My Benefits

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Frequently asked questions: HSAs

What are the benefits of a health savings account (HSA)?

HSAs are individual tax advantaged accounts that help people save and pay for qualified medical expenses. Benefits include:

- Contributions are pre-tax or tax deductible.
- Earnings are income tax-free.
- You can make income tax-free withdrawals for qualified medical expenses.
- You can carry over unused funds from year to year.
- The HSA is yours to keep even if you change jobs, change health plans or retire.

Note: Contributions are either tax deductible on your federal tax return, or can be made on a pre-tax basis through payroll deduction. However, some states do not recognize HSA contributions as a deduction, and some states tax interest earned on your HSA. See IRS Publication 969 by visiting **irs.gov/pub/irs-pdf/p969.pdf**, or consult a qualified tax advisor to see how your state treats HSA contributions.

Who qualifies for an HSA?

To open an HSA, you must have a qualifying high-deductible health plan (HDHP), such as Disney's Consumer Choice medical plan option, and meet other IRS eligibility requirements. There are some exceptions:

- You cannot be covered by any other health plan that is not an HDHP.
- You cannot be currently enrolled in Medicare or TRICARE or have received Veterans Affairs (VA) health benefits for a nonservice-connected disability in the previous 3 months.
- You cannot be claimed as a dependent on another individual's tax return.

What is a qualifying HDHP?

This is a health plan that satisfies certain IRS requirements with respect to deductibles and out-of-pocket expenses. Disney's Consumer Choice plan meets these IRS requirements.

Year	Annual deductible	Out-of-pocket expenses
2020	At least $1,400 for individual coverage and $2,800 for family coverage	Not exceeding $6,900 for individual coverage and $13,800 for family coverage
2021	At least $1,400 for individual coverage and $2,800 for family coverage	Not exceeding $7,000 for individual coverage and $14,000 for family coverage

What happens to my remaining account balance at the end of the year?

Any remaining balance automatically rolls over year after year.

What can I use my HSA for?

You can use the funds in your HSA:

- To pay for qualified medical, dental, vision and prescription drug expenses, including certain over-the-counter drugs and medications, as defined in IRS Publication 502 which can be found at **irs.gov/pub/irs-pdf/p502.pdf**.
- As supplemental income after age 65. Once you are 65, you can withdraw funds for any reason without paying a penalty, but they will be subject to ordinary income tax. If you are under age 65 and use your HSA funds for nonqualified expenses, you will need to pay taxes on the money you withdraw, as well as an additional 20 percent penalty.

Can I use my HSA to pay for qualified medical expenses for a spouse or tax dependent?

Yes, even if your spouse or tax dependent is covered under another health plan. To get personalized details, consult a qualified tax advisor.

Are health insurance premiums considered qualified medical expenses?

In general, no, but exceptions include:

- Qualified long-term-care insurance
- COBRA health care continuation coverage
- Any health plan maintained while receiving unemployment compensation under federal or state law and, for those 65 and over (whether or not they are entitled to Medicare), any employer-sponsored retiree medical coverage premiums for Medicare Part A or B or Medicare HMO.

Can I invest my HSA dollars?

Yes, you can choose to invest your HSA dollars in mutual funds once you reach your $2,000 investment threshold. Visit **optumbank.com/disney** for more details.

What happens to my HSA if I am no longer enrolled in Disney's Consumer Choice medical plan option?

While you can no longer contribute to your HSA, you can still use the remaining funds to pay or be reimbursed for future qualified medical expenses.

How much can I contribute to an HSA?

The IRS sets annual contribution limits each year. Those limits are reduced by the amount the Company contributes to your HSA and any potential wellness rewards you might earn, as shown in the chart below.

Contributions for:	Individual coverage	You + Child(ren)	You + Spouse/Domestic Partner or You + Family
2021 IRS Limit	$3,600	$7,200	$7,200
Disney Contribution	$500	$1,000	$1,000
Disney Wellness Rewards	$300	$300	$600
Your Maximum Contribution	$3,600 - $500 - $300 = **$2,800**	$7,200 - $1,000 - $300 = **$5,900**	$7,200 - $1,000 - $600 = **$5,600**

Note that any rewards you or your enrolled spouse or partner earn by participating in a maternity support program also count toward this limit, so you may need to adjust your own contributions accordingly.

If you are 55 or older, you can contribute an additional $1,000 each year. **Note:** The primary account holder must be 55 or older (even if the spouse has reached that age).

How can I make contributions?

There are three ways to make a deposit:

- Payroll deductions through Disney.
- Online at **optumbank.com/disney** using your personal checking account.
- Mail in a personal check along with the HSA Contribution Form. You can find this form after signing in at **optumbank.com/disney.**

When can contributions be made?

Contributions for a taxable year can be made any time within that year and up until the tax filing deadline for the following year, which is typically April 15.

If I change employers, what happens to my HSA?

Since you are the owner of the HSA, you may continue to maintain the account if you change employers. The funds are yours to keep.

Can I reimburse myself with HSA funds for qualified medical expenses incurred before I enrolled in an HSA?

No, qualified medical expenses may be reimbursed only if the expenses are incurred after the date your HSA was established.

Is there a time limit for reimbursing myself?

You can reimburse yourself at any time for expenses you paid for out-of-pocket. There is no time limit, but the expenses must have been incurred since you opened your HSA.

How can I use my HSA to pay for medical services?

You can use your Optum Bank debit Mastercard®; use online bill pay; or pay out-of-pocket and then distribute funds from your HSA to reimburse yourself.

Can I use my HSA to pay for non-health-related expenses?

Yes. However, any amount of a distribution not used exclusively to pay for qualified medical expenses for you, your spouse or your tax dependents is includable in your gross income. These distributions could be subject to taxes and an additional 20 percent IRS tax penalty, except in the case of distributions made after your death, disability or reaching age 65.

What happens if my HSA contributions exceed the annual contribution limit?

If you contribute more than the IRS annual contribution limit, you have until the tax-filing deadline to withdraw excess contributions. If excess contributions are not withdrawn by the tax-filing deadline, an annually assessed excise tax of 6 percent will be imposed on any excess contributions.

Is tax reporting required for an HSA?

Yes, you must complete IRS form 8889 each year with your tax return to report total deposits and withdrawals from your account. You do not need to itemize. For more information about tax rules including distribution information, visit **optumbank.com/disney** and consult a qualified tax advisor.

What happens to my HSA when I die?

If you are married, your spouse will become the owner of the account and assume it as their own HSA. If you are unmarried, your account will cease to be an HSA. The money in your account will pass to your beneficiaries on file or become a part of your estate, and it will be subject to applicable taxes

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