PNC's BeneFit Plus

Health Savings Account: A Closer Look



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PNC

What is a Health Savings Account?

An HSA is a personally owned account designed to help you save money and pay for qualified medical expenses*



- Paired with a High Deductible Health Plan
- Account owned by you
- Pays for current and/or future medical expenses
- Contributions are **tax-deductible**
- Interest earning and/or investment gains are **tax exempt**
- Distributions are **tax-free** when used to pay for qualified medical expenses
- No **"use-it-or-lose-it"** requirement; balances roll over year-to-year like a 401(k) and can be saved to pay for future expenses – **Goes where you go.**

* PNC does not provide legal, tax or accounting advice. Consult your tax advisor about tax benefits applicable to Health Savings Accounts.

Who Is Eligible for an HSA?

Any individual can open and make contributions to an HSA, if they meet all of the following requirements:

- ✓ Covered by a High-Deductible Health Plan (HDHP)
- ✓ Not covered by other health insurance
- ✓ Not enrolled in Medicare
- ✓ Not claimed as a dependent on someone else's tax return



HSA Maximum Contribution Limits[1]	2027
Self Only	$4,500
Family	$9,000
Catch-up Contributions (age 55 by the end of the year)	$1,000 additional

Note: Be sure to review applicable IRS eligibility requirements before enrolling.

Quick Tip! Once eligible and covered by an HSA-Qualified Plan, you can establish one or change your payroll deduction at any time!

1 To review annual IRS contribution limits for HSAs, please see IRS Publication 969 or visit http://www.irs.gov/pub/irs-pdf/p969.pdf .

What Are Qualified Medical Expenses?

IRS Publication 502[2] contains a list of all approved qualified medical expenses, including but not limited to:



DOCTOR/HOSPITAL SERVICES

- Doctor's office visits, hospital visits, ambulance services, flu shot/immunization, physical therapy, and eye surgery



PHARMACY

- Prescriptions, over-the-counter medications, feminine hygiene products



MEDICAL PRODUCTS

- Wheelchair/crutches, hearing aids, eyeglasses, and contact lenses

SERVICES/TREATMENTS

- Drug/alcohol treatment, nursing home / services, diagnostic services, smoking cessation programs, psychiatric care, acupuncture, fertility treatment, chiropractic treatment, and dental treatment



2 To view a partial list of qualified medical expenses, see IRS Publication 502 available at http://www.irs.gov/pub/irs-pdf/p502.pdf .

Common HSA Myths

#3 HSA Myth: They're only for the young and healthy



False: HSA enrollment is nearly equal across age groups. 52% of all HSA/HDHP enrollees in the individual market (including dependents covered under family plans) were age 40 or over; 48 percent were under age 40[3].

#2 HSA Myth: I can only use the HSA on myself if I have individual HDHP coverage*

False: You can use your HSA to cover out-of-pocket expenses for a spouse and dependents, as long as they're claimed on your taxes.

3 Source: AHIP 2016 HSA/HDHP Census

Common HSA Myths

#1 HSA Myth: I don't like the HSA because I am afraid that if I don't spend it I will lose it at year end.



False: HSAs, by design, are intended (and encouraged) to rollover year-to-year. Unlike the FSA, there is no "*Use it or Lose it*" provision.

For example, if you save $3,000 for 10 consecutive years starting with age 30, you'll have $175,000 by age 65, assuming you invest and earn 6% annually[3].

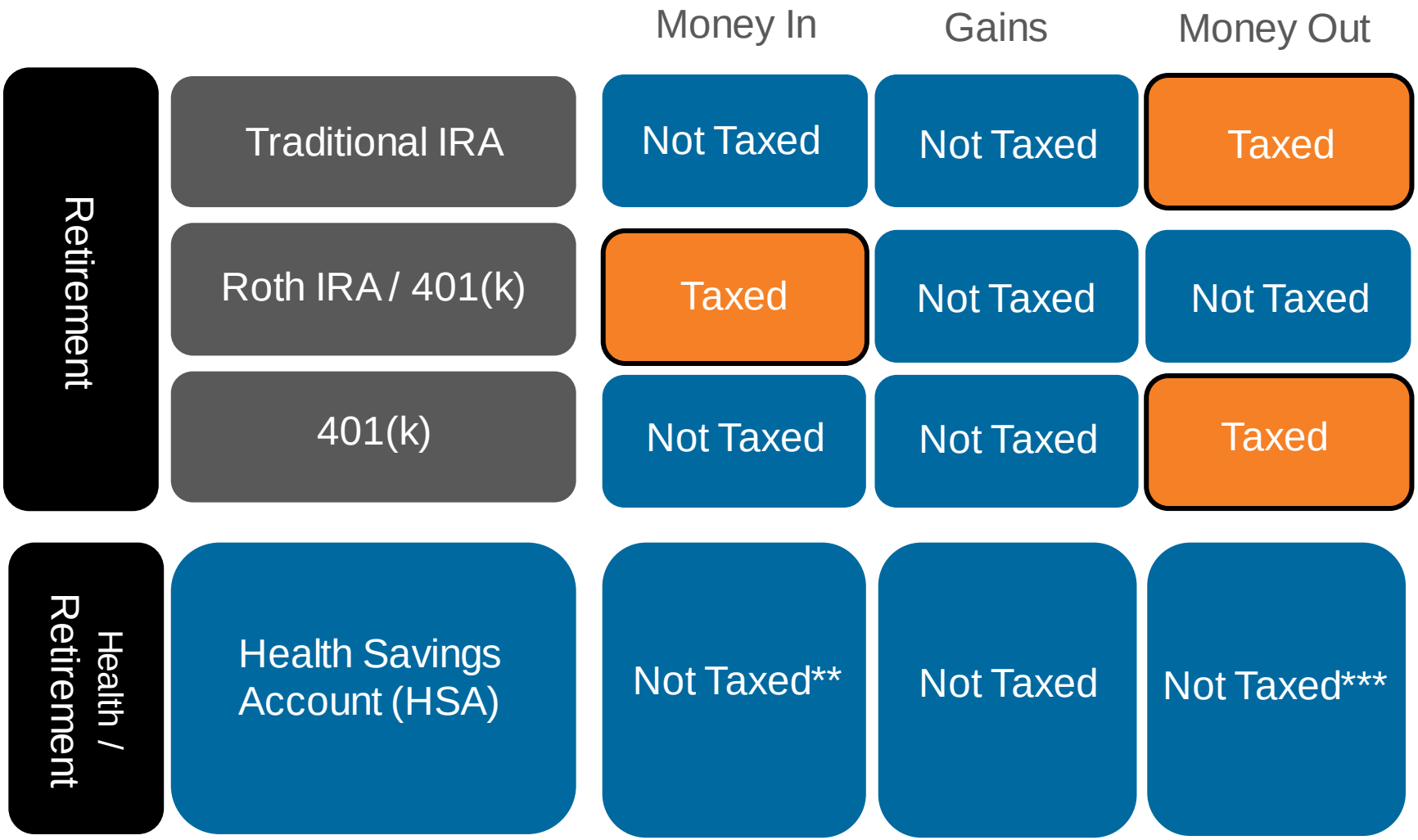
There is no time limit in which you need to reimburse yourself for any qualified medical expenses you paid out-of-pocket.

3 Source: AHIP 2016 HSA/HDHP Census

HSAs: More Than Spending Accounts



Tax Benefits of HSAs: Retirement Planning

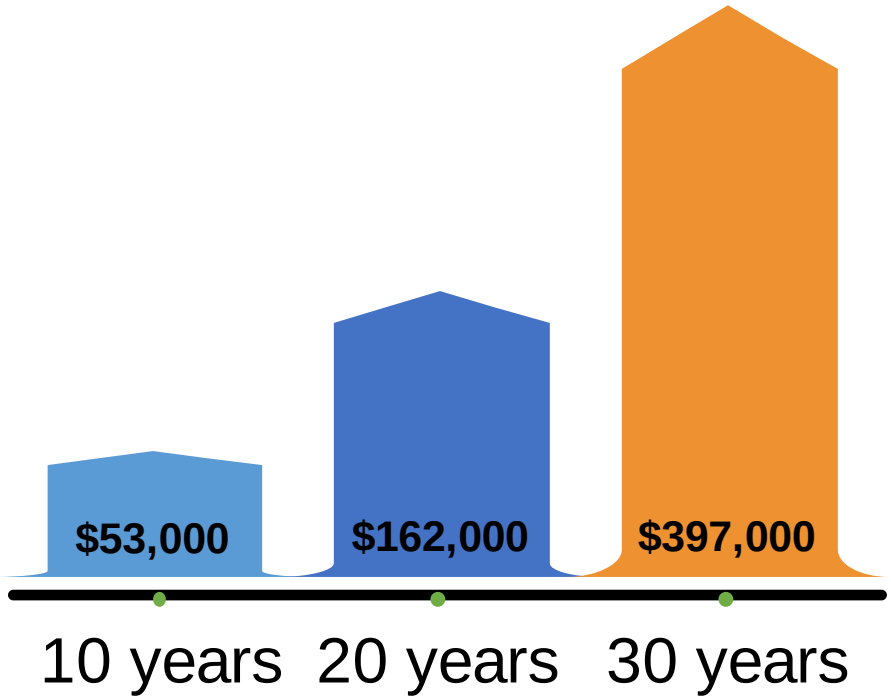


**Except in California and New Jersey

***If used for qualified medical expenses

401(k) Vs. HSA (Growth Over Time)

Both have similar growth potential but HSAs have more flexibility



Sweeten retirement

In this example, **invest $3,000 per year** and take advantage of the investment potential of your HSA

Use it anytime

Unlike a 401(k), **use the funds for healthcare expenses any time** – today or in retirement

Assumes $3,000 is placed in the investment account each year for either 10, 20, or 30 years and earns 8% annual return. All returns and principal remain invested each year.

Who Typically has an HSA? Anyone!



Steve

SPENDERS

Characteristics:

- Family with active kids
- High healthcare user

Activity and Tools:

- Debit Cards for Dependents
- Links bank accounts for direct reimbursement
- Interest bearing cash account
- Online Bill Pay
- PNC BeneFit Plus Mobile app
- Expense Tracker for annual financial planning

SAVERS

Characteristics:

- Financially savvy
- Focused on financial future

Activity and Tools:

- Interest bearing cash account
- HSA Investment Account
- Enables Investment Sweep
- On-line Account Summary with Investment Details
- eContribute from bank account
- Expense Tracker for recording out-of-pocket expenses



Nicole

Tax Savings Example

Nicole is single and contributes **$3,000** to her HSA this year. She saves:

$750	Federal Tax @ 25%
$150	State Tax @ 5%
$230	FICA Tax @ 7.65%
$1130	Total Tax Savings (37.65%)

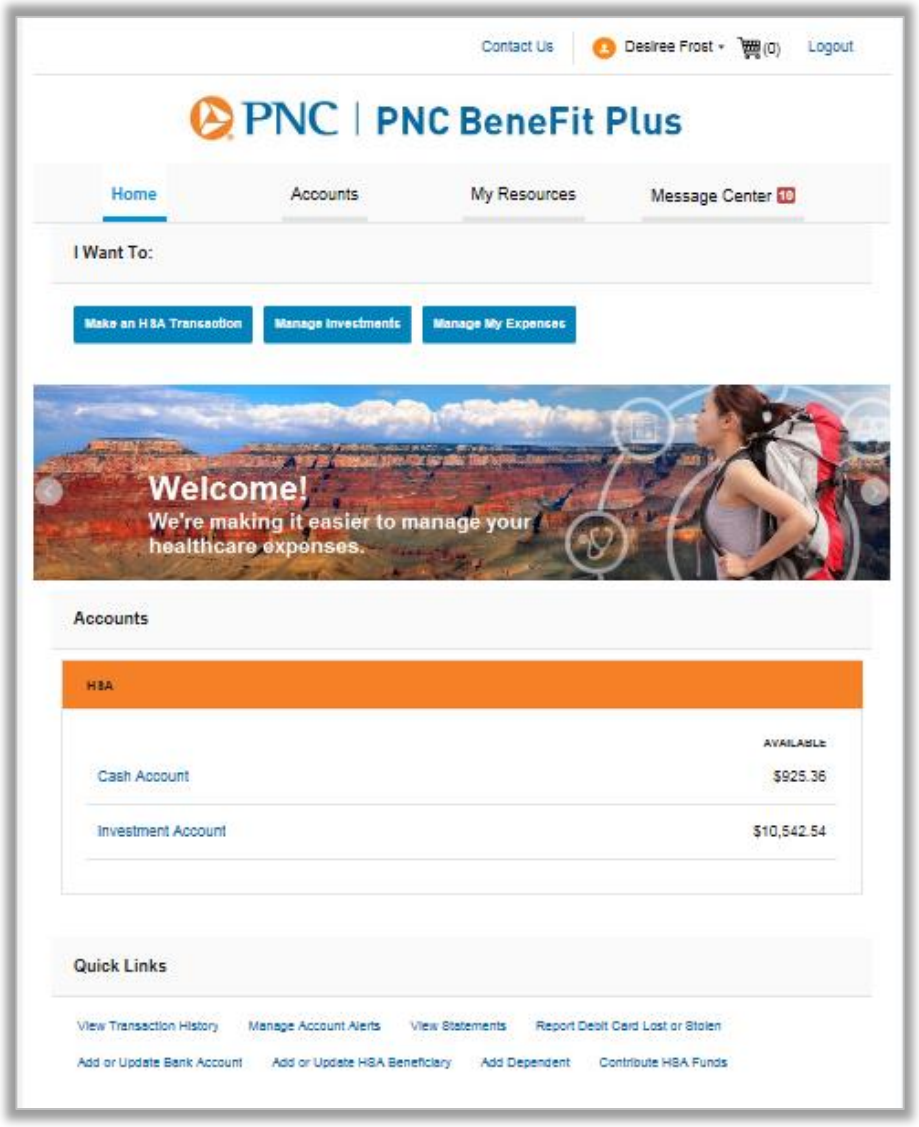


For Illustrative Purposes Only

Managing Your HSA: PNC BeneFit Plus Portal

Industry leading design:

- Customized content and messaging
- One click access for common actions
  - I Want To
  - Quick Links
- Profile management
- Dashboard view of transaction activity
- Initiate and execute account transactions:
  - Bill Pay
  - Direct Deposit reimbursement
- Manage HSA Investments
- Establish and track HSA savings goals
- Track healthcare expenses / upload receipts
- Targeted messaging

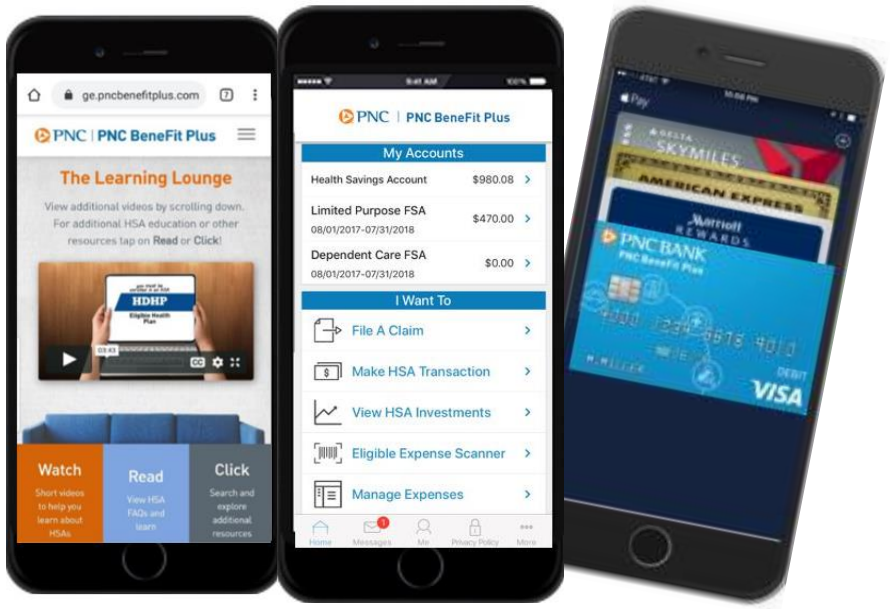


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Managing Your HSA: Mobile Suite

The PNC BeneFit Plus Mobile App, Mobile Wallet, and Mobile Learning

- Fingerprint / facial recognition login capability
- Check balances and transaction detail
- Process HSA contributions and distributions
- View HSA investment balances and transaction detail
- Add new expenses or edit existing transactions
- Use the device camera to capture and upload images of receipts and supporting document
- Shop smart; scan barcodes to check if products are IRS-qualified expenses
- View educational videos and access other resources
- Browse HSA eligibility lists
- Shop for eligible healthcare products and services



GET IT ON Google play

Download on the App Store

HSA Store | Inside Rx | HEALTH SHOPPER Simple. Eligible. Painless.

Pay | G Pay | SAMSUNG pay

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Managing Your HSA: Using Your HSA Funds

PNC BeneFit Plus Debit Card

Use wherever you purchase medical goods and services

- Drug Stores and Pharmacies
- Doctor or Dentist Office,
- Vision / Optical Stores or Supplies
- Medical Services and Practitioners
- Chiropractors

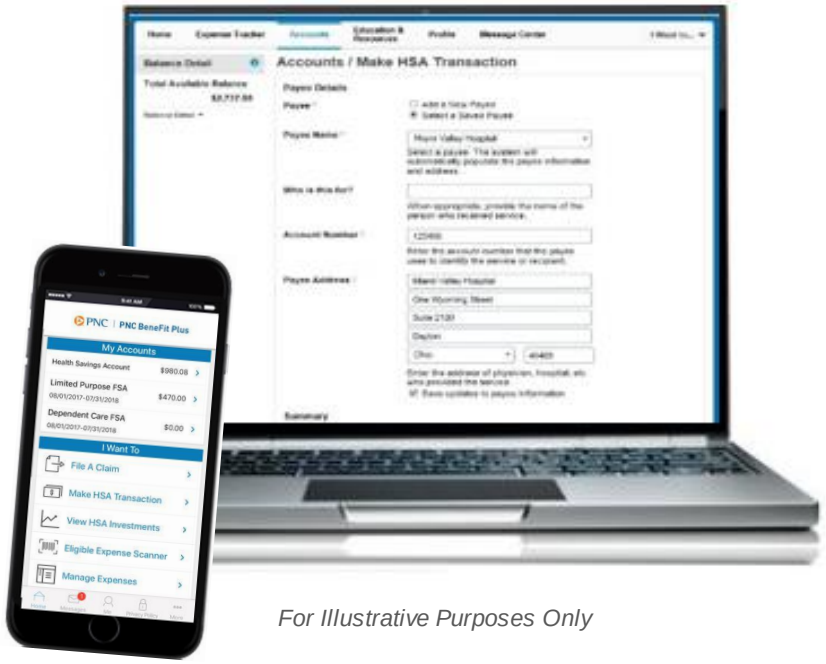


Other Distribution Options

- **Direct Deposit Reimbursement:** initiate an online reimbursement to a personal bank account
- **Bill Pay:** Online "pay the provider" option
- **Mobile:** initiate a reimbursement to a personal bank account or pay a provider

Quick Tip!

- Request additional debit card(s) online for your spouse or qualified dependents (no additional charge!)
- Card cannot be used at ATMs

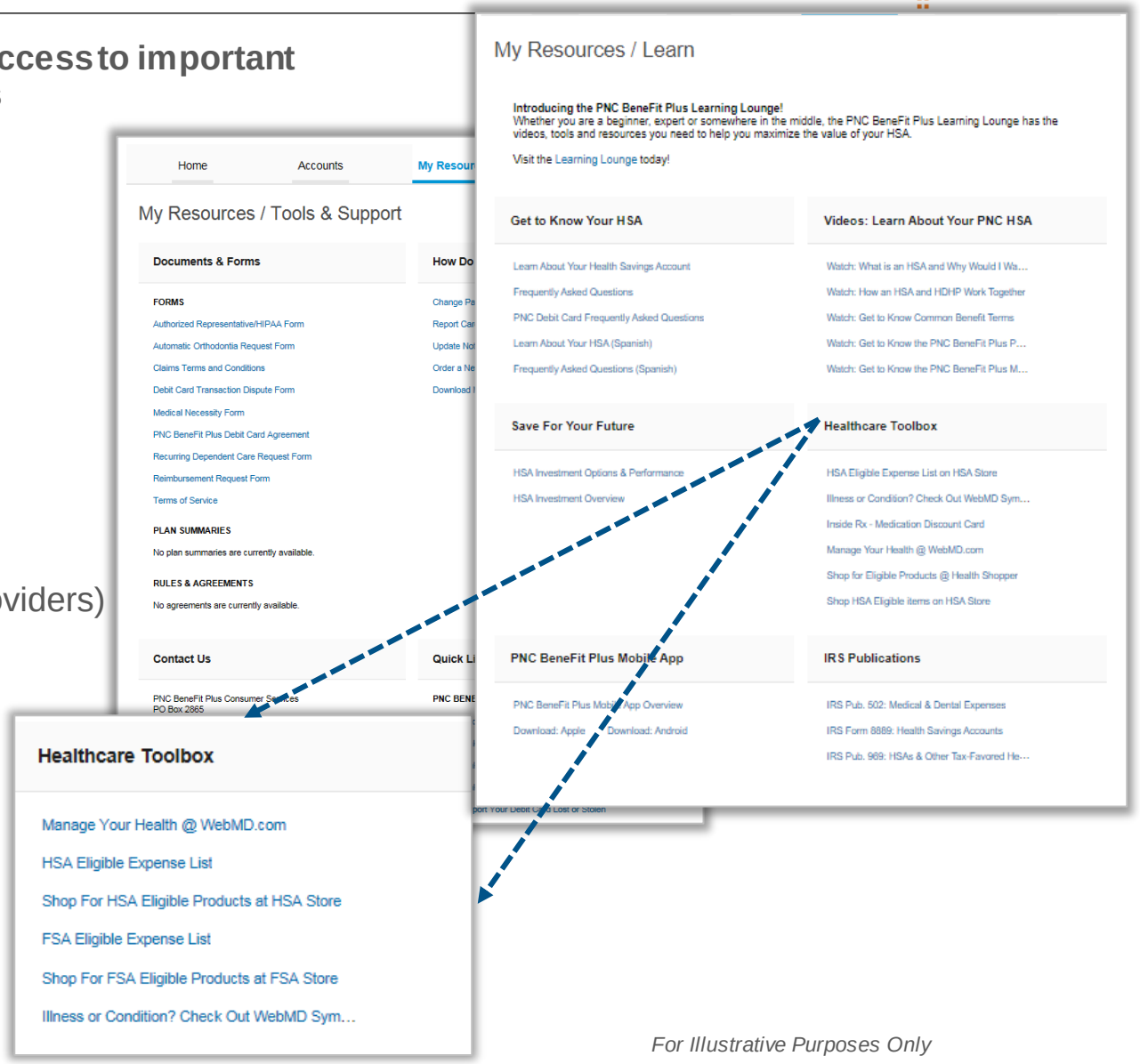


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Managing Your HSA: My Resources

The My Resources tab provides access to important account education and resources

- HSA Education
- Learning Lounge
- Educational Videos
- HSA Investment Collateral
- IRS Publications
- Forms and Agreements Library
- Website Navigational Tutorials
- **Healthcare Toolbox**
  - Health Promotion (External Providers)



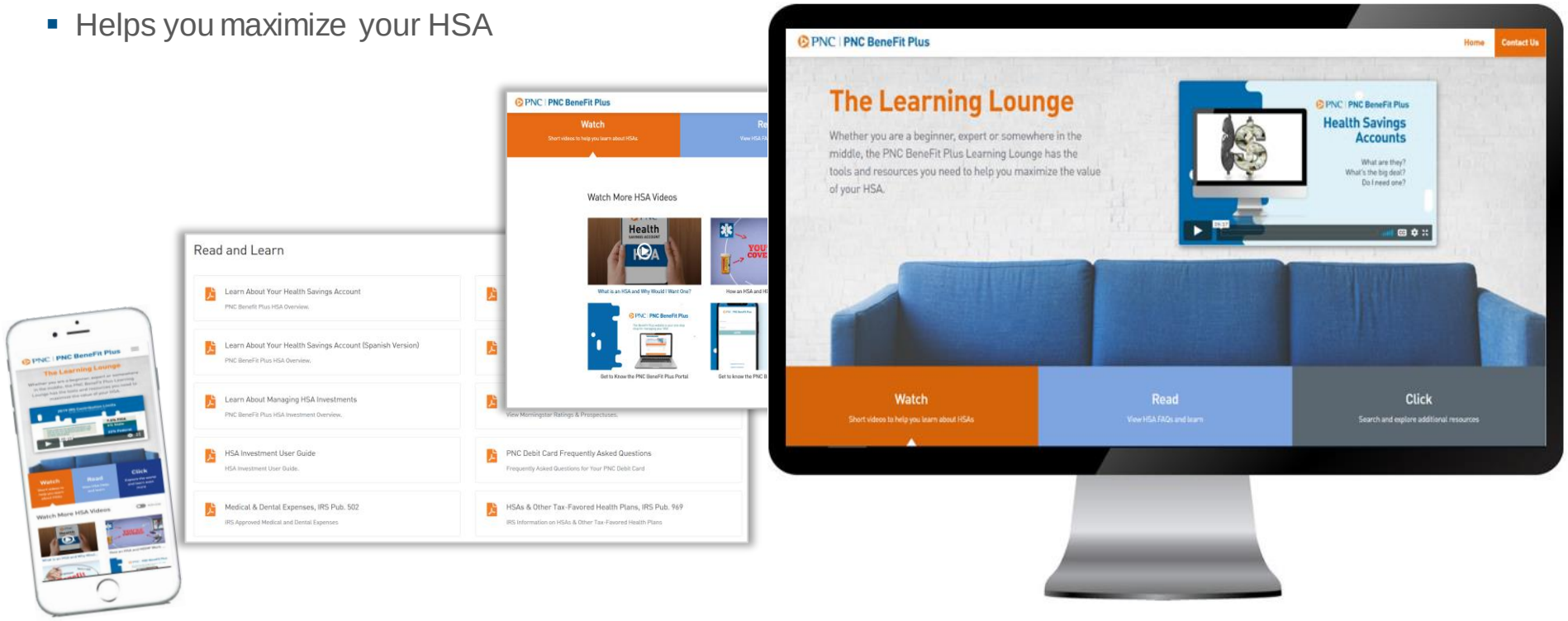
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Managing Your HSA: BeneFit Plus Learning Lounge

HSA Education and Resources Platform

The **PNC BeneFit Plus Learning Lounge** was created to visually articulate the benefits of HSAs.

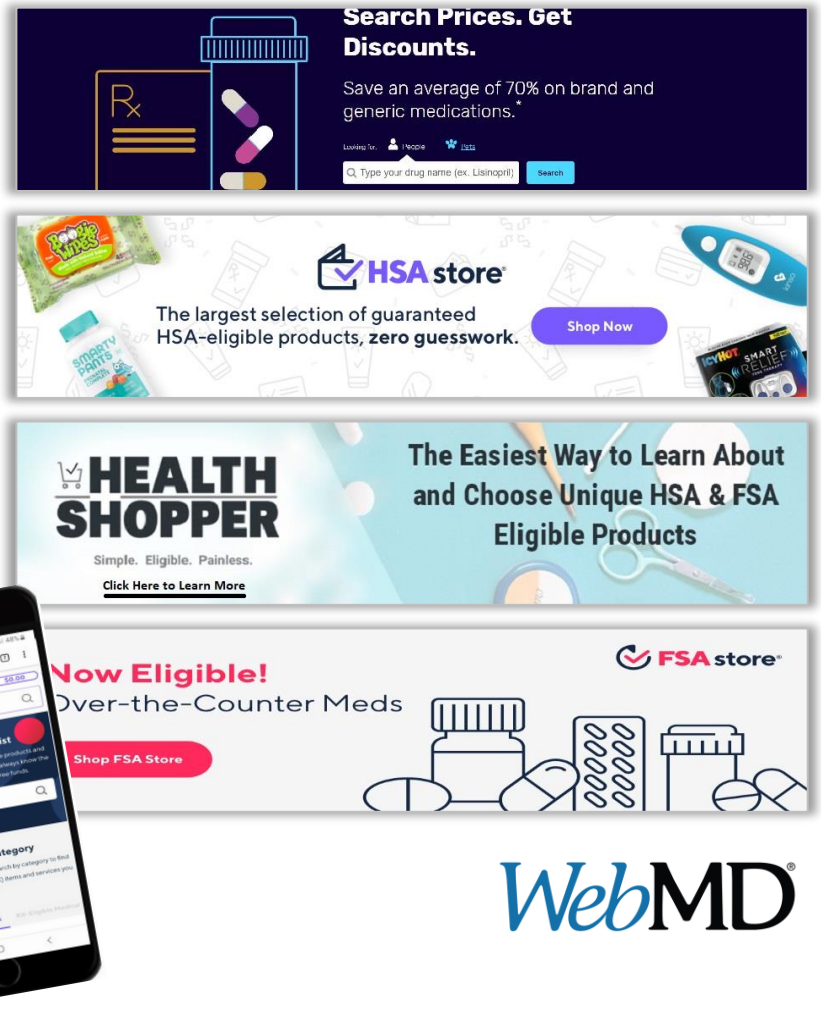
- Offers short, creative and engaging video content
- Introduces the concept of HSAs in a friendly, unintimidating way
- Provides educational videos and other resources
- Helps you maximize your HSA



Managing Your HSA: Healthcare Toolbox

The PNC BeneFit Plus Healthcare Toolbox: A consortium of external resources designed to assist employees with becoming savvy healthcare consumers, help make more informed decisions and reduce out-of-pocket expenses.

- **Inside Rx**: Search for discounts on thousands of brand and generic medications at over 60k pharmacies.
- **HSA Store**: One-stop online shop stocked exclusively with HSA-eligible products and services.
- **Health Shopper**: Search for a wide array of FSA / HSA eligible items and view resources. Powered by Amazon.
- **Eligibility List(s):** Check on product eligibility and compare prices.



Managing Your HSA: PNC HSA Investments

Think of your HSA as a 401(k) for qualified medical expenses

Reminder: Interest and/or investment growth are tax free if used to pay for qualified medical expenses

- Establish your investment account anytime
- Begin investing once your account reaches $1,000
- Broad portfolio of investment options



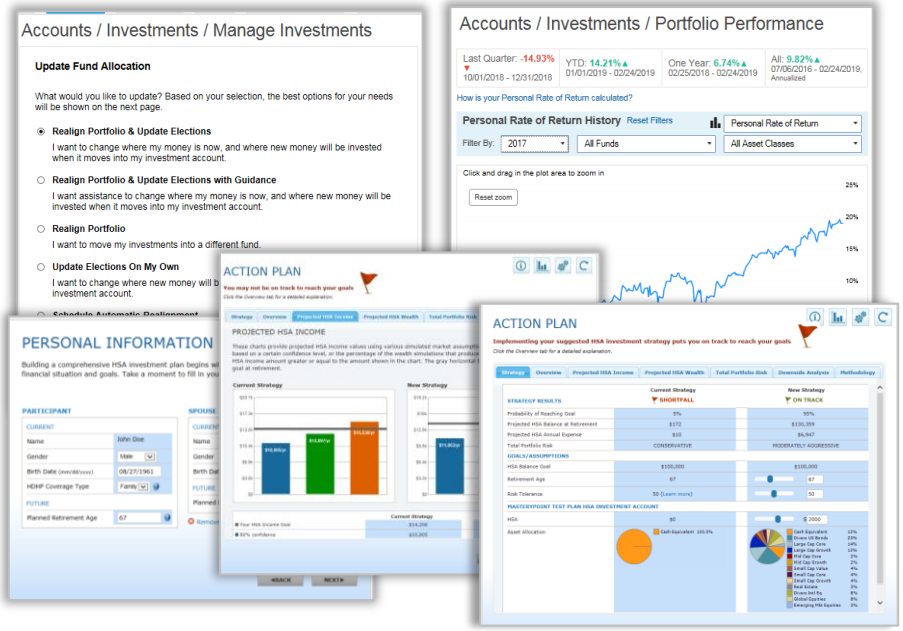
Plan for your future needs and act now

- Coordinate your retirement planning strategy and allocation between 401(k) and HSA contributions
- Consider your medical expense $$$ needs in your future and during retirement



- HSA Mutual Fund Investments are optional
- PNC employees cannot provide HSA investment recommendations and/or advice.

Markets do and will change. Past performance is not indicative of future results. Actual results will vary, and may be adversely affected by exchange rates, interest rates, commodity prices or other factors. Investments may lose value.

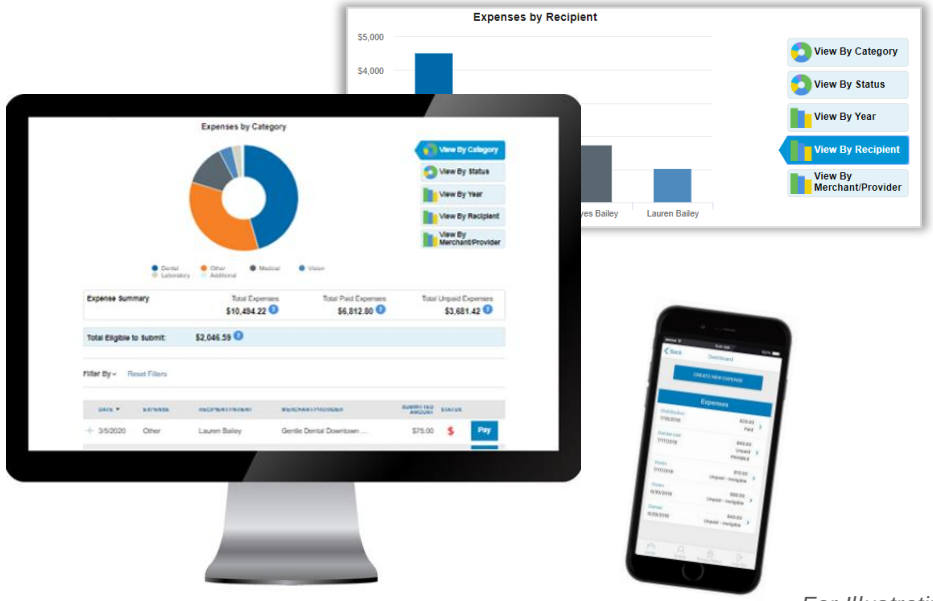


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Managing Your HSA: Additional Tools

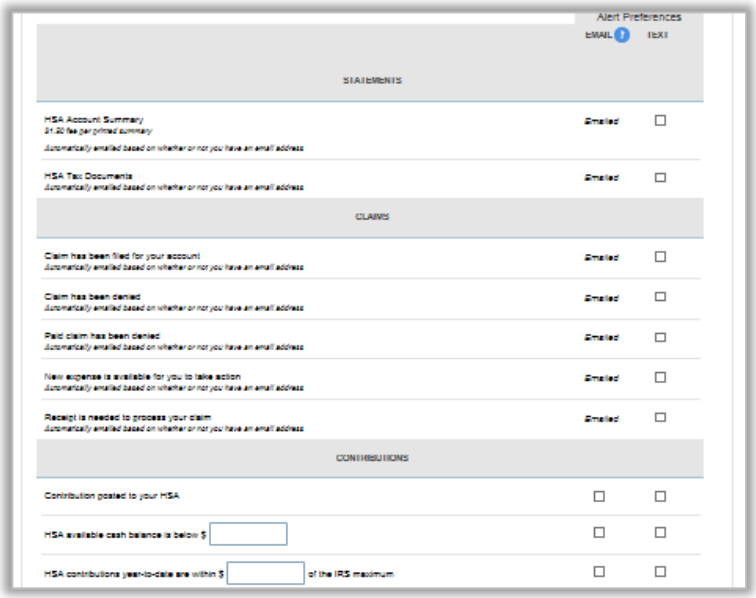
Expense Tracker

- Enter expenses online, track and categorize
- Consolidate & manage qualified expenses
- Securely upload receipts, EOBs, or documentation
- Pay Providers or issue reimbursements
- Budget and plan for annual medical expenses
- Integrated with the BeneFit Plus Mobile Application



Notifications & Alerts

- **Contributions:** Posting, balance, IRS maximum
- **Payments:** Issued, custom threshold
- **Claims:** Filed, receipt needed, denied
- **Debit Card:** Mailed card, purchases made
- **Statements / Tax Forms**: When issued and available

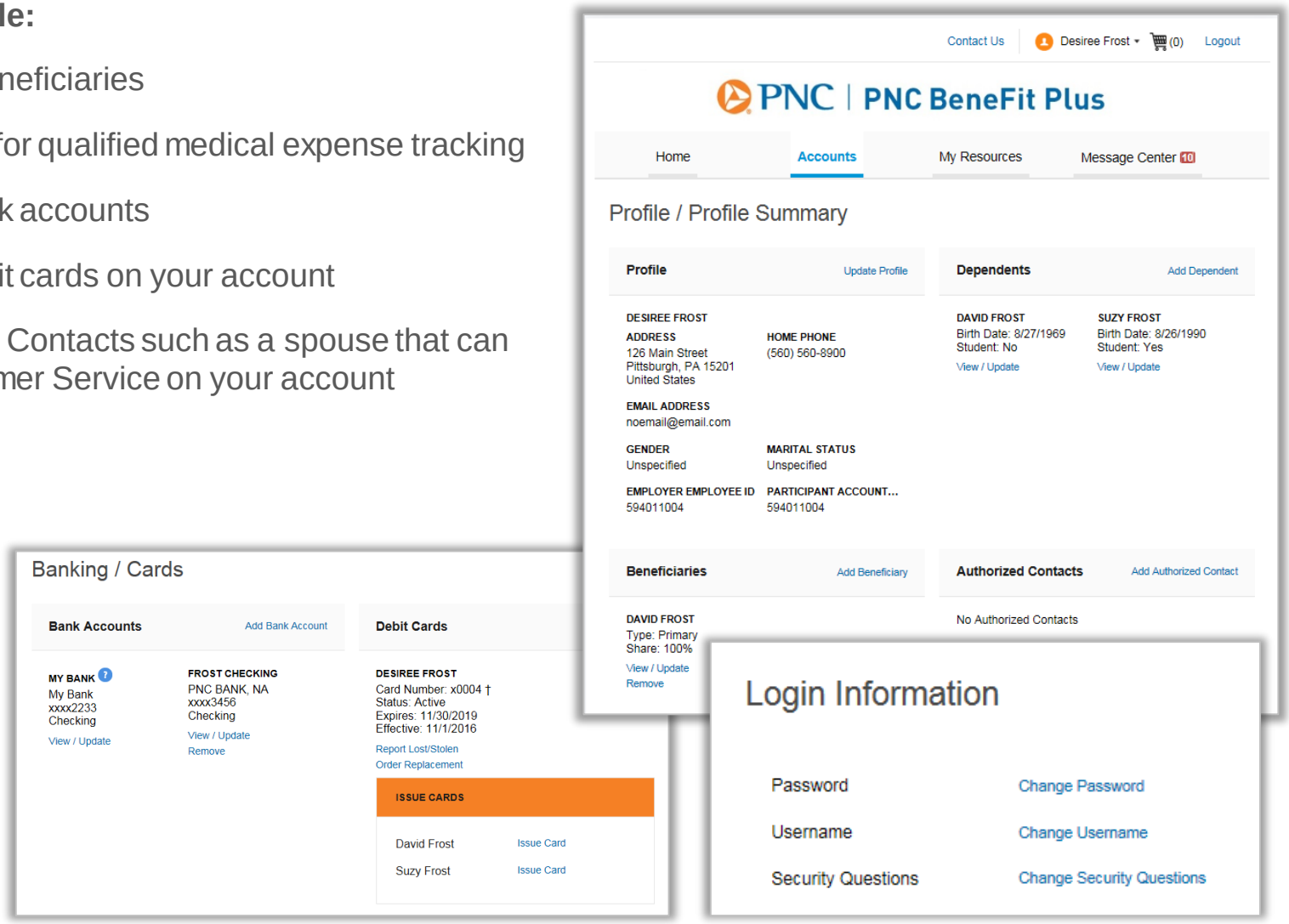


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Managing Your HSA: Your Profile

Manage Your Profile:

- Establish HSA Beneficiaries
- Add Dependents for qualified medical expense tracking
- Add personal bank accounts
- Manage HSA debit cards on your account
- Set up Authorized Contacts such as a spouse that can speak with Customer Service on your account



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Your Responsibilities & Who to Call

Always save your receipts



- No third-party substantiation of how your money is spent
- IRS may need receipts if you are part of a general IRS audit

Tax Reporting

- PNC will provide **IRS Form 1099-SA** only if you distributed funds out of your HSA in the prior year
- PNC will provide **IRS Form 5498-SA** if you contributed funds to your HSA
- Complete form 8889 annually when you do your taxes

You are responsible for how you spend your HSA dollars

Who to contact about your HSA? We're here to help!



- **Call:** PNC Consumer Services at (844) 356-9993
- **Email:** PNCBeneFitPlus@HealthAccountServices.com
- **Website:** https://participant.pncbenefitplus.com

Questions and Discussion

Thank You!

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