YOUR HEALTHCARE BENEFITS

FREQUENTLY ASKED QUESTIONS

PNC BENEFIT PLUS HEALTH SAVINGS ACCOUNT



Health Savings Accounts (HSAs) are designed to help you save for qualified medical expenses on a tax-advantaged basis. Additionally, you have the option to invest in a variety of mutual funds and grow your dollars tax-free upon reaching certain minimum balance requirements and withdraw your dollars tax-free as long as you use them for qualified medical expenses.[1,2]

General HSA Questions

Q What is an HSA and who can have one?

An HSA is a tax-advantaged account established to pay for qualified medical expenses for those covered under a High Deductible Health Plan (HDHP). HDHPs are generally characterized by lower monthly premiums and higher deductibles. With money from the HSA account, you pay for healthcare expenses until your deductible is met. Any unused funds in the HSA are yours and can accumulate toward future healthcare expenses or even in retirement.

Q What are the features and tax benefits of an HSA?

- Contributions are pre-tax or tax-deductible.*
- Interest earned is tax-free.*
- Tax-free withdrawals may be made for qualified medical expenses.
- Unused balances roll over from year to year.
- You own the HSA and it is yours to keep — even when you change jobs or health plans or retire.

*Contributions are tax-deductible on your federal tax return. Some states do not recognize HSA contributions or earnings as a deduction. Your own HSA contributions are either pre-tax (if made by payroll deduction) or tax-deductible. For more information, see IRS Publication 969.[1,3]

HSA Eligibility

Q Who is eligible for an HSA?

Eligible individuals are those who are:

- Covered by an HSA-qualified High Deductible Health Plan (HDHP)
- Not covered by other health insurance that provides the same benefits also covered by your HDHP
- Age 18 or older
- Not claimed as a dependent on someone else's tax return
- Not enrolled in Medicare

Q Who qualifies as a dependent?

A person generally qualifies as your dependent for HSA purposes if they are not claimed as a dependent on someone else's federal tax return.[2]

Q How do I know if my HDHP is an HSA-eligible plan?

An HSA-eligible health plan is required to satisfy certain requirements with respect to deductibles and out-of-pocket expenses.

The IRS has issued the following HDHP limits:

- For self-only coverage in 2025, an HDHP has an annual deductible of at least $1,650 ($1,600 for 2024) and annual out-of-pocket expenses (deductibles, co-payments and other amounts, but not premiums) not exceeding $8,300 for 2025 ($8,050 for 2024) (as indexed).
- For family coverage in 2025, an HDHP has an annual deductible of at least $3,300 ($3,200 for 2024) and annual out-of-pocket expenses not exceeding $16,600 for 2025 ($16,100 for 2024).

HDHP qualifying deductibles and annual out-of-pocket expenses are indexed for inflation on an annual basis.



Q Can I enroll in both an HSA and a Health Flexible Spending Account (FSA)?

If you enroll in or are covered by a general-purpose FSA or Health Reimbursement Arrangement (HRA) that pays or reimburses for qualified medical expenses, you cannot enroll in or make contributions to an HSA for that coverage period.

However, you may be able to make contributions to an HSA if you are covered under a limited-purpose FSA or HRA. Limited-purpose FSAs and HRAs restrict reimbursements to certain permitted benefits such as vision, dental and preventive care benefits.

Q Does the HDHP have to be in my name to open an HSA?

No, the HDHP does not have to be in your name. You can be eligible for an HSA as long as you have coverage under an HDHP, assuming you meet the other eligibility requirements for contributing to an HSA. You can still be eligible for an HSA even if the HDHP is in your spouse's name.

Q I don't have health insurance. Can I get an HSA?

You cannot enroll in or make contributions to an HSA unless you have coverage under an HDHP.

Q I'm on Medicare. Can I have an HSA?

You're not eligible for an HSA after you've enrolled in Medicare. If you had an HSA before you enrolled in Medicare, you can keep it. However, you cannot make contributions to an HSA after you enroll in Medicare.

> You can still be eligible for an HSA even if the HDHP is in your spouse's name.

HSA Contributions

Q When can I start contributing to my HSA?

You may begin contributing to your HSA on the effective date of your HDHP coverage.

Q How much can I contribute to my HSA?

The IRS has issued the following limits on contributions: Your annual HSA contribution may not exceed IRS limits of $4,300 for 2025 ($4,150 for 2024) for individual coverage or $8,550 for 2025 ($8,300 for 2024) for family coverage. For individuals age 55 and older, the HSA contribution limit is increased by $1,000. The IRS limits are indexed for inflation on an annual basis and may change from year to year.[1]

Q If I enroll in an HDHP and an HSA mid-year, what is my allowable contribution amount for that year?

Under the last-month rule, if you have HDHP coverage on the first day of the last month of your tax year (December 1 for most taxpayers), you are considered an eligible individual for the entire year. The maximum annual HSA contribution can be made for that tax year, regardless of when, during that year, the HSA was opened. For example, if an individual opens an HSA on June 1, the full contribution allowable by law can be made for that year.[1]

Important Note: Penalties may apply if HDHP coverage does not continue for the next 12-month period known as the testing period. For the last-month rule, the testing period begins with the last month of your tax year (usually December) and ends on the last day on the 12th month following that month. If you fail to remain an eligible individual during the testing period, you may be subject to penalties.[1,3]

Q Is there a deadline for contributions to an HSA in a tax year?

For an established HSA, contributions for the tax year can be made in one or more payments at any time after the tax year has begun and prior to the individual's tax filing deadline (without extensions). For most taxpayers, this is typically April 15 of the year following the tax year for which contributions are made.

Q Who can contribute to my HSA?

Contributions to your HSA can be made by your employer, by you or by both. All contributions are aggregated to determine whether you contributed the maximum allowed.

Q Can couples establish a joint account and both make contributions to the account, including catch-up contributions?

Joint HSA accounts are not permitted. Each spouse should consider establishing an HSA in his or her own name. This allows each of you to make catch-up contributions after age 55.



Qualified Expenses

Q What qualified medical expenses are allowed for tax-free distributions?

Qualified medical expenses are expenses paid by the account holder for diagnosis, cure, mitigation, treatment or prevention of disease.

Examples of these expenses are prescription drugs, including over-the-counter medications, feminine hygiene products, dental and orthodontic services, and optometrist products and services.[2]

Q Can I use the money in my HSA to pay for the medical care of any family member?

No. You may only withdraw funds to pay for the qualified medical expenses of yourself, your spouse or an eligible dependent for federal tax purposes.[1,3]

Q How do I pay for qualified medical expenses?

Qualified medical expenses can be paid with your PNC BeneFit Plus debit card, using the PNC BeneFit Plus online Bill Pay or by distributing funds from your HSA and transferring the funds to your personal bank account.

Q Can I reimburse myself with HSA funds for qualified medical expenses incurred prior to my establishing an HSA?

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

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Q Who is responsible for determining whether an HSA distribution is used for qualified medical expenses?

As the HSA account holder, you must verify that distributions are used for qualified medical expenses. Records of medical expenses should be maintained as evidence that distributions have been made for these purposes.

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

Any amount of a distribution not used exclusively to pay for qualified medical expenses is includable in gross income of the account holder. Such distributions are subject to an additional 20% tax on the amount, except in the case of distributions made after the account holder's death, disability or attaining age 65.[1,2]

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

Any remaining balance automatically rolls over year after year.

Q Should I keep my receipts?

Yes. You should keep receipts in the event of an audit — you can use the Expense Tracker tool in the PNC BeneFit Plus consumer portal or PNC BeneFit Plus mobile app to warehouse your receipts and simplify your record-keeping.[4]

HSA Investments

Q When can I set up an HSA investment account?

You can set up your HSA investment account at any time. However, your HSA deposit account balance must first satisfy the investment threshold before additional contributions can be invested. The investment threshold is the minimum account balance required to be maintained in your HSA deposit account. You can review the investment threshold by selecting "Manage Investments" from the home page and then selecting "Set Up Investment Transfers."

Q How do I get started with selecting my HSA investments?

Once you log into your account, you have the ability to set up HSA investments at any time. To manage your investment, from the home page:

1. Hover over the Accounts tab and select Investment Summary from the drop-down menu.
2. To establish your investment election percentages, select "Start Investing Now." You may be prompted to answer one of your predefined security questions.
3. To enable automated HSA investment transfers, enter a dollar amount (at or above the noted minimum) to set as your "Investment Transfer Threshold" and follow the prompts. You can change your threshold at any time.
4. View your options and follow the prompts on the Investments / Set Up Investments page to establish your investment elections.

Q What investment options are available?

Your investment options include a variety of mutual funds covering a wide range of asset classes, index and asset allocation funds that you may select to meet your HSA investing objectives. You can view specific fund fact sheets and prospectuses in the PNC BeneFit Plus online portal.

Q Can I set up automatic transfers between my HSA deposit account and my HSA investment account?

Yes. The Investment Auto-Transfer option allows you to set a personal investment threshold at or above the investment threshold. Once your threshold is set and your HSA deposit account balance exceeds the investment threshold by $100 or more, funds will automatically transfer from your deposit account into your investment account. Likewise, if your deposit account balance falls below the threshold by $100 or more, funds will automatically transfer from your investment account to your deposit account.

Additional HSA Questions

Q What happens to my HSA if I change employers, change health plans or retire?

You are the owner of the HSA; the funds in the account are yours, and your account goes with you if you change employers, retire or change health plans.

Q What happens to the money in my HSA if I lose my HDHP coverage or enroll in Medicare?

Funds deposited into your HSA remain in your account and automatically roll over from one year to the next. You may continue to use the HSA funds for qualified medical expenses. You are no longer eligible to contribute to an HSA for months when you are not covered by an HDHP or after you enroll in Medicare.

Q What happens to the money in my Health Savings Account after I turn 65?

Once you turn 65, you can continue to use your account tax-free for out-of-pocket medical expenses. You can also use your account to pay for things other than qualified medical expenses. If used for other expenses, the amount withdrawn will be taxable as income but will not be subject to any other tax penalties.[3] If you have retiree health benefits through your former employer, you can also use your HSA to pay for your share of retiree medical insurance premiums. You cannot use your HSA to purchase a Medicare supplemental insurance or Medigap policy.

Q What happens to the HSA if I die?

If you are married and your spouse is the named beneficiary, he/she becomes the owner of the account and assumes it as his/her own HSA. If the beneficiary is someone other than your spouse, or if you are unmarried, your account will pass to the named beneficiary and will cease to be an HSA. If there is no named beneficiary, the account becomes a part of your estate and will be subject to applicable taxes.

READY TO HELP

For more information on your Health Savings Account options, please visit **pnc.com/pncbenefitplus**, call PNC BeneFit Plus Consumer Services at **844-356-9993** or contact your employer.

A Part of **PNC Organizational Financial Wellness**

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**

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**

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

4 Standard message and data rates may apply.

PNC Bank, National Association is the Custodian of the PNC BeneFit Plus Health Savings Account and PNC Bank does not select the mutual funds available through the PNC BeneFit Plus platform. Mutual funds are selected by Mesirow Financial Investment Management, Inc. Mesirow Financial Investment Management, Inc. is not an affiliate of PNC Bank. Shares of mutual funds are not deposits or obligations or guaranteed or endorsed by any bank, nor are they federally insured or otherwise supported by the FDIC or any other governmental agency, and may lose value. Investments in mutual funds involve risk. The prices of shares of mutual funds fluctuate, and, when redeemed, your shares may be worth more or less than their original cost to you.

Please read the PNC BeneFit Plus Health Savings Account Disclosure Statement and Custodial Agreement. Call 1-844-356-9993 for more information. In addition, please carefully read the applicable prospectus for each mutual fund before you invest or send money. You may access the prospectuses online or obtain paper copies by calling 1-844-356-9993. The prospectuses contain more complete information on the mutual funds, including underlying fees, expenses, investment objectives and risks. Some funds may impose a redemption fee under certain circumstances.

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