

WageWorks® Healthcare Savings Account



Healthcare costs are on the rise. A WageWorks Health Savings Account (HSA) is a great way to save money on healthcare expenses now, as well as save for healthcare in the future.

A WageWorks HSA is like a 401(k) for healthcare. If you are covered by a high deductible health plan, you can set aside pre-tax money for eligible healthcare expenses. You can earn interest on and invest the money in your HSA. There's no "use it or lose it" – your HSA funds roll over from year to year.

It's easy to sign up and easy to use. Here's what you need to know.

HOW DOES IT WORK?

A WageWorks HSA is a great way to manage today's and tomorrow's healthcare expenses. With a WageWorks HSA, you pay for today's out-of-pocket healthcare expenses using tax-free money and put away a little something extra for future healthcare needs – even in retirement. You can easily access funds in your HSA to pay for hundreds of eligible healthcare products and services.

But here's the best part about a WageWorks HSA: you can earn money while saving money. Just like other savings accounts, your HSA can earn interest. And because funds are moved from your paycheck to your HSA before taxes are deducted, you reduce your overall tax burden.

YOU DECIDE HOW MUCH

You simply decide to how much to contribute to your HSA for the year. You may contribute in two ways:

- 1. Automatic payroll deductions.** Pre-tax funds are moved from your paycheck into your HSA each pay period.
- 2. Direct contributions.** You may choose to add funds to your HSA at any time. While these contributions aren't tax-free, they can be deducted on your tax return.

YOU DECIDE WHERE

It's your money, so you decide where it goes – into a standard HSA, mutual funds, or a combination of the two. Funds can be deposited in an HSA custodian bank account, which accrues interest. When you reach a designated amount, additional investment opportunities are available to maximize your tax-free earnings and create a nest egg for future use. Some HSA plans require a minimum balance for mutual fund investments, so you'll need to check the bank's individual guidelines.

The money in your WageWorks HSA is yours to keep even if you change jobs, switch healthcare plans, or even retire. You continue to grow your account over time. Unused funds are rolled over from year to year.

Tax Benefit of a WageWorks HSA

Without HSA	With HSA
\$60,000 your gross annual pay (estimate)	\$60,000 your gross annual pay (estimate)
- \$18,000 your estimated tax rate (30%)	- \$6,550 your current + future healthcare expenses
=\$42,000 your net annual pay	=\$53,450 your adjusted gross pay
- \$6,550 your current + future healthcare expenses	-\$16,035 your estimated tax rate (30%)
=\$35,450 your final net annual pay	=\$37,415 your final net annual pay

You take home \$1,965 more with an HSA

To find out how much you can save based on your current income and expenses, go to www.wageworks.com/myhsa

DO I QUALIFY & HOW MUCH CAN I CONTRIBUTE?

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The IRS determines who qualifies for an HSA and how much individuals can contribute to an HSA per year. To qualify for an HSA you must meet the following criteria:

- You must be enrolled in a high deductible health plan (HDHP) with an annual deductible of at least \$1,250 per year for an individual and \$2,500 for a family.
- You cannot participate in another health plan, including a spouse's Healthcare Flexible Spending Account (FSA), unless it is HSA-compatible.
- You cannot be claimed as a dependent on someone else's tax return.
- You cannot be receiving Medicare, TRICARE, or Veteran's Administration (VA) benefits.

2014 Contribution Amounts

The IRS has established the following maximum contribution amounts for 2014:

- \$3,300 for an individual
- \$6,550 for a family

Note: If you are age 55 or older as of December 31, 2014, you may contribute an additional \$1,000 as a catch-up deduction.

WHAT EXPENSES ARE COVERED?

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You may use your WageWorks HSA to pay for eligible healthcare expenses for you, your spouse, and your dependents. The IRS defines which expenses are eligible and ineligible.

Eligible healthcare expenses include:

- Health plan co-payments
- Dental work and orthodontia
- Eye exams and eyeglasses
- Contact lenses
- Chiropractic treatment
- Prescription medications
- Mental health counseling

For a complete list of eligible expenses, visit www.wageworks.com/employee/health-care/expenses/hsa

"A WageWorks HSA is a no-brainer for our family. It's the perfect way to plan and pay for healthcare before our high deductible health plan kicks in. We used our tax-free money to pay for medical, dental, and vision care, as well as over-the-counter and prescription medications. Best of all, we took home \$1,965 more this year and are continuing to save for next year. What's not to love?"



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HOW DO I PAY FOR EXPENSES?

It's easy to access and use funds in your WageWorks HSA. There are four easy payment and reimbursement options:

1. WageWorks Healthcare Card.

Simply present this card when payment is required, whether at a doctor's office or pharmacy. It works like a debit card. Money is deducted directly from your HSA.

2. WageWorks EZ Receipts® mobile application. Take a photo of receipts and instantly submit them for payment, and check your HSA balance – right from your smartphone. You can use the same password for your primary WageWorks HSA, with information synched between the two.

3. Direct online payments. Access your HSA on line and fill out a simple form to pay expenses.

4. Reimburse yourself. Arrange for HSA funds to be transferred to your checking account or a check to be mailed to reimburse you for expenses you've already paid. If you need access to money currently invested in a mutual fund, simply sell some of the shares and move that money into your HSA.

A few important items to note:

- Expenses reimbursed with HSA funds cannot be reimbursed under any other plan.
- Eligible expenses must be incurred after the HSA was established.

It's important to keep receipts and other supporting documentation related to your WageWorks HSA expenses and reimbursement requests. The IRS may request itemized receipts to verify select HSA expenses. Credit card receipts, canceled checks, and balance forward statements do not meet the requirements for acceptable documentation.

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READY TO SAVE? SIGN UP NOW!

Sign up for a WageWorks HSA during open enrollment.

Questions?

- Contact the person or organization managing your HSA benefits program
- Visit www.wageworks.com for online resources

