

HEALTH SAVINGS ACCOUNTS

What is a Health Savings Account?

Commonly known as an "HSA," a Health Savings Account is a tax-exempt custodial account established for the purpose of paying or reimbursing qualified medical expenses for you, your dependents or your spouse.

Who is eligible for an HSA?

You are eligible for a regular HSA contribution if:

- You are covered under a high-deductible health plan (HDHP).
- You are not also covered by any other health plan that is not an HDHP. There are certain exceptions for plans that provide for preventative care or other "permitted" coverage. Always check with your employer or health care provider for eligibility.
- You are not enrolled in Medicare.
- You are not a dependent on another person's federal income tax return.

What do we offer?

We have a Health Savings Relationship Package for you!

- An interest-bearing checking account with competitive rates
- \$100 minimum daily balance to earn interest
- Tiered account. Contact us to find out our current interest rates.
 - Tier one: \$100 - \$999
 - Tier two: \$999.01 – \$4,999
 - Tier three: \$4,999.01 – \$14,999
 - Tier four: \$14,999.01 or more
- Check access – includes first starter pack of checks
- A debit card is included for your convenience –use it at doctors' offices, pharmacies and drug stores
- Additional debit cards are available at a nominal fee, if needed
- Online banking access at no charge
- No set-up fee but a \$24 annual fee applies
- Monthly statement detailing your activity

What are the federal tax benefits of having an HSA?

Your contributions to an HSA are fully deductible and your earnings grow tax deferred. The distributions for qualified medical expenses are also tax-free. Your tax or legal professional can provide guidance if you have questions.

You can deduct contributions made by anyone other than your employer, as long as they don't exceed the maximum annual contribution amount.

Who can contribute to my HSA?

Once you have determined that you meet the eligibility requirements for an HSA, you, your employer, your family members and any other person may contribute to your HSA.

What are the contribution limits and deductible requirements for my HSA?

Contribution limits and deductible requirements are set by the Internal Revenue Service (IRS) each year. In addition, there is a limit on the "out-of-pocket" expenses that can be incurred during the tax year. Please refer to the IRS website to check limits and requirements: www.irs.gov. Your tax advisor or legal professional will also be able to help you if you have questions.

What are the HSA owner's responsibilities?

Once you have determined if you are eligible, opening an HSA is much like opening a checking account. Experienced staff can guide you through the opening process. Each year, you determine your allowable annual HSA contribution and whether you have qualified medical expenses eligible for reimbursement with your nontaxable HSA distribution.

Your tax advisor or legal professional will be able to help you if you have questions.

How is the activity on my HSA reported?

Each year, we will report to the IRS the contributions made to your HSA account. We must also report the HSA distributions you take. As part of your federal income tax return, you will file IRS Form 8889 listing your contributions and distributions.

Questions...

This brochure is intended to provide general information about Health Savings Accounts. For specific information, please consult your tax or legal professional. IRS Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans, the instructions to IRS Form 8889 and the IRS's web site, www.irs.gov, may also provide helpful information.