



Health Savings Account

For Individuals, Families, and Businesses

The logo for 3 RIVERS, featuring a stylized white number '3' followed by the word 'RIVERS' in a serif font with a registered trademark symbol. A white swoosh underline is positioned beneath the text.

3 RIVERS[®]

A Health Savings Account (HSA) from 3Rivers can help you save or pay for current/future health expenses using tax-free dollars. They are special savings accounts available to 3Rivers members who have High-Deductible Health Plans (HDHP) for their health insurance coverage. They allow you to enjoy tax benefits on the money you save to pay for healthcare expenses.

For Individuals

An HSA gives you the flexibility and control over your own health care. You decide how much to contribute, whether to spend it on health care now or save it for the future, and even how to invest the funds to grow over time. There are tax benefits to having an HSA. Contributions can be tax-free and you also get a tax deduction. Your employer might even offer a contribution to your HSA as an incentive. You can take the funds with you even if you change jobs or move to another state. And the funds don't expire at the end of the year, so you can continue to grow your account into your retirement.

For Employers

When your employees are in control of their health care expenses, they're more in control of their health. Individuals with HSAs tend to get more preventive healthcare and this can save thousands of dollars in health care premiums and administrative costs. Employers also have tax benefits. You can make contributions to your employees' HSAs and deduct the contributions on your business income tax return for the year in which you make the contributions. If the contribution is allocated to the prior year, you still deduct it in the year in which you made the contribution. For more information on employer contributions, see Notice 2008-59, 2008-29 I.R.B. 123, questions 23 through 27, available at [IRS.gov/irb/2008-29_IRB/ar11.html](https://www.irs.gov/irb/2008-29_IRB/ar11.html).

HSA Benefits

Benefits of switching to an HSA/HDHP Healthcare Program:

- HSA deposits are pre-tax or tax-deductible
- Qualified withdrawals are tax-free
- Unused HSA contributions remain in the account from year to year
- Portability allows HSA owners to keep 100% of funds if job changes

HSA Debit Card

You will receive a 3Rivers HSA Debit Card to make qualified healthcare purchases. Regular debit card transaction fees will apply, and purchases will be automatically deducted from your HSA. An additional debit card can be issued for a second signer on your HSA.

Checks

Checks are available for you to pay qualified healthcare expenses.

Dividend Rates

Your account will earn dividends on a tiered schedule based on balance. For more information, visit our website at 3riversfcu.org/HSA.

Online Access and Bill Pay

You will have access to view your account balances, activity, and check images by enrolling your 3Rivers HSA for online access. You will also be able to pay medical expense bills with your HSA through Online Bill Pay.

Member Services

To provide you with the best service possible, you can call our Member Service Center at 800.825.3641, option 1, for answers to your Health Savings Account questions.

HSA Guidelines

Eligibility

Individuals with no other first-dollar medical* coverage are eligible to contribute to an HSA if they have a qualified High-Deductible Health Plan (HDHP). Consult your insurance professional to determine if your plan qualifies. For current amount qualifications, visit our website at 3riversfcu.org/HSA.

** "No other first dollar medical coverage" means individuals are ineligible for an HSA if they also have coverage through another non-HDHP medical plan, including Medicare or a spouse's non-HDHP plan or Flexible Spending Account. Use of VA benefits may also make an individual ineligible for an HSA.*

Preventive care services are not required to be subject to deductible.

Individuals may also carry separate coverage for accidents, disability, dental care, vision care, and long-term care not subject to deductible.

Contributions

Each year the IRS sets a maximum amount allowable to contribute to your HSA. Visit 3riversfcu.org/HSA to view the maximum annual contribution limits.

If your HDHP begins after January 1 and you make the full-year contribution, you must remain HSA-eligible through December 31 of the following year or be subject to an IRS Testing Period in addition to taxes and/or penalties. If your coverage level decreases mid-year, you may need to prorate your contribution to avoid penalties.

Prior year contributions may be made through April 15 of the following year.

Individuals age 55+ may make a “catch-up” contribution to their HSA. A married couple can make two catch-up contributions as long as both spouses are at least 55, and spouse’s catch-up funds must be placed in separate HSAs.

Contribution can be made by:

- Individuals (tax-deductible for account holder)
- Family members (tax-deductible for account holder)
- Employers (pre-tax)

One-time contributions can be made from an individual’s IRA or Roth IRA without being subject to tax. The limit is the same as the maximum annual HSA contribution and both accounts must be in the same individual’s name.

Under the last-month rule, you are considered to be an eligible individual for the entire year if you are an eligible individual on the first day of the last month of your tax year (December 1 for most taxpayers).

Distributions

HSA distributions are tax-free if they are used to pay for qualified medical expenses, such as:

- Diagnosis, cure, mitigation, treatment, or prevention of disease
- Prescriptions
- Qualified long-term care insurance and services
- COBRA Continuation Coverage
- Health insurance for the unemployed
- Medicare expenses (but not Medigap)
- Retiree health expenses for individuals age 65+

Distributions made for non-eligible expenses are subject to income tax and a 20% penalty. The penalty is waived for distributions made by individuals age 65+ or in the case of death or disability.

Treatment at Death

If your estate is the beneficiary, the value is included on your final income tax return. The amount taxable to a beneficiary other than the estate is reduced by any qualified medical expenses for the decedent that are paid by the beneficiary within 1 year after the date of death.

Frequently Asked Questions

Q: What is a Health Savings Account?

A: An HSA is an account that allows you to pay for health expenses. With an HSA, you have the ability to both pay immediate medical expenses and save funds to cover future expenses.

Q: Why would I need a Health Savings Account?

A: An HSA allows you to have better control over your health care funds, which may become more important to you as the costs of health care and insurance continue to rise.

Q: Am I able to contribute to an HSA I own?

A: To be eligible for a Health Savings Account, your health insurance coverage must be a High-Deductible Health Plan (HDHP); you can’t be covered by another non-HDHP insurance plan (not including specific injury insurance and accident, disability, dental care, vision care, or long-term care); you must not be enrolled in Medicare; and you can’t be a dependent on another individual’s tax return.

Q: What is a High-Deductible Health Plan (HDHP)?

A: The High-Deductible Health Plan label is not just used for plans with high deductibles. An HDHP simply meets IRS guidelines for minimum deductibles and maximum out-of-pocket expenses. An HDHP which qualifies for a Health Savings Account may have no deductible for preventive care, but higher co-pays and out-of-pocket requirements for other services.

Q: How much can I contribute to a Health Savings Account?

A: Annually, the IRS sets limits on maximum annual contributions. Individuals age 55+ may make an additional catch-up contribution, which is also indexed annually. See contributions section of this brochure for more detailed information.

Q: Will I lose my HSA funds at the end of the year?

A: No, any funds left in your Health Savings Account at the end of the year will roll over to the next year.

Q: Can I earn dividends on my Health Savings Account?

A: Yes, 3Rivers offers dividend HSAs, not all organizations do. The funds are only tax free if they are spent on a qualified medical expense — no matter your age.

Q: Who has control over the money in my Health Savings Account?

A: 3Rivers allows for authorized signors on HSAs. Anyone who is a signor on the account has control of the funds. The Tax owner of the HSA is responsible for how funds are spent. If funds are not used for qualified medical expenses, the HSA Owner could face tax penalties.

Q: Can I use online access to move funds into my HSA from my other 3Rivers accounts?

A: Yes, you are able to make online transfers to your HSA from your other 3Rivers accounts. However, these transactions will only count toward the current year contributions. If you want to make a contribution toward the prior year, you must visit a branch or schedule an appointment with our Member Service Center at 1-800-825-3641 (select option 1).

Q: What are the IRS-approved medical expenses?

A: In general, you can use your tax-advantaged HSA dollars on medical, dental (including braces for your children) and vision expenses, chiropractic visits, and even acupuncture. HSA funds cannot be used toward your insurance premium unless you are unemployed and are collecting Federal unemployment benefits.

Q: How do I submit a change of address or beneficiary?

A: Contact 3Rivers at 800.825.3641, option 1, to receive the HSA information change form. Completed forms can be faxed or mailed to 3Rivers.

3Rivers Federal Credit Union
P.O. Box 2573
Fort Wayne, IN 46801

FAX: 260.489.0230

Q: Can I use my Health Savings Account for anything other than medical expenses?

A: You have total control over the funds you invest in your HSA. Keep in mind, however, that if you use these non-taxed funds for non-medical uses, you may be required to pay income tax along with a 20% penalty for a non-medical withdrawal prior to age 65.

HSA Eligible Expenses

This list of qualified health care expenses may not necessarily apply to your specific insurance plan deductible. Review your insurance plan for details.

The list below offers some examples of eligible medical expenses that you may use your HSA funds to cover. "Eligible medical expenses" are defined as those expenses paid for care as described in Sections 213 (d) or IRS Publication 502.

For a complete list and more detailed information, please refer to IRS Publication 502 titled "Medical and Dental Expenses." Catalog Number 15002Q at www.irs.gov/pub/irs-pdf/p502.pdf.

Publications can be ordered from the IRS by calling 1-800-TAX-FORM (829-3676), or viewed, printed, or downloaded from www.irs.gov.

Consult your tax advisor or CPA for tax advice.

Reimbursable Medical Expenses:*

- Acupuncture
- Alcoholism treatment
- Ambulance
- Artificial limbs
- Artificial teeth
- Bandages
- Birth control pills (*prescription*)
- Braille publications
- Breast reconstruction surgery following mastectomy
- Capital expenses (*if main purpose is medical care*)
- Car (*special equipment for use with disability*)
- Chiropractor
- Christian Science practitioner
- Contact lenses
- Crutches
- Dental treatment
- Diagnostic devices
- Disabled dependent care expenses
- Drug addiction therapy
- Drugs (*prescription*)
- Eyeglasses and eye surgery
- Fertility enhancement
- Guide dog
- Hearing aids and batteries
- Home care
- Laboratory fees
- Lead-based paint removal
- Legal fees
- Lifetime care-advance payments
- Lodging (*for purposes of outpatient care*)
- Long-term care
- Meals (*at medical facility during medical care*)
- Medical conferences (*when treating chronic illness*)
- Medical services
- Medications (*prescription*)
- Nursing home
- Nursing services
- Optometrist
- Organ transplant (*including donor expenses*)
- Osteopath
- Oxygen and oxygen equipment
- Prosthesis
- Psychiatric care, Psychologist
- Special education
- Sterilization
- Stop-smoking programs (*not including non-prescription drugs*)
- Surgery
- Telephone or TV equipment to assist hearing-impaired
- Therapy
- Transplants
- Transportation expenses (*relative to health care*)
- Travel expenses (*for medical services*)
- Vasectomy
- Vision correction surgery
- Weight-loss program (*if prescribed by physician*)
- Wheelchair
- Wig
- X-ray

*Reimbursable expenses are subject to change.