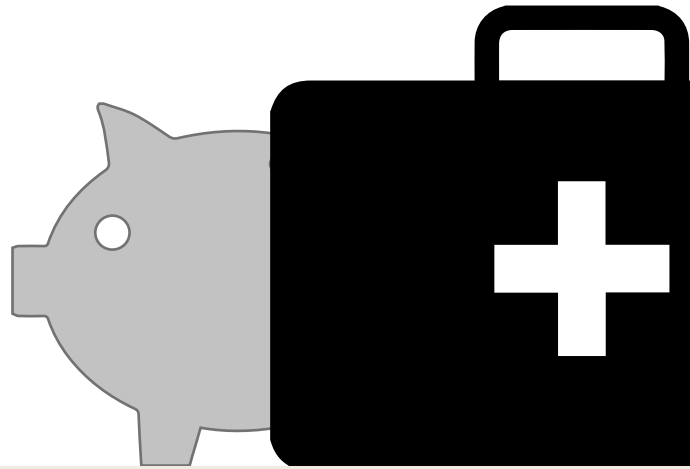


Health Savings Account Education

Health Savings Accounts (HSA) and High Deductible Health Plans (HDHP):

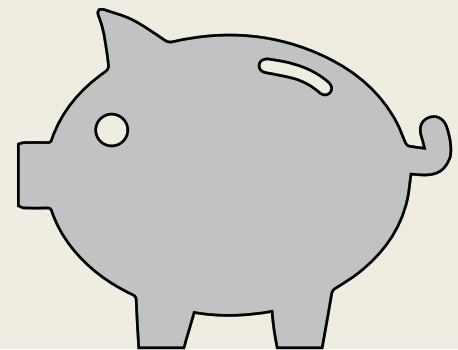
How they work — and how they can work for you!



What is an HSA?

A Health Savings Account (HSA) is a triple tax-advantaged* savings account you can contribute to if you enroll in a high deductible health plan and meet eligibility requirements. You contribute on a pretax basis; you earn tax-free interest, and your withdrawals may also be tax-free.

*Tax advantages may vary by state.



Here's how it works

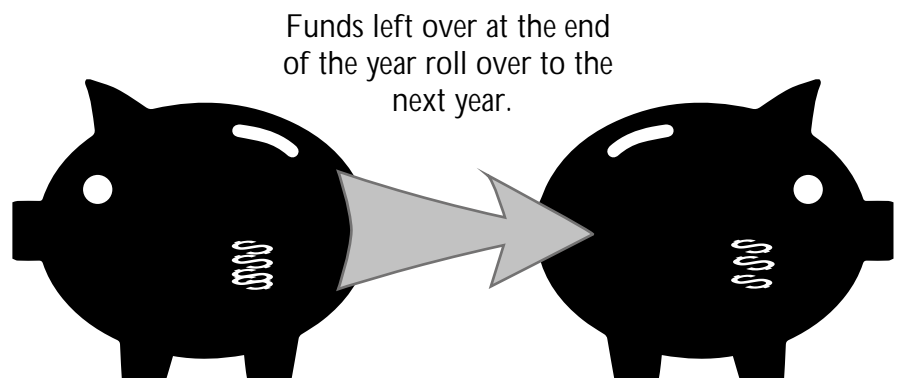
Contribute
to the HSA through pretax payroll deductions, if the employer allows, up to the annual contribution limit set by the IRS. You may also contribute on an after-tax basis up to the annual limit.

Use
funds in your HSA to help pay for qualified healthcare expenses.

Save and Invest
the funds to pay for future healthcare costs; even in retirement.



Your plan may also contribute to your account on your behalf.



Funds left over at the end of the year roll over to the next year.

If you leave the organization, all of the funds in your HSA go with you (this includes your plan's contribution).

What is a high deductible health plan?

As the name suggests, HDHPs feature high deductibles; however, the monthly cost for coverage tends to be low. With the exception of preventive care benefits, benefits are not paid by the HDHP until the annual deductible is satisfied.

The Good News: If you don't have many health issues, you can save money by enrolling in an HDHP; especially if you combine it with a Health Savings Account.



How your HDHP and HSA work together

Your HDHP and HSA work together and are simple to use. Each time you receive health care services and incur a charge, you can:

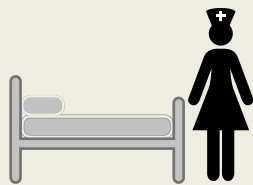
- Make a tax-free withdrawal from your account to cover the costs, or
- Pay out of your own pocket and save your HSA for future eligible expenses—even in retirement!



You can use your HSA funds to pay for a lot of health care expenses, including medical, dental and vision deductibles. Expenses must be considered "qualified" by the Internal Revenue Service. Eligible expenses include:



Medical, dental, and vision deductibles and coinsurance amounts



Certain long-term care insurance premiums



COBRA continuation health coverage premiums



Hearing aids



Smoking cessation programs



Wheelchairs



Organ transplants



Medicare premiums for HSA holders age 65 or older (excluding supplemental plans)

Call 1-800-829-3676 for a copy of IRS Publication 502 which lists all eligible expenses, or visit www.irs.gov and click on "More Forms and Publications."

Accessing funds

There are several ways to access the funds in your HSA. Your plan might:

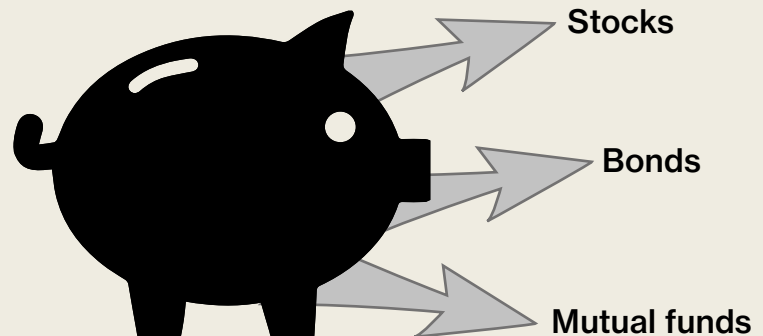
- Give you a checkbook,
- Provide a debit card you can use at the point of service,
- Give you the option for automatic withdrawal, or
- Require you to submit a completed claim form.



Note that with the automatic withdrawal option, your out-of-pocket expenses may be automatically processed through your HSA for reimbursement.

Investing your HSA

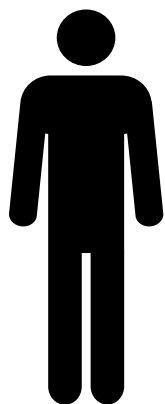
Generally, when your HSA reaches a certain minimum amount set by your plan, you may be able to invest it in stocks, bonds, mutual funds and other investments to provide potential tax-free growth. Investment options are determined by the HSA administrator.



Examples of savings using HSAs

Michael

Single, no children

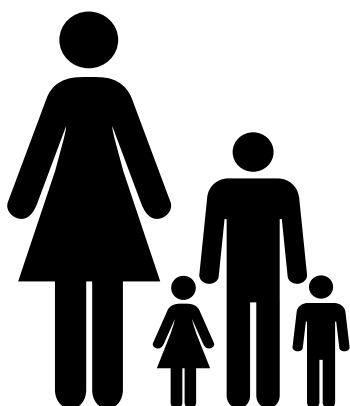


Medical expenses	\$1,850
Annual deductible (paid by HSA)	-\$1,500
Balance of medical expenses	\$350
Plan pays 80% after deductible	\$280
Michael owes \$70 (20% after deductible is met) and he uses the funds in his HSA to pay.	\$70

Health Savings Account	
Total HSA contributions (\$750 from employer; \$750 from Michael, plus \$200 rollover from prior year)	\$1,700
Less annual deductible and \$70 that Michael owes	-\$1,500 -\$70
Balance rolls over for use the following year	\$130

Sarah

Married, two children



Medical expenses	\$4,800
Annual deductible (paid by HSA)	-\$2,600
Balance of medical expenses	\$2,200
Plan pays 80% after deductible	-\$1,760
Sarah owes \$440 (20% after deductible is met) and pays for \$100 of it with her HSA)	\$440

Health Savings Account	
Total contribution (\$1,500 from employer, \$1,200 from Sarah)	\$2,700
Less annual deductible and \$100 of the \$440 that Sarah owes	-\$2,600 -\$100
No balance remains for use the following year	\$0

Note that reimbursement from HSA funds is limited to the amount of money available in the account at any given time.

Need more information?

For more information on how these plans work with Health Care Flexible Spending Accounts, please refer to your benefits guide or contact Alexa Taylor at the Mission & Resource Center.

Note that if you participate in an HSA, you must file Form 8889 with your individual tax return. The form and instructions are posted on the IRS website at www.irs.gov. You may want to consult with your tax adviser to determine eligibility requirements and tax advantages for participating in an HSA plan.