

Medical Mutual's Health Savings Account (HSA)

Congratulations!

Thank you for opening your Medical Mutual Health Savings Account (HSA). We are here to help you understand how to take full advantage of your HSA. Our goal is to provide you with an affordable, convenient and smart approach to begin saving for your qualified medical expenses.

Use This Guide to Get Started

Now that your account is open, you can learn how to fund your account and begin making deposits. You'll also learn about using funds from your account to pay for qualified medical expenses. Read through this guide for helpful hints and guidance on how to take control of your healthcare costs with your Medical Mutual HSA.

The Fundamentals

An HSA enables you to save, invest and spend funds for qualified medical expenses on a tax-advantaged basis. Your funds grow tax-free and unused HSA funds roll over from year to year. HSAs are a convenient and easy way to save for future medical expenses.

What's Next

This Welcome Kit provides an overview of how your HSA works, including accessing your account online, ways to contribute and use your funds, benefits associated with maximizing your contributions and utilizing beneficial online tools and resources within the My Health Plan website. In addition, you will receive the following material:

- A welcome letter by mail or email from Avidia Bank (Medical Mutual's banking partner) with your account number
- Your Medical Mutual Debit Card (within 10 business days)

If you have questions about your HSA, please call us at (800) 522-2037.

Managing Your Account

Now that you have your healthcare benefits and your HSA from Medical Mutual, using your insurance with your HSA has never been easier.

Online Access

You can get to your account by logging into Medical Mutual's My Health Plan website at [MedMutual/member](https://www.medmutual.com/member) and following these steps:

- Click on Claims & Balances
- Click on My Spending Accounts
- Agree to Terms and Conditions

Once signed in, you'll be able to:

- View account and investment balances
- Access current and historical activity and balances
- See graphs and reports to monitor contribution limits
- Record and upload related medical invoices
- Enroll in the easy bill pay option
- Sign up for e-Statements
- Establish account alerts
- Report and re-issue lost or stolen debit cards
- View and maintain account owner information
- Utilize contribution features to set up electronic transfers
- Review investment options
- Watch online videos, use financial calculators and other useful tools
- Use all of the health benefit resources on My Health Plan, including My Care Compare and Find a Provider

Funding Your Account

The first step to using your HSA is to fund your account. You or your employer may make contributions to your HSA. So, regardless of your employment status, you have options when funding your account. You can contribute to your Medical Mutual HSA in several convenient ways including:

Contribution Methods

Self Contributions: Contribute directly from a personal checking or savings account. Your contributions can be taken as a tax deduction on your federal 1040 tax form.

If you prefer, you can send a check by mail to Avidia Bank at:

Avidia Bank
PO Box 370
Hudson MA 01749

The check should be made payable to Avidia Bank and either include a deposit slip from your checkbook or simply write your account number in the memo line.

Employer Contributions: Employer contributions are not taxable to the employee, nor are they subject to employment taxes, such as Social Security payroll taxes or the federal portion of taxes that finance unemployment benefits. Your employer will report contributions to your HSA on your W-2.

Transfers from one trustee to another: Trustee-to-trustee transfers are transfers of account balances directly from one HSA to another. Transfers from other HSAs into an HSA are permitted, as long as you are the owner of both accounts.

Rollover Contributions: Rollover contributions are moving the funds from one HSA to another, but the funds are sent to you rather than directly from one HSA custodian to another. You have 60 days to get the funds back into your new HSA without incurring taxes or penalties.

Sole Proprietor: If you are a sole proprietor of a business, you are treated the same as an individual who makes their own HSA contributions. You can deduct your own HSA contributions and health insurance payments from your personal income tax returns. Sole proprietors cannot deduct HSA contributions as a business expense.

[For a step-by-step guide to funding your account, please click here.](#)

Maximizing Your Contributions

As you decide how much to contribute, it's important to note that contributing the maximum allowable amount helps you get the most from your HSA. Your balance rolls over year-to-year and grows tax free.

All of the money in your HSA remains yours even if you leave your qualifying health plan, leave your employer or retire.

Keep in mind that HSA contribution limits, established by the IRS, may change each year and you must not over contribute to avoid adverse tax consequences. See IRS publication 969 for details.

HSA Contribution Limits	2016	2017	Catch-up Contributions*
Individual	\$3,350	\$3,400	\$1000
Family	\$6,750	\$6,750	\$1000

**Participants age 55 or older may make additional contributions above the set HSA maximum. Catch-up contributions can be made any time during the year in which the HSA participant turns 55.*

Using Your HSA Funds

You can use your HSA funds to pay for qualified expenses, such as:

- Medical
- Dental
- Vision
- Prescription
- Medical Equipment
- Chiropractic

Click [here](#) and use the Eligible HSA Expenses tool to see which types of expenses are qualified. You can also go to www.irs.gov and download Publication 502. Generally, qualified medical expenses include costs associated with your high deductible health plan, including medical and drug deductibles and coinsurance.

Pay for Qualified Expenses

- Use your Medical Mutual debit card where accepted, such as the pharmacy or doctor's office.
- Write your debit card number on medical bills to have your HSA funds pay the bills.
- Use your Medical Mutual HSA account management to pay for a healthcare expense or to reimburse yourself for an out-of-pocket medical expense.
- Call your provider and provide your Medical Mutual debit card number to pay your bill.

Keep Good Records of Your Expenses

Keep track of your expenses and payments by logging into My Health Plan and going to your Medical Mutual HSA account management. From there, you can see balances, view transactions, create reports and upload receipts. Be sure to keep receipts for all of your medical expenses for at least three years for tax-reporting purposes.

If you use your HSA funds for non-qualified medical expenses and are under the age of 65, you may incur a 20 percent penalty and owe income taxes on the amount used. After the age of 65, HSA funds can be used for any expense with no penalty, but you may still owe income taxes on those funds.

Recordkeeping for Tax Purposes

You will be responsible for retaining your monthly statements with your HSA records and all receipts for qualified medical expenses. Online statements are available for 18 months. Statements are generated at the end of each calendar month.

Tax Information

At year end, Avidia Bank will send you the following:

- 1099 SA – Received by January 31 and shows your annual distributions
- 5498 SA – Received by May 31 and shows your annual contributions

If you receive these forms and feel there is an error, please contact Avidia Bank at (855) 472-9399. Avidia will work with you to make corrections and provide an updated form.

Changes That Will Affect Your HSA

If you change to a non HSA-compatible Medical Mutual health insurance plan, you will no longer be able to contribute to your HSA. However, you can use your Medical Mutual debit card to access any remaining funds in your account to pay for qualified medical expenses.

If you change to a new health insurance plan with another health insurance company, your Medical Mutual debit card will be replaced with an Avidia Bank debit card, and any remaining funds will stay with your HSA account. You can use the Avidia Bank debit card to access any remaining funds in your account to pay for qualified medical expenses. Check with your new health insurance company to see if your new plan is HSA-compatible.

Always consult your tax advisor with questions about your HSA distributions.

HSA Investment Options and Tax Advantages

Since your HSA is a tax-exempt account, it makes sense to use it to its fullest by making regular contributions. During the year, if you don't use all of your HSA funds, they roll over for future use.

Once your HSA reaches the \$1,000 balance threshold, a new link labeled HSA Investments will become available under the HSA tab. This link will give you the option to self-enroll for the Devenir investment account. Based on your objectives, you can select from 13 mutual funds. You can use the transfer feature to move funds between the investment and transactional component of your HSA.

Please note: A \$2.50 monthly fee is charged for a qualified investment account with a cash balance less than \$3,000.

HSA contributions made to a mutual fund must be moved back to your HSA account before they can be used to pay for eligible healthcare expenses. Be sure to keep enough money in your HSA account to cover any expected expenses.

Your HSA is Easy to Manage

You have options when it comes to how you invest your contributions:

- An array of mutual funds, including an interest-bearing account, gives you investment choices.
- HSA contributions can be swept into investment accounts when they meet the necessary account balance threshold.

Please note: HSA deposits made into qualified investment account to maintain a cash balance are FDIC insured by Avidia Bank. Investments are not FDIC insured and subject to investment risks, including possible loss of principal invested.

Who is Devenir?

- Devenir is the leading HSA investment advisor in the country.
- Devenir's primary focus is to provide investment solutions for HSA accounts.
- The combination of Devenir's size and experience provides economies of scale, allowing for the elimination of sales loads typically found in other HSA mutual fund offerings.

Thank You for Choosing Medical Mutual

We look forward to serving you and helping you get the most out of your benefits and HSA.

If you have questions about your HSA, please call us at (800) 522-2037.