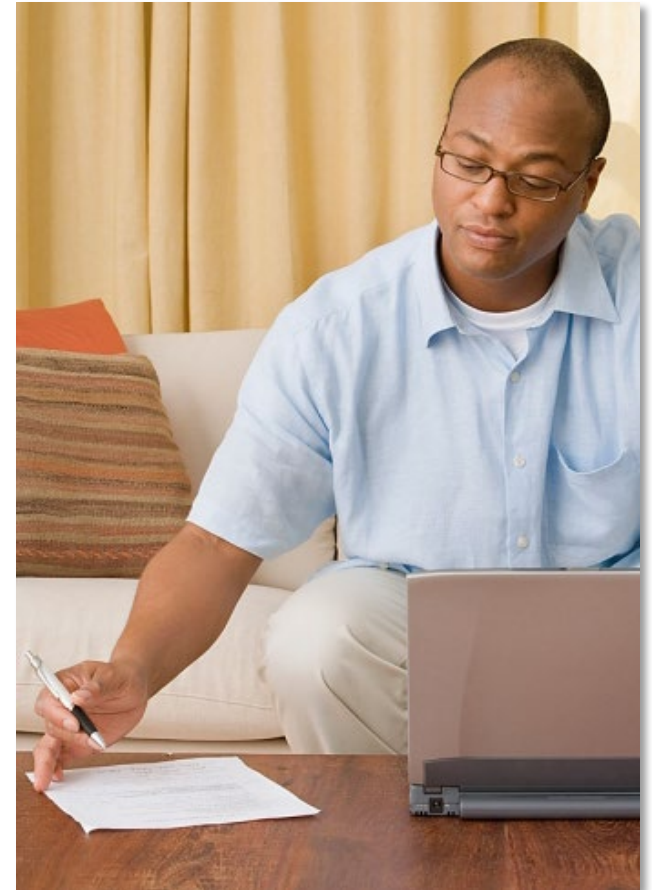
A background image showing two men in business suits shaking hands in an office. One man is standing and leaning forward, while the other is seated at a desk with a tablet. The scene is brightly lit with a large window in the background showing greenery.

Overview of your Consumer Directed HealthSelectSM health savings account (HSA)



What we'll be talking about today

- 1 What you need to know about your HSA
- 2 HSA eligibility & Contributions
- 3 Making deposits & paying with your HSA
- 4 Qualified medical expenses
- 5 Managing & Making the most of your HSA
- 6 Common questions & Where to go for help



Investments are not FDIC insured, are not guaranteed by Optum Bank®, and may lose value.



What is an HSA?

Health savings accounts (HSAs) are individually owned savings accounts that offer a tax-advantaged way to save and pay for qualified medical expenses.



Requires a qualifying high-deductible health plan (HDHP)



Annual contribution limits are set by the IRS — triple tax savings



Funded by employer or employee




Balances can be carried over from year-to-year
Option to invest a portion of the HSA once it meets a minimum threshold


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What You Need to Know About an HSA

 Deposits are exempt from income tax

 Savings grow income tax-free

 Money spent on qualified medical expenses comes out of your HSA income tax-free

 If you are covered on COBRA or collecting unemployment, your HSA can be used to reimburse premiums income tax-free

Examples of qualified expenses - more than just deductibles and copays-

- ✓ Chiropractic
- ✓ Dental treatment
- ✓ Eyeglasses

Examples of non-qualified expenses:

- ✗ Cosmetic surgery
- ✗ Electrolysis or hair removal
- ✗ Teeth whitening

Use the QME Tool on optumbank.com to see if your specific expense qualifies for reimbursement





Determining Eligibility

IRS REQUIREMENTS



- ✓ You must be covered under a qualifying high-deductible health plan (HDHP) on the first day of the month
- ✓ You have no other health coverage except what is permitted by the IRS
- ✓ You are not enrolled in Medicare, TRICARE or TRICARE for Life
- ✓ You haven't received Veterans Affairs (VA) benefits within the past three months, except for preventive care. If you have a disability rating from the VA, this exclusion doesn't apply
- ✓ You can't be claimed as a dependent on someone else's tax return
- ✓ You do not have a health care flexible spending account (FSA) or health reimbursement account (HRA). Alternative plan designs, such as a limited-purpose FSA or HRA, might be permitted
- ✓ Other restrictions and exceptions may also apply. We recommend that you consult a tax, legal or financial advisor to discuss your personal circumstances

Before enrolling in Consumer Directed HealthSelect, make sure you're eligible participate in an HSA.

Contribution Limits

Amount of Contribution

The IRS determines how much you can deposit into your HSA each year, and limits are determined on a calendar/tax-year basis.

Contribution Rules

	2021	2022
Individual coverage	\$ 3,600	\$3,650
Family coverage	\$7,200	\$7,300

In Plan Year 2022 (September 1, 2021 – August 31, 2022), the State of Texas will contribute to your HSA: \$45/month for individuals, \$90/month for families. The state’s contribution is applied toward the maximum that can be deposited in your account for the year.

Additional Contribution

Those 55 years of age or older, but not yet enrolled in Medicare, can fund an additional **\$1,000/year** “catch-up” contribution.

Spouses can make a separate \$1,000 catch-up contribution to an account in their own name.

HSA Contributions & Paying with an HSA



How to make a deposit

- Set up payroll deductions from every paycheck
- Sign into your account to set up one-time or recurring deposits
- Mail in a check
- Contribute with the Optum Bank Mobile App



Yours to keep

- HSA funds roll over from year to year
- The money in your HSA is yours until you spend it, even if you retire or change jobs or health plans
- You can continue to grow your HSA and use it into retirement



Paying with an HSA

- Use the Optum Bank debit Mastercard® to:
 - Pay on the spot at a doctor's office, pharmacy or other health care facility
 - Pay a bill you receive from a doctor or other provider
- Use online bill pay
- Use our secure website to send payments directly to your health care providers, pharmacy or other payees.
- Optum Bank mobile app
- Use Apple Pay® or Google Pay®



Reimbursement

- When you pay for qualified expenses out of pocket, you can log in and request an ACH or check disbursement
- Use your Debit Mastercard at any ATM that displays the Mastercard acceptance mark to get cash to reimburse yourself (Note: You'll need your PIN & there's a \$300 per 24-hour limit on ATM withdrawals*)
- There is a \$2.50 ATM withdrawal fee. Access fees may also be charged by the ATM owner.

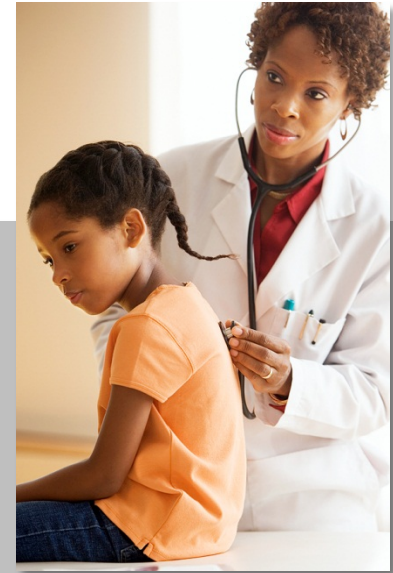
HSA-qualified medical expenses



Medical plan deductibles and coinsurance



Medical, dental and vision care services and products



Qualified medical, dental and vision expenses for your spouse or dependents



Other HSA-qualified medical expenses

Health coverage while receiving unemployment benefits

COBRA continuation coverage

Qualified long-term care

Medicare premiums and out-of-pocket expenses





Save your receipts!

- Save your receipts for all qualified expenses.
- Track bill payments, reimbursements and out-of-pocket expenses with the Optum expense journal.
- Optum Bank[®] does not track your expenses or verify eligibility.



Paying for non-qualified expenses

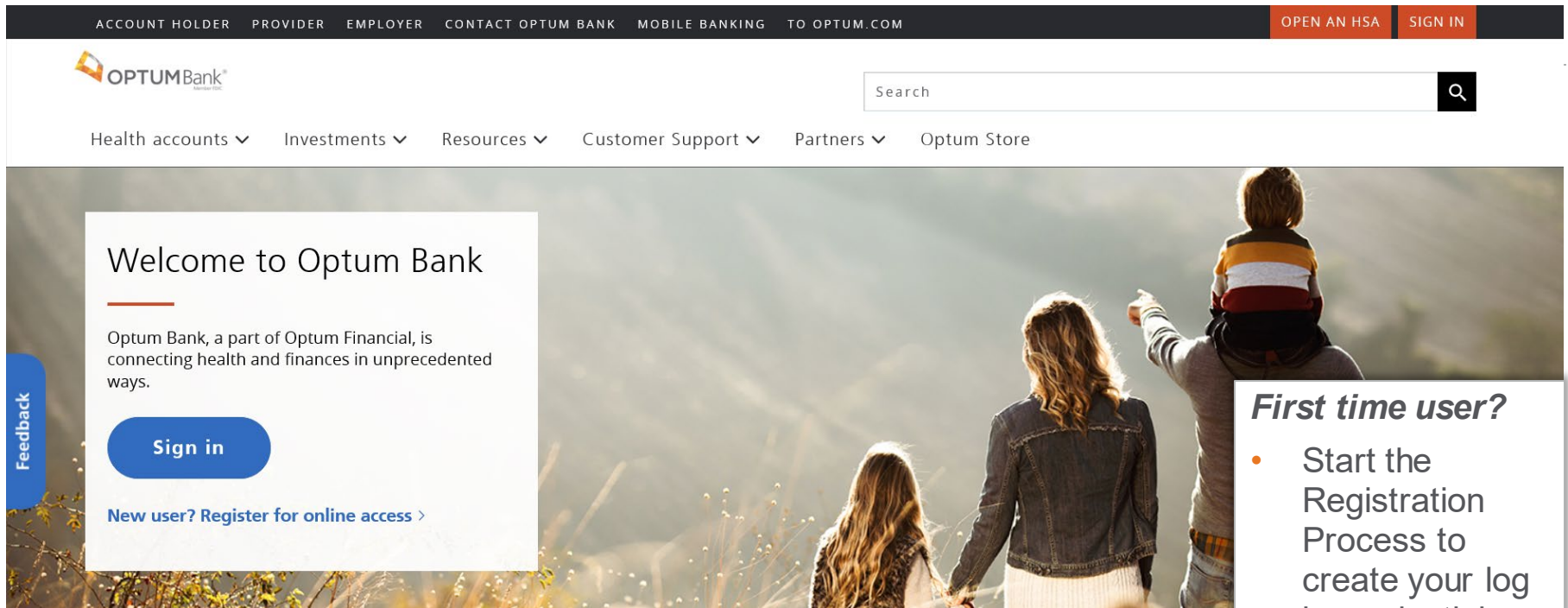
Any HSA funds used for purposes other than to pay for qualified medical expenses are:

- Taxable as income
- Subject to a 20% tax penalty*

* The 20% tax penalty does not apply to account holders age 65 and older, those who become disabled or enroll in Medicare.



What to expect as a new account holder



First time user?

- Start the Registration Process to create your log in credentials
 - This includes creating a Username and Password
- We will send your Optum Bank® Welcome Kit shortly after you are successfully enrolled in an HSA.
 - Your debit card will arrive in a separate mailing.
 - HSA materials are mailed separately from health plan materials.
 - After logging into your account for the first time, you will be prompted to provide your email address.
 - You'll get an Optum Bank quarterly e-newsletter with tips for helping you to make the most of your health care dollars. (You can unsubscribe.)

Managing your HSA online

- View transactions/balances
- Pay bills/File claims
- Reimburse yourself
- Manage beneficiaries
- Manage debit cards
- Access resources
- Manage investment activity

The screenshot displays the Optum HealthSelect HSA online dashboard. At the top, there is a navigation menu with options: Dashboard, Accounts, Payments, Contributions, Investments, Help & Tools, and Settings. A blue button labeled "I want to..." is positioned in the top right corner.

The main content area is divided into several sections:

- Accounts:** Shows "TOTAL FUNDS" of \$1,862.28. Below this, it lists "Accounts" with "HSA" having an "Available Balance" of \$1,862.28.
- Investments:** Prompts the user to "Save \$237.72 more to see investment options!" with a "Learn more" link.
- Links:** Features a "Links" section with a photo of a man and text promoting the "Optum Bank Academy" and a "Health Savings Check Up" tool.
- Needs Your Attention:** A section stating "No items need your attention."
- HSA Account Overview:** Provides a "Balance Summary as of July 22, 2020" and a "Contributions" pie chart. The balance summary table is as follows:

Current HSA Cash Balance	\$1,631.50
Available HSA Cash Balance	\$1,862.28

The contributions pie chart shows:

Total Contributions	\$915.32
Contribution Limit	\$3,550.00
Left to contribute	\$2,634.68

The pie chart is divided into "Contributed so far" (\$915.32) and "Left to contribute" (\$2,634.68). A "View your contributions" button is located below the chart.

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Making the Most of your HSA



Set a plan and contribute to your HSA



Build balances to cover your deductible



Use HSA funds to pay for qualified medical expenses



Maximize tax savings opportunities



Save for the future and grow funds income tax-free

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Investing with your Optum HSA:



- Investing your HSA dollars has many potential tax benefits and can be an additional way to save for long-term health care needs and financial goals.
- With an HSA, withdrawals for qualified medical expenses are income tax free.** This is a keyway in which an HSA can be superior to a traditional 401(k) or IRA as a retirement saving vehicle.
- Once you begin to withdraw funds from a 401(k) or an IRA plan, you pay income tax on that month, regardless of how the funds are being used.
- HSA account holders can choose to start investing once they reach an HSA balance of \$2,00.00



*The bank makes mutual funds available through a Registered Investment Adviser.

**Federal income tax free. Some states impose taxes.

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Optum Investment Options for Every Type of Investor

TWO WAYS TO INVEST

1

Mutual funds:

- Optum Bank has a diverse set of 31 mutual funds,* including:
 - 17 Vanguard funds
 - Five target date funds
 - Three lifestyle funds
 - Mutual funds average a four-star Morningstar rating
 - Represent some of the lowest expense ratios in the industry
-

2

Betterment:

- Another investment option available to those who want a more automated, managed approach to investing their HSA
- Offers automated online financial advice through digitally managed investments, which are made up of low-cost stock and bond exchange traded funds, or ETFs
- Ideal for those who are not as interested in managing their own investments or are not as confident in choosing their own investments

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Common questions

Can I open a health savings account at any time during the year?

Yes. You can open an HSA at any time, if you are covered by Consumer Directed HealthSelect.

But it's a good idea to open your Optum Bank HSA as soon as possible so you can start getting the state's contribution with your first paycheck of the new plan year (October 1).

Can I take the funds in my HSA with me if I leave the agency or higher education institution?

Yes. Funds in your HSA belong to you, including any contributions that your employer or anyone else has made.

Am I required to contribute a specific amount each year?

No. You can contribute as much as you'd like up to the IRS maximums. Many people base their contributions on the annual deductible required by their HDHP. The state's contribution is applied toward the maximum that can be deposited in your account for the year.

Do I need to use all the funds in my HSA during the year?

No. HSA plans are not subject to IRS "Use It or Lose It" regulations. This means that funds in the account continue to accumulate over time.



What if you have more questions?

Call Optum Bank customer service at (866) 234-8913.

Visit optumbank.com.

Talk to your employer.





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Health savings accounts (HSAs) are individual accounts offered or administered by Optum Bank®, and are subject to eligibility and restrictions, including but not limited to restrictions on distributions for qualified medical expenses set forth in section 213(d) of the Internal Revenue Code. Fees may reduce earnings on account. State taxes may apply. This communication is not intended as legal or tax advice. Please contact a competent legal or tax professional for personal advice on eligibility, tax treatment and restrictions. Federal and state laws and regulations are subject to change. Optum Bank is not a broker-dealer or registered investment advisor and does not provide investment advice or research concerning securities, make recommendations concerning securities, or otherwise solicit securities transactions. Orders are accepted to effect transactions in securities only as an accommodation to HSA owner.

