

HSA Investments Essential Guide



Choose an investment option to grow your account.

Blue Cross and Blue Shield of Vermont offers investment options designed to help health savings account (HSA) account holder participants accelerate the growth of their account balance. With a base balance, you can pay for health care needs today, while surplus funds can be invested to grow your health dollars for the future. Interest and investment appreciation is earned tax-free, so your balance has the ability to grow free of tax obligation.

Introducing Blue Cross and Blue Shield of Vermont investments

Investing your dollars in an HSA works similar to an individual retirement account or a 401(k). Once an account is opened, the initial deposit will be placed in a money market until elections for investments are made.

Basic investment account

When your HSA account base balance exceeds \$1,000, you will be eligible to invest in over 30 mutual funds. The funds have low expense ratios and are traded through the Schwab mutual fund platform.

Charles Schwab brokerage account

When your Blue Cross and Blue Shield of Vermont health savings account reaches a minimum base balance of \$11,000, you are eligible to move \$10,000 to the Charles Schwab health savings brokerage account. Eligible investments include stocks, bonds, mutual funds, ETFs, and a variety of other investments on the Schwab trading platform.

Investment benefits



Grow your account balance with investments.



Earn interest tax-free.



Pay for health care now and save for the future.



**BlueCross
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Blue Shield Association.

www.bcbstv.com/mymoney



Understanding account service costs

Blue Cross and Blue Shield of Vermont charges an annual investment account fee of \$18 which is deducted from your investment account. If you have more than one investment account, this fee is only charged once annually. Other fees not charged by Blue Cross and Blue Shield of Vermont may be associated with individual investments. It is important to research investments to fully understand the fees and risk associated with each investment prior to investing.

Transfer process

Standard processing of transfers to and from the account take approximately 1-2 business days for the basic investment account and 2-3 business days for the brokerage account.

How to enroll in the basic investment account

1. Sign in at www.bcbsvt.com/mymoney.
2. In the *My Accounts* section, locate your HSA in your list of accounts.
3. Click *View Account*.
4. Locate the Investments section of the account page by scrolling past the *Recent Activity* section.
5. In the Investments section, click *Open* an investment account. The Request a Transfer screen will be displayed.
6. In the *Amount to invest* field, enter the amount you'd like to invest today. NOTE: This amount invested can't be more than the amount you have available to invest.
7. Agree to the terms and conditions and click *Submit*.



How to enroll in the brokerage account

1. Sign in at www.bcbsvt.com/mymoney.
2. In the *My Accounts* section, locate your HSA in your list of accounts.
3. Click *View Account*.
4. Locate the Investments section of the account page by scrolling past the *Recent Activity* section.
5. Click *Visit Investment Site*.
6. On the investment site, click the *Planning Tools* menu and choose *Schwab Health Savings Brokerage Account*.
7. Follow the on-screen instructions to enroll. You will receive an 8-digit Schwab account number that you will need to save.
8. Visit www.schwab.com.
9. Click the *First Time Users* link and follow the on-screen instructions to create your user account. You will need your Social Security number and the 8-digit Schwab account number for this step.

Need help?

Call Blue Cross and Blue Shield of Vermont at **1-866-999-2605**

Visit www.bcbsvt.com/mymoney

Learn more. Talk to a health care spending administration expert.

Your sales representative can provide you with more information.

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Learning Center

Simple access.

In-depth resources.

Powerful search capabilities.



learn-mymoneybcbsvt.hellofurther.com

Blue Cross and Blue Shield of Vermont makes learning easy

Welcome to our new Learning Center, designed to help employers and employees understand and maximize their health savings accounts. Offering a robust array of articles, tools and resources, the Learning Center is easy to use, instructive and intuitive.

Employers save time, money

The Learning Center helps employers, members and brokers/agents learn about Blue Cross and Blue Shield of Vermont's spending and saving account products and includes helpful forms and worksheets to help support through onboarding, enrollment and beyond. The site provides calculators, FAQs, IRS guidelines, industry-leading thought leadership, up-to-the-minute news and much more!

Employees get information they need

Employees want to make smart benefit choices. Employers can help by giving them the information they need to better understand the benefits of health care spending accounts through the Learning Center. Whether offering a new program during open enrollment, or welcoming a new hire, the site provides helpful materials that walks an employee through their spending account(s).

Have a question? Find the answer here

Whether you're a broker, employer or employee, you won't come across a more comprehensive learning site.

At the Learning Center, you'll find:

- Detailed product descriptions
- Savings calculators and popular forms
- Guidance to help compare products
- Employer walkthrough of open-enrollment communication
- Extensive employee educational resources:
 - Tips for submitting claims
 - Help using and managing their account
 - Tax implication information
 - How to get reimbursed
 - FAQs.

Learn more. Talk to a health care spending administration expert.

Your Blue Cross and Blue Shield of Vermont sales representative can provide you with more information.

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Products comparison

	Health Savings Account (HSA)	Health Reimbursement Arrangement (HRA)	Flexible Spending Account (FSA) - Medical												
What is it?	<p>A health savings account (HSA) is a tax-advantaged savings account, paired with a qualifying health insurance plan, and can be used to pay for qualifying medical expenses.</p> <p>To make contributions to an HSA, an employee:</p> <ul style="list-style-type: none"> ▪ Must be enrolled in an HSA-qualified health plan ▪ Must not be covered by another health plan ▪ Is not listed as a dependent on someone else's taxes ▪ Is not enrolled in Medicare <p>Employers can opt to make tax-free contributions to eligible employees' HSAs.</p>	<p>A health reimbursement arrangement (HRA) is a medical spending account, paired with an eligible health plan, that is entirely funded by an employer and can be used to reimburse employees for their eligible expenses.</p> <p>Spouses and dependents are also eligible to have medical expenses reimbursed if covered under the same health plan.</p>	<p>A flexible spending account (FSA) allows employees to set aside a portion of their salary pretax to pay for medical costs not paid for by their health plan.</p>												
Who is eligible?	Employees must have an HSA-qualified health plan in order to be eligible.	All employees covered by the health plan are eligible. Owner eligibility is dependent on the corporate structure.	All employees (not self-employed) are eligible for a FSA.												
Who can contribute?	Employers, employees, or third party representatives can contribute to an HSA.	Only employers can contribute to an HRA.	Both employees and employers can contribute to an FSA.												
What's the maximum contribution?	<table border="1"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Single</td> <td>\$3,500</td> <td>\$3,600</td> </tr> <tr> <td>Family</td> <td>\$7,100</td> <td>\$7,200</td> </tr> <tr> <td>Catch up</td> <td>\$1,000</td> <td>\$1,000</td> </tr> </tbody> </table>		2020	2021	Single	\$3,500	\$3,600	Family	\$7,100	\$7,200	Catch up	\$1,000	\$1,000	There is no maximum contribution limit.	The maximum contribution for an FSA is determined by the employer, and is capped at \$2,750 per employee (2020).
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Products comparison

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Is it tax-advantaged?	<p>Yes</p> <ul style="list-style-type: none"> ▪ Tax-free contributions ▪ Tax-free interest ▪ Tax-free withdrawals for eligible expenses 	<p>Yes</p> <ul style="list-style-type: none"> ▪ Tax-free withdrawals for eligible expenses 	<p>Yes</p> <ul style="list-style-type: none"> ▪ Pretax contributions ▪ Tax-free withdrawals for eligible expenses
What is eligible/ineligible?	<p>Eligible:</p> <ul style="list-style-type: none"> ▪ Out-of-pocket expenses until deductible is reached ▪ Copayments, coinsurance and prescription drugs ▪ Medicare and COBRA premiums ▪ Long-term care premiums ▪ Dental and vision care expenses not covered by the health plan <p>Ineligible:</p> <ul style="list-style-type: none"> ▪ Health insurance monthly premiums ▪ Expenses that aren't related to medical treatment or care as defined by the IRS <p>Remember: HSA funds can only be used to reimburse expenses for the account holder and/or their dependents on the health plan.</p>	<p>Eligible:</p> <p>The HRA typically covers the same expenses that the health plan covers, including:</p> <ul style="list-style-type: none"> ▪ In-network doctor visits ▪ Inpatient or outpatient hospital care ▪ Diagnostic exams ▪ Prescription medications <p>Ineligible:</p> <ul style="list-style-type: none"> ▪ Expenses that aren't related to medical treatment or care as defined by the IRS <p>Remember: HRA funds can only be used to reimburse expenses for the account holder and/or their dependents on the health plan.</p>	<p>Eligible:</p> <ul style="list-style-type: none"> ▪ Out-of-pocket expenses until deductible is reached ▪ Copayments, coinsurance and prescription drugs ▪ Long-term care premiums ▪ Dental and vision care expenses not covered by the health plan <p>Ineligible:</p> <ul style="list-style-type: none"> ▪ Health insurance monthly premiums ▪ Expenses that aren't related to medical treatment or care as defined by the IRS <p>Remember: FSA funds can only be used to reimburse expenses for the account holder and/or their dependents on the health plan.</p>
What about keeping receipts?	<p>It's important to save all your receipts and Summary of Health Plan Payments (SHPP) statements to validate expenses, as required by the IRS.</p>	<p>It's important to save all your receipts and Summary of Health Plan Payments (SHPP) statements to validate expenses, as required by the IRS.</p>	<p>It's important to save all your receipts and Summary of Health Plan Payments (SHPP) statements to validate expenses, as required by the IRS.</p>
What happens to unused funds at the end of the year?	<p>An HSA belongs to the employee indefinitely. Any funds remaining at the end of the year will roll over to the next year.</p>	<p>Employers make the determination if remaining funds will roll over to the following plan year, along with any limitations that are placed on the rollover amounts.</p>	<p>Employers make the determination if remaining funds will roll over to the following plan year, along with any limitations on the rollover amounts.</p>

Products comparison

	<i>Health Savings Account (HSA)</i>	<i>Health Reimbursement Arrangement (HRA)</i>	<i>Flexible Spending Account (FSA) - Medical</i>
What other accounts can you pair with?	This account may be paired with an FSA or limited HRA, which can be used on amounts over the deductible or toward dental/vision expenses.	This account may be paired with an FSA and HSA.	This account may be paired with an HRA and HSA.
What happens if there are changes to the account?	HSAs are portable, allowing employees to keep all funds, even if they change jobs or retire.	Funds in an HRA cannot be maintained by the employee if they change jobs or retire.	Funds in an FSA cannot be maintained by the employee if they change jobs or retire.
What about investing?	Members can invest a portion of their HSA into a variety of investment options. When the member's account balance exceeds \$1,000, they have the option to activate a Basic Investment Account.	Investing is not available.	Investing is not available.

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