Optum Financial®

USAA®

Understanding your options HSAs and PCAs

You've got options for paying out-of-pocket

You have two medical plan options, and both offer a spending account to help you cover out-of-pocket health care expenses. One plan includes a a health savings account (HSA) and the other includes a personal care account (PCA).

So what's the difference?

An **HSA** is an account that **you own**. It goes with you wherever life takes you. The HSA can be used for eligible medical, dental, prescription drug, certain over-the-counter (OTC) and vision expenses.

A **PCA** is an **employer-owned** account that is available as long as you remain enrolled in a USAA medical plan option. The PCA can be used for eligible medical, dental, prescription drug, certain OTC and vision expenses.

HSA tax advantages and investment options

HSAs have a triple tax advantage. Your HSA contributions[1] are pre-tax and withdrawals are tax-free if used for qualified medical expenses.

You will also earn interest on your balance and have the option to invest your HSA funds[2]; this potential growth is also tax free.

If you have any questions about how HSA tax advantages can impact your personal situation, consult with your tax advisor.

Who funds the accounts and how?

An HSA is owned and funded by you with tax-advantaged contributions. Anyone can make a direct contribution to your account. You will have pre-tax, bi-weekly payroll contributions deposited into your HSA based on what you elect to contribute.

A PCA is funded annually on January 1 by USAA. If you are hired during the plan year, you will have a lump sum contribution funded once you enroll in coverage. Funds can be used right away for eligible expenses and are based on coverage tier.

1. Review annual enrollment guides for IRS contribution limit details. HSAs are tax exempt for purposes of your federal income tax filings. HSAs are also tax exempt for most state income tax filings. However, some states do tax your HSA contributions and even potentially the earnings and capital gains. Please consult your tax advisor regarding your state's specific rules.
2. Investments funds are not Federal Deposit Insurance Corp. (FDIC) insured, not bank issued or guaranteed, and are subject to risk, including fluctuations in value and the possible loss of the principal amount invested. Please consult your financial planner for more information.

Your money is yours to keep

The HSA is your account. Funds will not forfeit or expire at the end of the year. In fact, all your HSA funds go with you if your employment status or health coverage ever changes.

PCA funds roll over each year. To continue to have access to your PCA funds, you must remain enrolled in a USAA medical plan.

How do HSAs and PCAs compare?

Now that you know a lot more about these accounts, let's look at them side by side.

	HSA	PCA
You own the account	✔	
USAA contributes		✔
Annual contribution available on January 1		✔
Medical and Rx expenses	✔	✔
Dental and vision expenses	✔	✔
Triple tax advantages	✔	
Investment options	✔	
Account stays with you if you drop medical coverage or leave the company	✔	

How your account works

- Your account balance is available any time on the Optum Financial portal, the Optum Financial mobile app or by calling customer service.
- When you need to pay for an eligible expense, you can use your payment card. Funds will be deducted from your account.
- Or, you may submit a claim online or on the mobile app.
- You should always keep your itemized receipts as documentation for eligible expenses.

How does the health care flexible spending account (FSA) work with these accounts?

The PCA and FSA can both be used for eligible medical, prescription drug, dental, vision and OTC expenses. Eligible expenses will be deducted from the FSA first, then the PCA after the FSA balance is exhausted.

With the HSA, the FSA works a little bit differently. In most cases, the FSA will be limited-use first, covering only dental and vision expenses. After you've met your HSA deductible ($1,500 for single coverage and $3,000 for family coverage), the FSA switches to general purpose and can then also be used for eligible medical, prescription drug and OTC expenses.

Why would I want an HSA and an FSA?

Depending on your financial situation and health care expenses, it might make sense to take advantage of having two tax-free accounts. But, keep in mind that the FSA is limited to dental and vision expenses prior to you meeting your HSA deductible. One of the advantages of the FSA is that you'll have access to the full amount that you elect right away, while with the HSA, you'll have access to the funds as they are deposited into your account.

What happens if I switch from the PCA plan to the HSA plan?

You will not lose your PCA balance – it will remain in your account as long as you are covered by a USAA medical plan. Prior to meeting your annual HSA plan deductible, you'll be able use your remaining PCA balance for dental and vision expenses only.

Once you meet your annual HSA deductible ($1,500 for an individual or $3,000 for a family in 2023), you can use your PCA balance for eligible medical and prescription expenses.

What happens if I switch from the HSA plan to the PCA plan?

You will not lose your HSA – it will remain your account as long as you have available funds, even into retirement.

However, it's important to know that eligible expenses will deduct from the PCA first. Once your PCA is depleted, eligible expenses will deduct from your HSA.

HSA requirements

Because HSAs offer so many tax advantages, there are participation requirements. If you are covered by Medicare, Tricare or any other health insurance plan that is not HSA-qualified, you will not be able to open an HSA. However, you will be able to use the HSA for services received under the Veteran's Administration unless those services were connected to a service-related disability.

PCA requirements

PCAs do not have any participation requirements.

Plan design options

When making your decision, you should first determine if you are HSA qualified. After that, you should also consider your health care spending. The HSA plan option has lower premiums and a lower deductible than the PCA plan option. That means you pay less for coverage. Here are a few more things to consider:

- You may be covered by a plan that is not eligible for an HSA, but PCAs have no participation requirements.
- HSAs are great tax-advantaged savings vehicles to build a nest egg for future health care needs with tax-advantaged funds.
- If you need to have funds available at the beginning of the year, PCAs are funded and available January 1 of each year.
- An HSA might be right for you if you're looking for additional tax advantages.

For additional assistance with deciding which plan type is best for your specific situation, visit the decision support tool on the MyTotalRewards site.

Advantages at a glance

- **HSAs** always stay with you, no matter where life takes you.
- **HSAs** offer interest earnings, investment options and triple tax savings, making them a great vehicle to build savings for future health care needs.
- **PCAs** are funded by USAA.
- **PCA** funds are available right away.

Unused funds in both the **HSA** and **PCA** roll over from year to year. (For **PCA**, you must be a participant in the USAA medical plan to qualify.)

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