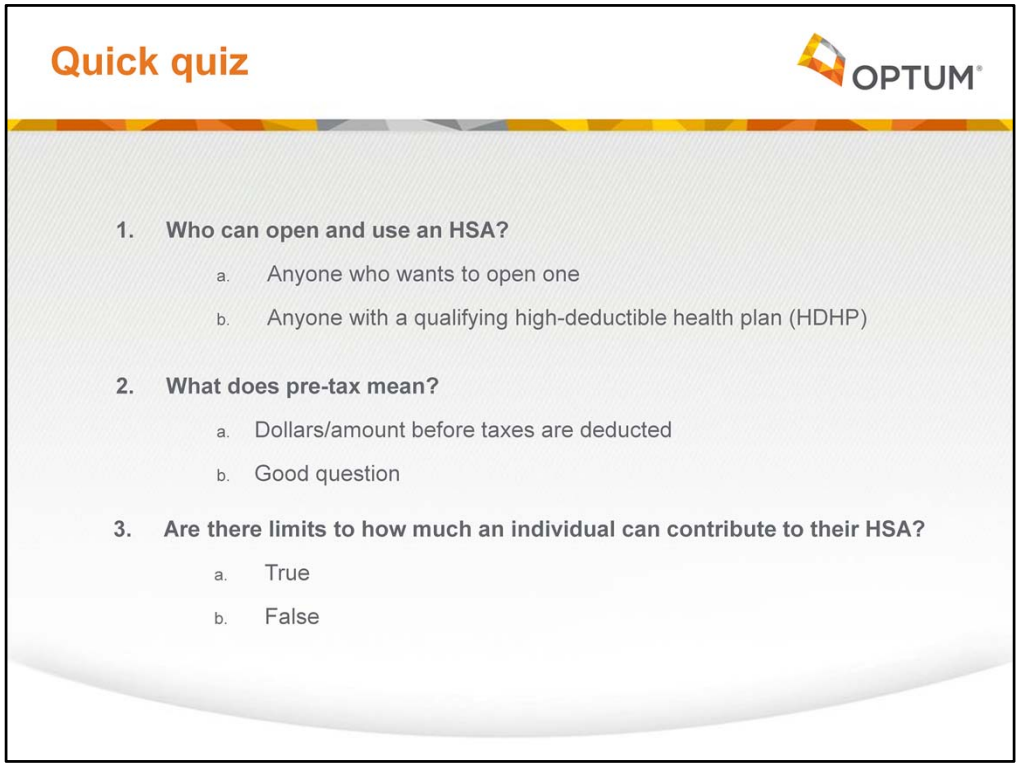
You've likely recently enrolled in a high deductible health plan and opened a health savings account or HSA. Or perhaps you are considering opening one and are wondering what you need to know once you open an account.

What we'll be talking about today

OPTUM

1. What is an HSA?
2. HSA deposits
3. Grow your savings
4. Qualified medical expenses
5. Manage your account
6. Q & A

Today we're going to become more familiar with what an HSA is, how it works, which includes making deposits, savings and paying for qualified medical expenses. Additionally, we will discuss how to manage your account. We will reserve time at the end to answer any questions you may have.

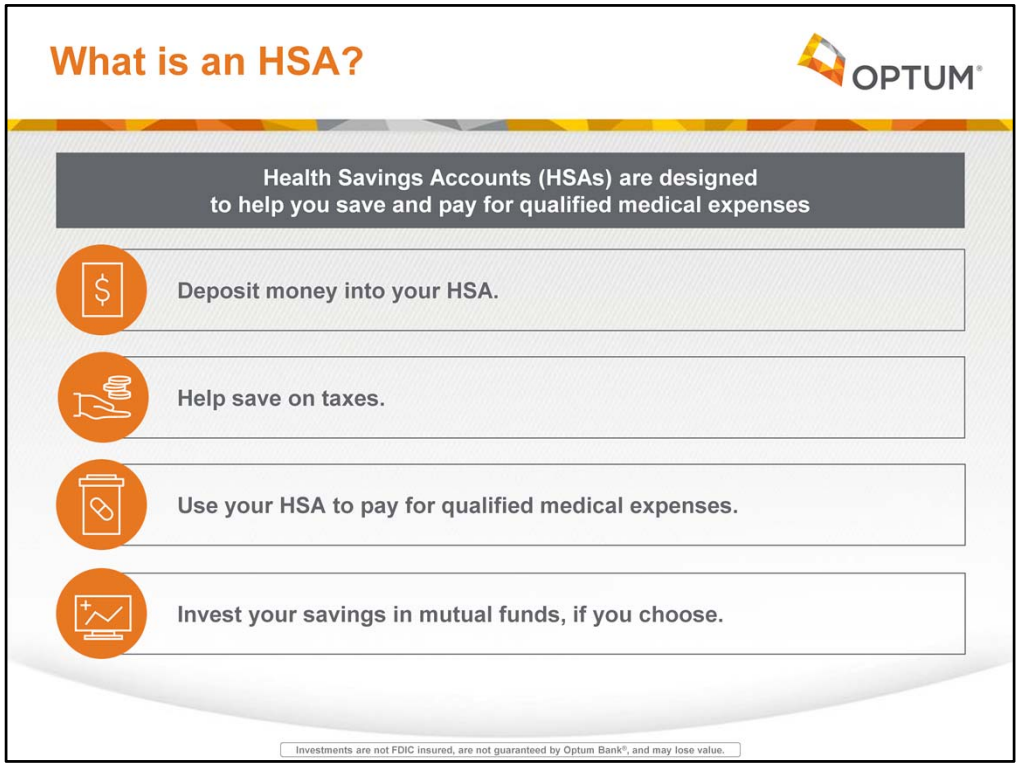


But first, let's take a quick quiz, so I can see what the general level of understanding is for the group.

1) Who can open and use an HSA?
   a) Anyone who wants to open one
   b) Anyone with a qualifying high-deductible health plan (HDHP)

2) What does pre-tax mean?
   a) Dollars/amount before taxes are deducted
   b) Good question

3) There limits to how much an individual can contribute to their HSA.
   a) True
   b) False



What exactly is a health savings account, also known as an HSA?

An HSA an individual deposit account offering a tax-advantaged means to save for health care expenses both now and in the future.

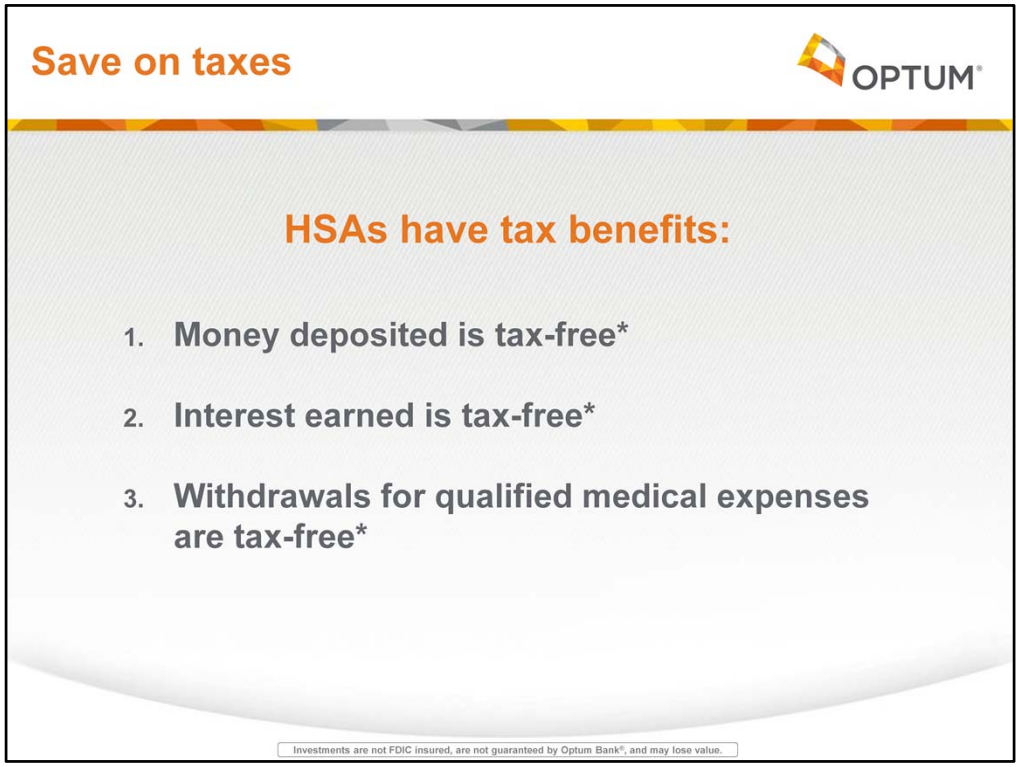
An HSA works like this:

1. First you open an account and deposit money into it. The money is deposited into the account income tax-free and the funds belong to you – even funds contributed by your employer. If you change jobs or health plans, the money is still yours to keep.
2. Next, you save on taxes. The money goes in tax-free, it grows tax-free and comes out tax-free when spent on qualified medical expenses.
3. Your HSA funds can be used to pay for qualified medical expenses for you, your spouse, and your tax-dependents.
4. Lastly, you may invest a portion of your HSA dollars in mutual funds once your account balance reaches the minimum investment threshold.

Eligible individuals who are enrolled in a qualifying high deductible health plan, also called an HDHP, may open, fund and use an HSA. Most HDHPs cover preventive visits at 100%, saving you even more. You can use your HSA to help you pay for expenses that your HDHP does not cover.

The balance in your HSA is yours to keep, and can be used to pay for health care expenses now or saved for future use. If you change medical plans and are no longer covered by an HDHP, you can no longer contribute to your HSA. However the dollars in your account can still be used to pay for qualified medical expenses.

An HSA comes with several tax savings benefits.

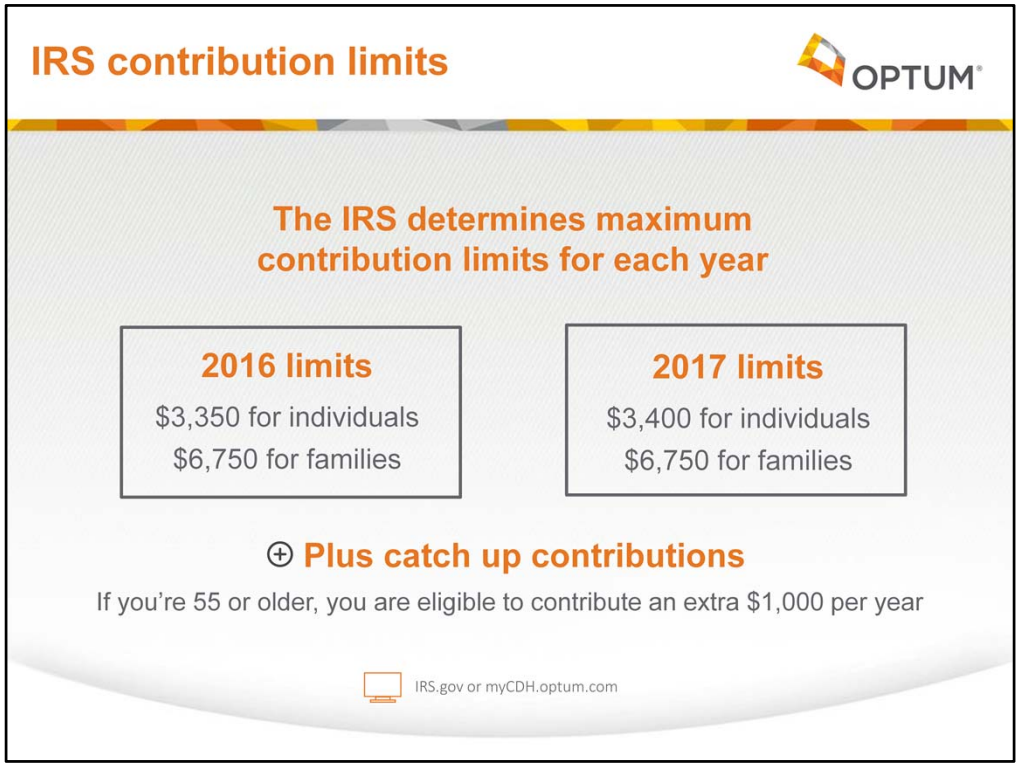


HSAs offer excellent tax benefits and help you make the most of every health care dollar.

Money deposited is not taxed.
Deposits are exempt from federal income tax and in most instances, from state tax.

Interest earned is not taxed.
All of the interest you earn – both on the deposit account and interest earned through investments -- are generally not taxed.

Money withdrawn to pay for medical expenses is not taxed either.

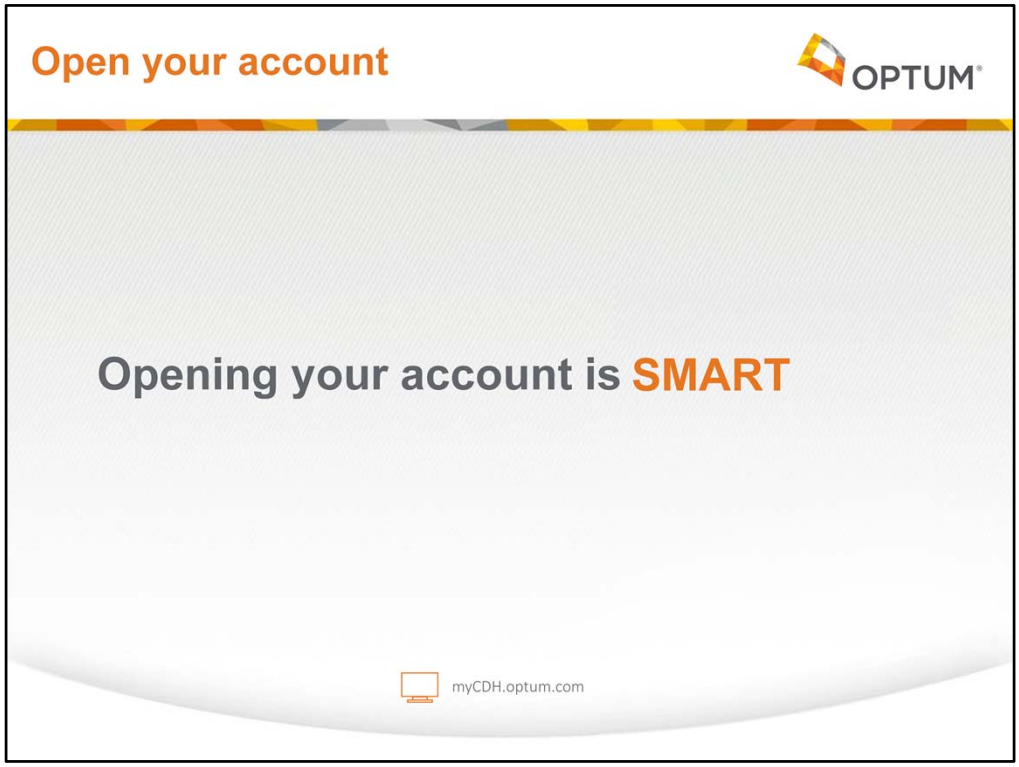


The IRS sets annual contribution limits for how much you can contribute to an HSA in a calendar year.

For 2016, the limits are $3,350 for individual coverage and $6,750 for family coverage. In 2017, the limit for individual coverage is increasing to $3,400, and the limit for family coverage is remaining at $6,750. For those that are 55 years of age or older, you can deposit up to an additional $1,000 annually as a "catch-up" contribution. These are meant to help you further prepare for health care costs in retirement.

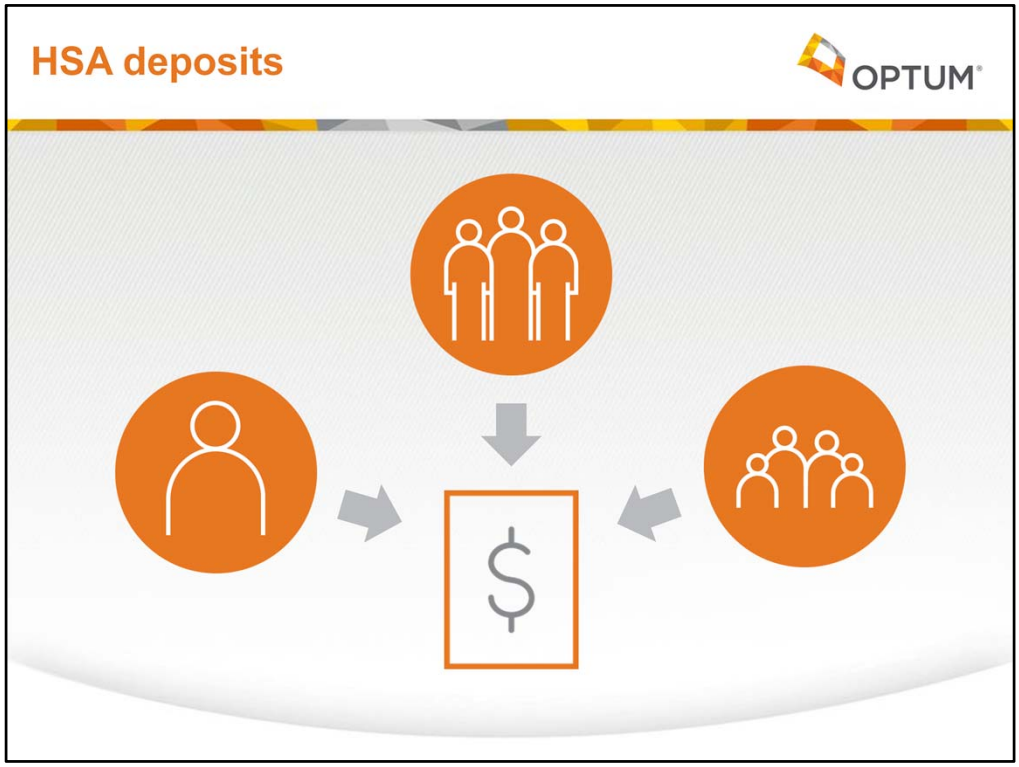
You are responsible for monitoring the amount deposited into your HSA each calendar year. Keep in mind that if your employer contributes funds, those also count towards the maximum. If you exceed the maximum contribution limit, there is penalty imposed by the IRS.

Your contribution limits may vary depending on how many months you have coverage under the High Deductible Health Plan and whether you have single coverage or family coverage. For details on how to calculate your limit, refer to IRS Publication 969 available at www.irs.gov or visit myCDH.optum.com.

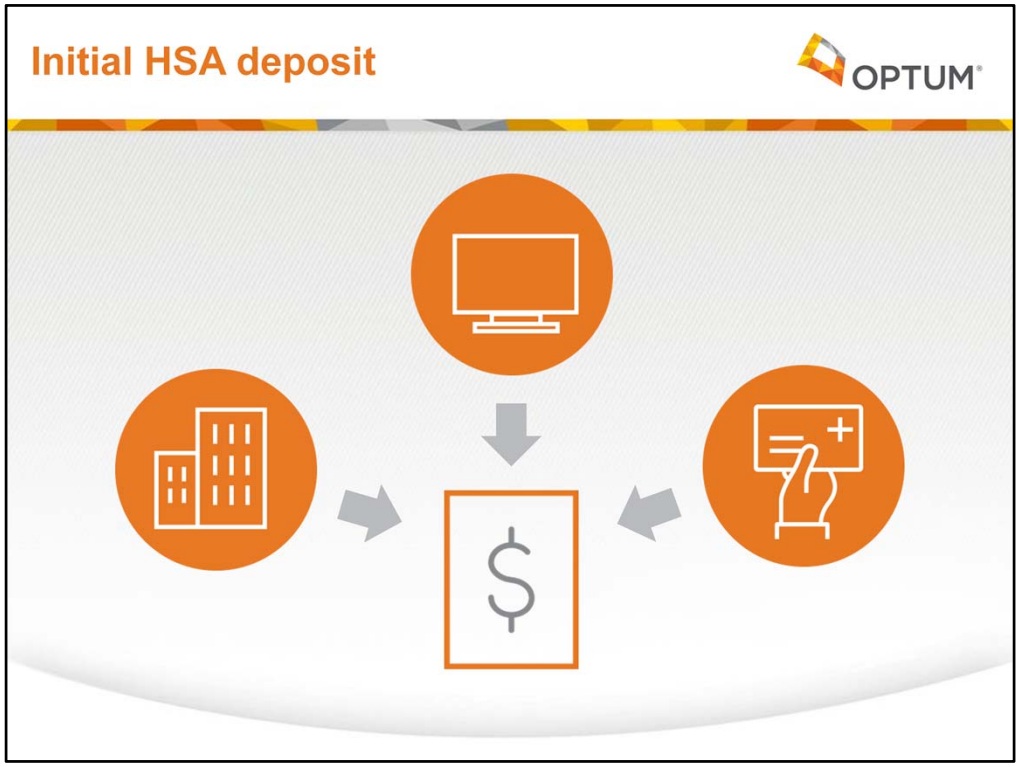


The first thing you need to do is to open an HSA. In your instance, your employer will likely open your HSA account on your behalf.

A Welcome Kit will be provided to you via mail after your account is opened and you will be directed to log in and activate this account online.



In addition to your own contributions, your employer, friends, family members or anyone, can also make contributions to your HSA. Keep in mind, if your employer or anyone else make deposits into your HSA, those contributions in addition to your own, count towards the IRS maximum.



Once you've opened your account, you'll want to make an initial deposit. The easiest way to fund your account – if your employer offers it, is by having an amount deducted regularly from your paycheck; also referred to as payroll deduction.

You can also log into your account and make a one-time deposit or recurring deposits from another bank account.

Optum also accepts a third party check from a bank, cashier's check, or a check from another custodian as a form of deposits. Please keep in mind that Optum does not accept personal checks.

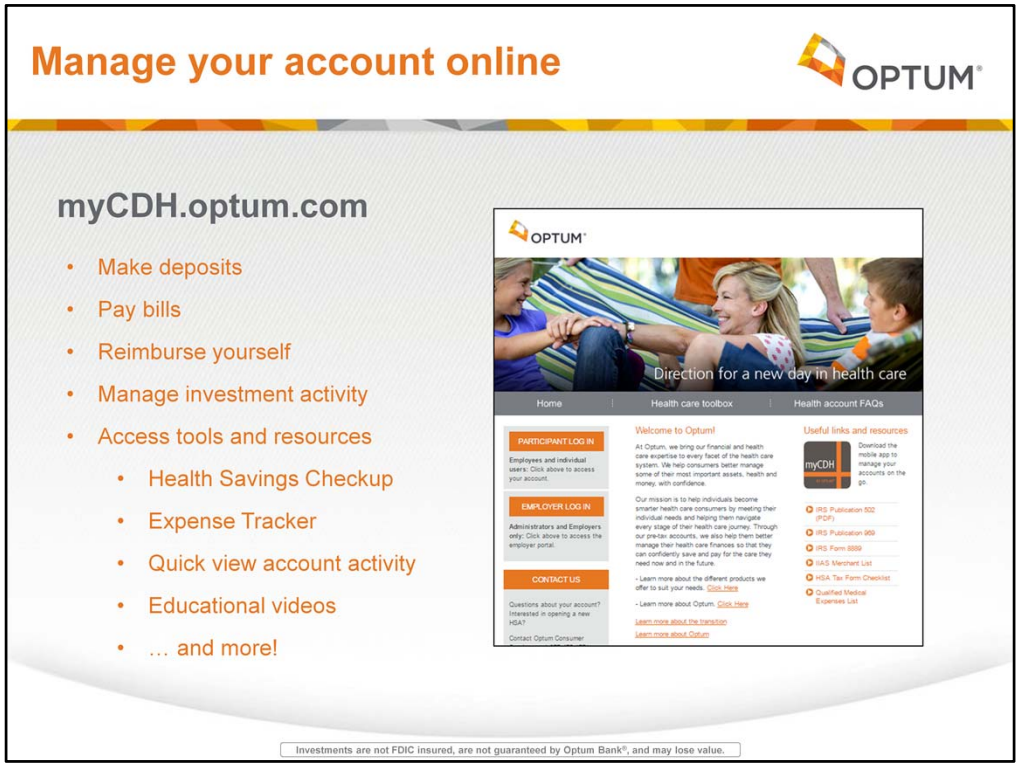
Use your HSA savings for a wide variety of qualified medical expenses.
Like, chiropractic care, acupuncture, contact lenses, eye glasses, LASIK surgery, dental treatments, braces and even hearing aids. For a detailed list of qualified and non-qualified medical expenses visit IRS.gov.

An easy way to pay for qualified expenses is with the Optum Payment Card. You'll get one with your account and you can use it wherever MasterCard is accepted.

Remember to track your expenses and save your receipts.
The IRS may ask you for proof of an expense. If it's not a qualified medical expense, it will be subject to income tax and assessed a 20% penalty.

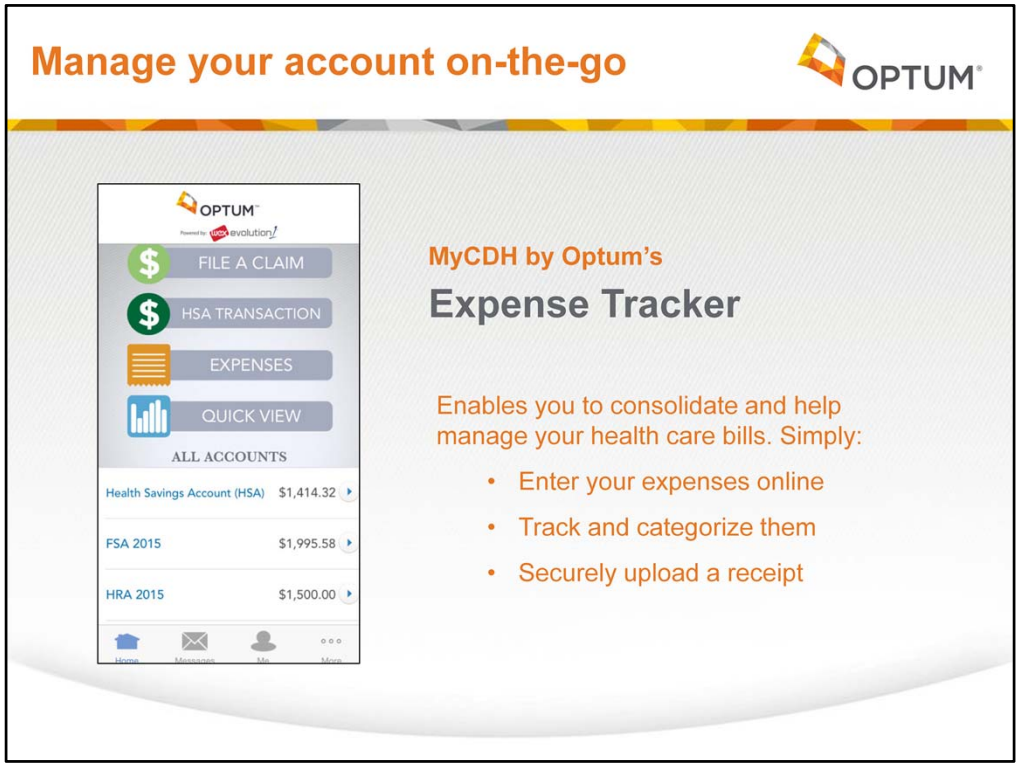
Receipt vault is a helpful tool that allows Optum account holders to upload and store images of qualified medical receipts through a tablet, computer, or smartphone. This tool gives you a safe and secure place to save receipts for as long as you'd like without worry of them getting lost or ruined. Log in to your account at OptumBank.com and click "Receipt Vault" on the HSA Summary page to get started.

You can find a detailed list of qualified and non-qualified expenses by going to irs.gov.

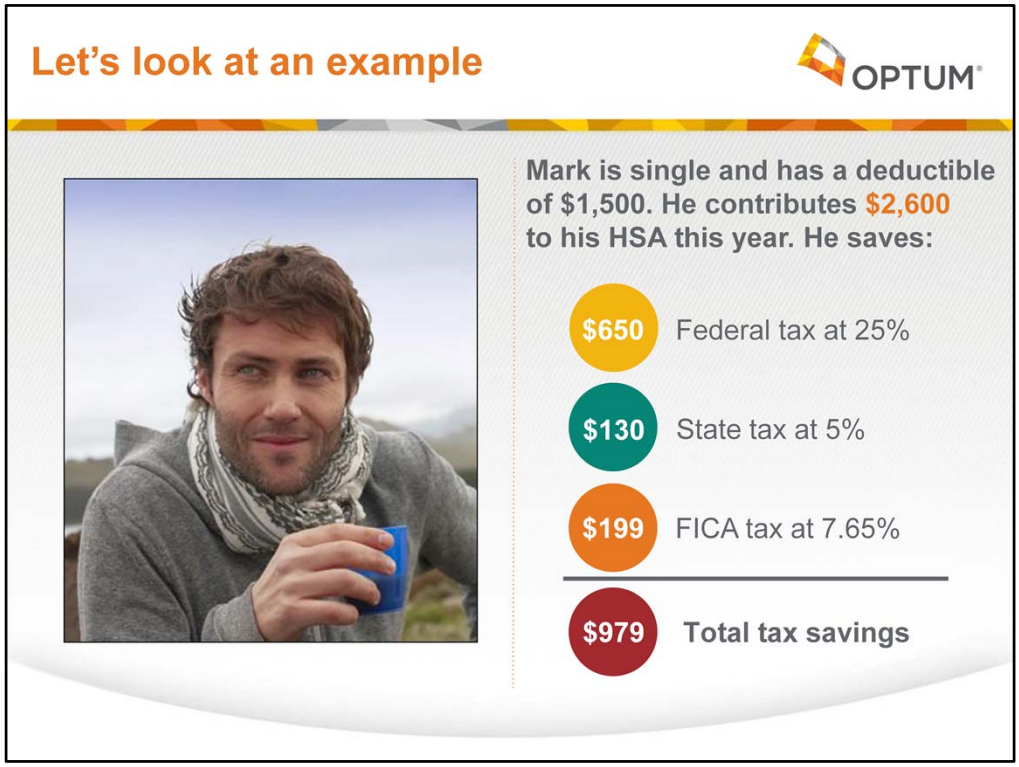


Utilize the numerous online features by logging in to your account at myCDH.optum.com. Here, you have the ability to pay bills, make deposits, reimbursement yourself, and manage investments. myCDH.optum.com also has a variety of tools and resources to help you plan and save for health care, including HSA Calculators and Expense Tracker. Remember to periodically check your statements and account activity to ensure fraudulent activity hasn't occurred. Contact Optum Bank if any questions should arise.

myCDH also makes it easy to manage your account on the go with a mobile app, myCDH by Optum. This is an industry leading app for both Apple and Android devices. Go to the iTunes or Google Play store and search myCDH by Optum to download for free. Features include the ability to access account details, make a contribution, view account messages, manage expenses and more.



Within the app, there is a great tool called an Expense Tracker. This tool allows you to consolidate and manage your health care bills. Simply, enter your expenses online, track and categorize your expenses and securely upload your receipts.

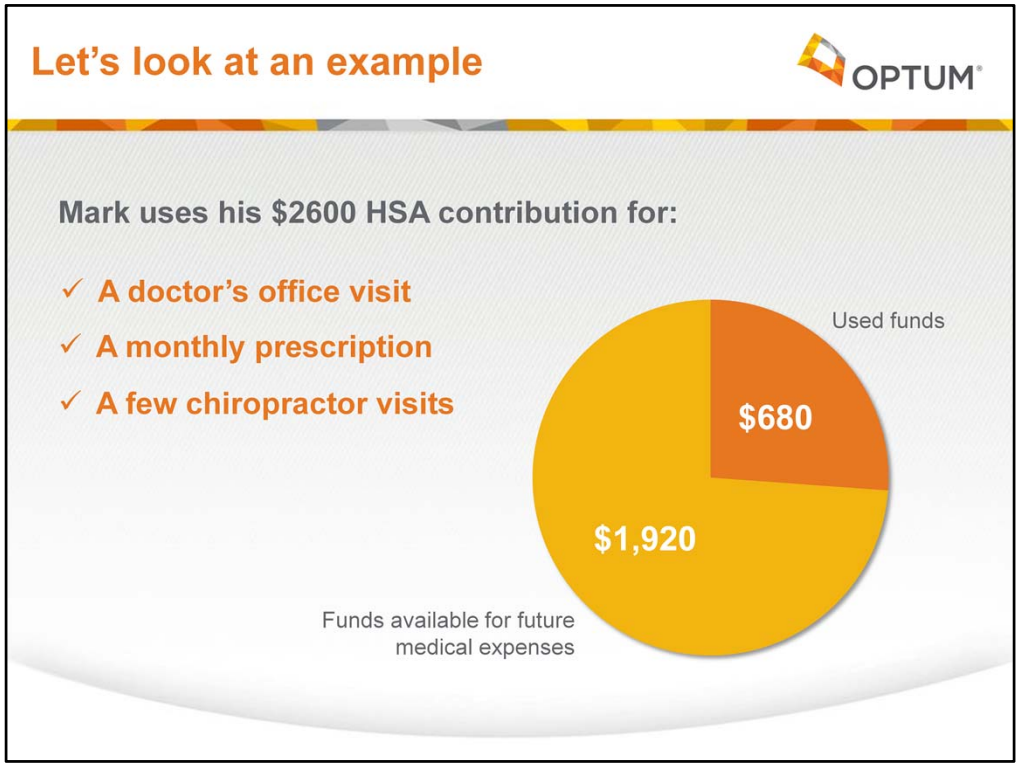


Let's look at an example of how Mark's HSA works for him.
Mark lives in Utah, which does not tax HSAs.

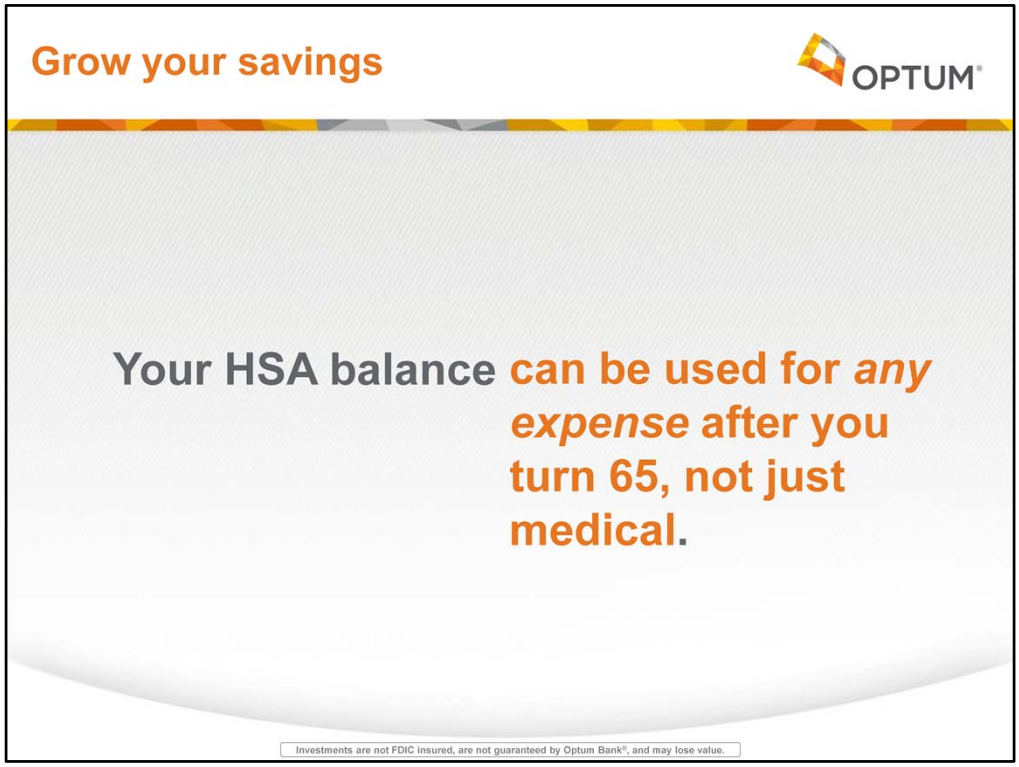
He's single, and he's chosen an HSA-qualifying health plan with a $1,500 dollar deductible.

He opens an HSA and deposits $100 from every paycheck, for a total $2,600 for the year.

Since he doesn't have to pay Federal, State or FICA taxes on the $2,600 he deposited, he saved $979 for the year.



Mark uses his HSA funds to pay for a routine doctor's office visit, a monthly prescription, and a few chiropractor visits – totaling $680.
He pays for these expenses using his HSA debit card and saves his receipts. At the end of the year his unused balance of $1,920 carries forward.



Here's how your savings grow with an HAS

1. You own your HSA, and the balance rolls over from year to year
2. Any interest earned is tax-free
3. After your HSA balance reaches a minimum value, you can invest a portion into mutual funds. Please remember though, that Investments are not FDIC insured, are not guaranteed by Optum Bank, and may lose value.
4. Once you turn 65 you can withdraw the money for any reason without a penalty, making HSAs a great savings vehicle for retirement. Remember prior to age 65, you may only use it for qualified medical expenses to avoid a penalty. Although, you will just have to pay income taxes on withdrawals not used for qualified medical expenses after age 65.

Understanding your medical benefits can be challenging…

Coverage Advisor estimates the costs of different insurance plans based on your expected use of health care services. To use this tool, go to myCDH.optum.com, click "Health care toolbox" and scroll until you see Coverage Advisor. You'll be redirected to another website to use the tool.

Did you know that health care expenses are one of peoples' Number 1 financial worries for retirement? They might be yours, too.

Estimating health care costs – whether its for tomorrow, five years from now or in retirement - remains somewhat of a mystery for both individuals and their financial advisors. Many people plan using publicized averages, but few know what their individual costs could be, based on their *own* health.

Even fewer are likely to know how making choices to live a healthier life today may decrease their costs in the future.

Using the Health Savings Checkup you can see how those conditions will affect your costs in retirement.

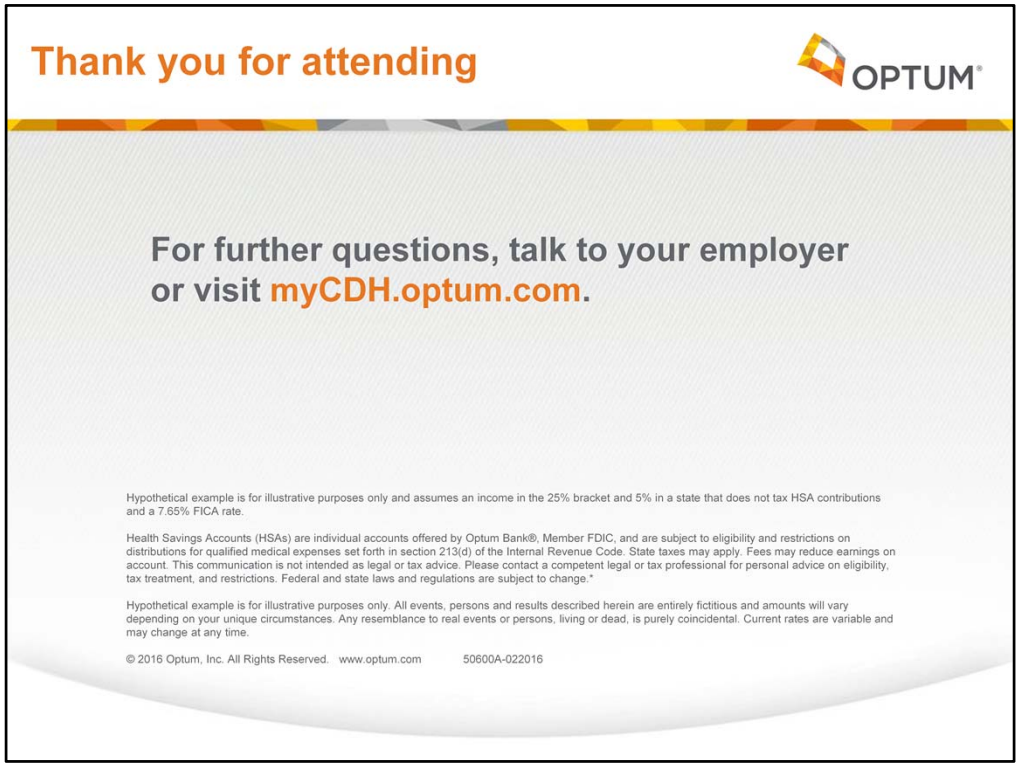
You simply take a few minutes to answer some basic questions about yourself, your retirement goals, health and finances.

Then, you get a snapshot of your potential retirement health care costs, based on what you reported about your health.

Simply go to myCDH.optum.com and click "Health care toolbox" near the top. Scroll near the end of the page and look for the checkup signal. Click learn more.

Let's recap what we've learned.

1. An HSA is a savings account for health care expenses.
2. You must be enrolled in a high deductible health plan.
3. You, your employer or family can make contributions to your HSA.
4. HSAs offer tax savings.
5. Funds can be used to pay for qualified medical expenses.
6. Unused funds roll over each year and earn interest.
7. You may increase earnings by investing in mutual funds.
8. HSA's are a great short and long-term savings tool.



If you have questions that come up later, visit myCDH.optum.com.

The website contains lots of easy-to-use information, frequently asked questions, and tools to help you better understand your HSA. Or, you can talk to your benefits representative.