



Make the Most of Your HSA

This guide provides all the information you need to manage your HSA. You'll find help saving money while gaining more control over your healthcare benefits spending. Plus, your HSA gives you a tax-free way to save for healthcare expenses in retirement.

Getting Started

Using the HSA is easy once you know three simple things:

1

Access your account with Smart-Choice

WHEN YOU FIRST ELECT THE SILVER OR GOLD PLAN, an HSA account will be automatically opened for you through Alight Smart-Choice Accounts, Grainger's HSA administrator. You will receive information in the mail about how to access and manage your account.

2

Contribute

CONTRIBUTE MONEY to your HSA by creating an annual goal amount through the Grainger Benefits Center.

You may start or change your contributions at any time during the year by adjusting your annual goal amount, and changes will take effect on the first of the month following your change.

If you elect the Gold plan, Grainger will make an automatic contribution to your HSA. Keep in mind that each year, the IRS sets a maximum contribution amount for HSA accounts, this includes personal and company contributions (see amounts on page 4).

Remember, unused funds carry over from one year to the next.

3

Spend it or save it – you're in control

WHENEVER YOU HAVE AN ELIGIBLE HEALTHCARE EXPENSE, you get to decide: pay with money from your HSA, or pay with other funds and save your HSA for future expenses.

The simplest way to pay from your HSA is by using the debit card you receive in the mail from Alight Smart-Choice Accounts. If you don't have enough in your account to cover a healthcare expense, you can pay up front and reimburse yourself from your HSA later.

Every year, the IRS publishes a list of eligible healthcare expenses, so double check the list if you are unsure whether you can use your HSA to cover an expense.

Triple Tax Savings

With an HSA, you get triple tax advantages:

- **Tax-free contributions** – The money goes in tax-free through your pre-tax payroll deductions
- **Tax-free growth** – When you invest the money in your HSA, the interest earned is tax-free
- **Tax-free spending** – When you use the money in your HSA for eligible expenses, it comes out of your account tax-free

For example: If you pay 22% in federal income taxes, you're automatically saving 22% on healthcare expenses when you pay with money from your HSA.



How It All Works Together

Your HSA works in tandem with your medical plan to reduce the net cost to you of your healthcare expenses.

Use the tax-free money in your HSA to pay these expenses... or save it for the future.

You and Grainger share in the cost of medical plan coverage. Your share of the cost (premium) is made each pay period on a pre-tax basis.

For other eligible services and prescriptions, **you must pay 100% of the cost until you meet the annual deductible.**

After you meet the annual deductible, **the plan pays a percentage of expenses** (coinsurance). For most in-network expenses, the plan pays 80% and you pay the rest.

The plan's out-of-pocket maximum works as a safety net to limit how much you pay in a year.

Pay Deduction

Medical plan cost share (premiums) depend on your employment status, the number of people you cover and whether you and/or your partner use tobacco.

Deductible

Under the Silver Plan, the annual deductible for you is \$1,750, and \$3,500 for you + family.
Under the Gold Plan, the annual deductible for you is \$1,500, and \$3,000 for you + family.

Coinsurance/Copay

In the case of prescription drugs, preventive maintenance generic prescription drugs require a \$5 copay under the Silver Plan, and are covered at 100% under the Gold Plan. For any other prescription, you pay the full cost out-of-pocket until you hit your medical plan deductible.

Out-of-Pocket Maximum

After you reach the maximum, the plan pays 100% of eligible expenses for the rest of the year.

Preventive Care

Preventive care is covered at 100% in-network, which means there's no cost to you (no annual deductible or copay).

Includes visits like your annual physical, well-woman exam, checkups for dependent children and immunizations. Flu shots are also available at your doctor or in-network pharmacy at no cost. This means that if you don't have a lot of healthcare expenses, your paycheck contribution is the only thing you will pay.





Frequently Asked Questions



What can I pay for with my HSA debit card?

Eligible expenses include doctor's office visits, prescription medications, dental care and braces, vision care, hearing aids, physical therapy and psychological counseling. Find the full list of eligible expenses by reviewing the **IRS Publication 502**. Remember that you won't need to use your HSA for preventive care (like annual physicals and flu shots) because it is already 100% covered by Grainger if you visit an in-network provider.



How much can I contribute to my HSA?

In 2021, you can contribute up to \$3,600 for individual coverage and \$7,200 for family coverage. If you are age 55 and older, you may also contribute an additional \$1,000.

If you elect the HSA Gold Plan, Grainger will also contribute to your HSA.

Remember, the IRS limit includes personal and company contributions. For example, if you're enrolled in the HSA Gold Plan, the maximum you can contribute is \$3,100 for individual coverage, \$6,400 for you + spouse/domestic partner or you + child(ren) coverage, and \$6,200 for family coverage.



Can I make post-tax contributions to an HSA?

Yes, as long as all contributions (e.g., pre-tax, post-tax and company contributions) do not exceed the annual maximum contribution limits set by the IRS.



What happens if I lose my HSA debit card?

Call the Grainger HR Service Center at **1-888-477-3781, Option 3** to request a new card.



How can I adjust my annual goal amount (personal contribution)?

Login to **Your Benefits Resources™** to make adjustments to your annual goal amount. Changes will take effect on the first of the month following your change.



Can I have a Flexible Spending Account (FSA) if I have an HSA?

Yes. You may elect to have a Dental and Vision FSA (also referred to as a Limited Purpose FSA). Remember, FSA money does not carry over from one year to the next. So, if you have both an FSA and an HSA, use the funds in your FSA account first to cover your dental and vision expenses.





2021 Contributions

You can make contributions through pre-tax payroll deductions directly to your HSA. You decide how much you want to contribute, up to IRS limits, and you can change the amount at any time. Plus, if you are age 55 and older, you can contribute an extra \$1,000 in 2021.

COVERAGE LEVEL	Gold Plan		Silver Plan	
	Company Contribution*	Maximum Personal Contribution**	Company Contribution*	Maximum Personal Contribution**
You	\$500	\$3,100	\$0	\$3,600
You + Spouse/ Domestic Partner	\$750	\$6,450	\$0	\$7,200
You + Child(ren)	\$750	\$6,450	\$0	\$7,200
Family	\$1,000	\$6,200	\$0	\$7,200

*Grainger's contributions are spread equally across your pay periods throughout the year.

**Maximum includes both pre-tax and post-tax contributions made to your HSA.

IF YOU ARE IN THE HSA GOLD PLAN,

Grainger contributes to your account based on the medical coverage tier you have elected, and your maximum reflects Grainger's contribution to your account.





Tax Information

Investing your HSA Money

- **YOU CAN CHOOSE TO INVEST** the money in your HSA when the balance reaches \$1,000.
- **ANY INVESTMENT EARNINGS** on your HSA money grow in your account *tax-free*. Because you don't pay taxes on the earnings, you end up with even more money to use for qualified healthcare expenses than if you had saved in a taxable account.

YOUR W2 AND 5498-SA FORMS

It is possible that the amount in Box 2 of your 5498-SA will not match the HSA amount reported on your W2. Use the amount from your W2 in your tax return, exactly as listed. (This is a common occurrence, as payroll contributions made late in one year are often processed and deposited early in the next year due to administrative procedures.)

Using your HSA Money

- **ONCE YOU ENROLL IN MEDICARE PART A AND/OR B**, you can no longer contribute pretax dollars to your HSA, but you can continue to use your HSA tax-free for healthcare expenses. You're never taxed on the money when you use it for eligible healthcare expenses, even after you retire.

Generally, the funds in your HSA remain untaxed when you use them, but there are a few situations to know about:

- **BEFORE AGE 65:** If you use the funds in your account for anything other than a qualified healthcare expense, you will owe regular income tax plus a 20% penalty on the amount you withdraw.
- **AT AGE 65 AND OLDER:** You can withdraw money to pay for things other than healthcare expenses without incurring the 20% penalty, but you will still owe regular income tax on the funds you withdraw for non-healthcare purposes.



Resources

Resource

How It Can Help

GraingerTotalRewards.com

- See how your medical plan works with the HSA
- Make changes to your contributions when you sign into the Grainger Benefits Center via the Total Rewards Portal

HR Service Center

Internal: **1-847-535-HR4U (4748)**

External: **1-888-477-3781 Option 3**

Monday – Friday, 7 a.m. – 5 p.m. CT

- Contact the HR Service Center if you lose your HSA debit card
- Make changes to your contributions by phone (versus via the Total Rewards Portal)

Benefit Pro

BenefitPro@alight.com

1-855-769-4384

Benefit Pros can help you navigate the process by answering questions and providing resources

The information contained in this document is intended to summarize the benefits provided to you by W. W. Grainger, Inc. (Grainger). Every effort has been made to ensure the information in this document is accurate. Information in this document is intended to provide only a brief summary of your benefits and should not be relied upon as a definitive description of coverage. The formal legal plan documents and your summary plan descriptions contain additional details. If any of this information conflicts with the legal plan documents, the legal plan documents' provisions will prevail. Nothing in this document constitutes a contract for, or guarantee of, any level of compensation or benefits or continued or future employment with Grainger. Grainger reserves the right to amend and/or terminate any of its plans at any time in its sole discretion.