

HSA investing

Can I change my HSA investments?

Yes, you can buy and sell your HSA investments as often as you like.³ Some of these transactions may be subject to standard commissions and investment-related fees. See www.fidelity.com/commissions for more information.

Can my HSA investments lose money?

If you choose to invest some or all of your HSA money, those investments could lose money. All investing involves risk, including risk of loss.

Fidelity HSA® Funds to Consider

What are the Fidelity HSA® Funds to Consider?

Fidelity has chosen a small number of mutual funds,⁴ with no investment minimums or transaction fees, that may be suitable for HSA investors. The Fidelity HSA® Funds to Consider lineup currently consists of 22 mutual funds, both from Fidelity and other fund families, including one active fund in each major asset class. The Fidelity HSA® Funds to Consider also includes single-fund options such as target date and target risk funds.

How are the Fidelity HSA® Funds to Consider selected?

Fidelity's Investment Services research team selects these funds based on factors including:

- Low costs: funds with expense ratios in the lower half of their peer groups
- Performance: funds in the top half of their peer groups for 3- or 5-year performance
- Manager tenure: funds with at least 3 years of continuous leadership by the same portfolio manager
- Style and category: funds that are strong representations of their categories or asset class styles

What are the benefits of Fidelity HSA® Funds to Consider?

The Fidelity HSA® Funds to Consider lineup has several benefits:

- The mutual funds included have zero minimum investments, so they can be purchased with any amount of money. This allows account-holders with small balances to construct a diversified portfolio or set up auto-investing before an account is funded.
- The funds are professionally selected and monitored to ensure that they are a good fit for use in the HSA. This may be especially attractive to less-experienced investors. Selection criteria include cost, 3- or 5-year relative performance, manager tenure, and alignment with its asset-class style or category.
- In many cases, the funds have a lower expense ratio (cost) versus the share class of the same fund that's available on the brokerage platform.

Are the Fidelity HSA® Funds to Consider monitored over time?

Yes. Fidelity's Investment Services team monitors ongoing fund performance and meets regularly with fund managers. Based on this research, the team may add or replace funds in the lineup as outlooks change.

HSA basics

Is an HSA different from a health FSA?

Yes. Unlike most FSAs, HSA money is not "use-it-or-lose-it". Your entire HSA balance carries over from year to year, forever, and it is always yours, even if you change employers or move to a different state. That means you could use your HSA to save and invest for future qualified medical expenses, including in retirement. Also, in general, HSAs cover a broader variety of qualified medical expenses than FSAs.⁵

How could I use my HSA if I don't use it for current medical expenses?

Because your HSA investment growth is free of federal income taxes, investing your HSA could help give you more buying power to pay for qualified medical expenses in the long-term.

You can save for planned medical expenses or procedures, including braces, maternity care, knee replacements, and laser eye surgery.⁶ HSAs can also help you save more for the costs of managing a chronic condition like high blood pressure, diabetes, or hearing or vision loss. You could also use your HSA to build an emergency fund to help cover unexpected medical expenses or for years when expenses are higher than usual.

You can also use your HSA for

- COBRA premiums
- Paying eligible expenses as a bridge to Medicare
- Medicare premiums other than a Medicare Supplemental policy
- Long-term care premiums

What are the triple tax advantages associated with an HSA?

HSAs are tax-advantaged in three ways: **contributing**, **spending**, and **investing**.

1. If you have an HSA through your employer, you'll likely be able to contribute to it using pre-tax payroll deductions-these are free of federal income taxes and lower your taxable income. If you have an individual HSA, you can make post-tax contributions to it, up to the annual limit, for a federal income tax deduction.
2. You can spend your HSA money, free of federal income taxes, on qualified medical expenses for you and your spouse and dependents, as long as you opened your HSA before those expenses happened.
3. Any interest your HSA earns, and any growth your HSA investments earn, are also free of federal income taxes.

Questions? Call a Fidelity HSA service specialist at **866-402-7621**.