

gusto



Welcome to your Health Savings Account.

A guide to getting the most out of your HSA.

Here's what we'll cover:

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Cheers to tax savings!

Congrats on opening your Health Savings Account.

We've partnered with Avidia Bank to provide a convenient approach to saving for medical expenses.

HSA 101

A HSA is an excellent benefits option as it enables you to save, invest, and spend funds for qualified medical expenses on a tax-advantaged basis.

Bonus! Unused funds roll over from year to year and continue to grow tax-free. No use it or lose it.

HSA Eligibility Recap

To be eligible to open and contribute to an HSA, you must meet all of the following criteria, as defined by the IRS:

1. Covered by a High Deductible Health Plan (HDHP)
2. Minimum deductibles for an HDHP cannot be less than:
Individual coverage: \$1,400 Family coverage: \$2,800
3. Maximum-out-of-pocket limits are:
Individual Coverage: \$6,900 Family Coverage: \$13,800
4. You are not covered by another non-qualified healthcare plan, such as a health plan sponsored by your spouse's employer, Medicare, or Tricare
5. You cannot be claimed as a dependent on another individual's tax return
6. Flexible Spending Account (FSA) participants are restricted to dental, vision, or post-deductible medical expenses

Awesome services available to you:

Check out your personal account at <https://gusto.healthcareportal.com> to:

- View online account balance and transaction info
- Track expenses for tax reporting purposes
- Print forms and documents relating to your accounting
- Find educational materials

Any questions? Give us a call at (800) 936-0383. We're here to help!

Contributing is a cinch.

Contributing funds lowers your taxable income, allowing you to build a “nest egg” for future healthcare expenses. Contributions can be made by you, your employer or anyone else; however, the preferred tax treatment will only be realized by you.

You can contribute money to your account in several convenient ways:

- **Direct Deposit:** Direct deposit can be facilitated through Gusto. These contributions can be deducted from your paycheck automatically.
- **Funds Transfer:** Within your Gusto benefits portal, you can make one-time electronic transfers from other financial institutions.
- **Account Transfer:** If you have an existing Health Benefit Account or IRA, you may be eligible to either rollover or transfer the funds to your new HSA. Required forms are available within Gusto or you may contact Avidia Bank for further assistance.
- **Checks:** If you prefer, you can send us a check by mail to Avidia Bank, PO Box 370, Hudson, MA 01749. The check should be made payable to Avidia Bank and either include a deposit slip from your checkbook or simply write your account number in the memo line.

2020 HSA contribution limits*

Single: \$3,550 **Family:** \$7,100

Catch up contributions

Participants 55 or older may make additional contributions above the set maximum.

Single: \$1,000 **Family:** \$1,000

Keep in mind—HSA contribution limits established by the IRS may change each year and you must not over contribute to avoid adverse tax consequences.

*As of May 2018.

Sample scenarios**

A contribution of \$50 a month over 25 years:

- Tax savings: \$4,148
- Balance: \$21,876

Increase the contribution to \$200 a month over 25 years:

- Tax Savings: \$16,590
- Balance: \$87,502

Max. Family Contribution of \$6,550 a year over 25 years:

- Tax Savings: \$45,277
- Balance: \$245,972

**For illustrative purposes only. Savings calculations are based on a federal tax rate of 15%, state tax rate of 5% and 7.65% FICA. Balance calculations assume an average interest rate of 3%. Actual results may vary.

Pay for healthcare with ease.

Having an HSA when combined with a high deductible health plan is great! For example — even though your insurance company won't cover your costs before your deductible is met, you can reimburse yourself or cover those costs with your HSA benefits card directly.

When you need access, the following options are available:

- **Gusto Benefits Card:** Whether you are at the doctor's office or pharmacy, simply swipe your card and you're done. Additionally, if you are paying by mail, phone or online, just provide your Gusto debit card number to complete your transaction.
- **Checks:** If you prefer to write checks, they can be ordered while opening your account at no charge and provide an alternative payment method.
- **Bill Pay:** Within your Gusto benefits portal, you can enroll for the Bill Pay feature. Once enrolled, you can add your payees.
- **Reimbursing Yourself:** If you do not have enough funds in your HSA or prefer to pay out-of-pocket for qualified medical expenses, keep your receipts. Later on you can choose to reimburse yourself.



Remember to keep your records

Upload receipts and track expenses in your Gusto benefits portal in case you need to submit information to the IRS.

Qualified medical expenses

Qualified medical expenses are those directly related to the alleviation or prevention of physical or mental illness. Over-the-counter drugs are no longer qualified medical expenses unless prescribed by a doctor.

This requirement does not apply to expenses such as insulin and diabetic supplies, bandages, band-aids or contact lens supplies. Expenses generally can be for yourself, your spouse, or your dependent children, regardless if they are covered by your health plan.

HSA funds can be used to pay for qualified medical expenses such as:

- Medical Care
- Vision
- Physicals
- Deductible Payments
- Dental
- Prescriptions
- Chiropractic
- Medical Equipment
- Certain Healthcare Premiums (Cobra, LTC, Medicare A/B/C/D)

Need help deciphering if your expense is qualified?

Visit <https://gusto.healthcareportal.com> or email benefits@gusto.com

HSA investment options & tax advantages.

Once your HSA reaches the \$1,000 balance threshold, within Gusto you can self enroll for the Devenir investment account* (Figure 1). There are 13 Mutual Funds to select from. You can use the transfer feature within the portal to move funds between the investment and transactional component of your HSA.

A triple tax advantage

1. **Money goes in tax-free:** Most employers offer a payroll deduction plan that allows you to make contributions to your HSA on a pre-tax basis. The deduction is deposited into your HSA prior to taxes being applied to your paycheck, making your savings immediate. You can also contribute to your HSA post-tax and recognize the same tax savings by claiming the deduction when filing your annual taxes.
2. **Money comes out tax-free:** Eligible medical purchases can be made tax-free when you use your HSA. You can also pay out-of-pocket for eligible medical expenses and then reimburse yourself from your HSA. You can use your benefits debit card, online bill pay or write a check.
3. **Earn interest tax-free:** The interest on HSA funds grows on a tax-free basis. Unlike most savings accounts, interest earned on an HSA is not considered taxable income when the funds are used for eligible medical expenses.

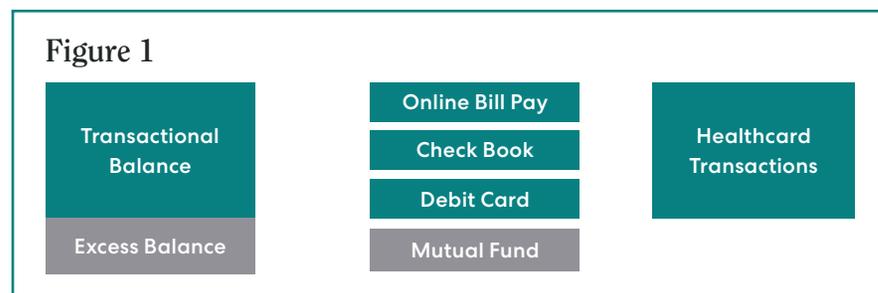
There are few situations you may pay taxes or penalties on your HSA funds. If you use your HSA funds for non-qualified medical expenses and are under the age of 65, you may incur a 20% penalty and owe income taxes on the amount used. Making a non-eligible purchase or contributing more than the yearly maximum contribution limit are two more examples. However, both circumstances can be corrected free of tax penalties by April 15 of the following calendar year.

How can an HSA help secure my retirement?

Participation in an HSA allows you to invest both pre- and post-tax dollars to prepare for retirement. Although your funds can be used to pay for immediate healthcare expenses tax-free, you can also save the money for healthcare expenses later in life. Whether you withdraw the money tomorrow or years from now, funds used for qualified healthcare expenses are always tax-free.

Who is Devenir?*

- Devenir is the leading HSA investment advisor in the country.
- As an HSA pioneer, Devenir has gained a wealth of experience and deep understanding of the HSA market.
- Devenir features clients of all sizes, ranging from small community banks to Fortune 500 companies.
- Devenir's primary focus is to provide investment solutions for HSA accounts.
- The combination of Devenir's size and experience provides economies of scale, allowing for the elimination of sales loads typically found in other HSA mutual fund offerings.



*Investment products and services are not insured by the FDIC; are not deposits or other obligations of the institution and are not guaranteed by the institution; and are subject to investment risks, including possible loss of principal invested. The information contained in this guide is not intended to be and does not constitute investment advice. Such information is general in nature and is provided solely for informational purposes to our customers and is not to be construed or interpreted as a recommendation. All investment decisions are solely the responsibility of the user.

Managing your account is simple.

You are in complete control to make changes to your HSA.

Here are some things you can update easily:

- **Correcting account information:** Within the Gusto Portal, you are able to change your personal information.
- **Adding authorized signers or beneficiaries:** We have easy-to-complete online forms.
- **Transferring funds to your HSA:** If you would like to transfer or rollover funds from an existing HSA or IRA, we have more easy-to-complete online forms.
- **You'll automatically receive year-end tax info from Avidia Bank:**
 - **1099 SA:** Received by January 31 and shows your annual distributions
 - **5498 SA:** Received by May 31 and shows your annual contributions

Within your Gusto Portal you have 24/7 access to:

- Account balances and history
- Deposit and withdrawal capabilities
- Important forms and documents
- Up-to-date history
- Recent news and benefits updates
- Account statements
- Investment options

HSA Plan Service Provider



500 Third St., Suite 405
San Francisco, CA 94107
800.936.0383

support@gusto.com

<https://gusto.healthcareportal.com>

HSA Custodian



42 Main St.
Hudson, MA 01749
855-472-9399

HSAinfo@avidia.com

avidia.com



The balance in your HSA is insured by the Federal Deposit Insurance Corporation (FDIC), and subject to applicable deposit limits.

*Investment products and services are not insured by the FDIC; are not deposits or other obligations of the institution and are not guaranteed by the institution; and are subject to investment risks, including possible loss of principal invested.