

# HEALTH SAVINGS ACCOUNT (HSA)

A VALUABLE TOOL TO MANAGE HEALTHCARE EXPENSES

ALERUS



An HSA allows high-deductible health plan participants to save and invest money for qualified medical, dental, and vision expenses, effectively managing out-of-pocket healthcare costs.

## How It Works

Contribute pre-tax money from each paycheck, or make direct contributions to an interest-bearing, FDIC-insured cash account<sup>1</sup>. Use your HSA to pay for healthcare expenses as they occur for you, your spouse, and your qualified tax dependents. The account is owned by you and funds may be continually rolled over from year to year. There are no balance or annual spending requirements.

## Investing Your HSA

Once your HSA cash balance reaches a certain threshold, it may be invested<sup>2</sup> to potentially earn investment returns. To keep your balance invested and grow tax-free longer, pay for eligible expenses with another payment method, keep your receipts, and withdraw from your HSA at a later date.

## Tax Advantages

HSAs are the only financial accounts that offer triple tax savings: 1) tax-free contributions, 2) tax-free growth, and 3) tax-free distributions (for eligible healthcare expenses).

## Contribution Limits

- 2025 — single-\$4,300; family-\$8,550; age 55+-additional \$1,000
- 2026 — single-\$4,400; family-\$8,750; age 55+-additional \$1,000

## Pay For Expenses

Use your Alerus Health Benefits Visa® debit card to pay providers directly from your cash account, or withdraw funds from your cash account online or through the mobile app.

## Eligible Expenses

Your HSA covers a wide variety of medical dental, and vision expenses. These expenses must be medically necessary for the diagnosis, treatment, or alleviation of a specific illness or injury. They may include hospital or clinic services, prescription drugs and medications, certain over-the-counter medical supplies, and other health-related expenses as defined by Section 213(d) of the Internal Revenue Code. HSAs can also be used to pay COBRA, long-term care insurance, and health insurance premiums if you are receiving unemployment benefits.

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You may begin investing once you have reached the standard minimum threshold of \$2,000 in your HSA account. Only HSA funds above the threshold in your HSA account can be transferred to your investment account. Once you transfer funds from your HSA cash account to HSA investment account, these dollars are no longer covered by applicable FDIC insurance. Self-directed accounts are the sole responsibility of the account owner. Carefully weigh the advantages and disadvantages of investing your HSA funds before doing so. If you choose to invest in any of the fund options, underlying fund expenses may apply. For more information and details, see the fund's prospectus.

1 Deposit products offered by Alerus Financial, N.A. Member FDIC. Alerus may receive a financial benefit since depository accounts have value to a bank.

**2 Except for the cash account, all other investment products: 1) Not FDIC insured 2) Not guaranteed by bank 3) May lose value. The cash account is insured by the Federal Deposit Insurance Corporation up to \$250,000, subject to the FDIC's coverage limits.**

3 - Alerus charges no fees to download or use the app. However, your carrier's message and data rates may apply.

## Expanded Benefits After Age 65

Ineligible expenses will be subject to a 20% penalty and ordinary income tax, until age 65 or you become disabled. After age 65 you can use HSA funds without incurring penalties, but ineligible expenses will be subject to income tax. You can also pay for certain health insurance premiums, like Medicare and long-term care insurance, tax-free up to IRS limits.

## Manage Your Account

Access your account online at [alrusrb.com](https://alrusrb.com) or search for "Alerus Benefits" in the App Store or Google Play and download the app<sup>3</sup> for Apple, iPad, and Android devices.



- Check your account balance and see spending history
- Order additional debit cards
- Sign up for direct deposit or text/SMS alerts
- Submit reimbursements, make contributions
- View and download tax documents
- View and manage HSA investment balance
- Add digital card to mobile wallet for convenient use
- Assign a beneficiary for your HSA

## Claim Documentation

You must save your itemized statements from your medical provider and explanation of benefits from your insurance provider to verify your expenses comply with IRS rules. Documentation must include:

- Date of service
- Patient, service, or product recipient
- Provider/merchant name
- Description of service performed or product purchased
- Cost after final insurance adjustments

## Additional Resources

Visit the Alerus Resource Center at [alrusrb.com](https://alrusrb.com) for additional information and resources, including updated IRS annual contribution limits and a comprehensive list of eligible healthcare expenses.

Contact **Health Benefits Client Service Center**, 877.661.4727, [healthbenefits@alrus.com](mailto:healthbenefits@alrus.com) for assistance.