



Benefits Booklet

Pre-Tax Health Savings Account — January 2025

Offered under the Mayo Cafeteria Plan

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INTRODUCTION

This document explains the operation of the Pre-Tax Health Savings Account (“Pre-Tax HSA,” “HSA” or “Plan”) offered under the Mayo Clinic Health & Welfare Benefits Plan. This document reflects the applicable provisions of Section 223 of the Internal Revenue Code. If you enroll in the High Deductible Health Plan Mayo Custom, an option under the Mayo Medical Plan, you are able to make voluntary pre-tax HSA contributions. You must establish your HSA with Fidelity Investments (“Fidelity”) through a process similar to opening a bank account. Upon establishing your HSA with Fidelity Investments, your voluntary pre-tax contributions to your HSA will be deducted from payroll. If you fail to establish your HSA with Fidelity investments, contributions will not be deducted from payroll.

Your HSA can be invested and the earnings will accrue tax-free. Further, to the extent you use your HSA to pay for qualified medical expenses, there is no tax on distributions from your account.

This document, together with the General Information Booklet for the Mayo Clinic Health & Welfare Benefits Plan, describe the HSA as in effect on January 1, 2025 and replaces all prior descriptions of the HSA. It is intended to provide a summary of your benefits available under the HSA.

Pre-Tax HSA Is Not a Mayo Sponsored Group Health Plan nor an ERISA Plan

Once contributions are sent to Fidelity for deposit in your HSA, you control the account as to how it is invested among options offered by Fidelity Investments, whether it remains with Fidelity after initial deposit, and when and for what purpose money is withdrawn from the account. The pre-tax HSA is not a group health plan sponsored by Mayo Clinic, and it is not subject to the Employee Retirement Income Security Act of 1974 (ERISA). You do not have rights to COBRA continuation coverage with respect to your HSA, although the HSA is your account and any amounts in it will continue to be available to you after you terminate or otherwise lose coverage under the Plan.

Mayo will maintain records to track your HSA pre-tax contributions and will forward pre-tax contributions to Fidelity Investments for deposit in your HSA. Mayo will also provide certain tax reporting related to HSA contributions you receive or make under this Plan.

CONTACT INFORMATION

Role of Fidelity Investments (Your HSA)

All contributions made through the Pre-Tax HSA are made to your HSA with Fidelity Investments. Fidelity is the custodian of your account.

You must be enrolled in Mayo Custom, the HSA-eligible high deductible health plan (HDHP), to be eligible to open and contribute to an HSA. You can open or activate your Fidelity HSA online. Log into NetBenefits® at [Netbenefits.com](https://netbenefits.com); from the homepage, select Open or Activate next to Health Savings Account. If you do not have access to NetBenefits, contact a Fidelity HSA Customer Service Representative at 800-544-3716.

Download the Fidelity Health® App or navigate to www.Fidelity.com to easily access and manage your HSA activity.

Role of Mayo Clinic HR Connect

Contact HR Connect for enrollment support, assistance with Oracle navigation or enrollment when you're unable to access the Mayo Clinic intranet.

Role of Medica

Fidelity Investments, not Mayo Clinic nor Medica Health Solutions ("Medica"), manages your HSA. However, if you have questions about claims for covered health services under Mayo Custom, contact Medica at 866-839-4015.

HOW THE PRE-TAX HSA WORKS

Who Is Eligible to Participate

You are eligible to contribute to the HSA if you meet the following requirements:

- You are not covered by any health plan that is not a High-Deductible Health Plan (“HDHP”).
- You are not enrolled in Medicare
- You cannot be claimed as a dependent on another person’s tax return

You cannot simultaneously participate in the Pre-Tax HSA and the Mayo Health Care Flexible Spending Account (FSA), or the Medical Expense Reimbursement Plan (MERP). When you enroll in Mayo Custom during Open Enrollment you will not be allowed to enroll in the Health Care FSA or MERP. If you are enrolled in any of these options, you cannot elect the Pre-Tax HSA until the next calendar year.

You must be enrolled in Mayo Custom on the first day of the month to be eligible to make pre-tax contributions to the HSA.

You cannot be covered under your spouse’s health coverage that is not a HDHP and be eligible to contribute to an HSA.

Enrolling in an HSA

Enrollment or changes to your pre-tax HSA election must be submitted electronically in self-service. Alternatively, you may contact HR Connect to complete your enrollment or change your HSA election.

When you elect the Pre-tax HSA, an HSA enrollment record is sent to Fidelity Investments to facilitate opening your Fidelity HSA. It is important that you open your Fidelity HSA promptly. Your HSA contributions will not be deducted from pay until it is opened in good order. You can open or activate your Fidelity HSA online. Log into NetBenefits® at [Netbenefits.com](https://netbenefits.com); from the homepage, select Open or Activate next to Health Savings Account. If you do not have access to NetBenefits, contact a Fidelity HSA Customer Service Representative at 800-544-3716.

Making Your Pre-Tax HSA Contribution Election

If you enroll in Mayo Custom, you may elect to contribute to your Fidelity HSA by automatic payroll deduction on a pretax basis.

You elect your contribution amount electronically in self-service and you may change it at anytime. Contributions made through payroll deductions are exempt from FICA tax. Mayo Clinic will deduct your HSA contributions from your paycheck for the pay periods in which you are eligible to participate. Mayo Clinic will forward pre-tax contributions to Fidelity Investments within a reasonable time after being deducted from your paycheck. *Please note: Contributions for California and New Jersey residents will be subject to state income tax withholding.*

Fidelity Investments will provide you information on investment choices, payment options, and ongoing support to help you build and manage your savings. Mayo Clinic has no control or access to funds deposited in your HSA. Mayo Clinic does not make employer contributions to your HSA.

When Coverage Under the Plan Ends

Your eligibility to make pre-tax salary deferral elections to your HSA ceases on the last day of the month during the plan year in which one of the following occurs:

- Your employment with Mayo ends
- Your coverage under Mayo Custom ends
- You are no longer eligible to make HSA contributions

If you fail to satisfy the eligibility requirements (for example, you become covered under a non-HDHP plan of your spouse), you should access self-service or contact HR Connect to cancel your election. If you make pre-tax contributions to your HSA when you are not eligible, you may incur a tax penalty.

Maximum Contributions to Your HSA

The IRS establishes the contribution limit each year. For 2025, annual HSA contributions (made by you and any other third party) cannot exceed the IRS maximum allowable amount of \$4,300 for employee only HDHP coverage and \$8,500 for employee and child(ren), employee and spouse, and family HDHP coverage (“family level”). If you are age 55 or older at any point during the calendar year as provided under Code Section 223, you can contribute an additional \$1,000 per year as a catch-up contribution. Your spouse may also contribute an additional \$1,000 as a catch-up contribution if they are age 55 or older; however, your spouse must open an HSA for their own catch-up contribution. It is your responsibility (and not Mayo Clinic’s) to ensure contributions that are made to your HSA (and contributions from any other source) do not exceed the IRS maximum allowable amount for your coverage level.

Last Month Rule: Contributions after Mid-year Enrollments. If you enroll in Mayo Custom midyear, you can contribute to the HSA contributions up to the annual IRS contribution limit if you are eligible for the HSA on December 1 of the current year AND your remain eligible for the HSA through December 31 of the following year. If you fail to remain eligible for this 13-month period, some portion of your HSA contributions may need to be reported as taxable income, and you will incur a tax penalty on the HSA contributions that exceed the permitted amount. Withdrawing funds from your HSA does not remedy this situation. Therefore, it is not advisable to enroll in Mayo Custom midyear unless you intend to remain enrolled for the entire following calendar year.

Rules for married people. If either you or your spouse has family HDHP coverage, both spouses are considered to have family HDHP coverage. If your spouse has HDHP coverage in a separate plan (other than Mayo Custom), the HSA contribution limit is split evenly between you and your spouse unless you agree on a different division. It is your responsibility to comply with this limit.

Changing Your Pre-Tax HSA Contribution Election

You may elect to start, stop, or change the amount of your HSA prospective contributions deducted from pay any time during the calendar year, subject to the statutory limits described above in Maximum Contributions to Your HSA. This is an exception to the change-in-status rules that apply to many pre-tax elections, and no changes can be made to your Mayo Custom election unless independently permitted as a result of a change-in-status event.

To make or change your HSA contribution deduction election, you may access self-service and Report a Life Event.

Qualified Medical Expense

If you use your HSA for qualified medical expenses, as defined under Section 223(d)(2) of the Code, distributions from your account are tax free. Qualified medical expenses are, in general, amounts you pay for medical care (including medical, prescription drug, dental, and vision care) for yourself, your spouse, and your eligible dependents or family members (that are not paid by insurance or any other source. There is no requirement that you be covered by an HDHP to receive distributions from an HSA (even though this is one of the requirements for contributing to an HSA).

Qualified medical expenses cannot be incurred until your HSA is established. It is therefore important that you establish your HSA with Fidelity Investments promptly. For example, if you become ill on January 1 and establish your HSA with Fidelity Investments on January 15, any medical expenses relating to your illness incurred before January 15 are not qualified medical expenses. Medical expenses incurred on or after January 15 would be qualified medical expenses to the extent they are not reimbursed from any other source.

Qualified medical expenses, if used for yourself, your spouse, or an eligible dependent or eligible family member, include the following:

- Health expenses as defined by section 213(d) of the Internal Revenue Code that are not covered or reimbursable from any other source (e.g., Lasik surgery expenses — additional information can be found in Publication 502 and 969).
- Payments you make for covered medical services and covered services under Mayo Custom until you meet the deductible that applies to you
- Your coinsurance and/or copayments for covered medical services under Mayo Custom that may apply once you have met the deductible
- Your coinsurance payments for covered dental and vision services
- Your prescription drug costs and prescribed over-the-counter drug costs for drugs that provide medical care, including insulin.
- Certain premium payments for healthcare coverage, limited to continuation coverage under COBRA, coverage under certain long-term care insurance contracts, coverage under a health plan when you receive federal or state unemployment compensation and, if you are at least 65, premiums for health insurance other than a Medicare supplemental policy (such as the Mayo Medicare Supplement)

Using Your HSA

You can obtain a debit card or a checkbook, use the Fidelity Health® mobile app or pay a provider directly from your HSA. Fidelity Investments will provide additional information about using these services to use your HSA for payment or reimbursement of qualified medical expenses.

When you obtain covered medical services under Mayo Custom, Medica will process your claim and determine the cost of the service (including any negotiated fees and/or discounts that apply under Mayo Custom), then determine what portion of the cost (if any) is your responsibility. You then pay your portion of the medical bill to your provider. If you have funds in your HSA, you may, if you wish, use your HSA to pay or reimburse yourself for the medical expense.

You are responsible for tracking, managing, and monitoring your medical and related expenses. The recordkeeping of your HSA is up to you, and it is recommended that you retain all receipts, records, and other documentation as proof that the expenses you pay from your HSA are for qualified medical expenses. You can obtain information about your account on the [Netbenefits.com](https://www.netbenefits.com)® website.

Neither Medica nor Mayo Clinic will review your claims to determine whether they are qualifying medical expenses. You are responsible for using the HSA for qualified medical expenses or reporting taxable income and paying any penalty to the extent you take a distribution that is not used for a qualified medical expense.

Reimbursements from your HSA for qualified medical expenses are not taxable under federal law even if at the time of the reimbursement you are no longer eligible to contribute to the HSA. However, reimbursement for expenses that are not qualified medical reimbursements result in taxable income to you regardless of when the reimbursement is made and may be subject to an additional 20% penalty. For more information, consult your tax adviser and/or see IRS Publication 969 (“Health Savings Accounts and Other Tax-Favored Health Plans”).

OTHER INFORMATION

Reserved Right to Amend or Terminate Plan

Mayo Clinic reserves the right, at any time, to amend or terminate the Pre-Tax HSA for any reason in its sole discretion as to future salary deferral pre-tax contributions. Mayo Clinic's right to amend or terminate the benefit includes, but is not limited to, changes in eligibility requirements, custodian, or the pre-tax salary deferral contribution opportunity. Any prospective change to the Pre-Tax HSA will have no impact on your existing HSA account, which is your individually owned account and not subject to such changes.

Reporting Issues

Mayo will report your pre-tax HSA contributions on your Form W-2. You are responsible for all other reporting requirements relating to contributions to and distributions from your HSA in connection with filing your individual federal, state, and local tax returns.

Claims

Claims for reimbursement from your HSA are administered by Fidelity Investments in accordance with its HSA custodial agreement with you.

Tax Implications of Pre-Tax HSA

You may save federal income taxes, state income taxes, and FICA (Social Security and Medicare) taxes by participating in the Pre-Tax HSA. However, if you contribute to an HSA when you are not eligible, you may incur tax penalties. Ultimately, it is your responsibility to determine the tax treatment of your HSA benefits and it is solely your liability to report and pay taxes and penalties if required by the IRS or State revenue department.

For more information regarding

- The tax ramifications of participating in an HSA
- The terms and conditions of your HSA
- Your rights and responsibilities with respect to your HSA
- The terms of eligibility
- What constitutes a High-Deductible Health Plan
- Contributions to and distributions from your HSA

Refer to the communication materials provided by Fidelity Investments. Also, see IRS Publication 969 (Health Savings Accounts and Other Tax-Favored Health Plans). You may also wish to consult a tax or legal advisor.

Limits on HSA Contributions for Higher Paid Employees

Your contributions to your HSA are made through this Plan as a section 125 cafeteria plan that permits participants in Mayo Custom to make pre-tax HSA contributions. Your coverage and benefits provided under the Pre-Tax HSA will comply with any relevant nondiscrimination provisions in section 125 of the Internal Revenue Code. Mayo will restrict enrollment, reduce elections, and/or reduce benefits, if necessary, in such manner determined by Mayo to comply with these requirements.

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