

BEST OF 2020
HSA
PROVIDER



SATURNA CAPITAL

HSA

HEALTH SAVINGS ACCOUNTS

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*Our clients' interests
always come first.*



Investor's Business Daily has for the second year in a row named Saturna Capital as a top health savings account provider for people who want to invest their HSA savings. IBD compiled its list of 11 "Best of 2020" providers from dozens of HSA account providers based on investment quality, investment options, fees, customer ratings, and feedback from industry experts.



W elcome to Saturna Capital's HSA Plan

The Saturna Advantage

Open your Health Savings Account with Saturna and take advantage of:

Wide range of investment choices

- Saturna's affiliated no-load mutual funds offer a variety of investment objectives
- By investing in more than one fund, you can tailor your HSA to reflect your own risk and return objectives
- Add self-directed brokerage for access to stocks, ETFs, and money market and non-Saturna mutual funds.

Knowledgeable, personalized service

- Investment HSA provider since 2005
- Trained representatives standing by to help you navigate the investment process

Convenience

- Invest automatically from your bank account to your Saturna HSA
- Request redemptions to cover incurred expenses by telephone or in writing on any business day
- Choose redemption by check or direct deposit to your bank account at no charge
- Keep track of your portfolio with online account access

Getting Started

Is a Saturna HSA Right for Me?

It is important to review the features of Saturna’s HSA and other HSAs before you decide where to establish your account.

A Saturna HSA may be right for you if:

- You want to minimize account-related fees
- You want to use your HSA as a long-term, tax-advantaged savings vehicle with potential to supplement your future retirement income
- You want to invest your HSA savings and desire a broad variety of investment options, such as mutual funds, ETFs, stocks, and bonds
- You are comfortable directing your own investments and have a tolerance for investment risk
- You don’t require a debit card or checkbook to pay qualified expenses directly from your HSA account

Saturna, at your request, can initiate your HSA redemptions for no fee by either check or ACH direct deposit.

What is a Health Savings Account (HSA)?

A health savings account (HSA) is a tax-advantaged savings account that you use to pay for IRS-qualified health care expenses. Generally, anyone who is covered under a qualified high-deductible health care insurance plan may open an HSA.

HSAs offer attractive tax advantages:

- You and/or your employer contribute pre-tax dollars to your HSA
- Your interest and investment earnings grow tax-free in your account
- You may withdraw HSA funds tax-free to pay for qualified medical expenses

Unspent contributions, even those made by your employer, are yours to keep for future health care expenses and/or retirement. Your HSA is portable as the account remains with you regardless of employment.

Health Savings Account (HSA)



Qualified High Deductible Health Plan (QHDHP)

- HSA tax advantages, combined with lower QHDHP premiums, keep more money “in your pocket” to pay medical expenses for you and your dependents
- Contributions and earnings can be invested in mutual funds, money market funds, stocks, bonds, ETFs, and more
- Unspent HSA savings can be used for your retirement

HSA Eligibility

Individuals under the age of 65 are eligible to contribute to an HSA if they are covered by a qualified high-deductible health plan (QHDHP). Not all high-deductible health plans qualify you to open an HSA, and please keep in mind that Saturna Capital is unable to “qualify” account holders. Consult your health plan provider to determine whether your HDHP is a qualified plan or to obtain information about how to enroll in a QHDHP.

Qualified High-Deductible Health Plan Requirements	2020		2021	
	Individual	Family	Individual	Family
QHDHP Minimum Deductibles	\$1,400	\$2,800	\$1,400	\$2,800
QHDHP maximum out-of-pocket amounts ¹	\$6,900	\$13,800	\$7,000	\$14,000

¹ Including deductibles, co-payments, and other amounts, but excluding premiums. See IRS Publication 969 (www.irs.gov) for more information.

HSA Contribution Limits

Contributions to your HSA account may be made by anyone (employers, family members, etc.) up to the limits established by the IRS each year. The money in your HSA is yours, even if your employer or someone else makes contributions on your behalf. This makes your HSA portable between jobs. It is your responsibility as the account holder to monitor contributions.

You can claim a tax deduction for contributions you, or someone other than your employer, make to your HSA even if you do not itemize your deductions. Employer contributions are made on a pre-tax basis and are not taxable to the employee.

Individuals age 55-64 may make additional “catch-up” contributions of up to \$1,000 annually. A married couple can make two catch-up contributions, as long as both spouses are at least 55 and each spouse has established their own HSA account. Catch-up contributions help you accumulate assets to pay medical expenses now or in retirement.

	2020		2021	
	Individual	Family	Individual	Family
HSA Contribution Limits (employer + employee)	\$3,550	\$7,100	\$3,600	\$7,200
HSA Catch-up Contributions (age 55 and older)	\$1,000	\$1,000	\$1,000	\$1,000

HSA Distributions

HSA distributions are tax-free if they are used to pay for qualified medical expenses (as defined under Section 213(d) of the Internal Revenue Code). You can reimburse yourself at any time for qualified medical expenses that are incurred after the date your account is established. Be sure, however, to maintain receipts and other records in the event you are audited.

Distributions made for any other purpose are subject to income tax and a 20% penalty.

The 20% penalty is waived

- In the case of death or disability
- When distributions are made by individuals age 65 and older

Saturna reports distributions to you and the IRS on Form 1099-SA.

HSA Qualified Medical Expenses

You can use your HSA savings and earnings to pay for qualified medical expenses up to the amount of your deductible.

Common allowable expenses include (but are not limited to):

- Acupuncture
- Birth control pills
- Chiropractic services
- Dermatology treatment
- Emergency transportation
- Eyeglasses and contact lens supplies
- Hearing aids
- LASIK surgery
- Nursing homes and care
- Optometry treatments
- Orthodontia and dental treatment
- Orthopedic services (including shoes)
- Osteopathy
- Over-the-counter medications (with a prescription)
- Pediatric services
- Prescription medications
- Psychiatric care
- Psychology services
- Smoking cessation programs
- Vaccines
- Weight loss programs (for medically diagnosed obesity)

The IRS defines allowable expenses. For more information please visit www.irs.gov or refer to IRS Publication 502, Medical and Dental Expenses. You may also consult your tax professional.

HSAs are not "use it or lose it" accounts. Unspent contributions made by you and your employer are yours to invest as you choose.

Investment Options

Your Saturna HSA is designed with investing in mind.

While many HSA providers require you to accumulate \$2,000 or more in order to begin investing, you can begin investing with no minimum in your Saturna HSA.

Saturna No-Load Mutual Funds

When you invest in any of Saturna Capital's affiliated no-load mutual funds, you never pay any account opening, closing, maintenance, or custodial fees on your HSA account. Investments in mutual funds are subject to ongoing expenses that shareowners pay indirectly. Please consult a fund's prospectus or summary prospectus for more details.

Saturna offers a range of mutual funds to help you customize your HSA investment plan. Fund prices and performance information are available upon request or at www.saturna.com.

Saturna Self-Directed Brokerage HSA

You may elect to broaden your investment options by adding self-directed brokerage to your HSA through Saturna Brokerage Services (SBS). This allows you to invest in a broad array of investments, including:

- Non-Saturna mutual funds
- Money market funds
- Stocks
- Bonds
- ETFs
- Covered call options
- US Treasuries

SBS offers the Dreyfus Insured Deposit Program as an option for your uninvested cash. This program provides Federal Deposit Insurance Corporation (FDIC) coverage for amounts held in your Saturna Brokerage HSA sweep account. You may also elect to hold cash.

Please note that trades in self-directed brokerage HSAs are subject to the Saturna Brokerage Services commission schedule. For more information, please see the Saturna Brokerage Services brochure available upon request or at www.saturna.com/sbs.

Saturna HSA Automatic Investment Plan

Once your account is established, you can use Electronic Funds Transfer (EFT) to automatically transfer money from your bank account to your Saturna HSA. Automatic investing is a complimentary service with your Saturna HSA when you invest in any of Saturna's affiliated mutual funds, and with your Saturna Brokerage HSA when you invest in any of the funds included on the SBS No Transaction Fee Mutual Fund Platform (minimum investments may apply).

Automatic transactions can be scheduled on any business day, employing a weekly, monthly, or quarterly schedule. You can also make automatic withdrawals from your HSA to be deposited in your bank account. Whichever automatic plan you choose, there is never an additional fee.



When were HSAs introduced, and how popular are they?

HSAs were officially established by US federal law as part of the Medicare Prescription Drug Improvement and Modernization Act of 2003. Because they are used in conjunction with reduced-premium, qualified high-deductible health insurance plans (QHDHPs), HSAs have gained in popularity as a way for individuals and businesses to reduce the impact of rising health care costs. As of January 2020, HSAs held \$71.7 billion in 29 million accounts.

Can I open an HSA without health insurance?

No. You are not eligible to establish and contribute to an HSA unless you are covered by a qualifying high-deductible health plan (QHDHP). Note that the QHDHP does not have to be in your name, but you must be covered by it and meet all other eligibility requirements. However, you can open a new HSA account for the purpose of transferring an existing HSA that is being held at a different institution, even if you are not covered by a QHDHP at that time.

What types of insurance and other coverage can I have and still be eligible to contribute to an HSA?

Permitted insurance includes worker's compensation, property insurance, insurance for a specific disease, such as cancer coverage, and insurance that pays a fixed

amount per day of hospitalization. Coverage for dental, vision, long-term care, accidents, and disability are also permitted. Once you have enrolled in Medicare, you are no longer eligible to contribute to an HSA, but you may continue to take distributions from your HSA to cover qualified medical expenses.

What are the HSA contribution limits for 2019 and 2020?

Please see page 7 of this brochure for current contribution limits.

What is the deadline for making contributions to my HSA?

For a given tax year, contributions must be made on or before the federal tax filing due date (excluding extensions), which is usually April 15 of the following year. If you are making a contribution between January 1 and April 15, be sure to specify the tax year to which it should be applied.

What is a qualified medical expense?

Please see page 7 of this brochure for a list of qualified medical expenses. For more information regarding qualified medical expenses, see IRS Publication 502, Medical and Dental Expenses, or consult your tax professional.



Can I use the money in my HSA to pay medical insurance premiums?

Generally, you cannot use your HSA account to pay premiums for health insurance coverage. Exceptions include COBRA premiums, long-term care premiums, or premium payments that allow you to retain health coverage while you are receiving unemployment compensation.

What if I use my HSA to pay for something other than a qualified expense?

If you withdraw money from your HSA to pay for something other than a qualified medical expense, you will owe income taxes on the amount in addition to a 20% penalty (unless you are disabled or older than 65).

What happens to my HSA when I die?

If your spouse is the designated beneficiary, your HSA will be treated as your spouse's HSA after your death, and no taxes will be owed. If your spouse is not the beneficiary, the fair market value of your HSA is taxable to the beneficiary (or to your estate if no beneficiary is designated) in the year of your death.

Can I change the investments in my HSA?

Your HSA investment account is flexible and allows you to change your investment elections.

For changes to mutual funds, please call a Saturna Capital representative at 800-728-8762. Changes requested before 1:00 p.m. (Pacific Standard Time) are generally made on the same day.

For changes to self-directed brokerage investments, please contact a Saturna Brokerage Services representative at 800-728-1266. The cut-off time for same-day processing will vary with the type of investment.

There is no guarantee that a change will be made at a specific time.

Can I transfer money from my IRA to my HSA?

The short answer is yes, with caveats. Except under specific circumstances, you can make only one qualified HSA funding distribution from your IRA during your lifetime. The distribution must be made directly by the IRA trustee to the HSA trustee. The distribution amount is not included in your income, is not deductible, and is counted towards the amount that can be contributed to your HSA for that year. The maximum amount you can transfer varies based upon your HDHP coverage (self-only or family coverage), your age at the end of the applicable tax year, and other limitations. Please review IRS Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans, available at www.irs.gov.

Online Account Opening

Open an account online, or complete and sign the Saturna Health Savings Account (HSA) Application, which is available on the Documents and Forms page at www.saturna.com.

If you have an existing HSA through another financial institution, you can transfer it to Saturna by completing an HSA Cash Transfers Form, which you will also find on the Documents and Forms page of our website.

Open an account online at: saturna.com/online-account-opening/hsa

HSA Enrollment Checklist

- Confirm your eligibility: consult a qualified insurance professional to apply for a qualified high-deductible health plan (QHDHP) or to determine if your current plan qualifies for an HSA
- HSA Application (and HSA Cash Transfers Form, if transferring an existing HSA), completed and signed
- Form 5305-B, completed and signed
- A copy of your government-issued photo ID
- A check for your initial investment, payable to the fund(s) of your choice
 - If you wish to purchase non-Saturna affiliated mutual funds, stocks, or bonds, a separate check should be made payable to Pershing LLC for those purchases
 - Be sure to indicate the tax year for which you are making the contribution

Check(s) should be made payable to the Fund(s) of your choice

Please mail your application and IRS Form 5305-B with your check(s) and a copy of your government-issued photo ID to:

Saturna Capital
Attn: HSA Department
P.O. Box N
Bellingham, WA 98227

For brokerage HSAs, please see the Saturna Brokerage Services brochure and application for more information.

Fees

	Invested in Saturna's affiliated mutual funds only	Self-Directed Saturna Brokerage HSA ¹
Account Fees	<i>Investments in mutual funds are subject to ongoing expenses that shareowners pay indirectly. Please consult a fund's prospectus or summary prospectus.</i>	
Account Opening	None	None
Account Maintenance	None	Potential inactive account fee ²
Statement Fee	None	None
Low Balance Fee	None	None
Account Closing	None	None

Transaction Fees		
Contributions	None	Subject to Commission Schedule
Distributions/Withdrawals ³	None	Subject to Commission Schedule
	Outgoing wire transfers and overnight delivery of proceeds from sales are subject to prevailing rates.	
Trades / Exchanges	None	Subject to Commission Schedule
Account Transfers	None	In: None ⁴ Out: \$75

¹ Self-Directed Brokerage HSAs may be subject to fees for services not listed in this chart. Please refer to the Saturna Brokerage Services Commission Schedule (available in the Saturna Brokerage Services Brochure and online at www.saturna.com/sbs) for more details.

² Inactive accounts have effected no trades from January 1 through December 31 and have had one or more security positions for the entire year, not including sweep account money market funds. Please see the Saturna Brokerage Services Commission Schedule for more details.

³ Withdrawals may be subject to income taxes, and if taken before age 59½, may be subject to tax penalties.

⁴ While Saturna does not have a specific charge for inbound transfers, the previous custodian may charge for the outbound transfer.

All mutual funds have investment and operational expenses, including regular reports to fund investors. The menu of mutual funds available in your 401(k) plan has been established by your employer from extensive list of thousands of low-cost, no 12b-1 fee, no sales charge funds.

Have questions or need help?

Email: info@saturna.com

Local: 360-734-9900

Toll-free: 800-728-8762



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For automated assistance, including mutual fund prices:
888-732-6262