

## Health Savings Account (HSA) Advance Frequently asked Questions

### Who is eligible for the HSA advance?

To be eligible for the HSA advance, you must be enrolled in the Core medical option and have an annual HSA contribution election for the current year.

### If I enroll in the Core option mid-year, can I elect an HSA and take advantage of the advance?

It depends. Per IRS regulations, if you have already made contributions to a Healthcare Flexible Spending Account (HCFSAs) with American Airlines or are being covered under an active HCFSAs with another employer, you cannot make contributions to an HSA (nor can you take advantage of the advance) in the same calendar year. If you have not contributed to an HCFSAs during the plan year, you are eligible to open an HSA and receive the advance.

### How is the HSA advance initial amount determined?

Team members who cover themselves and one or more dependent in the Core medical option receive an advance of the lesser of \$2,000 or their annual goal contribution amount. Team members who have You only coverage in the Core option receive an advance of the lesser of \$1,000 or their annual goal contribution amount.

### How does the HSA advance work?

Any existing funds in your HSA will be used before the HSA advance. If you need additional funds, the HSA advance will be available to automatically cover debit card charges (up to \$1,000 for You only coverage or \$2,000 for You + dependent(s) coverage). Your future payroll deductions will then be applied to any advance amount you've used.

**Example:** If your goal amount is \$800 and you have already had \$200 of this annual amount deducted from your paychecks and deposited in your HSA, then you would still have \$600 left to contribute to your HSA for the year. Therefore, you would have \$600 that could be advanced to you if your health care expenses were more than the available balance currently in your HSA.

### When can I start accessing my HSA advance?

HSA advances will be available for eligible expenses on the first day of the year — Jan. 1.

### Can I use the HSA advance to pay bills or get reimbursed online?

The HSA advance can be used for debit card expenses with providers or at the pharmacy, but not bill payments or to reimburse yourself directly for expenses.

**Do I need to use the HSA advance?**

No, you don't need to use the HSA advance during the year. If you use your debit card for an eligible expense greater than your HSA available balance, the remaining needed funds will be taken from the advance.

**How do I know how much is available for me to access?**

The total, which includes your HSA balance and HSA advance money, is available in your HSA account details on this site.

**Can my advance be used for all HSA expenses?**

Yes, HSA advance funds can be used for all HSA-eligible expenses. To check if an expense is eligible, go to Reimbursement Accounts at the top of the homepage of this site, then use the Learn About drop down menu and select Health Savings Account. On the left-hand side under How it Works there is a link to Eligible Expenses.

**Will my HSA account balance in my UMB Financial Services bank account match my Alight Smart-Choice Accounts balance?**

If you have an outstanding advance, your UMB account will show a \$0 balance, but your Smart-Choice balance could show a different amount since this indicates how much you have available to pay for your health care expenses. Funds will not be available in your UMB account until you have repaid the advance through paycheck deductions. Once the advance has been repaid, your paycheck deductions will be deposited into your UMB account.

**Can I earn interest on my advance? And can it be invested?**

No, you are only able to earn interest on funds that are deposited in your UMB account. The advance will not be deposited into your UMB account, so you are unable to receive investment earnings on the advance.

**How can I pay for or be reimbursed for eligible expenses?**

You can pay for eligible expenses out of your advance with your debit card only. Once you have made sufficient contributions to repay the advance amount used, you can continue to use your debit card, use bill payment, or reimburse yourself directly for expenses.

**How do I pay back the HSA advance funds?**

The HSA contributions deducted from your paycheck are first applied against the amount you accessed through the advance. This will continue until the advance is repaid. There is no paperwork, interest or penalty for accessing the advance, and you do not have to take any extra steps in order to pay it back.

If you earn Well-Being Rewards, these will be applied to repay your HSA advance if you have an outstanding advance amount.

**Can I change my HSA contributions mid-year?**

Yes, you can increase or decrease your HSA contribution goal amount at any time. For 2020, you can increase HSA contributions up to the IRS contribution limit (\$3,550 You only coverage, \$7,100 You + dependent(s) coverage). In addition, you can make a “catch-up” contribution of an additional \$1,000 above these IRS limits if you are at least age 55 (or if you will be turning age 55 by the end of 2020). Note that your spouse cannot make a \$1,000 catch-up contribution into the Smart-Choice HSA, but is free to do so in his or her own personal HSA. Please also note that if you have already used the advance, you cannot reduce your HSA annual election amount to less than the total advance that you made from your HSA.

#### **What if my medical coverage level changes during the year?**

Since your HSA advance funds are determined based on your annual goal amount and coverage level, mid-year changes will impact the amount available.

If you move from You only coverage with an HSA advance up to \$1,000 to coverage with one or more dependent, your advance amount will increase to the lesser of \$2,000 or your annual goal amount.

If you move from coverage with one or more dependent to You only coverage, your advance will be stopped if you have already used more than \$1000. If not, your advance will be reduced to the lesser of \$1000 or your annual goal amount.

#### **Do unused HSA advance funds roll over each year?**

No, unused HSA advance money will not roll over to the next calendar year. The HSA advance initial amount resets at the start of each calendar year even if you don't use it.

#### **What if I leave American Airlines before the end of the year?**

HSA advance money is only available to you while you're an active employee. Once you leave the company, any available amount in your HSA advance will be changed to zero.

Payroll deductions made before you leave the company will be applied to any outstanding amount in your HSA advance.

However, if you leave the company, the funds in your HSA account with UMB are yours to take with you.