

Health and Wellness Spending Accounts

A majority of teachers have a combined Health Spending Account (HSA) and Wellness Spending Account (WSA) as part of their 2020/21 collective agreement. *Teachers are responsible for allocating the credits for the health and wellness accounts; however, understanding Canada Revenue Agency (CRA) rules about HSAs and WSAs will assist in this process.*

Every year in August, allocate your credits to either or both accounts. If you fail to do so by the deadline, all of your credits will be allocated to your HSA. **NOTE:** Once your credits have been allocated and submitted to ASEBP, you cannot change that allocation until the following year.

Once ASEBP receives your credits from your employer, they are deposited into the HSA or WSA as you allocated. Credits cannot be transferred between accounts once they have been deposited.

Frequently Asked Questions (FAQs)

1. Should I use HSA or WSA first?

It is always advantageous to use HSA credits first as HSA credits are tax-free. There are many ways to use HSA credits, and you should familiarize yourself with the complete list (see FAQ 2). If you use your WSA credits, ASEBP will provide you with a T4A slip that you must declare as income in your tax return. For that reason, it is always better to use HSA credits first.

2. How can I spend my HSA?

You can use your HSA to cover any expenses that you could deduct as medical expenses on your tax return with the CRA. See the examples below:

- Dental services not covered by your plan.
- Massage therapy sessions that cost over and above what the benefit plan pays.
- Glasses or contact lens that are more expensive than what the benefit plan pays.
- Travel expenses for medical services.

For a complete list of medical expenses, see the following link to CRA's website:

www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/lines-33099-33199-eligible-medical-expenses-you-claim-on-your-tax-return/details-medical-expenses.html.

Teachers are encouraged to review the list regularly. Be a wise consumer of your HSA dollars and use them for everything that is available.

3. How can I spend my WSA?

Use your WSA to purchase items according to the list agreed to at central table bargaining:

- Health support, fitness and sports activities, and equipment expenses that support the overall well-being and physical health of the member and dependents.
- Family expenses that support the member's dependents (such as child and elder care programs and activities).

For a complete list of WSA items, see the following link to ASEBP's website: www.asebp.ca/my-benefits/spending-accounts. Note that WSA 2 (For teachers) describes WSA expenditures in detail. *This list applies whether or not your WSA is with ASEBP.*

4. How do I know how much I have left in my HSA?

This information is available on the ASEBP website by logging in to MyASEBP or on the app.

My ASEBP website: Once you log in, choose Benefits, Spending Account Activity. You should see a summary of the credits added, what has been paid to you and what you have as credits available. To the right of that summary you will see "Unused credits at risk of forfeiture." That number indicates how many dollars may be returned to the employer if you do not use all of your HSA credits from the previous year by August 31.

ASEBP App: Click on Usage then HSA Account details. You should see your opening balance as well as how much has been added, paid to you and how much is currently available.

If your HSA is not with ASEBP, contact payroll administrator to determine your HSA credits available.

5. Am I currently forfeiting dollars back to my employer?

Most school boards receive significant HSA forfeitures each year. Any HSA credits provided by your employer in 2018/19 not spent by August 31, 2020, are forfeited back to the school board. See FAQ 4 to find what HSA credits may be at risk of forfeiture.

6. I currently only have an HSA. When do my credits appear in my HSA account?

Depending on how it was set up, your employer will deposit your HSA moneys either once in September or every month.

7. What do I do if I want to keep all my credits in an HSA?

Nothing. By default, the employer contributions are deposited into your HSA.

8. How do I put money into my WSA?

You will be required to notify your WSA administrator in August of each year. If you are with ASEBP, you will receive an e-mail in August requesting you to allocate your credits between the HSA and the

WSA. Log in to the My ASEBP website and allocate the percentage you want in each. Remember that once you make this decision, it is locked in for one year.

9. If I am taxed on WSA spending, why bother?

Suppose you allocate \$100 to your WSA and use that to purchase a \$100 gym membership. ASEBP will reimburse you the full \$100 when you submit your WSA claim. You will receive a T4A slip for \$100 income in that taxation year. Because the typical teacher has a marginal tax rate of 30 per cent, you will have to pay \$30 more tax because of the T4A income slip. That means you received a \$100 gym membership, but only paid \$30, a \$70 savings.

10. How much money should I allocate to my WSA?

That depends on your current use of HSA credits. If you have an HSA of \$725, but you only use an average of \$200 per year on HSA related expenses, you are forfeiting \$525. Instead, allocate that amount to your WSA:

$$\frac{\$525}{\$725} = \frac{X}{100} \qquad X = 72.4$$

This example allocates 70–75 per cent to the WSA. The remaining 25–30 per cent goes to the HSA.

Note that if your HSA/WSA is not with ASEBP, the same rules apply, but the process may be different. Contact your Benefits Officer in your school division.

Be sure to allocate funds to your WSA before the August 31 deadline.