA, you can use the money to pay for your deductible and other expenses. If you don’t use all the money in your account, the balance “rolls over” to the following year. Those dollars continue to earn interest and are available to pay for eligible medical expenses – as the balance grows, you even have the option to invest a portion of the funds. Who could ask for more?

Before making any decisions about your contributions or investments, consult your tax advisor or accountant.

Fast fact

Further is one of the leading HSA administrators in the country. Their HSA customers give the organization a 96 percent satisfaction rating.

It's your money. Make it work for you.

Deciding how to fund your HSA and maximize your tax advantages continued.

Spend or save? Know your HSA options

Your HSA gives you the opportunity to pay for eligible health care expenses now, or save your money for future expenses. There are two ways to save with your HSA:

1. Pay for your health care expenses out of your own pocket and let your HSA dollars earn interest and grow tax-free.
2. Activate your HSA Basic Investment Account once your HSA Base Balance exceeds $1,000 and begin investing your unused HSA dollars (read more about your HSA investment options on page 22).

Deciding how to use your HSA – spend, save, or invest – can be a big decision. How do you know what's right for you? Start by asking yourself these questions:

- Do you anticipate that you and your family will have many health care expenses that you can't cover out of your own pocket?
- Do you think you'll be able to let your HSA dollars accumulate, or will you need to use the account to pay for eligible medical expenses?
- If this is not your first year with an HSA, what is your average account balance?
- If you decide to invest, are you willing, and financially able, to take on the risk that comes with investing?

If you're able to let your HSA balance grow, then investing or saving could be a good move for you. However, if you have a lot of health care expenses on a regular basis and need to use your account to pay for those expenses, then you can leave the money in your HSA Base Balance where it will earn interest.

Deciding if crossover* is right for you

Stay enrolled in crossover if ... you plan to use the money in your HSA to pay for medical expenses. In this case, crossover is a timesaver.

Opt out of crossover if ... you want to save the money in your account for future expenses (or retirement), if you want to pick and choose when to use it for expenses, or if you have the HSA debit card. Instead, submit your reimbursement requests manually or choose the HSA debit card option. Also, please note that if you or your dependents have other health coverage,** you should opt out of crossover.

Please note: If you are enrolled in a Kaiser Permanente medical option, you will not be enrolled in crossover. You will have a debit card to pay for your HSA eligible expenses.

**(See pages 19-20 for more information on crossover)
*(See pages 5-6 for more information about HSA eligibility.)

HSA eligibility

You're eligible to establish an HSA if you meet one of these criteria:

- You're a worker (or spouse of a worker) of any employer that maintains an individual or family HSA-compatible HDHP.
- You're an individual (or spouse) who purchases an individual or family-qualified HDHP covering that individual or spouse.
- As an individual, you can contribute to more than one HSA; however, your total contributions may not exceed the annual limit. (See page 3 for contribution limits).
- There are, however, some exceptions to these criteria:
  - If you're claimed as a dependent on someone else's taxes, you cannot establish an HSA.
  - If you are entitled to or enrolled in Medicare, you cannot establish an HSA.
  - You're ineligible for an HSA if you're covered under a health plan (whether as an individual, spouse, or dependent) that is not an HDHP, including being enrolled in Medicare. You can, however, spend down your existing HSA. In addition, if you decline Medicare coverage when you turn 65, you can contribute to an HSA.
  - You're ineligible for an HSA if you are covered by a general purpose medical FSA; however, you can have an HSA along with a post-deductible FSA.
  - Coverage under a spouse's FSA will disqualify your HSA, unless your spouse's FSA limits eligible expenses to vision, dental, and preventive care services during the health plan deductible phase.

How Medicare affects your HSA

If you have an HSA at the time you become eligible for Medicare coverage, there are a few things you should know:

- You can't contribute to your HSA once you become eligible for Medicare.
- If you plan to enroll in Medicare coverage, your HSA contributions will be prorated based on the number of months that you were covered by an HDHP. For instance, if you enroll in Medicare in April, you can contribute only ¼ of the IRS allowed annual maximum to your HSA.
- You can continue to spend or invest the money in your HSA.
- If your spouse is not enrolled in Medicare and has an HSA, he or she can contribute up to the annual family maximum for the year between the two accounts. However, you have to maintain family coverage under a qualified HDHP to do so.

As an HSA account holder, you may also enroll in the following types of plans while still maintaining your HSA eligibility:

- Accident coverage.
- Disability coverage.
- Dental care.
- Vision care.
- Long-term care insurance.
- Insurance for a specified disease or illness.
- Insurance that pays a fixed amount per day (or other period) of hospitalization.
- Insurance under which substantially all of the coverage provided relates to liabilities from workers' compensation laws, torts, or ownership or use of property (such as automobile insurance).

However, if you're enrolled in an HDHP and want to establish or make contributions to an HSA, you can't have other health care coverage, including Medicare, unless it is also a qualified high-deductible health plan, as defined by federal law.

Frequently asked questions: Eligibility

Q: What happens if, at some point in the future, I am not covered by an HSA-compliant plan or I terminate group coverage through my employer?

A: If you or your employer change health plan options and the new option is not a high-deductible health plan (HDHP), you may continue to use your HSA funds for eligible medical expenses, but you cannot make additional contributions for any month during which you were not covered under a high-deductible health plan option. For instance, if your HDHP terminates on March 31, you can contribute only 1/4 of the IRS allowed annual maximum to your HSA.

Q: Who pays my health care provider?

A: You are responsible for paying your provider. HSA reimbursements are made directly to you, so you're in charge of managing your account.

Q: Will I have to pay my provider before I receive money from my HSA?

A: Further is committed to processing claims promptly. However, there may be times when you receive a bill from your provider before receiving money from your HSA. In this case, speak to your provider's business office to determine a mutually acceptable payment plan. Any late charges are your responsibility, and while these fees are reimbursable by your HSA, they are considered ineligible expenses and will be subject to income tax and a 20 percent penalty tax.

Q: Why did I receive a check in the mail from Further? I thought I had health plan coverage.

A: Further is the administrator of your HSA. Further processes your reimbursement claims and, subject to your available funds, will either send you a check for the amount requested, or deposit the money into a checking or savings account, depending on how you set up your HSA.

Q: What happens if my claim is reprocessed? What if I have already paid my doctor?

A: If you've already paid your doctor and then your claim is reprocessed by your health care administrator, your doctor should send back any money you overpaid. If you have also received reimbursement from your HSA for this reprocessed amount, you should return this money to Further to be deposited back into your HSA or you will be subject to income tax and a 20 percent penalty tax.

Further Tools

Online Member Service Center: Managing your medical spending account shouldn't be a full-time job. At Further, we understand you'd rather spend your free time living than filling out forms. When you register with the Online Member Service Center, you get access to information about your account and you can even complete many important tasks without putting pen to paper.

Here's what you can do in the Online Member Service Center:

- Create and update your personal profile.
- Check your balance and monitor account activity.
- Upload and store receipts
- Sign up for features like direct deposit.
- Request reimbursement (submit a claim/withdrawal request).
- View past reimbursement requests.
- Order a Further debit card for yourself or dependents.
- Create customized statements and reports.
- Authorize release of information.

Contributing to an HSA

Overview of IRS rules regarding Health Savings Accounts

ARE YOU 65 OR OVER?

(If you or your spouse are 65 or are approaching age 65, seek the advice of a tax professional before making any decisions.)

NO

I am an active worker.

You may contribute to an HSA up to the IRS maximum if you are enrolled in an IRS-qualified high-deductible plan and do not have coverage other than a qualifying HSA high-deductible health plan (including a spouse's flexible spending account).

I am retired or retiring.

HSA – If you are enrolled in an IRS-qualified high-deductible plan and do not have coverage other than a qualifying HSA high-deductible health plan (including a spouse's flexible spending account), you may continue to contribute to an HSA until you turn 65 (for details, see boxes at right). Once you can no longer contribute to your HSA through Further, your employer-sponsored account will become an individual account, and you will be responsible for any account fees.

Health Plan – Upon your retirement, refer to the health benefit information you receive in your retirement packet.

YES

I am still an active worker but receive Social Security benefits and have been automatically enrolled in Medicare Part A.

HSA – You CANNOT fund an HSA.

Health Plan – You may remain in an HDHP.

I am still an active worker and do NOT receive Social Security benefits.

Are you entitled to or enrolled in Medicare Part A, B, D, or any other Medicare benefit? (Check with the Social Security Administration to verify.)

Yes

HSA – You CANNOT fund an HSA.

Health Plan – You may remain in an HDHP.

No

HSA – If you are enrolled in an IRS-qualified high-deductible health plan, you may continue to fund an HSA.

Health Plan – You may remain in an HDHP.

Note: If your spouse is age 65 or over and has applied for or begun receiving Social Security benefits (and is entitled to or enrolled in Medicare), he or she cannot contribute to an HSA. You may contribute up to the family maximum provided your spouse is enrolled as your dependent under your HDHP coverage.

Post-deductible Medical FSA: A post-deductible medical FSA can be offered alongside an HSA and provides reimbursement after the annual health plan deductible has been satisfied. It can also be used for eligible dental and vision expenses before the deductible has been met.

Contributions to your account

An individual, an employer, or both can make contributions to an HSA. As a worker, you won't pay taxes on contributions that your employer makes to your account, and you won't pay taxes on contributions that you make through a company-sponsored cafeteria plan (if one is offered by your employer). As an individual, you can make post-tax contributions and itemize them as an above-the-line deduction when you complete your tax return, even if you don't itemize deductions.

Note: If you make an HSA contribution with post-tax dollars, you can claim the federal tax deduction on your federal tax return. Contributions made by an employer or by you through a cafeteria plan are excluded from your gross income, are not subject to withholding for income tax, and are not subject to other employment taxes (for example, Social Security tax).

Note: Contributions to an HSA must be made in cash and are voluntary.

Top 10 reasons to contribute to your HSA

1. Contributions can be made through an employer cafeteria plan on a pre-tax basis.
2. Contributions remain in the HSA from year to year until they are used. There is no "use-it-or-lose-it" provision.
3. Contributions can be made by an employer, an employee or both within the same tax year.
4. Individual contributions are tax deductible; employer contributions and employee contributions through a cafeteria plan are excluded from taxable income.
5. Money accumulates tax-free with interest paid on those dollars that have not been invested.
6. Funds can be withdrawn tax-free to pay for eligible medical expenses.
7. You can also make tax-free withdrawals from your HSA to pay health plan premiums for the following: Medicare (except Medicare Supplement policies), long-term care coverage, health coverage while receiving unemployment benefits, health care continuation coverage required by federal law (Cobra or USERRA), and premiums for health care coverage once you reach age 65 (retiree medical plan).
8. Funds can be used for ineligible expenses, but taxes and penalties apply.
9. The HSA belongs to you no matter where you work.
10. HSA funds are a great way to pay for medical expenses after you retire.

"Catch-up" contributions

People 55 and older who are eligible to contribute to an HSA can contribute an additional $1,000 annually to their account up to age 65 or when they enroll in Medicare (generally age 65). If you had HDHP coverage for the full year, you can make the full catch-up contribution regardless of when your 55th birthday falls during the year. If you did not have HDHP coverage for the full year, but can satisfy the testing period, you can still make the entire catch-up contribution amount. See definition of testing period in Glossary of terms on page 27.

A spouse in the same situation can also make a catch-up contribution to his or her own HSA based on the following contribution schedule:

Tax year	Additional contribution
2010 and thereafter	$1,000

Rollover contributions and transfers

Rollover contributions and transfers to an HSA are permitted as long as the source of the funds is another HSA or medical savings account (MSA). Funds that move directly between the old account trustee and the new account trustee are called trustee-to-trustee transfers. All other movement of funds from an HSA or MSA is considered a rollover contribution. Under rollover, you must deposit the amount into your new HSA with Further no later than the 60th day after the withdrawal is received from the previous custodian in order to avoid tax penalties. One rollover every 12 months is permitted. If you make a rollover contribution, you must certify to the trustee, in writing, that you are making a rollover contribution. Once made, the certification is final. An unlimited number of trustee-to-trustee transfers may be arranged by you without the restrictions mentioned for rollover contributions.

Since your HSA is owned only by you, you cannot roll over or transfer money to your spouse's HSA unless you die or a legal proceeding such as a divorce requires it.

The rollovers and transfers discussed in this section do not count toward your maximum annual HSA contribution.

Moving money from an individual retirement account (IRA)

You can make a one-time, tax-free transfer from an existing traditional IRA to your HSA. This rollover must be transferred from trustee to trustee to receive the tax benefit. The amount transferred counts toward and is limited to your maximum annual HSA contribution amount. To complete an HSA transfer, visit hellofurther.com and download the "One-Time IRA to HSA Rollover Request Form" and mail the completed form to Further.

Which medical expenses can be paid for with tax-deductible HSA funds?

IRS regulations require that you keep all receipts and any documentation for eligible medical expenses with your personal tax records. The following is a partial list of eligible/potentially eligible/ineligible medical expenses. If you have any questions about an item's eligibility, please contact Further customer service at 651-662-5065 or toll-free at 1-800-859-2144. For over-the-counter expenses, see the Over-the-Counter Eligibility List.

Eligible medical expenses

Abdominal supports
Acupuncture
Alcoholism treatment
Allergy shots
Ambulance
Arch supports
Artificial limbs
Asthma treatments/nebulizer
Band-Aids/gauze
Bariatric surgery
Blood pressure monitoring devices
Body scans (e.g., MRI, CAT Scan)
Brace (e.g., knee, back, wrist)
Breast pumps and supplies for the pump only
Childbirth/Lamaze classes (related to birth)
Chiropractic treatments (e.g., adjustments)
Circumcision
Coinsurance amounts (health, dental or vision)
Contact lenses (corrective)
Convalescent home (for medical treatment only)
Copayments (health, dental or vision)
C-PAP machine and supplies
Crutches (purchase or rental)
Deductibles (health, dental or vision)
Dental procedures, non-cosmetic (e.g., X-rays, fillings, extractions, crowns, implants)
Dentures
Diabetic supplies (e.g., insulin, syringe, monitor, insulin pump)
Drug addiction/substance abuse treatment
Eye exams
Eye surgery (laser or radial keratotomy)
Eyeglasses – prescription sunglasses/ safety glasses
Eyeglasses – reading
First aid kits
Flu shots
Fluoride treatment at a dental office
Gambling addiction treatment
Group therapy (for patient)
Hearing tests and aids
Home health care
Immunizations
Individual counseling (counseling must be performed to alleviate or prevent a physical or mental defect or illness)
Lab tests
Long-Term Care Premiums
Mastectomy-related special bras
Medical records charges
Mental health treatment facility
Nutritional consultation
Occlusal guards to prevent teeth grinding
Oral surgery
Organ transplant (including donor's expenses)
Orthodontics
Orthopedic inserts
Orthotics (custom and non-custom)
Oxygen and oxygen equipment
Patient responsibilities under the medical, dental or vision plan solely because of the plan's deductible, copay (coinsurance), reasonable and customary charge limit or benefit limit
Physical exams (routine, medical, well-child)
Physical therapy
Prenatal/postnatal exams
Prescription drugs that are not cosmetic (prescription drugs imported from other countries are not covered)
Preventive care screenings (e.g., mammogram, colonoscopy)
Prosthesis
Psychiatric care
Shipping and handling fees for eligible expenses
Sleep study
Smoking cessation medications/ programs
Speech therapy
Sublingual antigen (allergy drops)
Taxes paid for eligible expenses
Transportation expenses relative to health care (corresponding medical documentation requested)
Vaccinations
Varicose veins, treatment of
Walkers/canes (purchase or rental)
Wheelchair (purchase or rental)
X-rays

These lists are intended to serve as a quick reference and are provided with the understanding that Further is not engaged in rendering tax advice. For more detailed information, please refer to IRS Publication 502, "Medical and Dental Expenses," Catalog Number 15002Q. Publications can be ordered from the IRS by calling 1-800-TAX-FORM (1-800-829-3676). If tax advice is required, seek the services of a competent professional.

Potentially eligible medical expenses

(The IRS requires a Letter of Medical Necessity from your health care provider to keep with your personal tax records)

Air conditioner (capital expense)
Air purifier (potential capital expense)
Athletic club membership
Automobile modifications (capital expense)
Behavioral modification programs
Braille books/magazines (only amounts above regular printed materials)
Breast reconstructive surgery
Breast reduction surgery that is medically necessary
Cosmetic surgery (for repair or reconstruction after accident or surgery or for correction of birth defect)
DNA collection and storage
Dyslexia testing and instruction
Elevator (capital expense)
Exercise equipment or programs
Fluoridation device
Food thickeners
Genetic testing
Group therapy for a family member
Guide dog/service animal (purchase, care for, training)
Herbal treatments
Holistic or natural healers consult
Home improvements (e.g., exit ramps, widening doorways) (capital expense)
Hormone replacement therapy (HRT)
Household products/improvements to treat allergies
Lactation consultant
Lead-based paint removal
Learning disability treatment
Lodging (away from home for outpatient care – special rules may apply)
Manual therapy
Massage therapy
Medical conference admission and transportation (excludes meals and lodging)
Mentally handicapped residential or group home
Orthopedic shoes
Personal trainer fees
Prescription drugs that also have a cosmetic purpose (e.g., Retin-A, Rogaine, Botox, Propecia, Phentermine)
Special education costs for dependents with disabilities
Swimming lessons (unless part of a rehabilitation program to treat a specific condition)
Telephone/television equipment for hearing-impaired persons
Weight loss program (if prescribed by a physician for a specific medical condition, excludes food)
Wigs

Ineligible medical expenses

Birthing tubs
Bottled water
Cleaning service
Cosmetic surgery and procedures
Cosmetics, hygiene products and similar items
Dancing lessons
Diapers or diaper service
Diet foods
Ear or body piercing
Electrolysis or hair removal
Feminine hygiene products (e.g., tampons)
Funeral, cremation or burial expenses
Hair colorants
Hair transplants
Household help
Illegal operations and treatments
Illegally obtained drugs
Late fees (e.g., for late payment of bills for medical services)
Lodging while attending a medical conference
Marijuana or other controlled substances in violation of federal law
Marriage counseling
Maternity clothes
Meals
Medical newsletter
Missed appointment fees
Mouthwash
New parent/newborn child care classes
Non-prescription eyeglasses, sunglasses, safety glasses or contacts
Prepayments
Prescription drug discount program fees
Prescription drugs and medicines imported from other countries
Special foods/beverage (e.g. protein bars/shakes)
Sports training and activities
Surrogate expenses
Swimming pool and maintenance
Tanning salons and equipment
Teeth whitening
Transportation costs of disabled individual commuting to and from work
Travel for general health improvement
Veneers

Eligible medical expense
Medical expenses that can be reimbursed through your HSA include services and supplies incurred by you or your eligible dependents for the diagnosis, treatment or prevention of disease or for the amounts you pay for transportation to receive medical care.

In general, deductions allowed for medical expenses on your federal income tax according to Internal Revenue Code Section 213(d) may be reimbursed through your HSA. You cannot deduct medical expenses on your federal income tax that have been reimbursed through your HSA. It is possible that changes in the IRS rules can affect the eligible, potentially eligible, and/or ineligible expense categories.

Certain health insurance premiums are eligible to be paid out of your HSA. Qualified premiums include: COBRA health insurance, insurance premiums after you reach age 65 (including Medicare Parts A, B, C and D but not Medicare supplement plans), qualified long-term care insurance, health insurance premiums while receiving unemployment compensation under state or federal law and premiums for employer-sponsored retiree medical plans for account holders 65 and older.

Capital expense
A capital expense is an improvement and/or special equipment added to a home or other capital expenditure that may be eligible if the primary purpose is medical care. You must have an appraisal of your home within one year prior to the installation and an appraisal after the installation to determine the value added to the home. The amount eligible is the difference between the cost of the expense and the increase in the additional value of your home. If the improvement/special equipment is used by individuals other than the person needing it for medical care, the eligible amount should be divided by the number of people using the item. Example: A ramp is purchased for $3,000 and prior to installation your house is appraised at $100,000. After installation of the ramp your house is appraised for $101,000. The amount that is eligible under your HSA is $2,000. A Letter of Medical Necessity is required from your health care provider to be kept with your personal tax records.

For assistance in calculating capital expense, the Capital Expense Worksheet and Letter of Medical Necessity are available at **hellofurther.com**. If you have questions about a capital expense, please contact customer service for a more detailed explanation.

Frequently asked questions: Your HSA

Q: What expenses can be paid from an HSA?

A: Payments for eligible medical expenses incurred by you or your dependents (as claimed on your tax return) can be made tax-free. Other payments result in income tax and excise tax penalties (20 percent). An eligible medical expense is an expense for medical care as defined by Section 213(d). Refer to the partial list on pages 11 and 12. (See IRS Publication 502, Medical and Dental Expenses, for a detailed explanation.)

Q: What over-the-counter drugs and medications can be paid for with HSA funds?

A: Due to legislative changes, over-the-counter (OTC) drugs and medications are no longer eligible for reimbursement from your FSA or HSA, unless you receive a prescription for the OTC item. While not all inclusive, the following are some examples of OTC drugs and medications that may no longer be reimbursed through your account(s):

- Acid controllers.
- Allergy and sinus.
- Antibiotic products.
- Antidiarrheals.
- Anti-gas.
- Anti-itch and insect bite.
- Baby rash ointments/creams.
- Cold sore remedies.
- Cold, cough, flu.
- Digestive aids.
- Feminine anti-fungal/anti-itch.
- Hemorrhoid preps.
- Laxatives.
- Motion sickness.
- Pain relievers.
- Respiratory treatments.
- Sleep aids and sedatives.
- Stomach remedies.

OTC medical supplies such as bandages, insulin and diabetic supplies, wheelchairs, catheters, and eyeglasses continue to be eligible for reimbursement without a prescription. Visit hellofurther.com to learn more.

Q: What are your obligations as an account holder?

A: Your HSA belongs to you, and as such, you're responsible for maintaining the account. Here's what's expected of you as an HSA account holder:

- Ensure that you have an HSA-compliant HDHP.
- Ensure that contributions do not exceed the annual maximum.
- Ensure that withdrawals for ineligible expenses are added to income.
- Keep any records that support withdrawals from your account.
- Complete the required tax form (Form 8889) and attach it to Form 1040.
- Ensure that you do not have any medical coverage that will disqualify the HSA.
- Ensure that you cannot be claimed as a dependent on someone else's tax return.

Q: What happens to an HSA at the end of the year?

A: The assets in an account, regardless of the source of contributions, always belong to you as the account holder. Contributions remain in the account from year to year until used.

Q: What happens to an HSA if the account holder dies?

A: As an account holder, you may designate a beneficiary when you open your HSA, and you may change your beneficiary designation in writing at any time.

- If a spouse is the designated beneficiary of an HSA, the account will be treated as the spouse's HSA after the death.
- If the spouse is not the designated beneficiary of the HSA on the date of death: 1) the account stops being an HSA, and 2) the fair market value of the HSA becomes taxable to the designated beneficiary.
- If there is no designated beneficiary, the fair market value of the account will be included in the account holder's final income tax return and estate tax return.

Frequently asked questions: Your HSA Cont.

Q: For new HSAs, are maximum HSA contributions prorated on a monthly basis?

A: Yes, but a full contribution may still be available. Annual HSA contributions are based on months of HSA eligibility but there is a special rule that may allow a full annual contribution. If you are HSA eligible on December 1, you have the option to make a full contribution instead of a prorated contribution as long as you maintain eligible HDHP coverage through December 31 of the following year. If coverage is not maintained throughout this period, the normal monthly proration rules will apply, creating tax consequences.

Q: What happens if contributions exceed the annual limit?

A: Generally, you must pay a six percent excise tax on contributions made to an HSA that are greater than the annual limit. (See IRS Form 5329 to determine this tax.) If excess contributions have been made, you won't have to pay the excise tax on that excess amount if you:

- Withdraw the excess contributions by the due date, including extensions, of your tax return.
- Withdraw any income earned on the withdrawn contributions, and include the earnings in "other income" on your tax return for the year.

Q: Can withdrawn contributions be claimed as a deduction on Form 1040?

A: No. When making a withdrawal of excess contributions, you must inform Further that the withdrawal is for that purpose. Further will compute the earnings on the excess contributions for you. The total withdrawal will include the earnings portion. If contributions are made with pre-tax dollars, then both the withdrawal and earnings are included in your taxable income. The withdrawal for excess contributions and the earnings will be reported to the account holder on IRS Form 1099-SA.

Q: Can both an individual and spouse have family HDHPs and HSAs?

A: Yes. If both an individual and spouse have family HDHPs, the maximum annual HSA contribution for the family is $6,900 in 2018 and increases to $7,000 in 2019. This is true if there is just one HSA or if each spouse has his or her own HSA. A family cannot increase its annual contribution due to the fact that there are two HDHPs and/or two HSAs. This limit is split equally unless the individual and spouse agree on a different division. For other tax situations, consult your tax advisor.

A husband and wife may not have a joint HSA. Each spouse who wants to make a contribution to an HSA must open a separate HSA, and dollars cannot be transferred between these HSAs. However, one spouse may use withdrawals from his or her HSA to pay or reimburse the eligible medical expenses of the other spouse, without penalty. However, both HSAs may not reimburse the same expenses.

Note: Spouses who are both employed by LCMS employers (whether the same or different employers) and are both eligible for the CHP through their employers are encouraged to contact Concordia Plan Services to discuss their CHP enrollment options and HSA options.

Q: Who is responsible if contributions and/or disbursements do not occur according to regulations?

A: As the account holder, you are responsible for reporting the contributions and withdrawals to the IRS, and you're ultimately responsible for ensuring that account transactions are within the allowed regulations. An excess HSA contribution may be corrected by withdrawing the excess contribution plus any attributable net income before the due date of your tax return (including extensions), avoiding a six percent excise tax. You're allowed to correct mistaken HSA withdrawals when there is clear and convincing evidence that amounts were distributed from an HSA because of a mistake of fact due to reasonable cause. You can correct the mistake by repaying the withdrawal no later than April 15 following the first year that you knew or should have known that the withdrawal was a mistake.

When a correction is made, the mistaken withdrawal does not have to be included in gross income or be subject to the six percent additional tax, and the repayment does not count as an excess contribution. If an error is made by Further in its role as the administrator, Further will be responsible for taking appropriate corrective action.

Q: If my HSA is set up in the middle of the year (after my FSA is already in place), does that change my employer/worker contributions for the FSA for the remainder of that year?

A: No. You can only change your elections for specific, qualifying events, such as marriage, divorce, birth of a child, or adoption. Remember that coverage under a general purpose FSA (yours or your spouse's) will disqualify you from establishing and contributing to an HSA. Establishing an HSA is permissible with a limited purpose or post-deductible health FSA (limits covered expenses during the health plan deductible period to vision, dental, and preventive services only).

Q: How does the HSA coverage level change when there is a change in the coverage level of the health plan (from a family plan to a single plan, or vice versa)?

A: Your contribution status for the month is based on the type of HDHP coverage you have in force on the 1st of the month and will be 1/12 of the applicable maximum. The sum of all 12 months then determines your maximum annual contribution. However, there is a special provision that may allow a full family contribution. If you are HSA eligible on December 1, you have the option to make a full contribution based on your December status instead of a prorated contribution as long as you maintain eligible HDHP coverage through December 31 of the following year. If coverage is not maintained throughout this period, the normal monthly proration rules will apply, creating tax consequences. You can change your contribution election at any point; however, you're responsible to ensure contributions do not exceed allowable amounts.

Q: Can worker pre-tax HSA contributions be changed throughout the year?

A: Yes, because the eligibility requirements and contribution limits for HSAs are determined on a month-by-month basis, rather than on an annual basis. If you elect to make HSA contributions under a cafeteria plan, you can start or stop the election or increase or decrease the amount at any time as long as the change is effective prospectively (that is, after the request for the change is received).

Q: Can I contribute to an HSA at the same time as an FSA and/or HRA?

A: You can contribute to the HSA while also covered by a limited purpose FSA or post-deductible FSA. A medical FSA that pays for all eligible expenses (a general purpose FSA) or an HRA disqualifies you from contributing to an HSA. If the general purpose medical FSA also has a grace period, you will remain ineligible to contribute to an HSA during this time, unless the FSA has a $0 balance at the end of the plan year.

Q: Can I roll over or transfer funds from an existing account (MSA or HSA) to an account with another custodian?

A: Yes. If you would like to transfer an existing HSA or medical savings account (MSA) balance to Further, Further will facilitate the movement of the assets from the previous account directly to the new account. If you would like a rollover of an existing HSA or MSA to Further, the assets in that account will be distributed to you. Under a rollover, you must deposit the amount into the new HSA with Further no later than the 60th day after the withdrawal was received from the previous custodian in order to avoid tax penalties.

Frequently asked questions: Your HSA Cont.

Q: I've recently changed jobs and have an HRA from my former employer. The HRA has a spend-down feature; what is that and how does it affect my new HSA?

A: The spend-down feature gives you the ability to continue to use the money in the HRA from your previous employer, but your employer cannot make contributions to the HRA. You cannot open or contribute to your new HSA until the HRA dollars are spent and the current plan year for the HRA is over. You can enroll in the new HDHP, but not the HSA until that time.

Q: How is interest credited to the account?

A: Further will credit interest monthly on the average daily balance for the month in your HSA. Further reserves the right to declare a different rate of interest at any time. Further does not pay interest on funds that are transferred to investment accounts.

Q: Are all dependent health expenses HSA eligible?

A: Even though dependent children may be covered under the Concordia Health Plan, subject to certain age limitations, their out-of-pocket expenses may not be considered eligible expenses for reimbursement under an HSA, unless they meet the IRS definition of "tax dependent."

Q: What reporting is available from Further?

A: In addition to the required government forms (Form 5498-SA and Form 1099-SA), there are several other reports Further will provide:

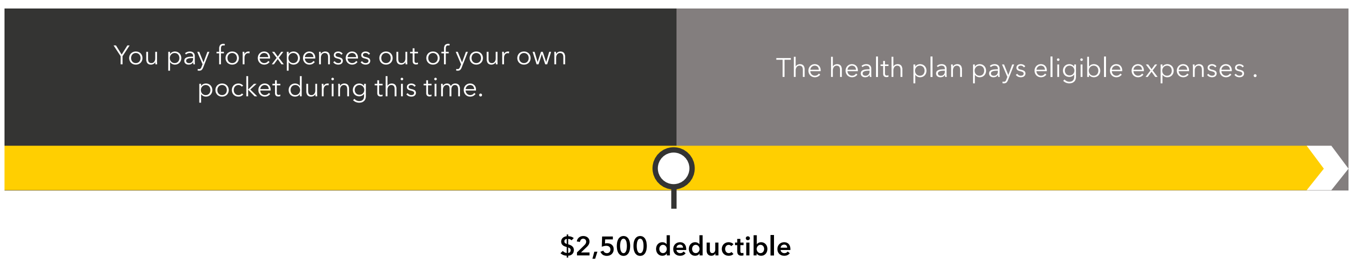
- Verification Form – You will receive a packet of information once Further processes your HSA application. This packet will contain the verification form, as well as provide information on how to receive reimbursements and make contributions.
- Annual Statement – You will receive a statement at the end of each calendar year verifying the contributions received, withdrawals made, and available balance in the account.
- IRS form 1099-SA – By January 31 of each year, you'll receive this form from Further, detailing your withdrawals for the previous year.
- IRS form 5498-SA – By May 31 of each year, you'll receive this form, which details the contributions you've made for the previous tax year.

Understanding what and when you pay

Your HSA can go a long way toward helping you pay for your health care expenses, but it may not cover all your expenses, at least not in the first few years. Remember, you are usually covered 100 percent for preventive care from day one if you use a provider in your network. Here's an example of how your HSA helps cover your expenses, and what your financial experience would be if you had a high-deductible health plan without an account.

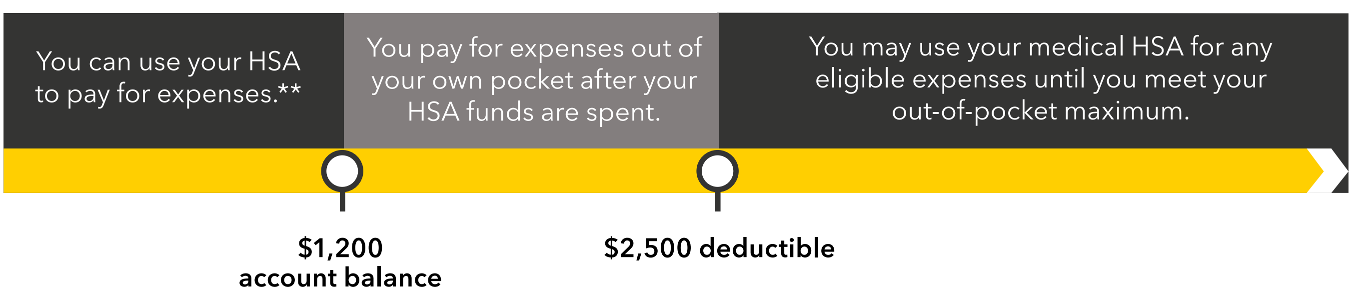
Example of an HDHP without an HSA

$2,500 deductible*
$3,500 out-of-pocket maximum



Example of an HDHP with a new HSA

$2,500 deductible
$1,200 HSA contribution (you, your employer, or both)
$3,500 out-of-pocket maximum



An additional difference between a traditional deductible plan and an HSA-qualified plan is that with an HSA-qualified plan, prescriptions are generally subject to the deductible. The cost of the prescriptions will be based on a negotiated amount. See your CHP Benefit Summary for more information about your specific coverage.

*Certain Preventive drugs and some preventive services will be covered at 100 percent.

**Additional features: Your HSA allows you to save any unused dollars for future health care expenses PLUS you can have triple tax advantages: money put into the account isn't taxed, unused account dollars earn tax-free interest, and withdrawals aren't taxed if used for qualified medical expenses.

Filing claims

When you request reimbursement from your HSA, you're filing a claim from your account. You can make a claim (also called a withdrawal) at any time. When receiving reimbursement for eligible medical expenses, you do not pay taxes on the withdrawal. You must pay income taxes plus an additional tax of 20 percent on any amount used for expenses that are not eligible medical expenses, unless you're disabled, age 65 or older, or die during the year. If you become disabled or reach age 65, withdrawals can be made for non-medical reasons without penalty but amounts must be reported as taxable income. If withdrawals for the year are less than or equal to the eligible medical expenses that were paid, there are no tax requirements on those withdrawals.

To request a withdrawal that did not occur via crossover, for example, vision or dental expenses, sign in to the Online Member Service Center at hellofurther.com, select Submit Claim and fill in the requested fields. If required, upload supporting documentation.

Further will process this request and issue reimbursement according to the available balance in your account. Payment can be made by direct deposit into your checking or savings account or by sending a check to you, along with an EOP depending on how you set up your account for reimbursements. If the withdrawal request is greater than the available account balance, the difference will be pending for up to one year and be reimbursed as additional funds become available. Whenever you submit a claim, you're responsible for verifying that the expense is an eligible medical expense as determined by Section 213(d). You're also responsible for keeping appropriate receipts for all medical payments (provider name, date, reason, and amount). However, you do not need to submit this information with your withdrawal request.

Frequently asked questions: Filing HSA Claims

Q: Which account pays first if I have an HSA and a post-deductible FSA?

A: A post-deductible FSA will pay first for vision and dental. However, keep in mind they're also eligible expenses under the HSA. Note: Your post-deductible FSA will become a general purpose or full FSA once you have met your deductible. If you have family coverage, the entire family deductible must be met in order for the FSA to become a general purpose FSA.

Fast fact

Generally with an HDHP, until you meet your deductible, you'll be responsible for the retail cost of the medication after the negotiated discount. Coinsurance may also apply. See your CHP Benefit Summary for information about your specific coverage.

Reimbursement options

Getting reimbursed for eligible health care expenses from your HSA is easy. And you can get reimbursed faster by staying enrolled in options like crossover, direct deposit, or your Further HSA debit card. Your employer will elect whether the employees will be enrolled in crossover or debit card reimbursement features. If you are enrolled in a Kaiser Permanente medical option, you will not be enrolled in crossover. You will have a debit card to pay for your HSA eligible expenses.

All of these options are available by going to hellofurther.com.

Electronic claims reimbursement (crossover)
Electronic claims reimbursement or "crossover" for medical claims enables your health care and pharmacy benefit administrator to submit medical and prescription drug claims directly to Further on your behalf. Crossover decreases paperwork for you and can speed up the reimbursement process. You can cancel your enrollment in crossover at any time. **But remember, you cannot enroll in both crossover and the HSA debit card – you can choose only one of these options. Also please note that if your dependents have other health coverage, you should opt out of crossover.**

Direct deposit
Another time-saving feature of your HSA is the ability to enroll in direct deposit, which gives Further the authority to deposit reimbursements directly into the checking or savings account of your choice. This saves you a trip to the bank and, in most cases, decreases the time it takes to be reimbursed.

HSA debit card
If available through your employer, your HSA debit card gives you and your eligible dependents immediate access to available HSA funds at the point of service. You can find a debit card application at hellofurther.com.

Online Reimbursement
You can easily request a reimbursement online and have it deposited directly into your bank account or pay your provider. Sign in to the Online Member Service Center at hellofurther.com, select Submit Claim and fill in the requested fields. If required, upload supporting documentation.

Manual claims
For your convenience, you can find the withdrawal request online when you sign in at hellofurther.com. Claims can also be submitted manually by completing a withdrawal request form and either mailing or faxing the form to Further.

Bridging the gap for HSA claims payment

Your HSA is a smart way to save money and pay for eligible health care expenses, all at the same time. In general, your HSA will be easy to use. But there are a few things you should remember as you begin using your new health plan and account.

With an HSA, you pay for eligible health care expenses until you meet your deductible. Once your out-of-pocket maximum is met, your health plan pays 100 percent of covered medical expenses. Preventive care is covered at 100 percent, even during your deductible phase out-of-pocket.

Once the money in your HSA is spent, you'll pay for the rest of your deductible out of your own pocket. This includes pharmacy and mental health/substance abuse expenses.

So, what can you do to avoid any financial "surprises"? Here are a few ideas:

- Make sure that you and your spouse are aware of your current HSA balance when receiving care or getting prescriptions.
- Keep track of your HSA activity so you know when you'll have to begin paying out of pocket. Use the online member center or call customer service for balance information.

Reminder:
Under an HDHP, medical coverage includes pharmacy and mental health/substance abuse services. All of these services are subject to the annual deductible, unless otherwise noted in the CHP Benefit Summary for your specific CHP option.

How your reimbursement works

Scenario: You cut your hand while doing yard work and need to visit the doctor, who examines the wound and applies a few stitches.

WHAT HAPPENS NEXT

STEP 1
Your doctor submits a claim to your health care administrator. Also, if applicable, you pay for any prescription costs until your deductible is met.

STEP 2
Your health care administrator pays the portion that's covered by your health care option.

STEP 3
You receive an Explanation of Health Care Benefits (EOB) from your health care administrator stating what has been paid to the provider and what, if anything, you owe.

	CROSSOVER	WITHOUT CROSSOVER		
STEP 4	Your health care and pharmacy benefit administrator send Further your payment responsibility information on this claim.	You submit a request for reimbursement – available by logging in to your account at hellofurther.com and clicking on the claims tab.	OR	If you have an HSA debit card but did not use it at the time of service, write your debit card number on the bill or call your provider's office with the number.
STEP 5	Further will access your accounts and reimburse you with available funds. The order in which your accounts are accessed is determined by your plan.	Further will access your accounts and reimburse you with available funds. The order in which your accounts are accessed is determined by your plan.	OR	Your debit card deducts available funds from your HSA.
STEP 6	You'll receive your reimbursement check or direct deposit notification along with an Explanation of Payment (EOP) that details your account activity.	You'll receive your reimbursement check or direct deposit notification along with an Explanation of Payment (EOP) that details your account activity.	OR	To view any account activity, access your HSA through hellofurther.com.

If you are enrolled in a Kaiser Permanente medical option, you will not be enrolled in crossover. You will have a debit card to pay for your HSA eligible expenses.

If the claim cannot be paid in full from your HSA, the claim will be set aside for up to 12 months, and you will be reimbursed as additional contributions are made to your account. In the meantime, you still need to pay your provider.

You are responsible for paying your provider for any out-of-pocket expenses, regardless of reimbursement choice.

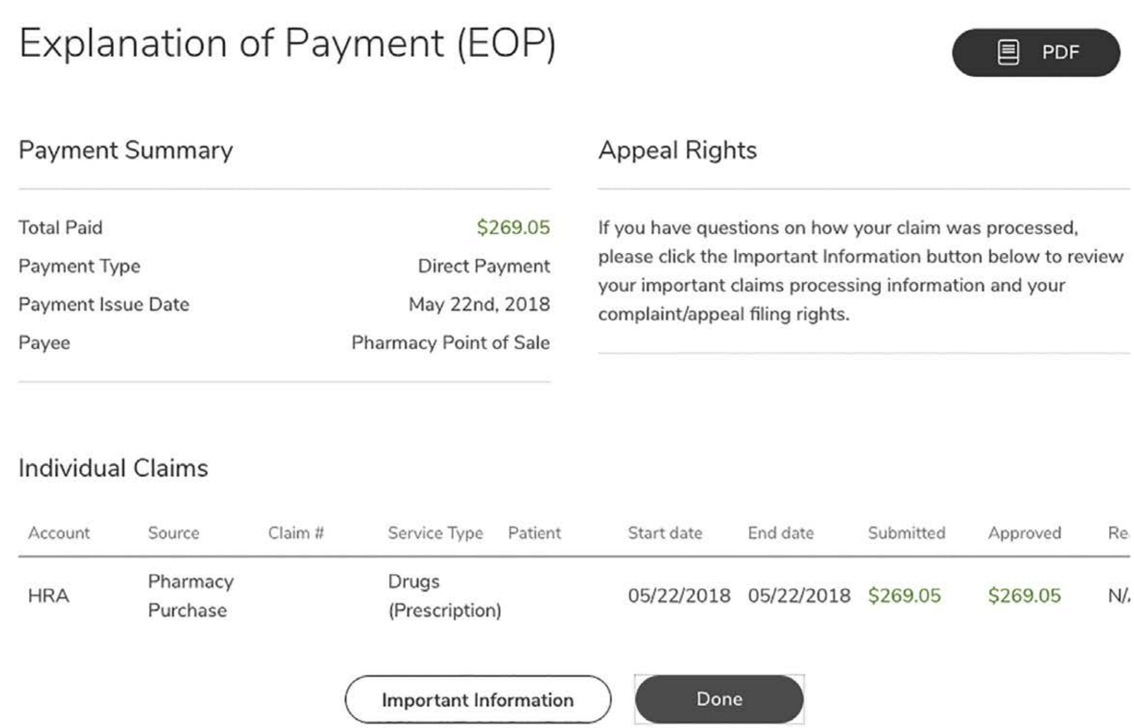
Remember, you are responsible for maintaining documentation of all eligible medical expenses whether paid through crossover, manual claim, or HSA debit card. You will need this documentation if you are audited by the IRS.

Your Explanation of Payment

If you're enrolled in crossover, your health care administrator submits the health care claim to Further, and you'll automatically receive reimbursement from your HSA for the amount you owe, as long as there is money available in your account. You're still responsible for paying your health care provider. If you're not enrolled in crossover or did not use your debit card, you'll need to submit claims manually to Further to receive reimbursement from your HSA. You can do this online at hellofurther.com.

A summary of your HSA activity from Further is available online. This is called an Explanation of Payment (EOP). Your EOP is not a bill, but rather an explanation of what was paid from your HSA.

Fast fact
When reviewing your statements, make sure that your claim numbers match, as well as the dollar amount submitted to your account.



Explanation of Payment (EOP)

PDF

Payment Summary

Total Paid	$269.05
Payment Type	Direct Payment
Payment Issue Date	May 22nd, 2018
Payee	Pharmacy Point of Sale

Appeal Rights

If you have questions on how your claim was processed, please click the Important Information button below to review your important claims processing information and your complaint/appeal filing rights.

Individual Claims

Account	Source	Claim #	Service Type	Patient	Start date	End date	Submitted	Approved	Re
HRA	Pharmacy Purchase		Drugs (Prescription)		05/22/2018	05/22/2018	$269.05	$269.05	N/.

Important Information

Done

Using your HSA to save for the future

As a child, the concept of saving for a rainy day is one that may follow you throughout your life. But it wasn't until recent years that we began to apply this thinking to health care. Now, your HSA makes saving for future health care needs easier than ever.

Here are a few ways you can prepare for the future with your HSA:

Take advantage of lower contribution rates – Because your HDHP contribution rates are likely lower than what you would pay under a traditional health plan, you may find yourself with extra money. Instead of spending that money, continue to set it aside in an HSA for health care expenses.

Contribute to your HSA – By contributing even $100 a month to your HSA, you can quickly build a nest egg for health care needs that will help bridge the gap between the contributions that your employer may make to your account and your deductible level. Plus, HSA contributions reduce your taxable income, withdrawals for eligible expenses are tax-free, and you earn tax-free interest on the money in your account.

Take advantage of the built-in rollover feature of your HSA – Remember, whatever money remains in your account at the end of one year rolls over from year to year. Add this to your regular account contributions and you'll have a tidy sum before you know it. Keep in mind that in order to save money, you have to make wise decisions about how you spend your health care dollars.

Invest your unused HSA dollars – Your HSA comes with a built-in investment account that you can activate once your Base Balance exceeds $1,000. Although there is an inherent risk with investing, this can be an effective way to make your money work harder for you over the long term.

Investment options

You have the opportunity to invest a portion of your HSA in a variety of investment options. The investment options are just that – options – and they're yours as a Further member. To do so, select one of the investment account options within your HSA as your HSA balance grows. If you don't want to assume the risk of loss that comes with investing in the market, you can leave your entire HSA balance (your Base Balance) at Further where it earns interest at rate established by Further.

The investment options are made possible by an arrangement between Further (the custodian and administrator of your health savings account) and the Charles Schwab Trust Company (the sub-custodian for the investment accounts). As one of the most recognized names in the investment industry, the Schwab platform gives you access to mutual funds from various fund families, as well as planning tools to help you manage and analyze your investments. Here's how it works:

Once your HSA Base Balance reaches $1,000, you can activate your self-directed Basic Investment Account with the Charles Schwab Trust Company as the investment custodian. This account, as part of the HSA, gives you access to a variety of mutual funds from the Schwab's Mutual Fund OneSource Service. The mutual funds offered under this option have been accepted by Further based on recommendations by Devenir LLC, an independent third party Securities Exchange Commission registered investment advisor. There is an additional monthly fee for an investment account.

You'll see an investment tab on the home page at hellofurther.com and may open an investment account by selecting "Open Basic Investment Account." Generally, you will be able to access your investment account online within two to three business days after you establish it. You'll then see "Basic Investment Account" on the HSA summary page, where you can obtain mutual fund prospectuses, select the mutual funds in which you wish to invest, determine how much of your investment account you want to invest, and set allocations for future contributions.

Once your Basic Investment Account balance exceeds $10,000, you can open a Self-directed Brokerage Investment Account with Charles Schwab. This account, also a part of your HSA, gives you access to more than 2,500 mutual funds from a variety of fund families, as well as stocks, bonds, and other investments. There is an additional monthly fee for a brokerage investment account.

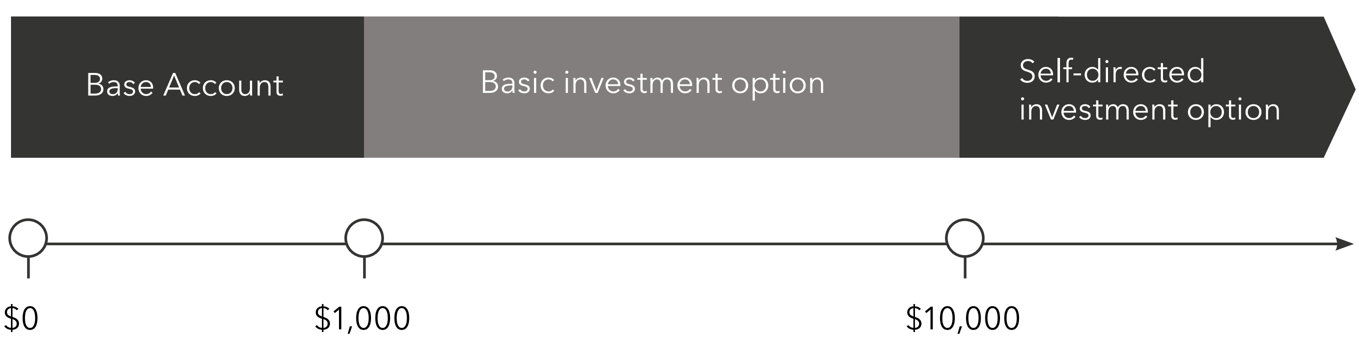
The investment accounts are self-directed and self-managed. This means that you decide whether and when to invest, select the mutual funds or other investments (available through the Brokerage Investment Account option) in which you want to invest, and decide how much to invest. You have access to online resources and tools through the Schwab website.

Investment information, mutual fund listing and an HSA asset allocation calculator are available under the resources tab at hellofurther.com. You'll see useful tools, including "Schwab tools" in a special investment website.

To open your Self-directed Brokerage Investment Account, call 800-859-2144.

Charles Schwab Trust Company is an independent company that provides account investment services.

Investment account options based on balance



You can open your Basic Investment Account any time after your Base Balance reaches $1,000. You can begin investing right away, or you can maintain a higher Base Balance (you may want to maintain a Base Balance high enough to cover health care expenses) and invest at a later date. Once your Basic Investment Account balance reaches $10,000, you have the opportunity to open a Self-directed Brokerage Investment Account with any dollars over $10,000 as long as you maintain a Base Balance of at least $1,000.

Further does not offer advice on the sale or purchase of mutual funds. Devenir has selected a range of mutual funds for you to consider; however, you're responsible for all investment decisions. Investing in mutual funds can result in a loss of capital.

Frequently asked questions: HSA investments

Q: What are my HSA investment options?

A: In general, you can invest your HSA dollars the same way you would an IRA. However, you cannot use the account to invest in life insurance policies, collectibles (such as artwork), or other intangibles as defined by the IRS.

Q: Are the self-directed investment accounts part of my HSA?

A: Yes. While the Basic Investment Account and the Brokerage Investment Account are held in the custody of the Charles Schwab Trust Company, they remain part of your HSA with Further. While they are part of your HSA, Further does not pay interest on the investment accounts.

Q: How can I direct future contributions into my Basic Investment Account?

A: You'll see an investment tab on the homepage at hellofurther.com and may open an investment account by selecting "Open Basic Investment Account." You'll find various options to control or manage the flow of contributions to the mutual fund(s) you've selected. Generally, you may elect to have all or a portion of your future contributions flow directly into the investments you have selected in your investment account. There is one restriction: if your Base Balance ever falls below $1,000 due to withdrawals taken from your HSA for health care claims, your future contributions will first be used to build your Base Balance back to $1,000, with the remainder then invested according to your investment instructions.

Q: What reports will I receive?

A: Your annual HSA statement will include your HSA balance and summary of account activity. A separate statement will be sent to you with your Basic Investment Account activity and information.

Q: How do I request a withdrawal when I have an active investment account?

A: Account withdrawals are always paid from your Base Balance. If there are not enough funds in your Base Balance to pay a claim, the claim will be pending for 12 months or until additional funds are available in your Base Balance. These additional funds can come from either new contributions or from transferring funds from your investment account to your Base Balance. The transfer of funds from the Self-directed Investment Account to the Base Balance is not automatic. You will have to manually request such a transfer. Withdrawals will be taken pro-rata from the mutual funds you have invested if you have selected the pro-rata transfer option. Otherwise, you will need to select the fund(s) and amount(s) you wish to sell to fund your withdrawal. If you're transferring funds from a Self-directed Brokerage Investment Account, you'll need to sell enough assets to cover the transfer request. You may also pay a redemption fee for those transactions.

Q: How often can I make changes to my Self-directed Brokerage Investment Account?

A: Typically, mutual funds are considered long-term investments. There may be a need from time to time to make changes to your mutual fund holdings due to changes in your risk tolerance, investment objectives, time horizon, or other factors. Ultimately, you decide when to make changes to your investment account. With this in mind, you can make changes to your investment account as often as you'd like. But remember, some funds may charge redemption fees to discourage short-term trading.

Q: How often is my HSA investment account balance activity updated?

A: Your investment account balance is updated each day the New York Stock Exchange is open. You can check your balance daily via the website or by phone.

Frequently asked questions: HSA tax questions

Q: How do I report my HSA on my tax return?

A: You will receive the following IRS forms from Further:

Form 1099-SA – reports any withdrawals made in a tax year. You will receive this by January 31st of each year for withdrawals made during the preceding year.

Form 5498-SA – reports contributions made for a specific tax year. You will receive this by May 31st of each year for contributions made during the preceding year.

It is your responsibility to keep records to support withdrawals and to complete Form 8889 and attach itto your Form 1040.

Q: What is the deadline for establishing and contributing to an HSA?

A: The HSA must be established and the HSA contributions must be made by your tax return due date for the year, including extensions. For calendar-year taxpayers, the deadline for contributions to an HSA, is April 15 (unless April 15 is a Saturday, Sunday, or legal holiday). This deadline applies regardless of whether the contributions are made by you (individual/ worker), your employer, or both.

You may also make a one-time tax-free withdrawal from your IRA and directly roll over the dollars into your HSA. This rollover must be transferred from trustee to trustee to receive the tax benefits. Dollars transferred from an IRA into an HSA do count toward the annual maximum HSA contribution. The maximum amount that can be rolled over is the maximum HSA contribution combined with other HSA contributions allowed for the year.

Q: What is an excess HSA contribution?

A: Contributions that exceed the maximum contribution limit for the year or that are made by an ineligible individual are considered excess HSA contributions. If you make the excess contribution, it may not be deducted from your income on your tax return. Contributions made by employers (or pre-tax contributions through a cafeteria plan) that exceed the allowable limit must be added back to gross income (by the worker) on the individual's tax return. It is not the employer's responsibility to add such amounts retrospectively (as income) to the worker's W-2. However, a worker must make every reasonable effort to notify his or her employer prospectively that employer contributions will exceed the allowable limit so that the employer can make the necessary changes to the contribution. An excise tax of six percent for each tax year is imposed on the account holder for these excess individual or employer contributions. If, however, the excess contributions for a tax year and the net income attributable to these excess contributions are taken from the account before the tax return deadline, including extensions, then the excise tax does not apply. However, the net income attributable to the excess contribution is included in the account holder's income for the tax year in which the withdrawal is made.

Q: How are individual HSA contributions treated on my tax return?

A: Contributions made by an eligible individual to an HSA are deductible in computing adjusted gross income. The contributions are deductible whether or not you itemize deductions. Ordained and commissioned ministers, although considered self-employed for Social Security purposes, are eligible to contribute to an HSA – and those contributions are not subject to SECA taxes.

Contributions made by the employer or by a worker through a cafeteria plan are excluded from gross income, are not subject to withholding for income tax, and are not subject to other employment taxes (for example, Social Security tax). Even though not taxable to the worker, employers are required to report the amount of the HSA contribution on the worker's W-2. A worker who elects to make HSA contributions under a cafeteria plan may start or stop the election or increase or decrease the amount at any time as long as the change is effective prospectively (that is, after the request for the change is received).

Frequently asked questions: HSA tax questions Cont.

Additional rules regarding tax treatment of your HSA dollars include:

Tax treatment of earnings on amounts in an HSA – Earnings on amounts contributed to an HSA are generally not taxable to the HSA holder.

Withdrawals from an HSA – There is no restriction on when and how often you may request withdrawals from the HSA. When you or your dependent incurs an eligible medical expense, a withdrawal from the HSA may be made to reimburse you for the expense.

Ineligible withdrawals – Withdrawals that are not for eligible medical expenses are always included in your gross income. In addition, such withdrawals are generally subject to an additional 20 percent penalty unless the withdrawal is made after death, disability, or attainment of age 65.

Transfer of an HSA in a divorce – The transfer of all or part of an HSA to your spouse or former spouse under a divorce or separation is not a taxable transfer. The recipient spouse or former spouse may continue to avoid taxation on the account as long as it is maintained as a qualified HSA.

Tax treatment of an HSA after death of an account holder – The tax treatment of an HSA after the death of the account holder depends on whether a spouse or non-spouse is designated as beneficiary of the account. If the deceased account holder's designated beneficiary is a spouse, the HSA is treated as the surviving spouse's own HSA. If the spouse already has an HSA, the funds can be rolled into his/her existing HSA. Withdrawals to the surviving spouse for eligible medical expenses are tax-free. If a non-spouse beneficiary is named, the HSA ceases to be an HSA as of the date of death. In this case, the value of the HSA is taxable to the beneficiary or to the estate of the account holder if a beneficiary is not named. The non-spouse beneficiary includes the balance of the HSA in his or her income for the year of the account holder's death. Note: This same rule applies if the account holder names the estate or fails to designate a beneficiary.

IRS reporting requirements – The IRS has stated that HSA contributions and withdrawals are reportable transactions. Tax deductions are generally available either to the eligible individual or the employer, therefore the IRS wants to track contributions. Withdrawals from HSAs, if for eligible medical expenses, will avoid income tax consequences to the recipient. For this reason, the IRS requires the reporting of these withdrawals. To facilitate these reporting withdrawals, the IRS has released forms to be used by the parties involved.
Regardless of whether HSA contributions are made by you or your employer, these contributions must be reported on your tax return. Contributions to and withdrawals from HSAs are reported by the account holder on Form 8889.

The employer is required to report employer HSA contributions to the IRS on the tax return that is filed by the employer. Employer HSA contributions, including worker pre-tax contributions through a cafeteria plan, are also reported on the W-2 (Box 12, code W) for each worker.

The HSA information provided in this document is not intended as legal or tax advice. HSAs are authorized by federal legislation. State and/or federal laws could be passed in the future which may affect the tax benefits of an HSA. Tax benefits may also be affected by failure to comply with eligibility and withdrawal requirements. You should refer specific questions about federal and state tax ramifications, as they relate to a particular circumstance, to your tax advisor on a yearly basis.

Glossary of terms

COBRA – The Consolidated Omnibus Budget Reconciliation Act (COBRA) is a federal law under which employers with 20 or more workers must offer continuation of health care coverage to workers (and their dependents) when a worker leaves their job. The worker must pay the entire premium for coverage. Coverage can be extended for up to 18 months. As a church plan, the CHP is not subject to COBRA but does offer members an opportunity to extend their coverage as an individual participant. The length of the extension can vary and is outlined in the plan provisions.

EOB – An EOB is a form you'll receive from your health care administrator each time you receive care. The EOB provides information about the care you received, what portion of the expense was covered by your plan, and what portion is your responsibility.

EOP – An EOP is a form available online from Further when you make a withdrawal from your HSA or when you receive reimbursement (if you have crossover).

Limited purpose FSA or HRA – A limited purpose FSA or HRA is limited to expenses for permitted benefits. These benefits include vision or dental benefits.

Post-deductible health FSA – A post-deductible health FSA provides reimbursement for all Section 213(d) expenses only after the HDHP deductible has been satisfied. Typically, expenses like vision and dental are payable out of the post-deductible FSA during the deductible phase. Note: If you have family medical coverage, the family deductible must be met before the FSA will pay for all Section 213(d) expenses.

Post-deductible HRA – A post-deductible HRA provides reimbursements for all expenses determined eligible based on employer design, including HDHP out-of-pocket expenses (but not deductible expenses), only after the HDHP deductible has been satisfied.

Retirement HRA – A retirement HRA pays only for medical expenses after a worker reaches retirement and is no longer contributing to an HSA.

Suspended HRA – A suspended HRA refers to instances where the worker has elected to discontinue reimbursements from the HRA except for preventive care and permitted benefits during the time period in which the worker is making contributions to an HSA. An employer may still "contribute" to a suspended HRA. Claims incurred during the time that the HRA was suspended cannot be paid at a later date when the HRA is no longer suspended, except claims for preventive care and permitted benefits.

Testing period – Annual HSA contributions for new HSAs are not prorated on a monthly basis as long as you are HSA-eligible on December 1 and maintain HDHP coverage throughout the subsequent "testing period." The testing period begins with December 1 in the year the HSA is established and runs through December 31 of the following year. The testing period is also called the "13-month rule." Enrolling in an HDHP and establishing an HSA any time after January 1 of the year triggers the testing period if you contribute the maximum amount to your HSA. If you do not satisfy the testing period, tax consequences apply.

USERRA – Is short for Uniformed Services Employment and Reemployment Rights Act, which was established in 1994 to protect people who voluntarily or involuntarily leave their civilian jobs to perform military duties. USERRA requires that employers allow such individuals and their dependents to remain covered by the employer-sponsored health plan for up to 24 months, if they choose. If the individual decides not to continue coverage, they can be reinstated in the plan without any waiting periods or exclusions when they return to their civilian job.

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