

# HSA BASICS

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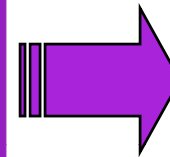
# Basic HSA Plan Concept

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HSA  
Concept

## Part 1: High Deductible Health Plan

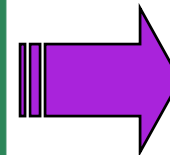
For 2009	Single	Family
Min. Deductible	\$1,150	\$2,300
Max. Out of Pocket	\$5,800	\$11,600



Covers serious illness or injury.

## Part 2: Health Savings Account

For 2009	Single	Family
Max. Contribution	\$3,000	\$5,950



Pays for eligible expenses not covered by the health plan.

# HSA Eligibility

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Individuals covered by a qualified high-deductible health plan may establish an HSA if they are:

- Not covered by any other non-HDHP
- Not claimed as a dependent on another person's tax return (excluding spouses by the Internal Revenue Code)
- Not enrolled in Medicare

# Catch-up Contributions



Individuals, and/or their spouses, over the age of 55 and not enrolled in Medicare can make catch-up contributions.

Year	Catch-up Amt.
2009+	\$1,000

Note: If a husband and wife are covered by a HDHP and both are over the ages of 55 and not enrolled in Medicare, they can both contribute the additional catch-up contribution if they each open an HSA.

# What are Qualified Expenses?

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- A Qualified Expense is generally any expense incurred to maintain your health or your family's health
- A complete listing provided in Section 213d of IRS Ruling

# Additional Eligible Expenses



- Premiums for long-term care insurance
  - Limited to amount listed in 213(d)(10)
- Premiums for "COBRA"
- Premiums for coverage while receiving unemployment compensation
- Premiums for individuals over age 65
  - Retirement Health Benefits
  - Medicare Premiums

# Tax Treatment of HSAs for Account Holders

- Pre-tax
  - Contributions deducted from account holder's taxable income
- Earnings
  - HSAs grow in the same tax-deferred manner as IRAs
- Distributions
  - Withdrawals for qualified medical expenses are tax-free. After age 65, funds may be withdrawn for any reason without penalty, subject to regular income tax.
- Upon death of account holder
  - If the spouse is the beneficiary, the HSA may transfer to the spouse's name and remain a tax-favored account
  - If the beneficiary is not the spouse, the funds are paid to the beneficiary as a taxable transaction

# Tax Savings Example

Contribution	\$3,000 per year for 25yrs
Annual medical expenses	\$500 per year
Tax Bracket	28% (Federal)
Average interest rate	3%
TAX SAVINGS ON CONTRIBUTIONS = <b>\$17,500.00</b>	
TAX SAVINGS ON DEFERRED GROWTH = <b>\$8,021.49</b>	
ACCOUNT BALANCE AT THE END OF 25 YEARS = <b>\$91,148.16</b>	

*For illustrative purposes only. Actual savings may vary.*



# HSA, HRA, FSA



	HSA	HRA	FSA
Account Owner	Employee	Employer	Employee
Funding	Employee, Employer, Other	Employer	Employee, Possible Employer
Rollover year-to-year	Yes	Generally No	No
Portable	Yes	Generally No	No

# Accountholder Advantages

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- Contributions are either pre-tax through a cafeteria plan (via paycheck) or tax-deductible.
- Funds roll over each year.
- Tax benefits on the contributions, earnings and distributions increase take home pay.
- Long-term investment opportunity
- Account is portable and owned by the accountholder.

# Account & Investment Options

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- Savings Account Option  
Interest bearing and FDIC insured
- Self Directed Brokerage *(Not FDIC Insured)*  
Stocks, bonds and 11,000+ mutual funds
- Mutual Fund Platform *(Not FDIC Insured)*  
Top performing mutual funds similar to 401K



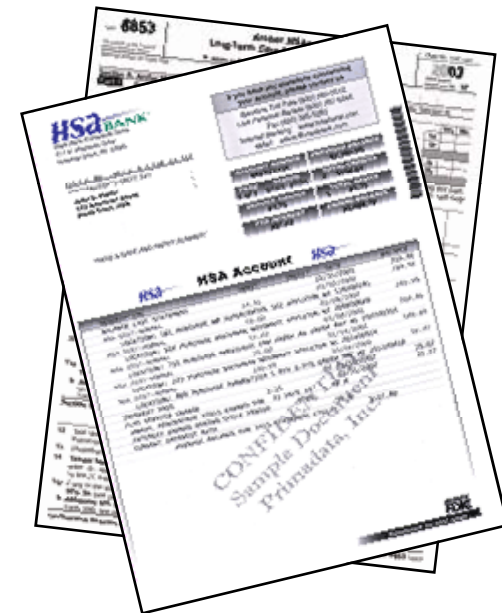
*Investment products are not FDIC insured, are not a deposit or other obligation of or guaranteed by the bank, and are subject to investment risks including possible loss of principal amount invested.*

*Note: Interest rates are subject to change. Fees may reduce earnings. Current rates available at [www.hsabank.com](http://www.hsabank.com)*

# Communications & Reporting

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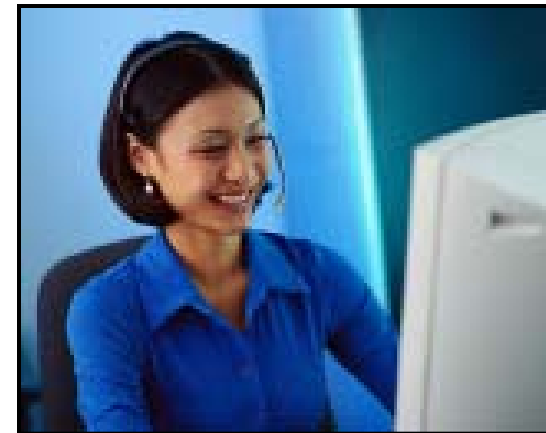
- Account Statements
  - Account inserts with valuable legislative information, account features, and more
- IRS Reporting
  - Year-end status report
  - 1099-SA
  - 5498-SA
- Internet Banking
  - Account balance and transaction history
  - Year-to-date information
  - Ability to download transaction history
  - Online address changes
  - Access to Online Contributions



# Service & Support

**Hsa**

- Business Relations Department:  
1-866-357-5232
- Client Assistance Center:  
1-800-357-6246
- Spanish Language Support:  
1-800-357-6246



Thank you...

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