Understanding Health Savings Accounts (HSAs)

HSA.UMB.com

Who is UMB?

Commitment and Strength

- Diverse $37.4 billion
  Financial Services Corporation
- 100+ years experience with
  a history of strength, stability
  and excellent service
- Fitch Rating: A (Stable)
- S&P: A- (Negative)
- TARP funds taken: ZERO

Who is UMB Healthcare Services?

Leader/advocate in the healthcare marketplace

Top 5 custodian of Health Savings Accounts (HSAs) by number of accounts

– *2020 Year-end Devenir HSA Research Report*

Provide solutions for:

- More than 5.7 million healthcare spending accounts
- Nearly 1.4 million HSA accounts
- $3.3 billion in HSA assets and deposits

Leader in Healthcare Payments industry since 1996

Understanding how HSAs Work

Health Insurance Plan

- HSA Qualified High Deductible Health Plan (QHDHP)
- Covers preventative health care and claims beyond deductible

+

Bank Account

- Individually owned
- Tax Advantaged*
- Used to pay for out of pocket expenses

*All 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. HSA distributions used to pay for non-qualified medical expenses are subject to income taxes on the amount and a possible additional 20% penalty, if you are under age of 65.

What is a QHDHP?

HSA Qualified High Deductible Health Plan

Minimum deductible:

	2022		2023
Individual	$1,400	Individual	$1,500
Family	$2,800	Family	$3,000

Maximum out-of-pocket limit (including deductibles and co-pays):

	2022		2023
Individual	$7,050	Individual	$7,500
Family	$14,100	Family	$15,000

- Preventive care covered before the deductible is met or co-pays apply.
- **ALL** other coverage for illnesses, injuries and prescriptions must be subject to the minimum deductibles listed above, with NO co-pay before the deductible.

Eligibility for HSAs

To be eligible to contribute to an HSA:

1. **You must** be covered by an HSA qualified HDHP
2. **You cannot** be enrolled in Medicare (any part)
3. **You cannot** be claimed as a tax dependent on someone else's taxes
4. **You cannot** have any other non-permissible coverage

Permissible Coverage

Permissible coverage includes:

- Limited Purpose or Post-Deductible FSAs or HRAs
- Suspended or Retirement HRAs
- Specific disease or illness insurance (i.e. cancer policy)
- Accident or Disability
- Dental and Vision care
- Long-term care insurance
- Employee assistance programs (EAP), disease management program or wellness program *(These programs must not provide significant medical benefits)*
- Drug discount cards

Non-permissible coverage is basically any coverage that could provide medical coverage prior to meeting your deductible *(other than preventive care)*

NOTE: Refer to IRS Publication 969 for specific questions

Understanding an HSA

Contributions

Pre-tax / Tax Deductible*

Distributions

Tax Free Distributions
(for Qualified Medical Expenses)

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Benefits of HSAs

Savings

– Tax Savings – potential Triple tax advantage*
– Long term savings opportunity
– Lower costs

Control – *YOU* decide:

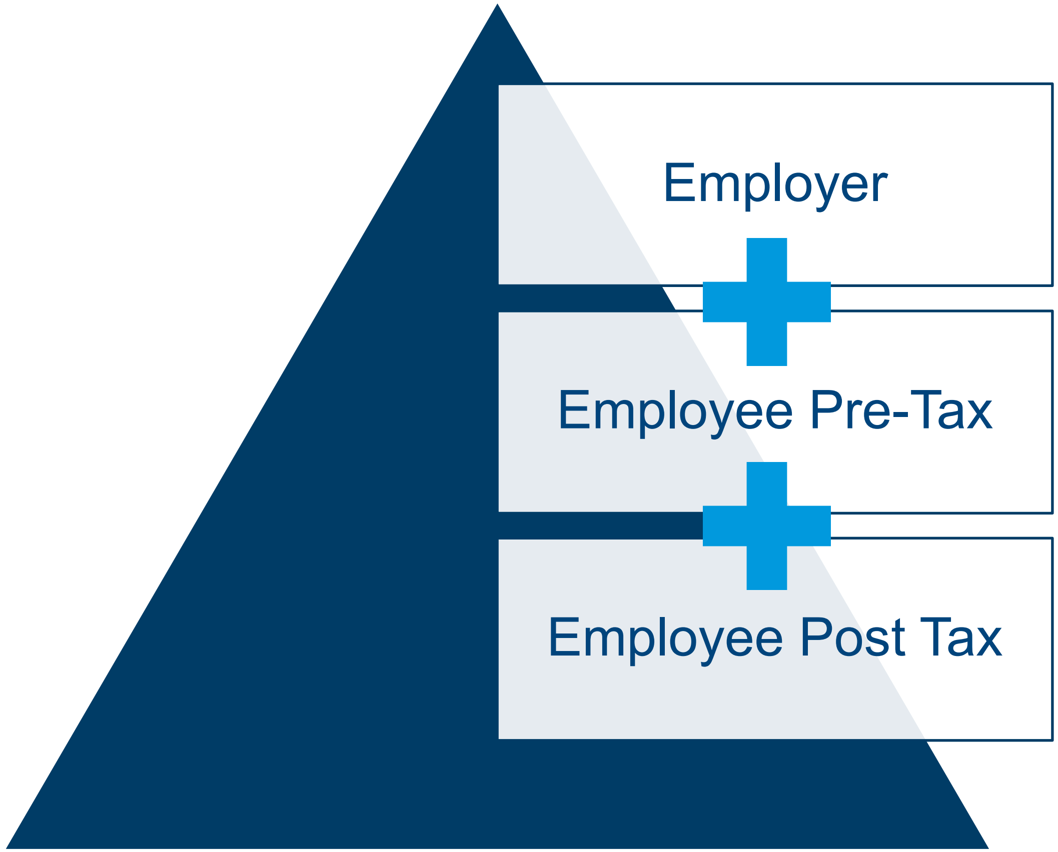
– How much money to put into the account
– How to spend your money
– Whether to invest any of your HSA money
– Which investments to make

Portability

– *YOU* own it – always!

*All 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. 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. Neither UMB Bank, n.a., nor its parent, subsidiaries, or affiliates are engaged in rendering tax or legal advice and this presentation is not intended as tax or legal advice.

Contributions



TOTAL = Maximum Contribution Limit

Contributions

IRS Maximum Contribution Limits

2022		2023	
Individual	$3,650	Individual	$3,850
Family	$7,300	Family	$7,750

Catch-up Contributions (Age 55+) $1,000

Catch-up Provision (Age 55+)

– Two spouses 55+ who want to both do a catch-up contribution would need their own separate account

Coverage Class Dictates Contribution Limits

– Spouses that both have single coverage

Tax Year Funding

– April 15 tax deadline

Special Contribution Issues

Excess Contributions

- Excise tax (6%)

Prorating

- Ability to contribution maximum
- Testing period
- Leaving the plan early
- Changing Coverage Status (Individual/Family)

How do you use your HSA for doctors?

Step 1 Doctor/Hospital bills insurance company

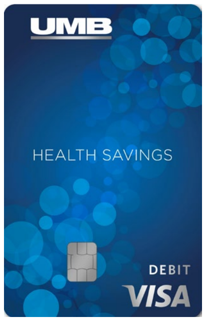
Step 2 Insurance company manages claim

- Explanation of Benefits to you and doctor/hospital

Step 3 Provider bills you

Step 4 Settle payment with provider

Distributions / Payments



Debit Card/Digital Wallet

– No transaction fees
– Free family/dependents and replacement cards
– $5,000 daily limit to mitigate fraud

Online Transfer *No daily limit!*

Online Bill Pay

Digital Wallet - Freedom to Pay your Way

Now available: fitbit pay • Pay • GARMIN PAY • SAMSUNG pay

Distribution Issues

No Substantiation

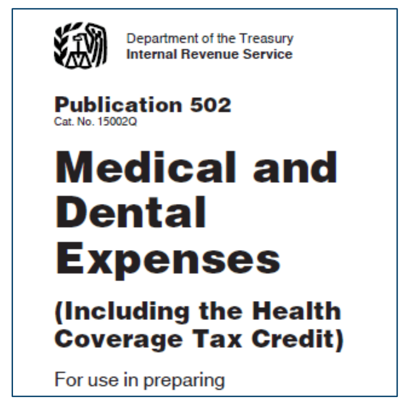
- Healthcare merchant (MCC) coding
- Receipts: *Track and manage receipts with ReceiptVault*

Non-Qualified Distributions

- Income Tax and 20% penalty before age 65

Qualified Medical Distributions

- Must be after account establishment
- Tax Free
- No time restriction on reimbursement
- Retaining records


Department of the Treasury
Internal Revenue Service

Publication 502
Cat. No. 15002Q

Medical and Dental Expenses

(Including the Health Coverage Tax Credit)

For use in preparing

Qualified Medical Expenses*

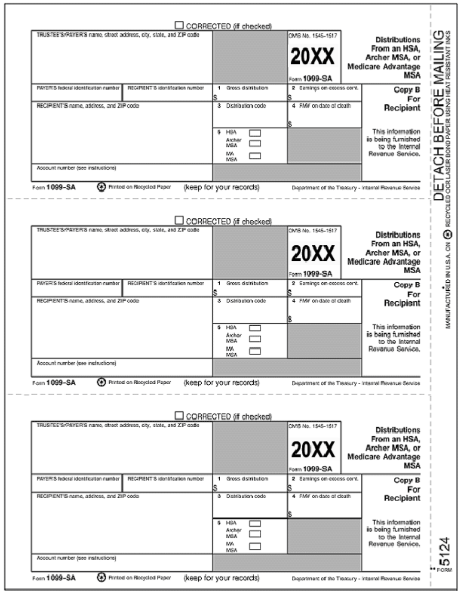
- Medical out-of-pocket expenses such as deductibles and coinsurance
- Dental treatment such as fillings, braces, extractions
- Hearing aids including batteries
- Prescription drugs
- Eye exams, eyeglasses, and contact lens
- Chiropractic care and acupuncture
- Premiums for qualified long term care insurance (dollar limits may apply) and COBRA
- Medicare premiums
- Health plan coverage while receiving Federal or State unemployment benefits

*The list provides examples of eligible medical expenses. This list is not all-inclusive. Remember, the IRA may modify its list of eligible expenses from time to time. For additional details on what qualifies or doesn't qualify as a medical expense see IRS tax publication 502.

Your Responsibilities with an HSA

Employee (Accountholder)

- Eligibility
- Contribution Maximum
- Tax Filing*
  - 1099-SA
  - 5498-SA
  - Form 8889



- ITEMIZED receipts:
  Use UMB's ReceiptVault to easily track and manage your receipts

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One HSA...Many Ways to Save

Base Account (Default)

FDIC Insured

UMB HSA Saver®[1]

Non FDIC Insured

Investments in securities through the HSA investment account are:
Not FDIC Insured • May Lose Value • No Bank Guarantee

[1] For UMB HSA Saver® option disclosure see slide 20

Base Account

- Interest bearing – FDIC Insured
- All contributions and distributions flow through the base account
- All funds in the base account can be accessed via debit card and/or UMB's website

Current Rates

Tier	Balance	Interest Rate	APY
Tier I	$0.01 – $4,999.99	0.01%	0.01%
Tier II	$5,000.00 – $14,999.99	0.07%	0.07%
Tier III	$15,000.00 – $24,999.99	0.10%	0.10%
Tier IV	$25,000.00 and over	0.15%	0.15%

The stated Annual Percentage Yield (APY) is accurate as of 11.01.20 and subject to change without notice. Fees can reduce earnings on this account.

UMB HSA Saver® Investment Option

UMB HSA Saver[1]

- Experienced UMB Investment Management team takes the guesswork out of mutual fund selection by vetting fund list.
- Low $3.00 monthly investment fee with no additional trade fees, no fund minimums.
- Simple dashboard that makes investing as easy as shopping online.
- $1,000 Minimum base account balance to invest.

Investments in securities through the HSA investment account are:
Not FDIC Insured • May Lose Value • No Bank Guarantee

[1] UMB Investment Management selects mutual funds in various asset classes for inclusion in the UMB HSA Saver® Investment Program. UMB Custody Services provides safekeeping and settlement of the mutual fund investments in the UMB HSA Saver® investment program. UMB Investment Management and UMB Custody Services are departments of UMB Bank, n.a. UMB Bank, n.a. is a wholly owned subsidiary of UMB Financial Corporation.

Accountholder Service

866.520.4HSA (4472)
HSA.UMB.com

Unparalleled Service and Dedication

- Expert knowledge; dedicated healthcare staff
- Account service and Investment account questions
- Online account access, web chat, and email

Availability

- 24/7 account access (IVR, lost/stolen cards)
- Live HSA Support Center
  - Monday – Friday: 7:00am – 7:30pm CT
  - Saturday: 8:00am – 5:00pm CT
  - 300 Languages supported
  - All calls digitally recorded
  - Domestic call center

Base Account Fee Structure

Set-up Fee (Electronic/Online)

Free

Monthly Base Account Fees

Average Balance in base $3,000 or more	Free
Average Balance in base under $3,000	Check with your employer

Services included in Monthly Fee

- Account set-up
- UMB ATM withdrawal (when ATM is allowed)
  (non-UMB ATM may impose their own fee structure)
- Return Deposit Item
- Check copies
- Check Reimbursement
- Stop Payment
- Insufficient Funds
- Debit Cards (up to 5 total)
- Debit Card Transactions
- Online/Mobile Banking
- Online Reimbursement
- Online Bill Pay
- Online Contributions
- Tax Reporting (1099-SA/5498-SA)
- Quarterly e-statements
- Client Call Center and 24/7 Interactive Bankline

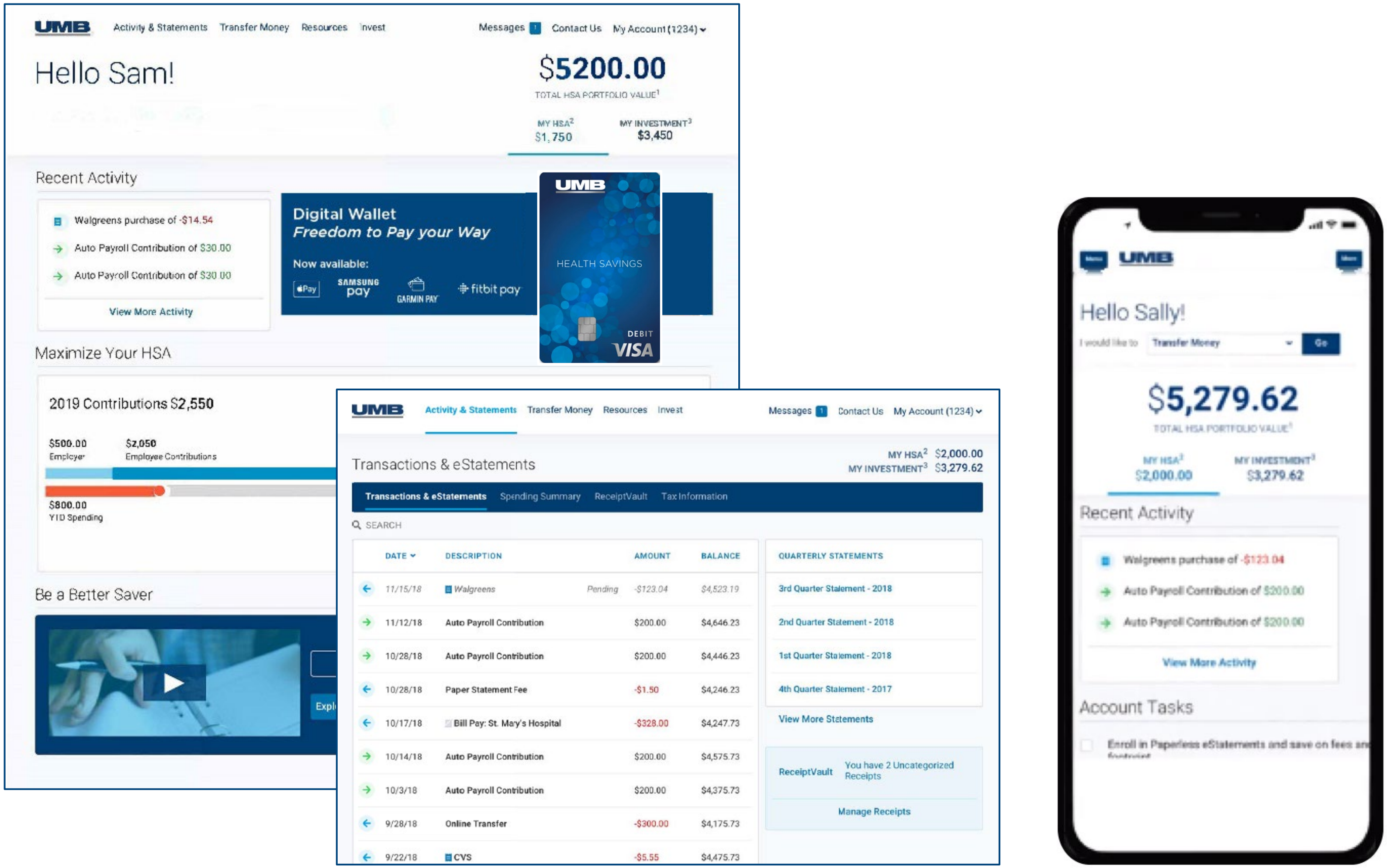
Base Account Fee Structure

Exception Services*

UMB HSA Saver® Investments monthly fee	$3.00
Non-UMB ATM withdrawal	Other networks may impose own fee structure
Quarterly Paper Statements	$1.50
UMB Bank Wire Transfers	$15.00
Account Closing/Transfer	$25.00

**Exception Services are disclosed in the Deposit Terms and Conditions – available upon request. The above fees are as of March 1, 2019 and are subject to change with advance notice.*

Online and Mobile Banking



Online Banking

Real-time account management 24/7

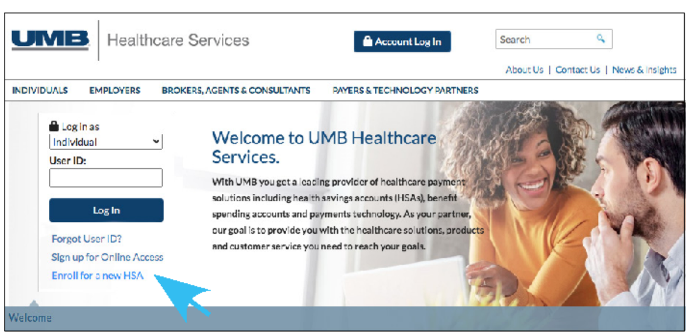
- Account balance and transaction history
- Current and prior year tax information
- Online transfer to/from HSA
- Online bill-pay and mobile banking
- Online contributions/reimbursements
- Investment enrollment
- Enroll and view e-statements
- Track and manage receipts using ReceiptVault
- Healthcare resources and calculators
- Forms
- Help by phone, e-mail or web chat

UMB HSA Online Enrollment Guide

Before you start, make sure you have the following required information available:

- Your physical address (you must have a physical address to open the account, but you may also enter a P.O. Box in “mailing address”), phone number, email address
- Your Date of Birth and Social Security number
- DOB & SS# for your spouse and/or dependents (age 18 or older) if requesting additional debit cards
- Employer verification code and program start date, provided by your employer

Note: You will not choose your beneficiary during enrollment.
You will do this the first time you log on to your HSA.



STEP 1: Enrollment Verification Number
STEP 2: Eligibility Requirements
STEP 3: Account Owner Personal Information
STEP 4: Review and Consent to Disclosures
STEP 5: Verify & Submit Enrollment Information
STEP 6: Confirmation

What happens after I enroll?


UMB Healthcare Services

P. O. Box 419226
Kansas City, MO 64141-6226

[Customer Name]
[Address Line 1]
[Address Line 2]
[City, State ZIP]

Important benefit related information enclosed!

Dear [First Name]:

Welcome to UMB! We're so glad you've chosen to open your Health Savings Account (HSA) with us. Your HSA is a fantastic vehicle to help you and your family cover the health expenses you have now and to save for the future.

Next steps

Keep an eye out for an envelope in the mail that has your HSA debit card(s). [You'll also receive a separate mailing with your debit card Personal Identification Number (PIN).]

Be sure to sign up for online account access at hsa.umb.com. With online access you can check your HSA balance, account activity and recent card purchases. You'll need to verify who you are the first time you access this site. Have your HSA debit card or your account number handy (it's shown to the right).

Have questions?

Contact UMB service representatives toll free at 1-866-520-4HSA (4472) Monday through Friday from 7 a.m. to 7:30 p.m. Central time and Saturday from 8 a.m. through 5 p.m. Central time. Or, to access your account online, visit hsa.umb.com.

KEEP THIS INFORMATION HANDY
(and protect it like you would any other bank account number)
You will need these to make a contribution to your HSA.

Health Savings Account Number:
12345678901234567

Routing Number:
1010-0069-5

There's so much more to tell you ...
Turn this letter over for eight ways you can get the most out of your new HSA!

For your records we are including the following documents:

- HSA Custodial Agreement
- Deposit Account Terms and Conditions
- Current Deposit Account Interest Rate and Fees associated with your HSA
- Privacy Notice

These documents govern the terms of your HSA with UMB. Your use or maintaining of the HSA constitutes agreement with, and acceptance of, the terms.

Included in the Terms and Conditions are Eligibility Rules for HSAs. If you feel this account has been opened in error, contact UMB immediately at 1-866-520-4472.

Identity verification

Materials sent *Normally received within 5-7 Days*

– Separate mailings
  - Welcome Letter
  - Debit Card *Follow activation instructions*
  - PIN

Choose your beneficiary(s)

Remember to signup for online access!

Have questions?

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HSA.UMB.com

UMB Healthcare Services

Q&A

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