

# About Health Savings Accounts (HSAs)

## Frequently asked questions (FAQs) for those considering a Wells Fargo HSA

Are you considering enrolling in an HSA and want to know more about the benefits of an HSA and how it works? Review these helpful FAQs for more information. You can also call Wells Fargo HSA Customer Service at 1-866-884-7374, Monday through Friday, from 7:00 a.m. to 8:00 p.m. Central Time, or visit [wellsfargo.com/hsa](https://wellsfargo.com/hsa).

If you are a new Wells Fargo HSA account holder, or have questions that aren't answered here, try the Getting Started with Your HSA FAQs on [wellsfargo.com/hsaresources](https://wellsfargo.com/hsaresources).

### About HSAs

#### *What is an HSA?*

An HSA is a tax-favored savings account that allows the account holder to save and pay for qualified medical expenses tax-free.<sup>1</sup> To open an HSA you must be in an HSA-compatible health plan. You can use funds in your HSA to pay for out-of-pocket expenses not covered by your health plan, as well as other qualified medical expenses. You own your HSA — the account and funds in it stay with you year after year, even if you change employers or health plans.

#### *Who is eligible to open an HSA?*

To open an HSA, you must be enrolled in an HSA-compatible health plan and cannot be covered by a non-HSA-compatible health plan. You also cannot be enrolled in Medicare, be a dependent on another person's tax return, or have received VA medical benefits at any time over the past three months. If you have specific questions about your eligibility for an HSA, ask your benefits administrator or call Wells Fargo HSA Customer Service.

#### *What are the tax benefits associated with an HSA?*

HSAs enjoy triple tax benefits. The money you contribute to your HSA is tax-deductible and can be used to pay for qualified medical expenses for not only yourself, but also for your spouse and tax dependents — tax-free.<sup>1</sup> Interest earnings on your FDIC-insured cash balance, plus investment earnings if you choose to invest in your HSA, are also tax-free.<sup>2</sup>

#### *How much can I contribute to an HSA?*

The maximum you can contribute annually to an HSA in 2012 is \$3,100 for single coverage and \$6,250 for family coverage. If you are 55 or older, you can make an additional catch-up contribution. The maximum annual catch-up contribution is \$1,000.<sup>3</sup>

### Benefits of a Wells Fargo HSA

#### *Why should I choose the Wells Fargo HSA?*

The Wells Fargo HSA is backed by one of the largest and most recognized financial services companies in the nation — and one of the first banks to offer HSAs. The Wells Fargo HSA consists of a Federal Deposit Insurance Corporation (FDIC)-insured,

interest bearing deposit account and an investment account<sup>2</sup> — allowing you to earn interest on cash in your HSA or invest your HSA funds for future use or retirement. With convenient Wells Fargo Visa<sup>®</sup> HSA debit card access to your funds, and dedicated Customer Service representatives, the Wells Fargo HSA makes it easy for you to use your HSA and get answers to your questions.

#### *What are the advantages of the Wells Fargo Visa HSA debit card?*

With a swipe of your HSA debit card, you can pay for prescriptions, doctor's visits, dental expenses, and more. You can use the HSA debit card anywhere Visa debit cards are accepted. You can also use it to make withdrawals at Wells Fargo ATMs.

#### *Can I access my HSA online and manage my account?*

The *Wells Fargo Health Account Manager*<sup>SM</sup> portal makes it fast and easy for you to manage your Wells Fargo HSA anytime, online. It provides all the tools you need to:

- View detailed account activity, including your HSA debit card transactions.
- Maintain your account profile.
- Make a one-time or recurring contribution to your HSA (current or prior year).
- Set up investment elections and automatic transfer to investments.<sup>2</sup>
- View online tax documents and monthly statements — for up to seven years of statements.
- Use online distributions to make one-time transfers into your Wells Fargo bank account — a great way to reimburse yourself for out-of-pocket expenses.
- Order debit cards for your dependents.

Together we'll go far



### ***What investment options are available in a Wells Fargo HSA?***

Wells Fargo offers a diverse array of mutual fund options to accommodate a range of investment objectives.<sup>2</sup> When your HSA reaches a minimum balance of \$2,000, you have the option to activate the investment account and direct your contributions above \$2,000 into these mutual funds. Visit [wellsfargo.com/hsainvesting](http://wellsfargo.com/hsainvesting) to learn more about the mutual fund choices available to you.

### **HSA eligibility**

#### ***What is an HSA-compatible health plan?***

An HSA-compatible health plan is a health insurance plan with a minimum deductible of \$1,200 for individuals or \$2,400 for families. The annual out-of-pocket expenses, which include deductibles and copays, cannot exceed \$6,050 for individuals or \$12,100 for families.<sup>4</sup>

#### ***How do I know if my health insurance plan is HSA-compatible?***

Your health insurance company or employer can provide information about whether or not your plan is HSA-compatible. It is your responsibility to make sure you are covered by an HSA-compatible health plan.

#### ***What happens if I change jobs or health plans?***

HSAs are owned by the individual, so if you change jobs or health plans, you may keep your HSA at Wells Fargo and continue to spend HSA funds on qualified medical expenses. You may contribute to your HSA as long as you stay in an HSA-compatible health plan.

#### ***How does FSA/HRA participation affect HSA eligibility?***

General Flexible Spending Arrangements (FSAs) and Health Reimbursement Arrangements (HRAs) will probably make you ineligible for an HSA. However, if your employer offers a “limited purpose” (limited to dental, vision, or preventive care) or “post-deductible” (pay for medical expenses after the plan deductible is met) FSA or HRA, then you can still be eligible for an HSA. If your employer contributes to an HRA that can only be used when you retire, then you can still be eligible for an HSA. Additionally, you cannot have an HSA if your spouse’s FSA or HRA can pay for any of your medical expenses before your HSA-compatible health plan deductible is met.

### **Enrolling in the Wells Fargo HSA**

#### ***How do I enroll in the Wells Fargo HSA?***

If your employer offers an HSA-compatible health plan, you will need to enroll in that health plan first. Then you can follow the instructions specific to your employer’s benefits enrollment process to set up your Wells Fargo HSA.<sup>5</sup>

If you are an individual who would like to enroll in the Wells Fargo HSA and are enrolled in an HSA-compatible health plan,<sup>5</sup> go to [wellsfargo.com/hsa](http://wellsfargo.com/hsa) and click Open an HSA. There is no fee to enroll online.

#### ***What fees apply to a Wells Fargo HSA?***

The monthly service fee is \$4.25 and may vary depending on your employer or health insurance plan.

Additional banking fees may apply if you choose to use optional banking services or choose other non-standard services. The monthly service fee will be waived if the combined deposit and investment<sup>2</sup> balance in your HSA on the last day of the month is greater than or equal to \$5,000.

### **Using HSA funds**

#### ***What are qualified medical expenses?***

To help you determine whether an expense qualifies for tax-free reimbursement under your HSA, Internal Revenue Code Section 213(d) states that eligible expenses must be made for “medical care.” This is defined as amounts paid for the “diagnosis, cure, mitigation, treatment or prevention of disease, or for the purpose of affecting any structure or function of the body.” Visit [wellsfargo.com/hsa](http://wellsfargo.com/hsa) for a more detailed list and explanation of qualified medical expenses.

Examples of common qualified medical expenses include:

- Acupuncture
- Dental treatment
- Doctor’s fees
- Hospital services
- Laboratory fees
- Prescription medicines or drugs
- Vision services
- X-rays

#### ***Can I use funds from an HSA for non-qualified medical expenses?***

Yes, but you’ll be required to pay income tax and a 20 percent tax penalty on the amount you use for non-qualified medical expenses. (The 20 percent penalty doesn’t apply to distributions made after your death or disability, or after you’ve reached age 65.)

**<sup>2</sup> INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE**

<sup>1</sup> All tax references are at the federal level. State taxes vary. Please consult a tax advisor.

<sup>3</sup> These are the IRS contribution limits for 2012. Individual contribution limits may be lower than IRS maximums. Individuals are responsible for monitoring their contribution limits. Consult your tax advisor with questions about how limits apply to your situation.

<sup>4</sup> Limits are indexed for inflation and may change annually.

<sup>5</sup> Other eligibility criteria may apply.