



# WELCOME TO CIGNA CHOICE FUND®

A guide for your health savings account

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Together, all the way.®



# LET'S GET STARTED



Congratulations on opening a health savings account (HSA). This guide will help you get the most value from your HSA and health plan.

## Get value now

- › Set aside money to help cover unexpected health expenses
- › [Save on taxes](#) with lower payroll deductions
- › Have the flexibility to take your HSA with you if you change jobs
- › Use [online tools](#) to help you choose quality, cost-effective medical care
- › Get coverage for preventive care services at no additional cost to you\*

## Get value in retirement

- › Use your HSA for qualified health care expenses not covered by Medicare – like dental and vision
- › Supplement your income in retirement<sup>1</sup> or use to pay retiree health insurance premiums
- › Make catch-up contributions (if you are age 55 or older<sup>2</sup>) to take advantage of tax savings
- › Keep what you save. In the event of your death, your spouse can assume your HSA. Or, it can be transferred to your estate where it's taxed at market value

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Find expense planning [tools](#) to help you budget for unpredictable medical costs.

\* Plans may vary and not all preventive care services are covered. For example, immunizations for travel are generally not covered. For a complete list of covered preventive care services, see your plan documents.

# MAKING CONTRIBUTIONS



One of the biggest advantages of an HSA is the ability to make and receive tax-advantaged contributions.

Anyone can contribute to your HSA, although contributions would typically be made by you and, in some circumstances, by your employer.

## Contributions can be made in one of two ways

- Pretax contributions<sup>3</sup> through payroll. If allowed by your employer, these easy contributions offer tax-relief from federal and most state payroll taxes.
- Post-tax contributions, anytime you want.<sup>4</sup>

## IRS contribution limits

Annual maximums apply to all contributions made to your account, regardless of who makes the contribution.

	2018	2019
Single	\$3,450	\$3,500
Family	\$6,900	\$7,000

## If you enroll for less than a year

You are eligible to contribute 1/12 of the maximum for every month you are enrolled in a qualified high-deductible health plan. Any additional contributions must be included in your gross income and will be subject to an additional tax.

Or, if you are enrolled by December 1 and meet the testing period requirement, you can contribute the annual maximum.

See [IRS Publication 969](#) or your tax advisor for more information.

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# MAKING CONTRIBUTIONS

## Catch-up contributions

The IRS allows individuals 55 and older to make an additional \$1,000 catch-up contribution each year.

## Your tax savings

Every dollar you contribute to your HSA (up to the maximum) is tax-exempt.<sup>3</sup> That means the more you contribute, the more you can lower your annual taxes.

Depending on your current tax rate, a \$2,500 annual HSA contribution could lower your annual taxes significantly – saving you as much as \$1,118 a year.\* See chart below.

## Estimated tax savings\*

\$2,500 annual HSA contribution			
Federal tax rate	State tax rate	Payroll taxes	Estimated annual savings
12%	5%	7.7%	\$618
22%	5%	7.7%	\$868
24%	5%	7.7%	\$918
32%	5%	7.7%	\$1,118

\* For illustrative purposes only. Your actual tax savings will vary.

## Interest and other earnings

The more money you keep in your account, the more interest you will earn. Your HSA funds roll over from year to year, so you don't need to worry about using it by year-end.

- Once you meet the minimum threshold specified by the HSA administrator, you can choose to move money to an investment account and invest in a variety of mutual funds. Investments could result in loss of principal, so you should discuss your options with a financial advisor before making any investment elections.
- Money earned through interest and investments is free from federal taxes and most state taxes. Check with your tax advisor to understand your state's specific regulations.<sup>3</sup>

## Rollovers from another HSA

- You can roll over funds from another HSA once every 12 months.
- Similar to a 401k rollover, the amount rolled over must be deposited within 60 days of receipt from the prior account, and it will not be counted toward your annual maximum allowed contribution.

For additional information on HSA contributions, talk with your tax advisor.

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### QUICK TIP:

Use the [HSA calculator](#) to see how much you could save.

For more information about opening an investment account, visit [myCigna.com](https://myCigna.com).

# USING YOUR MONEY



You can use the money in your HSA tax-free for qualified health care expenses you incur after you open the account.<sup>5</sup>

## Common qualifying expenses include:

- › Doctor office visits
- › Surgery, lab work and radiology
- › Prescription drugs
- › Dental – including orthodontia
- › Vision – including eyeglasses and contacts prescribed for corrective vision

## Other qualifying expenses include the following insurance premiums

- › Long-term care insurance
- › Health care continuation coverage (such as coverage under COBRA)
- › Health care coverage while receiving unemployment compensation under federal or state law
- › Medicare and other health care coverage if you are 65 or older (other than premiums for a Medicare supplemental policy, such as Medigap)

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Visit [Cigna.com/expenses](https://www.cigna.com/expenses) for a full list of eligible expenses.

# USING YOUR MONEY

## It's convenient to pay expenses

You choose when and how to use the funds. You can pay qualified expenses directly with HSA funds or pay with personal funds and reimburse yourself from your HSA.

### Debit card

- › Pay for out-of-pocket expenses directly from your HSA at point of sale, such as at a pharmacy or when buying eye glasses or contacts

#### Details

- › You receive a debit card automatically in the mail when you enroll, fees may apply for additional cards
- › Debit card purchases are limited to eligible health care merchants such as doctors, dentists and pharmacies
- › May only be used within the United States and Canada

### Online bill pay and withdrawals

- › Pay health care expenses from your personal funds directly on a one-time or recurring basis
- › Reimburse yourself with your HSA funds later

#### Details

- › You can reimburse yourself via an electronic fund transfer (EFT)
- › Daily limits may apply.

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### Manage your account 24/7

Go to the banking portal on [myCigna.com](https://myCigna.com) or the myCigna® App to access your funds, check balances and view transaction activity.

1. Log in to [myCigna.com](https://myCigna.com) or through the myCigna App
2. Go to Review My Coverage in the main menu and select HSA from the dropdown menu
3. Select Manage Your HSA

# USING YOUR MONEY

## Family expenses

You can use your HSA dollars for out-of-pocket expenses incurred by:

- You and your spouse
- Dependents you claim on your tax return
- Any person you could have claimed as a dependent on your tax return except if:
  - The person filed a joint return
  - That person had gross income equal to or above the IRS limit
  - You, or your spouse if filing jointly, could be claimed as a dependent on someone else's tax return

We recommend you consult a tax advisor if you have a domestic partner or child you do not claim on your federal income tax return.

## Withdrawal deadlines

There are no filing deadlines. As long as the expenses were qualified and incurred after the date the HSA was opened, you can withdraw the funds from your HSA at any time this year or in the future.

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Expense tracking tools are available on [myCigna.com](https://myCigna.com) to help you manage your eligible expenses and transactions.

You can even upload copies of your receipts on your banking portal for easy tracking.

# USING YOUR MONEY

## Your receipts – be sure to keep them

The IRS requires you to keep your receipts in order to show:

- › The funds were used to pay or reimburse qualified health care expenses. If they are used for non-qualified expenses, a penalty may apply.
- › The qualified health care expenses had not been previously paid or reimbursed from another source
- › The expenses were not taken as an itemized deduction in any year

You will not need to send these receipts with your tax return.

However, keep them with your tax records in case you are audited.

## Key information about investing

Having an HSA investment account could help you use your contributions to build and grow additional income for your future.

- › Your HSA investment earnings grow without being taxed (like a 401k or IRA retirement account). Withdrawals for eligible expenses are also not taxed.<sup>3</sup>
- › You can move your HSA investment funds back into your HSA cash account at any time to pay for your current qualified health care expenses (unlike a 401k or IRA).

Investments are subject to the loss of principal. Before opening an investment account, we encourage you to discuss your needs and goals with a financial advisor. You can also learn more on [myCigna.com](https://myCigna.com).

## Allowances if you are 65 or older

You can continue to use your HSA, tax-free, for qualified expenses not covered by Medicare or other supplemental insurance – including dental and vision expenses.

Or you can use your HSA as supplemental income in retirement. If you use funds for non-qualified expenses, the funds are taxed but the additional penalty is no longer applied.

## Beneficiaries

You may designate a beneficiary when you open an HSA.

- › If it's your spouse, your HSA will be transferred to your spouse after your death.
- › If it's not your spouse, the account stops being an HSA and the fair market value of your account becomes taxable to the beneficiary in the year in which you die.

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# FILING TAXES



It's important to know how your HSA can affect your annual federal and state income taxes.

## How your taxes can be reduced:

### 1. Contributions

Your taxable income can be reduced by:

- › Making pretax payroll deductions
- › Contributing post-tax and listing the contributions on your federal income tax return.<sup>4</sup>

### 2. Earnings

Interest earned in your HSA cash account and any increase in the value of your mutual fund investments are tax-free.<sup>3</sup> You do not have to list these as taxable income on your federal income tax return or report these earnings.

### 3. Qualified expenses

As long as you use the HSA for qualified expenses, you do not pay any taxes on the money that you have withdrawn from the account. This means that every time you make a qualified purchase, you are actually saving money.

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### At tax time

Use these forms at year's end for an HSA deduction on your federal income taxes.

- › A year-end summary and a 5498-SA form from the bank will be sent to you showing contributions made to your HSA and the account's fair market value.<sup>6</sup>
- › If you made a withdrawal from your HSA during the calendar year, you will also receive a form 1099-SA.

Find more information in the **IRS Publication 969** on the [IRS website](#). We also recommend you speak with a tax advisor regarding state-specific tax guidelines as a few states do not follow federal guidelines.

# STAYING WELL



Coaches (available at no additional cost) have flexible hours to work with your schedule.

## A personal health coach is available to help you:

- › **Review** your health assessment results and map out a personal health improvement plan
- › **Learn** about health programs and services available to you
- › **Get tips** to better manage health issues like lower back pain, high blood pressure, high cholesterol and more
- › **Better understand** your treatment options so you and your doctor can better make decisions together
- › **Learn more** about your health, health coverage and how to get the best value every time you seek care

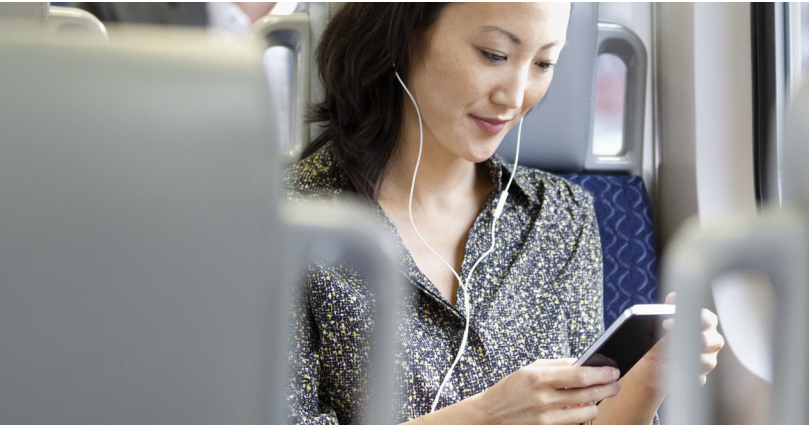
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### Connect with a coach

Visit **myCigna.com** to make an appointment today.

# MAKING SMART DECISIONS



Tools and resources to help with your health and health spending.

## myCigna website and app

All your personalized health information is available in one place.

- › Find an in-network doctor\*
- › Compare provider cost and quality information.\*
- › Check account balance information
- › Get instant, real-time health and plan information
- › View and pay claims, and much, much more

\* Actual myCigna features may vary depending on plan and individual security profile.

## myCigna.com

[Download](#) the myCigna App.<sup>7</sup>

## HSA Calculator

See how much you can [save](#).

## Qualified expenses

Go to [Cigna.com/expenses](https://www.cigna.com/expenses) to see a complete list.

## Expense tracking tools

Go to [myCigna.com](https://www.cigna.com) to manage your eligible expenses and transactions. You can even upload copies of your receipts at the banking portal for easy tracking.

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## HERE TO HELP.

Our customer service advocates are available 24/7/365 to answer your questions or schedule an appointment with a coach.

**Call 800.Cigna24 or the number listed on the back of your ID card.**

Translation service is available in more than 150 languages and dialects.



1. Funds used as supplemental income at age 65 or older are subject to income taxes, but there is no penalty for withdrawal.
2. Catch-up contributions are available if you are age 55 or older at the end of your tax year.
3. HSA contributions and earnings are not subject to federal taxes and not subject to state taxes in most states. A few states do not allow pretax treatment of contributions or earnings. Contact your personal tax advisor or HR benefit manager for details of your specific location.
4. Post-tax contributions can be made by utilizing the electronic fund transfer (EFT) capabilities available through myCigna.com or by mailing a check to transfer money from your personal savings or checking account to your HSA. These contributions require an above-the-line deduction when you file your annual income tax return.
5. If you use your HSA funds for expenses not permitted by the IRS, or prior to the date your HSA was established, your withdrawal will be taxed as ordinary income and you will incur an additional penalty on your withdrawal.
6. Tax statements will be made available via myCigna.com if you've elected to receive electronic communications.
7. The downloading and use of the myCigna Mobile App is subject to the terms and conditions of the App and the online stores from which it is downloaded. Standard mobile phone carrier and data usage charges apply.

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