Health Savings Accounts

What is a Health Savings Account?
A Health Savings Account (HSA) is an Account created exclusively for the benefit of the account holder and is subject to rules similar to those that apply to individual retirement accounts (IRAs). An HSA has the added benefit of allowing you to pay for qualified medical expenses on a tax-free basis.

What is HSA Today?
HSA Today is a Health Savings Account established with National Advisors Trust Co. (NATCO) McGregor & Associates, Inc. serves as the TPA for your account setup, deposit and customer service needs.

Eligibility

How do I know if I am eligible to contribute to an HSA Account?
You must be a participant in a high deductible health plan (HDHP), provided to you by your employer. In order to be eligible to contribute to an HSA Account, you cannot be covered by any other health plan that is not HDHP (i.e. – you cannot also be covered by your spouse's insurance or a General Purpose Health FSA), you cannot be covered under Medicare or Tricare and you cannot be claimed as a dependent on another person's tax return.

What is a High Deductible Health Plan (HDHP)?
A high deductible health plan has a deductible of at least $1,400 for individual coverage and $2,800 for family coverage. No services can be paid for by the plan prior to meeting the deductible with the exception of preventative care. In addition, the plan cannot have copayments for office visits or prescription drug until the deductible is met. Careful consideration should be taken if your plan has an embedded deductible. Remember, the plan must have at least a $2,800 family deductible to be HSA compatible.

Contributions

How Much Can I contribute to my HSA?
2021 annual contributions (deposits into your account) are limited to $3,600 for individual coverage or $7,200 for family coverage. Individuals who will obtain 55 years of age by the end of the 2021 tax year are eligible to make an additional $1,000 "Catch-Up" contribution to an HSA, above the maximum.

Do employer contributions into my HSA Account impact what I am allowed to contribute?
Yes. For example: If the employer is contributing $1,000 into an employee's HSA Account with individual coverage, then the employee is only allowed to contribute an additional $2,600 for the 2021 tax year.

Paying for Qualified Medical Expenses

What is a Qualified Medical Expense?
Qualified medical expenses are defined by the IRS. Please refer to IRS Publication 502. Using funds from your HSA for non-qualified medical expenses can result in IRS penalties. McGregor & Associates, Inc. can also help you determine what medical expenses are "qualified."

How do I pay for my qualified medical expenses out of my HSA?

It is recommended that you use your HSA Debit MasterCard to pay for your qualified medical expenses whenever possible. You may also pay providers directly using the online bill pay service available by logging into your HSA Account via www.mcgregoreba.com.

When will I receive my HSA MasterCard Debit Card?

Within 14-21 business days after your account has been setup, your HSA MasterCard Debit Card will be mailed to the address you provided on your HSA application. For security purposes, the card will be mailed in a plain envelope. Please note that your Debit Card is not an ATM card.

What is the best way to pay for prescriptions and doctor/medical visits?

First, remember that you must always show your insurance card for purchases that count toward your deductible so that this is recorded by your insurance company, and so that the discounted carrier rate is applied. For prescriptions, the pharmacist will be able to provide you with the discounted rate at the point of sale, so you can use your debit card. For doctor/medical visits, you do not want to pay at the time of visit. Since you have no co-pay, you will be billed for the visit at the discounted carrier rate. You will receive a bill from your doctor or hospital AND an EOB (Explanation of Benefits) Summary from your insurance company. Make sure the EOB matches your bill, then you can write your HSA MasterCard # on the paper invoice and mail to the provider OR you can pay the bill using the online bill payment service available by logging into your HSA Account.

What if my medical services provider does not accept MasterCard?

If the provider does not accept MasterCard, you can pay directly from your HSA Account using the online bill payment service or you will be responsible for paying the charge and then seeking reimbursement. You can request reimbursement of any expenses paid by submitting a claim manually to McGregor & Associates, Inc. or logging into your HSA Account online.

Must my HSA Account have enough money in it before I can pay for a qualified medical expense?

Yes, this is an individual account in your name. The funds must be in your account before you can pay for an expense.

What if funds are not available in my HSA Account when I incur a qualified medical expense?

If you do not have enough money in your HSA Account to pay for a qualified medical expense, you will need to request a payment plan from your provider or pay for the expense by some other means. Once the money is in your HSA Account, you can request reimbursement for the expense. Remember, initially when your account is opened, you will not have an available balance until your first deposit is made.

When I make a withdrawal out of my HSA Account to pay for a qualified medical expense, do I have to pay taxes on the amount?

No, as long as your use your HSA Account only for qualified medical expenses. Please remember that you must ALWAYS save your receipts. You can take advantage of our Claims Vault feature and electronically store your information.

Who is responsible for ensuring that I am only using my HSA Account for qualified medical expenses?

Because the HSA Account is individually owned by you, you are ultimately responsible for ensuring compliance with the IRS rules. You will want to save all invoices and receipts that support your HSA Account activity. In addition, McGregor & Associates, Inc. can help you in determining your qualified expenses.

What if I am not sure about an eligible expense?
McGregor & Associates, Inc. representatives are available to help you with questions about qualified expenses. You can contact McGregor & Associates, Inc. at (866) 233-4377 toll free or (859) 233-4377.

What if I do use my HSA Account for non-qualified medical expenses?
If you use your HSA Account for an expense other than a qualified expense, you subject yourself to taxes and IRS penalties. Also, inappropriate use of your HSA Account may leave you without the money to pay for your qualified medical expenses should you or your family need the money in the future. It is best to limit first year usage of the HSA Account to deductible expenses only so that funds are available should you incur major medical expenses.

What happens to any balances in my HSA Account that I do not use by end of the year?
Unused contributions to your HSA Account will rollover and continue to accumulate tax-free. At age 65, the 20% penalty for non-qualified medical expenses is waived. In all cases, however, income tax will be applied to non-qualified expenses. The 20% penalty applies for purchases of non-qualified expenses prior to age 65.

HSA Today and NATCO

How do I make new deposits to my HSA Account?
Employees in a corporate plan will make deposits through payroll deductions coordinated by your HR Department. After-tax contributions can also be made by contacting McGregor & Associates, Inc. or via your account online.

Can I view my account online?
Yes, McGregor & Associates, Inc. provides you with access to view your account online, 24/7.

How do I sign on to my HSA Account?
Once you are enrolled in the HSA Today product, you will receive instructions in the mail on how to access your account via www.mcgregoreba.com. You will be instructed to go through a first-time log-in process. A mobile app is also available for Apple and Android smartphones.

Will I receive a monthly statement for my HSA Account?
Monthly statements can be obtained online at no cost to you. Paper monthly statements can also be mailed to your home for a cost of $2 per month.

Tax Reporting

What tax forms will I receive with my HSA Account?
You will be receiving three tax forms from HSA Today on an annual basis. The 1099-SA will provide you with a summary of the distributions (withdrawals) out of your HSA Account. The 5498-SA provides you with a summary of the contributions (deposits) you have made. Both the 1099-SA and 5498-SA will be mailed directly to your home. The Form 8889-SA, which is required for your tax return, is available via your online account portal.

Investment Options

Do I have other investment options available to me on my HSA Account balances?
Investment options are available for account balances in excess of $1,000. Amounts in excess of the threshold can be invested in different investment models offered by NATCO. A $1.50 monthly charge applies for the investment option.

Investments made through National Advisors Trust Co. (NATCO), member NASD/SIPC, are not insured by FDIC or any other government agency, and are subject to investment risks, including possible loss of principal.

Other Information

Where is additional information available to me on Health Savings Accounts?

http://www.irs.gov/publications/p969/index.html

http://www.ustreas.gov/offices/public-affairs/hsa/

When can I begin using my HSA to pay for qualified medical expenses?

As soon as your account is opened, you can begin using the funds available for qualified expenses incurred any time AFTER your account opening date. Expenses incurred prior to your account opening date are ineligible for reimbursement from your HSA Account.

Will I receive confirmation when new deposits are made to my HSA Account?

You will be able to view any new deposits posted to your account via your online account.

Account Information

- No minimum balance is required to open your HSA Account
- Free HSA Debit MasterCard
- No annual fee for your HSA debit MasterCard
- Online access to view your account 24/7
- Free mobile application for Apple and Android smartphones
- No fee for reimbursements processed by direct deposit
- $3.00 fee for reimbursements processed by check
- $1.50 monthly fee for Investment Option
- Account Closure Fee $25.00

Interest Information (as of April 2020)

Daily Balance	Today Rates
$35,000 or higher	0.300%
$15,000 to $34999.99	0.200%
$7500 to $14999.99	0.150%
$2500.00 to $7499.99	0.100%
$500 to $2499.99	0.050%

Balances in the Savings Account are FDIC Insured.

At the bank's discretion, the bank may change the interest rate at any time on your account. Your interest begins to accrue no later than the business day we received credit for the deposit on non-cash items (for example – checks). Interest on your account will be compounded continuously and credited back on your monthly statement date. The bank uses the daily balance method to calculate interest on your account. This method applies a daily periodic rate to the balance in your account each day.

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