

US Bank Script

Slide 1

Good morning, and welcome to the State of Kansas HSA enrollment presentation with U.S. Bank. Today, we are going to talk about the HSA, how it works, and next steps to prepare you for enrolling in Plan C and the HSA.

Slide 2

Did you know that HSAs have been around since 2004? Since inception, we have continued to see HSAs grow, nearly doubling over the past five years. According to research, an estimated 50 million Americans will be enrolled into a high deductible plan with an HSA by the year 2020.

Slide 3

Let's talk about some of the benefits to enrolling in a high deductible plan with an HSA. The HSA is an individually owned account that you can put away pre-tax dollars into to use for qualified medical expenses and it doesn't go away at the end of the year. In fact, it carries over each year and is even portable, meaning you can take it with you if you leave employment. Any money you contribute into the account is tax-deductible, you will earn interest tax-free, and when you use the money for qualified medical expenses, it is also tax-free. As mentioned, it is portable so you can take it with you and not only can it be used while you are an active employee, but it turns into a retirement account when you retire. The IRS does limit the amount of money you can contribute into the HSA each year. For 2016 the individual limit is \$3,350. For a family unit, which constitutes an employee plus 1 or more dependents, the limit is \$6,750.

For those age 55 or older, you may also contribute an additional \$1,000 in a catch up contribution. You will want to make sure you carefully consider your contribution election to the HSA.

Slide 4

To be eligible for an HSA, you must enroll in Plan C, the High Deductible Health Plan. You are not eligible for the HSA if you are covered under another health plan that is not a high deductible plan, are enrolled in Medicare, or can be claimed on someone else's tax return. Based on your specific situation, it is always best to review the applicable IRS eligibility requirements prior to electing the high deductible plan with HSA.

Slide 5

There are many common industry myths as it relates to a high deductible health plan and HSA. One is they are only for the young and healthy. The High deductible and HSA really can benefit members in many situations. In fact, 52% of all high deductible and HSA enrollees in the individual market including families were over age 40. Another myth is that HSAs are a joint account owned by an individual and their spouse. The HSA is individually owned. That being said, the individual may own the account, but if they have qualified dependents, they may use those HSA funds for that qualified dependent including the spouse even if they aren't in the high deductible/plan C. We always encourage seeking advice from a certified tax advisor for qualified dependent determination.

Slide 6

The most common is that the HSA funds need to be used by the end of the year or the funds are lost. HSAs are intended to be a vehicle used to help pay for qualified expenses now, or in the future which means, again, the funds would carry forward each year. There is also no limit to the amount of funds that can be rolled over each year. Let's take a look at this example: If starting at the age of 30, you save and invest \$3,000 for 10 consecutive years, depending on the interest earned, you could potentially have \$175,000 in your HSA to use in your retirement. There is no time limit to reimburse yourself for a qualified expense that you paid out of pocket. Just hold on to your receipt and reimburse yourself at a later date, if you so choose.

Slide 7

There are HSA resources for everyone. Let's take a look at two examples: Steve, the spender and Nicole, the saver.

"Steve" has a family and dependents, so he can get multiple cards for his dependents at no additional cost. He can add his checking or savings account information to his online profile under his secure log in so that he can reimburse himself for an expense. There is also an online bill pay feature to pay a provider directly for any medical expense. The mobile app allows him to continue to see his balance on-the-go. He can track any expense for himself or any family member through the expense tracker.

"Nicole" is single and learned at an early age to focus on saving money. She has minimal health expenses, other than her preventive care which is covered by her medical plan. She recognizes the importance of an HSA as a savings vehicle and tool to supplement her retirement accounts. Nicole contributes as much as she can from each paycheck, up to the IRS annual contribution limit. She is healthy now, but is saving for any future medical expense she may incur.

Slide 8

Now that you're ready to take advantage of your HSA, there are three ways to access the funds in your account:

1) Your debit card makes it easy and simple, by swiping your debit card at point of service. It is convenient, and automatically deducts the amount from your HSA account. You can use this card anywhere that MasterCard is accepted. You may also order additional cards for dependents online, or by calling our customer service.

2) If you have forgotten your card at home, you can pay yourself back through our online direct-deposit reimbursement tool. Just simply set up your checking or savings account information online under your secure log in. Then you can transfer funds into your checking or savings account for any qualified expenses you incurred out of pocket.

3) There is also an online bill pay feature to pay a provider directly for any medical expense. Just fill out the request and add your provider information. A check will be issued to your provider at no additional cost.

Slide 9

You can use your HSA funds for expenses such as: doctor visits, prescriptions, eye glasses. If you are wondering whether you can use HSA funds for a particular expense, please visit mycdh.usbank.com, for a comprehensive IRS list.

Slide 10

The expense tracker that is available on your secure US Bank website can help you manage your overall health care costs. You can upload receipts, review and manage your expenses including making payments to providers. The expense tracker is also available on our mobile app. Download the U.S. Bank healthcare mobile app from the app store to begin accessing your account.

Slide 11

Once your HSA balance exceeds \$1,000, you have the opportunity to invest and earn interest on your funds, tax free. You can enable the investment feature and the dollars will automatically transfer into the investments you select. There are tools within the investment site that help you calculate your savings potential. The investment fact sheets can be printed if you wish to discuss them with a qualified investment specialist. For more detailed information on investment funds available, please visit our website.

Slide 12

As an HSA accountholder, for tax purposes, you are responsible for having documentation for any funds used from your HSA. For tax reporting purposes, you will receive two forms. In January you will receive the 1099-SA showing the funds

distributed out of your HSA account for the prior year. In May you will receive, the 5498-SA showing any funds, up to the IRS maximum, you contributed until the tax filing deadline for the prior year. For any questions or additional information, please visit our website and view additional resources including educational videos.

Slide 13

What do you need to do next?

- 1) Visit mycdh.usbank.com to view the frequently asked questions and use the Coverage Advisor cost-compare tool to help you decide what plan is right for you.
- 2) Review IRS guidelines to become familiar with medical expenses that qualify for reimbursement under an HSA.
- 3) Enroll in the high deductible plan C with an HSA. During your enrollment you will accept the terms and conditions of your HSA account.
- 4) Decide how much you would like to contribute to your HSA adhering to IRS' annual contribution limits. Remember, you need to contribute an annual minimum of \$600.
- 5) You will receive a welcome email or letter if we do not have an email address for you, advising you to log on to the website for the first time and set up your profile. You will be asked to designate beneficiaries. Your debit card will be sent to you through the mail.
- 6) Established your account online and activated your debit card. You may download the free mobile app.
- 7) Finally, save your receipts! Use your secure online account to upload your receipts and manage them through the Expense Tracker

Slide 14

This Health Savings Account (HSA) is a custody account with U.S. Bank serving as the custodian. Terms and conditions of the HSA are included in your HSA Application and Agreement. For the U.S. Bank HSA, your funds maintained in the Cash Account are FDIC insured subject to the FDIC insurance coverage and insurance limits allowed by law. FDIC insurance is calculated on end-of-day ledger balances in your deposit account which may include funds deducted from your available balance for investment purchases that have not yet settled.

Non-deposit investment products, such as mutual funds, are not deposits or obligations of, or guaranteed by U.S. Bank or any of its affiliates, nor are they insured by the Federal Deposit Insurance Company (FDIC), or any other government agency. Past

returns of investment products do not guarantee future results. Mutual fund prospectuses provide detailed information about fund investment objectives and fees. Read a mutual fund's current prospectus carefully before investing.

U.S. Bank does not provide legal, tax, or investment advice to HSA accountholders. Contact a qualified accountant, attorney or investment adviser for tax, legal or investment advice.

Slide 15

Thank you for taking the time to learn more about the U.S. Bank HSA. If you have any questions regarding the HSA, or the tools and resources available to you, please feel free to contact our consumer services team at 877-470-1771.

Thank you!