

Welcome to your UMB

HEALTH SAVINGS ACCOUNT (HSA)



CONGRATULATIONS!

Thank you for opening a Health Savings Account (HSA) with UMB. We are here to help you and your family understand how to take full advantage of your HSA. Our goal is to provide you with an affordable, convenient and worry-free approach to begin saving for your medical expenses. Our HSA Wealthcare portal provides easy to follow tutorials that will simplify your HSA.

The fundamentals

An HSA enables you to save, invest and spend funds for qualified medical expenses on a tax-advantaged basis. HSAs are a convenient and easy way to save for future medical expenses. With an HSA:

- Your funds grow tax-free¹ and unused HSA funds roll over from year to year.
- You choose how to spend the money - now or later.
- You need to be enrolled in a Qualified High Deductible Health Plan (QHDHP) in order to contribute to your HSA.
- You never lose access to your HSA funds.

Note: States can choose to follow the federal tax-treatment guidelines for HSAs or establish their own; some states tax HSA contributions. If you have questions about your tax implications, consult your tax advisor. HSA funds used to pay for non-qualified medical expenses are subject to income taxes on the amount and a possible additional 20% penalty, if you're under age 65.

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 HSA Wealthcare portal. In addition, you will receive the below material shortly:

- Welcome letter by mail or email with your account number
- Welcome email containing instruction on how to log into the HSA Wealthcare portal, as well as helpful links to other valuable resources
- HSA Debit Card (within 10 business days)

Use this guide to get started

Now that your account is open, you can begin making deposits as well as using funds from your account to begin paying for qualified medical expenses.

Read through this guide for helpful hints and guidance on how to take control of your healthcare costs and begin saving for your future medical expenses.

For more detailed information, please visit admin.com or contact P&A Group at (800) 688-2611.

¹All mention of taxes is made in reference to federal tax law. States can choose to follow the federal tax-treatment guidelines for HSAs or establish their own; some states tax HSA contributions. Please check with each state's tax laws to determine the tax treatment of HSA contributions, or consult your tax adviser. Neither UMB Bank n.a., nor its parent, subsidiaries, or affiliates are engaged in rendering tax or legal advice and this document is not intended as tax or legal advice.

MANAGING YOUR ACCOUNT

The HSA WealthCare portal puts you in control. Online access can be fulfilled either during or following HSA enrollment. If following enrollment, then visit padmin.com. Enter your username and password. If this is your first time signing in, please click "First time logging in? Sign up here" to setup your login credentials.

As part of the registration process, you will choose your own username and password. Once registered, you can sign-in to take control of your HSA. Log in and get started!

Online account access

You are getting much more than just an HSA. We are providing a suite of services through the HSA WealthCare portal that will simplify your account. With a single user ID and password, you gain access to the following features:

- View account and investment² balances
- Access to current and historical activity balances
- Mobile access if you are on-the-go
- Graphs and reports to monitor contribution limits
- Easy to enroll Bill Pay feature
- Enroll for e-statements
- Establish account alerts
- Ability to report and re-issue lost or stolen debit cards
- View and maintain account owner information
- Utilize contribution feature to set up electronic transfers
- Integrated investment option²
- Access to online videos, calculators and other useful tools
- Online forms providing e-signature and auto delivery

- *An array of mutual funds, including an interest-bearing account, gives you competitive investment choices.²*
- *You can set up automated investments, once you reach the necessary minimum balance in your HSA.*
- *Enjoy earning a tax free¹, competitive interest rate on all contributions.*
- *Funds in an HSA Deposit Account are held at UMB Bank, n.a., Member FDIC*

Investments in securities through HSA investment account are:

Not FDIC Insured • May Lose Value • No Bank Guarantee

^{1,2}See pages 1 and 6 for disclosures

CONTRIBUTING IS EASY

Contributing funds help lower your taxable income and allow you to build a “Nest Egg” for future health care expenses. Contributions to your HSA may be made by you, your employer or anyone; however, the preferred tax treatment will only be realized by you.

Contribution methods

You can contribute money to your account in several convenient ways including:

DIRECT DEPOSIT – Your HSA acts just like a personal checking account. If your employer offers direct deposit, you can give them your HSA information to begin contributing via direct deposit.

ACCOUNT TRANSFER – If you have an existing HSA, you may be eligible to either rollover or transfer the funds to your new HSA Wealthcare. Required forms are available within the HSA Wealthcare portal.

FUNDS TRANSFER – Within the HSA Wealthcare portal, you can schedule one-time or recurring electronic transfers from other financial institutions. They are fast and easy!

CHECKS – Contributions may be made using a check and corresponding HSA Contribution Form (which can be found on the portal). Mail check and the Contribution form to: UMB Bank Contributions, P.O. Box 874264, Kansas City, MO 64187-4264.



MAXIMIZING YOUR CONTRIBUTIONS

As you decide how much to contribute, it's important to note that contributing the maximum allowable amount helps you to get the most from your HSA. At the very least, you'll want to contribute enough to cover anticipated healthcare expenses. Because your balance rolls over year-to-year, there is no penalty for contributing more than you're able to use in one year. The tax advantages of an HSA make it a powerful long-term savings vehicle.

The maximum annual contribution can be made even if you become HSA-eligible after your tax year begins, as long as you are covered under a QHDHP on the first day of the last month of your tax year (December 1 for most taxpayers) and remain in a QHDHP for the following 12 months. See IRS publication 969 for details (or go to <https://www.irs.gov/pub/irs-pdf/p969.pdf>). Contributions are allowed until April 15 for the previous calendar year. Additionally, if you are 55 or older, you are allowed to make a \$1,000 catch-up contribution.

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.

2020 Contribution Limit		2021 Contribution Limit		Catch-up Contribution
Single	\$3,550	Single	\$3,600	\$1,000
Family	\$7,100	Family	\$7,200	\$1,000

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.

Catch-up contributions for account holders 55 and older

If you are age 55 or older, you may be able to make a catch-up contribution above the annual limit. Even if you join a qualified HDHP after the start of the year, you can contribute the maximum amount, as long as you have HDHP coverage for the last month of the taxable year and for the following 12 months. Catch-up contributions for the partial year of HDHP coverage must be pro-rated.

Does this sound complicated? Don't worry. There are tools within the HSA Wealthcare portal that will help you monitor your contributions and help prevent over contributing. Contact P&A Group if you have questions at (800) 688-2611.

USING YOUR HSA FUNDS

HSA funds can be used to pay for qualified medical expenses such as:

- Medical
- Dental
- Vision
- Prescription
- Medical Equipment
- Chiropractic
- Over-the-counter medications*
- Feminine care products*

**Under the CARES Act of 2020, over-the-counter medications and feminine care products, like pads and tampons, are eligible for reimbursement effective January 1, 2020.*

Go to padmin.com and use the Eligible HSA Expense tool to see which types of expenses are qualified. You can also go to www.irs.gov and download Publication 502 (or go to <https://www.irs.gov/pub/irs-pdf/p502.pdf>). Generally, qualified medical expenses are those expenses directly related to the alleviation or prevention of physical or mental illness. If you use HSA funds for medical expenses that are not qualified, they will be included in your taxable income. (HSA withdrawals made for non-qualified expenses are subject to ordinary income tax and IRS penalties may be applicable to non-qualified expenses paid for with funds from your HSA. Additionally, state taxes may vary so please consult your tax advisor.)

Pay for qualified expenses

- Use your benefits debit card where accepted, such as the pharmacy or doctor's office.
- Write your benefits debit card number on medical bills to have your HSA funds directed to the expense.
- Use the HSA WealthCare portal to pay for a healthcare expense or to reimburse yourself for an out-of-pocket medical expense.

Keep good records of your expenses

Keep track of your expenses and payments by using the HSA WealthCare portal to 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% 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. Qualified medical expenses are always tax-free.

HSA INVESTMENT OPTIONS

Are you a spender or saver?

Unlike other healthcare accounts, funds in your HSA do not expire and are not contingent upon your employment. Not only does your balance accrue interest, you have a unique opportunity to grow your money even more by investing in a select list of mutual funds.²

“Spender” or short-term investor: Competitive interest rates

The basic UMB HSA deposit account is similar to an interest-bearing checking or savings account. Savers will enjoy earning a competitive interest rate on all contributions, and the interest accumulates tax-free¹.

“Saver” or long-term investor: Powerful options

The UMB Bank HSA investment² account was designed for account holders who are interested in using their HSA as a long-term savings vehicle. You must maintain a balance in your HSA of \$1,000 and anything in excess of that may be invested in increments of \$1.00. After you access your account online, go to the Investment tab and Documents and Forms tab to find out more information about investing or call P&A Group at (800) 688-2611.

HSA investment account choices

You can view transactions, holdings, and statements online, update your account information or place a trade all from within the HSA Healthcare portal using your existing username and password. After establishing an investment account, you will have the ability to view your HSA balances and manage your portfolio holdings and transactions with ease.

This material is provided for informational purposes only and contains no investment advice or recommendations to buy or sell any specific securities.

Investors should carefully consider the fund's investment objectives, associated risks, charges and expenses before investing. To obtain a summary prospectus or prospectus obtaining this and other information (you must have already enrolled in the HSA Investment account through mywealthcareonline.com), log into the website and go to the “My HSA” tab, then select “HSA Investments” and then “View/Trade Investments”. This will lead you to the list of available funds and all their information. Please carefully read the summary prospectus or prospectus before investing.

Investments in securities through HSA investment account are:

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²UMB Investment Management selects mutual funds in various asset classes for inclusion in the UMB Investment program. UMB Investment Management is a department of UMB Bank, n.a. UMB Bank, n.a. is a wholly owned subsidiary of UMB Financial Corporation.

UMB Custody Services provides safekeeping and settlement of the mutual fund investments in the UMB investment program. UMB Custody Services is a division of UMB Bank, n.a.

USEFUL TIPS AND SUGGESTIONS

Make the most of your HSA

- Contribute the maximum to your HSA.
- Manage your health care expenses wisely.
- Learn about and practice healthcare consumerism.
- Invest unused HSA funds and make your money work harder for you.
- Take good care of yourself and your family - a healthy lifestyle makes a big difference.

Note: Your UMB HSA is triple tax-advantaged: You can save tax-free with your HSA; you can fund your HSA with pre-tax or tax-deductible contributions; and, balances grow tax-free. Withdrawals are also tax-free as long as the money is used for IRS-qualified medical expenses. State taxes vary.

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, so please access your account regularly. Consult your tax advisor to determine how HSAs are treated for state tax purposes for the state in which you file your taxes.

At year end, UMB Healthcare Services 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

When you receive these forms, if you feel there is an error, contact UMB Healthcare Services at (800) 860-4862 and we will work with you to make corrections and provide a corrected form.

Thank you for choosing P&A Group's HSA through UMB Healthcare Services

For more information about HSAs, visit padmin.com.

