

## Investment Options for your HSA

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You can invest a portion of your HSA in a variety of investment options. This page covers the various options available and requirements for each. It also details any fees associated with investments.

The money you contribute to your health savings account grows and earns interest at rate(s) established by your HSA plan type. But it's possible to grow your money even more by investing your HSA funds in either a Basic Investment Account or a Schwab Health Savings Brokerage Account. These options are available to CareFirst HSA holders for an annual fee of \$18 per year.

### Investment options

CareFirst investment options are offered through an arrangement between CareFirst, the account administrator, and the Charles Schwab Trust Company, the sub-custodian for the investment accounts. You choose where to invest, when, and how much.

### Basic Investment Account

When your account Base Balance exceeds \$1,000, you have the option to open a Basic Investment Account. Your investment account will allow you to invest in over 30 mutual funds traded through the Schwab mutual fund platform.

See [Opening and Managing a Basic Investment Account for more information](#).

The mutual funds available under this option are selected by Devenir Investment Advisors, LLC, a registered investment advisor and [listed here](#).

### Schwab Health Savings Brokerage Account

When your Base Investment Account balance exceeds \$10,000, you have the option to activate a Schwab Health Savings Brokerage Account. This account gives you access to more than 2,500 mutual funds from a variety of fund families, as well as stocks, bonds and other investments. The Schwab platform gives you access to mutual funds from various fund families, as well as planning tools to help you manage and analyze your investments.

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CareFirst BlueCross BlueShield is the shared business name of CareFirst of Maryland, Inc. and Group Hospitalization and Medical Services, Inc. CareFirst of Maryland, Inc., Group Hospitalization and Medical Services, Inc., CareFirst BlueChoice, Inc., The Dental Network and First Care, Inc. are independent licensees of the Blue Cross and Blue Shield Association. In the District of Columbia and Maryland, CareFirst MedPlus is the business name of First Care, Inc. In Virginia, CareFirst MedPlus is the business name of First Care, Inc. of Maryland (used in VA by: First Care, Inc.). The Blue Cross® and Blue Shield® and the Cross and Shield Symbols are registered service marks of the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans.



See [Opening and Managing a Charles Schwab Health Savings Brokerage Account](#) for more information.

## Investment account fees and reporting requirements

### Fees based on account type

Account type	Available funds	Annual account service fees*
Base Balance	Funds in the Base Balance earn interest at rates set by CareFirst. Members may leave all funds in the base account.	Annual fees vary
Basic Investment Account	When a member's Base Balance exceeds \$1,000, you have the option to invest the amount over this threshold in a variety of pre-selected mutual funds.	An additional \$18.00 per year**; this fee is paid out of the Basic Investment Account
Health Savings Brokerage Account	When a member's Basic Investment Account exceeds \$10,000, you have the option to allocate all investment dollars in a wider range of mutual funds as well as stocks, bonds and other investments.	An additional \$18.00 per year**; this fee is paid out of the Health Savings Brokerage Account.

\*These fees are in addition to any HSA account administrative fees that CareFirst may charge.

\*\*The annual fee is not cumulative. Members with both types of investment account will only pay one \$18 fee per year.

### CareFirst annual fee

CareFirst collects an annual investment account service fee of \$18.00. This fee is deducted from your investment account and only when the investment account has a balance. This fee is not cumulative. Members with both types of investment account will only pay one \$18 fee per year.

### Schwab Health Savings Brokerage Account fees

Schwab's standard brokerage commission schedule applies to all transactions in the Schwab Health Savings Brokerage Account.

Applicable commissions and execution fees are deducted from your Health Savings Brokerage Account balance. Account holders with a Health Savings Brokerage Account pay standard transaction fees for trades

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made through their Self-Directed Brokerage Investment Account.

Short-term redemption fees may apply for fund units that are sold within the time frame listed in the fund's prospectus. Refer to the fund prospectus to learn if redemption fees apply.

## Mutual fund fees and charges

Before you invest in a mutual fund, read the fund's prospectus carefully. The prospectus contains information about the fund, including management fees, charges, and expenses.

**Note:** Mutual funds invested in as part of the Basic Investment Account will not be subject to an initial sales charge.

### Redemption fees

Some mutual funds may impose redemption fees of up to two percent of the redemption proceeds to discourage short-term trading. If a redemption fee is charged, it is paid to the fund and is intended to offset portfolio transaction costs, market impact and other costs associated with short-term trading.

### 12b-1 fees

Mutual funds available through Schwab's Mutual Fund OneSource Service may charge 12b-1 fees as disclosed in the fund's prospectus.

A 12b-1 fee is a fee that a mutual fund company pays to others out of fund assets to cover administrative services, including record keeping and shareholder services, and to compensate persons who distribute the fund's shares.

### Schwab mutual fund fees

Charles Schwab & Co. Inc. receives payments from the mutual fund companies participating in Schwab's Mutual Fund OneSource Service for record keeping and shareholder services and other administrative services.

Schwab also may receive payments from transaction fee fund companies for certain administrative services.

### Plan expense payments

Plan expense payments are used to offset investment account expenses for custodial and investment advisory services. Schwab may make plan expense payments to the record keeper for the investment accounts for administrative and record keeping services.

CareFirst receives none of the monthly investment account service fees, plan expense payments, or the investment account transfer fees.

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## Frequently asked questions

### What HSA investment options are available?

If desired, you can leave the entire HSA balance at CareFirst, where it earns interest, or choose to invest a portion of it. Once an HSA base balance exceeds \$1,000, you can open a basic, self-directed investment account, which gives access to more than 30 no-load and load-waived pre-selected mutual funds. At least \$1,000 must be kept in the base balance of the HSA account.

In addition, when the basic investment account balance exceeds \$10,000, you can open a self-directed brokerage investment account with Charles Schwab. This account allows access to more than 2,500 mutual funds from a variety of families, as well as stocks, bonds, and other investments.

### Are my investment accounts part of my HSA?

Yes. While the Basic Investment Account and the Brokerage Investment Account are held in the custody of the Charles Schwab Trust Company, they are part of your CareFirst HSA. CareFirst does not pay interest on the investment accounts.

### How can I direct future contributions to go into my Basic Investment Account?

You can direct future HSA contributions to mutual fund investments at <https://member.carefirst.com/mos/#/login>. You'll find various options to control or manage the flow of contributions to the mutual fund(s) you select. Generally, you may elect to have all or a portion of your future contributions flow directly into the investments you have selected in your investment account. There is one restriction: If your Base Balance falls below \$1,000 due to HSA withdrawals for health care claims, then your future contributions will first be used to build your Base Balance back to \$1,000, with the remainder invested per your instructions.

### How do I request a withdrawal when I have an active investment account?

Account withdrawals are always paid from your Base Balance. If there are not enough funds in your Base Balance to pay a claim, the claim will be pended for 12 months or until more funds are available in your Base Balance. These funds can come from either new contributions or from transferring funds from your investment account to your Base Balance. Transferring funds from the self-directed investment account or the Basic Investment Account to the Base Balance is not automatic. You must manually request such a transfer.

Withdrawals will be taken pro-rata from the mutual funds you have invested if you have selected the pro-rata transfer option (the only option for the basic investment account). Otherwise, Schwab brokerage accounts must have the money moved to cash to transfer to a self-directed account. You will need to select

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the fund(s) and amount(s) you wish to sell to fund your withdrawal.

You have several options for getting help if you can't find what you're looking for in these pages. This chapter looks at the many resources available to you as an HSA member and includes a glossary of terms.

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