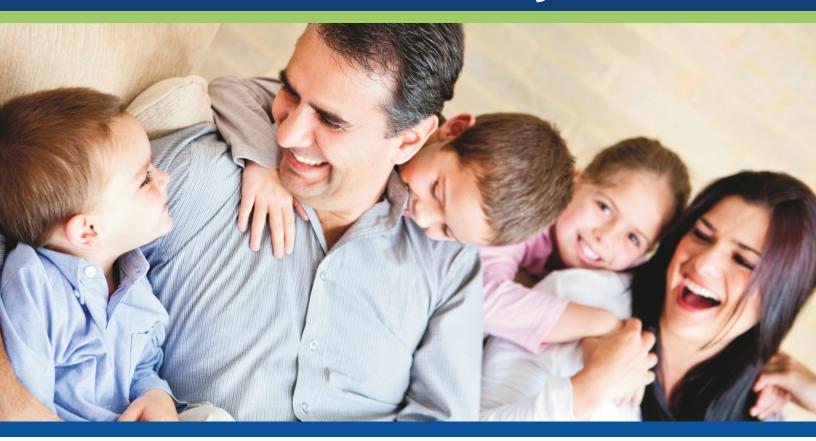
Balance Rising Health Care Costs with a Health Savings Account



What is a Health Savings Account?

A health savings account (HSA) is a tax-advantaged savings account that can be established by anyone with a Qualified High-Deductible Plan (QHDHP) to pay for medical expenses.

An HSA can help you keep your balance when faced with mounting medical expenses, a health savings account may be a viable tool for you. With its various features and financial benefits, you'll not only have protection against major health care costs, but a potential reservoir of tax-deferred savings if you don't need the HSA assets for medical expenses.

Health Savings Account Benefits:

- Flexibility to pay current medical expenses or save for future needs
- ▼ Tax-deductible contributions
- ▼ Tax-deferred earnings
- ▼ Tax-free distributions, if used properly
- Balance carries over from year to year
- Remains with you, regardless of change in coverage or employment

Who can have a HSA?

Any adult can contribute to an HSA if they:

- Have coverage under an HSA-qualified "high-deductible health plan" (HDHP)
- Have no other first-dollar medical coverage (however, other types of insurance like specific injury insurance or accident, disability, dental care, vision care or long-term care insurance are permitted)
- Are not enrolled in Medicare
- Cannot be claimed as a dependant on someone else's tax return

What is a High-Deductible Health Plan?

An HSA-qualified High-Deductible Health plan¹ must have:

- A minimum deductible of \$1,300 for self-only coverage and \$2,600 for family coverage²
- A maximum out-of-pocket limit (including) deductible and co-pays) of \$6,550 for self-only coverage and \$13,100 for family coverage²

In general, the deductible must apply to all medical expenses (including prescriptions) covered by the plan. However plans can pay for "preventive care" services on a first-dollar basis.

HSA Contributions:

You can make a contribution to your HSA each year that you are eligible.

> \$3,400² Self Coverage \$6,750² Family Coverage

Individuals age 55 and older can also make additional "catch-up" contributions. The maximum annual catch-up contribution is \$1,000.

HSA Eligibility Period:

Individuals who are eligible on the first day of the month of the taxable year (December for most taxpayers) are allowed the full annual contribution (plus catch-up contribution, if 55 or older in that year) regardless of the number of months the individual was an eligible individual in the year. For individuals who are no longer eligible individuals on that date, both the HSA contribution and catch-up contribution apply pro rate based on the number of months of the year a taxpayer is an eligible individual.

HSA Features:

The HSA account is really a checking account

- Minimum opening deposit of \$0
- No set-up fee
- No minimum balance requirements
- No monthly service charge
- Interest rates are tiered, paying higher rates as the available balance in the account reaches designated levels (No interest paid when balance falls below \$1,000)
- FREE Debit card
- FREE internet banking available
- Automatic deposits available for employee contributions
- FREE Bill Pay service
- Once you turn age 65, you can also use your account to pay for things other than medical expenses. If used for other expenses, the amount withdrawn will be taxable as income but will not be subject to any other penalties. Individuals under age 65 who use their accounts for nonmedical expenses must pay income tax and a 20% penalty on the amount withdrawn.



Other criteria apply. Always check with your insurance provider to be certain that the HDHP you are considering is HSA-qualified.

² 2017 amounts. Subject to cost of living adjustments.